



IPSAS 45 Summary—*Property, Plant, and Equipment*

This summary provides an overview of [IPSAS 45, *Property, Plant, and Equipment*](#).

Project Objective:

To update principles drawn from IPSAS 17, *Property, Plant, and Equipment* by adding new guidance for heritage assets, infrastructure assets, and measurement of property, plant, and equipment.

Approved:

The International Public Sector Accounting Standards Board® (IPSASB®) approved [IPSAS 45, *Property, Plant, and Equipment*](#), in December 2022. It was issued in May 2023.

Project History:

The IPSASB initiated the Heritage and Measurement projects in June 2015, and the Infrastructure project in June 2019.

In March 2020, the IPSASB determined the Heritage, Infrastructure and Measurement projects would each result in amendments to IPSAS 17, *Property, Plant, and Equipment* and agreed to manage them holistically and combine the heritage and infrastructure projects into a single *Property, Plant, and Equipment* project

In April 2021, the IPSASB issued [Exposure Draft \(ED\) 78, *Property, Plant, and Equipment*](#).

Responses to this ED were considered in developing the final pronouncement.

What Are the Changes for Heritage Assets?

IPSAS 45 removes the scope exclusion for heritage assets that satisfy the definition of property, plant, and equipment.

Definition of Property, Plant, and Equipment

Removal of Heritage Scope Exclusion

IPSAS 45 removes IPSAS 17's scope exclusion for heritage assets. Heritage assets that satisfy the definition of property, plant, and equipment shall be recognized as assets when they meet the recognition criteria set out in IPSAS 45.

Characteristics of Heritage Assets

IPSAS 45 does not define heritage assets. However, IPSAS 45 includes Application Guidance that identifies specific characteristics that distinguish heritage assets from other property, plant, and equipment and present complexities in the application and implementation of the principles. These characteristics are heritage assets:

- (a) Have restrictions on their use and/or disposal;
- (b) Are irreplaceable; and
- (c) Have long and sometimes indefinite useful lives.

Disclosures Related to Unrecognized Heritage Property, Plant, and Equipment

IPSAS 45 requires the disclosure of unrecognized heritage assets that cannot be measured reliably.

Application of Principles

IPSAS 45 has additional Application Guidance, Implementation Guidance, and Illustrative Examples to clarify the application of existing principles to heritage assets related to:

- (a) Depreciation, to clarify:
 - (i) The useful life of an asset, including finite and indefinite useful lives; and
 - (ii) That entities are required to review property, plant, and equipment with an indefinite useful life annually for indications of impairment;
- (b) Control, including heritage assets held temporarily as well as those being stored and not displayed for the public;
- (c) Restrictions on the use, which may impact the entity's ability to derive its current value; and
- (d) Recognition of subsequent expenditure on unrecognized heritage assets.

What Additional Guidance Was Added for Infrastructure Assets?

The characteristics of infrastructure assets give rise to specific accounting issues for which the IPSASB developed additional guidance

Infrastructure Assets Are Property, Plant, and Equipment

Characteristics of Infrastructure Assets

IPSAS 45 does not define infrastructure assets. IPSAS 45 includes Application Guidance that identifies specific characteristics that distinguish infrastructure assets from other property, plant, and equipment and present complexities in the application and implementation of the principles. These characteristics are infrastructure assets:

- (a) Are networks or systems; and
- (b) Have long useful lives.

Application of Principles

IPSAS 45 has additional Application Guidance, Implementation Guidance, and Illustrative Examples to clarify the application of existing principles to infrastructure assets related to:

- (a) The potential use of asset management plans as a source for financial reporting, which may provide an input to help calculate depreciation, determine whether there is an indication of impairment, or determine the significant parts of the asset;
- (b) Control and valuation of land under or over infrastructure assets;
- (c) Under-maintenance of assets; and
- (d) Identifying significant parts of infrastructure assets.

What Are the Changes for Initial and Subsequent Measurement?

IPSAS 45 makes current operational value available for measuring property, plant, and equipment held for its operational capacity.

Measurement

Initial Measurement

IPSAS 45 requires that assets acquired through non-exchange transactions shall be measured at their deemed cost as at the date of acquisition.

Subsequent Measurement

When an entity elects to measure its property, plant, and equipment using the current value model, IPSAS 45 provides two current value measurements:

- Current Operational Value; and
- Fair Value.

The primary objective for which an entity holds property, plant, and equipment determines the current value measurement basis. Property, plant, and equipment held for its operational capacity is measured at current operational value and property, plant, and equipment held for its financial capacity is measured at fair value.

Fair Value

IPSAS 46, *Measurement*, aligned fair value measurement principles with IFRS 13, *Fair Value Measurement*.

Current Operational Value

IPSAS 46 introduced current operational value a current value measurement basis developed for assets held for their operational capacity.

Current operational value is the amount the entity would pay for the remaining service potential of an asset at the measurement date.

Refer to the [At-a-Glance for IPSAS 46](#).

Effective Date and Project History

The effective date of IPSAS 45 is January 1, 2025.

Effective Date

The effective date of IPSAS 45 is January 1, 2025, with earlier application permitted for entities that apply IPSAS 43, *Leases*, IPSAS 45, *Non-Current Assets Held for Sale and Discontinued Operations*, and IPSAS 46, *Measurement* at or before the date of initial application of this Standard.

The IPSASB selected this effective date because it allows public sector entities time to identify the impacts of and to prepare for the implementation of IPSAS 45.



Project History

To learn more about the project history, and to view the consultation documents and responses, please visit:

<https://www.ipsasb.org/consultations-projects/property-plant-and-equipment>

<https://www.ipsasb.org/consultations-projects/heritage>

<https://www.ipsasb.org/consultations-projects/infrastructure-assets>