

Heritage Assets: The Long-Running Controversy Over Taxonomy

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Abstract— This study aims to shed light on the controversy surrounding the classification of heritage assets throughout history. This will be accomplished by presenting the viewpoints of various thinkers and accounting bodies regarding the definition of assets, their type, and characteristics and then analyzing the conceptual arguments that support each researcher's chosen classification. The research employs a methodology known as the theoretical, analytical evaluation of the viewpoints provided.

Keywords— Heritage Assets; accounting measurement; Iraqi tourism; Revenues.

I. INTRODUCTION

The development of an interest in historical items may be traced back through time. Whereas in the past, some mobile and immovable historical assets were stored to contain a specific social significance and maybe reflect the riches and high social standing of their owners, these collections are now held to preserve the legacy of the area. That is how it acquired the worth of an old artifact [1]. During the Renaissance, the idea of legacy emerged as a means of transmitting information; hence, this knowledge needed to be kept and studied. The establishment of museums in the nineteenth century marked the beginning of the process of cultural heritage being more accessible to the general public [2]. This finding suggests that society, regardless of its economic state, will be interested in its historical and cultural legacy and that this interest may serve as a way of imparting information to the population [3]. At this point, the idea of heritage encompasses all of the aspects above. It is important to remember that the historical and cultural heritage represents the community's identity. As a witness to the past that needs to be recalled and remembered, heritage plays a vital role in this process [4]. Therefore, modern cultures need to be interested in both the protection of legacy and the transfer of knowledge gained through the study of cultural aspects.

II. CONCEPT OF HERITAGE ASSETS

The meaning of the word heritage linguistically (Omar, 2008: 2421):

- What the deceased leaves behind his heirs: "And you devour heritage as food."
- All that is owned by "Family Heritage Transfer."
- All the scientific, artistic, and literary traces left by the predecessors, whether material such as books, antiquities, etc., or intangible, such as cultural opinions, patterns, and customs transmitted from generation to generation, are

considered precious for the traditions and spirit of the present era.

Heritage is a complex, multi-meaning term with many definitions that vary according to the perceptions of each country, nation, or community. However, despite the plurality of policies and legislation, cultural heritage is generally understood as the legacy of tangible remains and intangible features inherited from the past. Intangible cultural heritage includes traditions, languages, music, etc., and tangible heritage such as cultural property and natural heritage [5].

Legislatively, the Iraqi Antiquities and Heritage Law No. 55 of 2002 separated the concepts of antiquities and heritage, as antiquities, according to the law, are: "The movable or immovable property that was built, made, carved, produced, written, drawn, or photographed by humans and not less than 200 years old, as well as structures human, animal, and plant. While heritage materials are "movable and immovable funds that are less than 200 years old and have historical, national, national, religious or artistic value" (Antiquities and Heritage Law of 2002 No. 55). According to UNESCO (2018), cultural heritage is: "the legacy of the tangible and intangible features of a group or community inherited from past generations, and preserved in the present for the benefit of future generations."

Tangible heritage includes buildings, historical sites, cultural monuments, etc., worth preserving. It also consists of those of archeology, architecture, or science and technology significance for a particular culture. Intangible cultural heritage includes oral traditions and performing arts, social customs and rituals, knowledge and practices relating to nature and the universe, and traditional artisanal knowledge and techniques [6].

On the other hand, accountants have their definitions and concepts. As a result, there was no complete agreement on a single definition of heritage assets. However, many professional organizations and official bodies have defined its concept [7].

The Federal Accounting Standards Advisory Board (FASAB) defined in the list of Federal Financial Accounting Standards 29 "Heritage Assets and Land Oversight" in Paragraph 15 of its Heritage Assets as: "Property, plant, and equipment that is unique in its kind." For one or more of the following reasons [8]:

- Historical or natural significance
- Cultural, educational or artistic significance (e.g., aesthetics)
- Important Architectural Features

The standard clarified that it consists of: (FASAB, 2005: 3

1) Collected heritage assets such as objects collected and maintained for display, e.g., museum, art, and library collections.

2) Uncollected heritage assets such as parks, monuments, and buildings.

While the Accounting Standards Board (ASB) in the United Kingdom and the Republic of Ireland 2009 defined in Standard 30 of the Financial Reporting Standards (FRS) that a heritage asset is: "a tangible asset with historical, technical, scientific, technological, geophysical or environmental characteristics." It is maintained and preserved primarily for its contribution to knowledge and culture" [9].

We learn from the previous definition that the purpose of owning an asset is to contribute to the culture and not to generate future cash flows [10]. (As defined by the Government Finance Statistics System as: "assets that the government intends to preserve indefinitely because of unique historical, cultural, educational, artistic or architectural significance" (GFS, 2014: 173).

The International Public Sector Accounting Standards Board (IPSASB) described them in Standard 17, "Property, Plant and Equipment," in paragraph 10 of it as "heritage assets because of their cultural, environmental or historical importance" [11]. Furthermore, the Council mentioned in paragraph 12 of Standard 31, "Intangible Assets," that Some intangible assets are described as heritage "because of their cultural, environmental and historical significance" [12]. However, it does not provide a specific definition.

Many researchers have defined Barton [13] as: "a tangible asset that society intends to preserve indefinitely because of its cultural, historical, recreational and environmental importance, not for generating income." These works include art museums, assemblies, buildings, monuments, memorials, national parks, state marine parks, amusement parks, archaeological sites, and more [13].

Aversano, et al. [14], defined it as: "elements of a tangible nature that are characterized by historical, artistic, architectural, aesthetic, scientific, technological, geophysical or environmental characteristics."

While Juliyanti and Wibowo [15] defined it as: "assets with historical, artistic, scientific, technological, geophysical or environmental characteristics that are preserved and preserved to contribute to science and culture and provide benefits to economic unity and these benefits are not only for ideological and academic interests but also as an economic resource."

The researcher agrees with the definitions that did not limit the heritage assets to being tangible and differ from the descriptions that they identified as tangible only because heritage is a broad term for what is tangible and intangible. So, one of the types of tourism that represents an important economic sector is religious tourism, which depends on the intangible religious and cultural heritage such as Hajj, Umrah, the Arbaeen visit, and Ashura rituals as cultural tourism based on folklore such as Nowruz festivals. Live. Accordingly, heritage assets can be defined as: "tangible and intangible assets with cultural, social and environmental characteristics characterized by their rarity, kept for an indefinite period for their contribution to the promotion and consolidation of culture

and heritage, as well as for generating profits as they are characterized by having a service potential as well as being used as an economic resource."

III. CLASSIFICATION OF HERITAGE ASSETS

As we explained in the past, the Iraqi Antiquities and Heritage Law distinguished between the concepts of antiquities and heritage chronologically - but the accounting term for them is still the same. The antiquities are no less than two hundred years old, while the heritage is less than that. Heritage elements can also be distinguished [6]:

- Built environment (buildings, cityscapes, archaeological remains)
- The natural environment (rural landscapes, coasts, beaches, agricultural heritage)
- Artefacts (books, documents, objects, photos)

While at its seventeenth session in Paris in 1970, the UNESCO General Conference defined heritage in two categories: natural and cultural. In Article 1 of the Convention, cultural heritage is detailed as follows [16]:

Archaeological monuments: significant works of art, paintings, sculptures, structures or items of archaeological interest, cave dwellings, and groups of buildings (whether connected or detached) of value from the point of view of history, science, or art

- Groups of buildings: connected or separate, which have value from a historical, artistic, or scientific perspective because of their architecture, homogeneity, or placement in the landscape.
- Sites: human or natural works combined with human actions or areas containing sites of significant anthropological value.

Article 2 of the Convention details the nature of the natural heritage as follows [16]:

- Beautifully composed physical and biological features of the natural world are of exceptional value because of their scientific or aesthetic importance.
- Places of great value to science or that deserve conservation because they are home to endangered species of animals and plants. In addition, these areas have well-defined geological and physiographic formations.
- Places of natural beauty, or areas of scientific interest or worthy of conservation, and of outstanding value worldwide.

While the International Public Sector Accounting Standards Board (IPSASB), in its advisory paper entitled "Financial Reporting for Heritage in the Public Sector," classified cultural heritage as tangible or intangible. Examples of tangible cultural heritage include [17]:

- Antiquities, archaeological sites, historical buildings, art, and scientific collections
- Underwater cultural heritage, such as underwater buildings or shipwrecks
- Natural history collections such as insect collections or mineral collections.

Heritage assets can be classified into tangible and intangible, and tangible heritage assets are also divided

according to their transferability into fixed and mobile: (Romão et al., 2020:507)

- Intangible heritage assets (music, customs, traditions, handicrafts, etc.)
- Tangible Heritage Assets:
 - Fixed tangible heritage assets: historical sites, antiquities, etc.
 - Movable tangible heritage assets: paintings, books, statues, etc.

IV. CHARACTERISTICS OF HERITAGE ASSETS

Public Heritage assets play an essential role in every country in protecting and enhancing its history, culture, natural environment, and recreational facilities for the enjoyment of citizens. These assets are of the such unique importance that governments choose to accord them special treatment by declaring them public facilities open without discrimination to all members of the public, at little or no cost.

They are provided for social purposes rather than revenue generation, and governments choose to fund their appropriations entirely or mainly from tax revenue. Their use is strictly regulated by legislation to protect them from improper use or sale. They must be kept in such good condition that they have a long and indefinite life and can continue to provide their essential social benefits indefinitely. The government's decision to open up some of its cultural assets to the public for their enjoyment has a necessary impact on financial reporting and accounting [18].

The International Public Sector Accounting Standards Board (IPSASB) mentioned in its guidebook on Standard 17 Machinery, Manufacturer, and Equipment Characteristics of Heritage Assets as follows (IPSASB, 2021:529):

- Its value in cultural, environmental, educational, and historical terms is unlikely to be fully reflected in a financial value based solely on the market price.
- Obligations may impose prohibitions or strict restrictions on the disposition of the sale.
- It is indispensable, and its value may increase over time, even if its physical condition worsens.
- It can be challenging to estimate the useful life of heritage assets, as they are sometimes used for hundreds of years.

Mautz (1988) was one of the first scholars to contribute to discussions of heritage assets [10]. Initially, it was suggested that these assets be classified as liabilities because they consume cash flows rather than generate them to maintain them and not be able to sell them [19].

Mautz (1988) argues that when a nonprofit starts a new activity, it commits a declaration of intent. This declaration or commitment may be so strong that the organization has no natural choice but to fulfill the obligation as long as it exists [20].

The most crucial criticism of (Mautz's 1988) classification of heritage assets as liabilities was criticism of Barton [13] of his interpretation of the concept of liabilities according to the Accounting Concepts Statement IV (SAC4) of 1992 prepared by the Australian Public Sector Accounting Standards Board (PAASB) of the Accounting Research Foundation AARF, as well as by the Australian Accounting Standards Board (AASB), which defined liabilities as "the future sacrifices of economic

benefits that an economic unit is currently obligated to make to other entities as a result of past transactions or other past events" where it said that the obligation must exist at the time Present but need not be a legally enforceable obligation. It can be an obligation governed by penalties or social or moral customs. Therefore, obligations, whether political or to maintain heritage assets in good condition and open them for public use in the uncertain future, appear to be the government's responsibility. When evaluating Whether these liabilities are liabilities, some additional distinctions are needed [13]:

- The definition distinguishes between present and future obligations. It states that the mere intention to sacrifice future economic benefits is insufficient to create liabilities, as this intent is not a current obligation. The future operating cash shortfall is not an existing discount as it will be incurred in the future when services are rendered to the public.
- The definition requires that the obligations be to external parties. A future operating deficit is not such an obligation. Hence, in both cases, everyday heritage items cannot be classified as liabilities in the statement of financial position.
- Definition requires directing obligations to outside parties. A future operating deficit is not such a liability. Thus, in both cases, the everyday heritage items cannot be classified as liabilities in the statement of financial position.

Subsequently, and due to the criticisms received, the concept of facilities was introduced, which can be understood as goods necessary for nonprofit units to carry out their activities and which are obtained to facilitate the transfer of resources to members outside them. In this sense, there is no obligation, but there is an obligation by the economic unit to continue accepting cash outflows [21]. Barton [18] also argued that heritage assets are public, not private. Public goods have non-rival and non-excludable consumption qualities. Thus when people visit museums, art galleries, etc., they do not reduce the volume of services available to other potential users (except for places where congestion issues arise), i.e., the benefits are non-competitive as they are shared with all users. This contrasts with private goods. When a person buys a good, it reduces the supply available to other potential buyers [22]. They are common goods. Collection must be increased to meet the needs of additional buyers. Second, the consumption of public goods cannot be excluded as all citizens have equal rights to enjoy the benefits of assets, and no citizen can deny access to other general members. In return, buyers of private goods get them and can exclude others from using them. They can use it when they choose to, including reselling it. Hence, with the provision of public goods on a common basis to users, individual users do not acquire private property rights. They can only use the item in the manner provided for it, eg show it; Nor can they act for good.

Moreover, using it for good does not harm the good or shorten its life. Therefore, these Terms are entirely inconsistent with the Terms relating to Special Goods [18].

(Pallot 1990) The term "community assets" draws attention to the social and ownership side of assets and distinguishes community property rights from those of a government or individual economic unit. The author argues that these assets

are presented separately from operating assets." It shows that these elements have the following characteristics [23]:

- Assets are kept without the objective of generating positive cash flows, as their objectives are social and non-commercial
- Available to the entire community.
- The lack of a market for this type of goods due to the need to preserve social interests.

Barton [13] suggested treating them as fiduciary assets. To facilitate administration and accountability outside the government's financial accounts, as well as reporting information regarding their care, usage, and condition. The form of accounting depends on the nature of the economic unit and the purpose of its use [13].

Barton [13] also introduced and discussed the concept of public heritage facilities, "including physical assets that a community intends to preserve indefinitely because of their cultural, historical, recreational, or environmental significance." These facilities are maintained for societal purposes, not government administration or revenue generation. These assets belong to the people but are managed by the government and held for the benefit of the community. For accounting purposes, the following characteristics inherent in public heritage facilities are essential [13]:

- It is not intended for financial gain and is not used in government activities.
- Funding sources are taxes, donations, and fees that contribute a small portion of the amount required to maintain these facilities.
- Because of its unique features, it is kept in reasonable condition so that present and future generations can enjoy it.
- Not for sale.
- Its benefits are for its users (the public) and not the administration.
- The public is encouraged to become a user through promotional materials and free entry or low-price tickets.

Angelini, et al. [24] he was the first to suggest classifying heritage assets as "restricted assets" separately from other capital assets. The ideal solution to end this debate was to broaden the definition of assets to include the provision of services and not just the generation of future economic benefits. This change was made by the International Public Sector Accounting Standards Board (IPSASB). He also changed the word "Enterprise" to "Entity." Nevertheless, the Council acknowledges that heritage assets are not like other assets after the change. Sweden, New Zealand, and the United Kingdom agreed that heritage assets now fit the new definition of assets [15].

The researcher believes that economic units that follow other than the International Public Sector Accounting Standards Board (IPSASB) will suffer from a problem in classifying the heritage assets held for nonprofit making since the rest of the definitions that deal with assets consider the asset only as future economic benefits, so it must either classify its heritage assets A new classification or tracing the meaning of the International Public Sector Accounting Standards Board (IPSASB) that

includes even those items that are held to provide services and not just generate future economic benefits.

TABLE I. Classification of heritage items from the point of view of different researchers

Author	Classification of heritage assets
Mautz 1988	Liabilities
Barton 2000	fiduciary assets
Pallot 1990	societal assets
Ouda 2013	Restricted assets
IPSASB	Ordinary assets

V. CONCUSSIONS AND DISCUSSION

Economic units that do not follow the International Public Sector Accounting Standards Board (IPSASB) will have problems classifying heritage assets for nonprofit making. This is because the rest of the definitions that deal with assets only consider the asset in terms of the future economic benefits it will provide. As a result, these economic units will have to either classify their heritage assets according to a new classification or abandon the practice altogether. Nevertheless, it adheres to the definition provided by the International Public Sector Accounting Standards Board (IPSASB), which covers even those components that are considered to offer services as opposed to just generating future economic advantages. This section will include a summary of the most significant results from the study, as well as an analysis of the theoretical and practical contributions it makes to the area of expertise in which you are currently engaged. This section should be written in a descriptive manner, and bullets must be avoided. This section starts with a statement that explains the objective of the study as well as its significance of the study. Following that, a discussion of the study's findings and the potential impacts of these results on the reality of work in the research sample is presented.

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