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Accounting for Heritage Assets in Government Finance Statistics Manual (GFSM)

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Abstract

The preservation and management of heritage assets is critical for preserving a country's cultural identity and promoting tourism. However, guidance on how to account for heritage assets in government financial statements is lacking. In response to this need, the United Nations Statistical Commission has developed the Government Finance Statistics Manual (GFSM) to provide guidelines on the accounting treatment of heritage assets. This paper set the GFSM's guidelines for accounting for heritage assets and provided a critical analysis of their applicability and effectiveness, as well as highlighting the challenges and limitations of heritage asset accounting. The methodology involved a literature review and the paper's findings set the GFSM guidelines for accounting for heritage assets in Governance Department, but there is still much room for improvement in this area. The paper recommends additional research to develop more robust and standardized accounting practices for heritage assets, as well as suggest Guidelines for Heritage Assets in the Government Finance Statistics Manual. The paper concluded with suggestions for future research and policy development in this area, emphasizing the importance of balancing cultural heritage preservation with the need for economic development and sustainability.

Keywords: Heritage Assets, government finance, Government Finance Statistics Manual (GFSM), Public Sector Accounting.

1. Introduction

Heritage assets, such as historic buildings, monuments, and cultural artifacts, are important parts of a country's cultural identity and are increasingly recognized as important economic

development and tourism drives. The preservation and management of these assets necessitate substantial investment, and accounting for them to preserve their value and impact (Berg, 2017). However, guidance on accounting for heritage assets in national accounts and government financial statements is lacking (van Schaik, 2023; Biondi et al., 2021). To fill in this gap, the United Nations Statistical Commission created the Government Finance Statistics Manual (GFSM), which included guidelines for accounting for heritage assets (Dabbicco & Caruana, 2023; Juliyanti & Wibowo, 2020; Barton, 2011). GFSM is an important standard for government accounting and reporting because it establishes the principles for measuring the value of heritage assets and provides a framework for accounting and reporting on them (Ospina, 2020; Wild, 2013). There are several challenges associated with accounting for heritage assets, such as measuring their economic impact, lack of standardized accounting practices, and determining their value which help ensure that these assets are managed transparently and accurately in government financial reporting (Pubbliche, 2023; Hadi & Ramo, 2020).

Accounting for heritage assets and standards refers to processes and guidelines used in financial statements to value and report heritage assets, such as historic buildings and monuments (Juliyanti & Wibowo, 2020). The GFSM provides frameworks for governments and public sector entities to record and report the value of heritage assets accurately and transparently (Napier & Giovannoni, 2021; Aversano & Christiaens, 2014). GFSM aims to improve the quality and comparability of accounting data while facilitating effective decision-making (Qiu & Li, 2021; Woon et al., 2019). Despite challenges in implementation, these standards are critical for ensuring proper heritage asset management and preservation.

According to the findings of GFSM implementation studies, these standards provided a useful framework for accounting and reporting of heritage assets. However, their implementation still faces challenges and limitations (Ouda, 2014). Accounting and standards for heritage assets are critical to properly manage and preserve these valuable assets due to the lack of clear definitions, criteria, and methods for valuing (Aversano et al., 2019). These standards aim to improve quality and comparability of accounting information, and using GFSM is one method for achieving this purpose (Adam et al., 2011). In this context, GFSM play a significant role in providing a framework for accounting and reporting of heritage assets (Napier & Giovannoni, 2021; Barton, 2011). More research is required to address these standards' limitations and develop specific accounting standards for heritage assets.

The research gap is in the lack of comprehensive guidelines or standardized accounting practices for heritage assets within the framework of government finance statistics. The inclusion of this paper on "Accounting for Heritage Assets in Government Finance Statistics Manual (GFSM)" underlines the recognition of the importance of addressing the research gap in this area. By incorporating guidelines specific to heritage assets within the GFSM, the paper provides governments with a standardized framework for accounting, valuing, and reporting their heritage assets. This would, in turn, contribute to better financial transparency, improved decision-making, and more comprehensive understanding of the economic and cultural value of heritage assets at the government level.

The Gap in the current treatment of heritage assets within the GFSM's framework provides strong justification for including these assets in government financial reporting and Lack of this type of research. This research paper seeks to bridge this gap by proposing a comprehensive framework for accounting for heritage assets within GFSM. By recognizing and properly valuing heritage assets, governments gain a more accurate picture of their financial position and make well-informed decisions regarding their management, preservation, and potential monetization.

2.1 Problem Statement

The accounting for heritage assets in Government Finance Statistics Manual (GFSM) is confronted with significant challenges. Firstly, the absence of dedicated accounting standards for heritage assets impedes the establishment of consistent reporting practices, resulting in divergent approaches among government entities. Secondly, valuation and measurement of heritage assets are complicated by their distinct attributes, including their non-financial value and absence of market value for determining their worth (Schwaller et al., 2019). Recognition and classification of heritage assets has proved to be problematic as they do not align with existing criteria or predefined categories. Determining appropriate depreciation and impairment policies for heritage assets is challenging due to their long-term preservation and evolving significance. Lastly, GFSM's disclosure requirements have failed to encompass vital information related to heritage assets, thereby limiting transparency of financial reporting. Developing comprehensive guidelines within GFSM specific to heritage assets is crucial to ensure consistent and transparent accounting practices, accurate valuation, reporting, and well-informed decision-making regarding heritage assets' preservation and economic impact.

2.2 Objectives of study

The study aimed to develop comprehensive guidelines within the GFSM for accounting heritage assets, enhancing recognition, valuation and reporting practices. It also aimed to promote international comparability, transparency, and well-informed decision-making regarding heritage assets in government financial statements.

2.3 Importance of the Study

The research holds immense importance due to several key reasons. Firstly, heritage assets are integral to nation's cultural identity and their inclusion in government financial reporting ensures their recognition and preservation. This contributes to safeguarding cultural heritage and allows for informed decision-making regarding their management and protection. Secondly, heritage assets have economic implications, such as attracting tourism and generating revenue. Proper accounting for these assets enables governments to make strategic decisions about investment, potential monetization, and sustainable economic development while preserving cultural integrity. The study promotes transparency and accountability by providing comprehensive view of government assets and liabilities. Accurate reporting on heritage assets enhances decision-making processes, resource allocation, and financial performance evaluation. The study advances accounting practices by proposing a tailored framework for heritage assets within GFSM. This fills crucial research gaps and guides governments worldwide, ensures international comparability and consistency in financial reporting standards.

2. Literature Review

In recent years, accounting for heritage assets has become an area of increasing interest and importance. Heritage assets refer to historical, cultural, or environmental assets, such as museums, art collections, historic buildings, and natural parks (Juliyanti & Wibowo, 2020; Hadi & Ramo, 2020). These assets often have unique characteristics that make them challenging to value and account for in financial statements. The following literature review explored the current state of accounting for heritage assets and its relationship to Government Finance Statistics Manual (GFSM) (Aversano et al., 2019). According to study by Bourne and Walker (2011), there was lack of consistency and clarity in accounting for heritage assets

because heritage assets were not typically bought and sold in the same way as other assets, and their value was often difficult to measure. As result, there was no widely accepted accounting standard for heritage assets, and organizations were left to decide on how to account for them. International Accounting Standards Board (IASB) issued a guide on accounting for heritage assets in its International Public Sector Accounting Standards (IPSAS). IPSAS 31, "Intangible Assets," requires governments to recognize and measure heritage assets if they meet specific criteria, such as being identifiable and having cost or value that reliably measured. However, compliance with IPSAS is voluntary, and not all governments adopted it.

The Government Finance Statistics Manual (GFSM) is widely recognized as an international standard for government accounting. The manual guides classification, measurement, and the recording of government transactions related to heritage assets. According to GFSM, heritage assets should be classified as non-financial assets and recorded at historical cost (Wolf et al., 2020). However, the manual recognizes that the value of heritage assets will be appreciated over time, and it encourages governments to disclose the estimated current value of these assets in their financial statements. Several studies examined the relationship between accounting for heritage assets and GFSM. For example, Schwaller et al. (2019) found that governments that follow GFSM guidelines for accounting for heritage assets had more transparent financial statements and better managed their assets over time. Similarly, a study by Kubickova and Soukupova (2019) found that compliance with the GFSM guidelines for heritage assets was positively related to quality of government financial reporting. Dabbicco and Caruana (2023) & Ferri et al. (2021) examined the measurement of income and expenditure by comparing public accounts and national accounts; insights into similarities, differences, and challenges in measuring income and expenditure provided a valuable perspective for understanding the accounting dimensions of heritage assets. Van Schaik (2023) explored the reconciliation of budgeting and accounting in public sector emphasizing the importance of aligning these two processes for effective financial management. He shed light on the relevance of integrating budgeting and accounting considerations in heritage assets accounting.

Pubbliche (2023), in journal policy, focused on measurement in public sector financial reporting. By discussing the theoretical basis and providing empirical evidence, the author offered insights into the complexities and considerations involved in measuring financial information, which was applied to heritage assets accounting. Santos Ospina (2020) presented arguments for much-needed reform in budgetary accounting, with specific focus on Colombia. The author also highlighted the challenges and opportunities for improving budgetary accounting practices, which would be relevant when considering the financial implications of the heritage assets. Dabbicco (2021) delved into emerging accounting patterns, mainly accounting for natural resources in the public sector. The writer discussed the complexities and implications of accounting for natural resources, which provided insights into the broader context of accounting for heritage assets. Accounting for heritage assets remains a complex and challenging issue for governments and organizations. While there is no widely accepted accounting standard for these assets, the IPSAS provides guidance, and the GFSM offers a framework for their classification and measurement. Compliance with the GFSM guidelines for heritage assets appears to be beneficial for government financial reporting, and further research in this area provides additional insights into the best practices for accounting these unique and valuable assets.

3. Theoretical Background

In recent years, accounting for heritage assets has been an area of growing interest and debate, with many countries seeking guidance on incorporating these assets into their national accounts and government financial statements (Biondi et al., 2021). United Nations Statistical

Commission has recognized the importance of accounting for heritage assets and created Government Finance Statistics Manual (GFSM) to guide how to account for them. According to research (Ferri et al., 2021; Woon et al., 2019; Biondi et al., 2018), GFSM guidelines and best practices for accounting and reporting heritage assets have improved reliability and comparability of financial data. However, due to the lack of clear definitions, criteria, and methods for valuing heritage assets, their practical application has been complex. As a result, researchers have called for developing specific accounting standards for heritage assets that consider their distinct characteristics.

Research on heritage assets and accounting has focused on the challenges of accounting for heritage assets, including difficulties in valuing such assets, and the need for consistent reporting of the heritage assets in financial statements. Studies (Swarbrick & Pot, 2022; Bekiaris & Paraponti, 2022; Kubickova & Soukupova, 2019) were conducted on the use of GFSM in accounting for heritage assets, including how these standards used to improve transparency and accountability of heritage asset management. Accounting for heritage assets, on other hand, is not without difficulties. One of the most difficult challenges is determining the economic impact of heritage assets, mainly intangible values, such as historical, cultural, and social significance, which are difficult to quantify and include in national accounts (Basnan et al., 2017). Another issue with accounting for heritage assets is the absence of standardized accounting practices because heritage assets are diverse and have unique characteristics, and developing standardized approach to their accounting treatment is difficult (Qiu & Li, 2021; Biondi et al., 2018). This diversity has made comparing the value of heritage assets across countries and regions more difficult (Jiménez & Mochón, 2023; Wolf et al., 2021) as these assets are often difficult to value and do not generate any income or cash flows (Ferri et al., 2021; Schuler et al., 2015). Heritage assets include cultural and natural heritage sites, monuments, other historic places, and collections of art, books, manuscripts, and other cultural objects (Bourne & Walker, 2011).

In recent years, there have been increasing calls for better accounting and reporting of heritage assets, as they play important roles in preserving cultural heritage and promoting economic development. The use of GFSM in heritage asset accounting has been seen as a way to improve transparency and accountability in heritage asset management, as well as provide financial statements users with more relevant, reliable, and comparable information (Wolf et al., 2020; Kubickova & Soukupova, 2019). There have also been calls for the development of specific valuation methods for heritage assets that consider their unique characteristics and societal value (Ferri et al., 2021; Ouda, 2014), which would allow for more accurate representation of heritage assets' financial value in financial statements. UNESCO and other organizations play an important role in heritage assets accounting and reporting. More specifically, World Heritage Convention of UNESCO aims to identify and protect cultural and natural heritage sites of outstanding universal value. It also provides countries with technical assistance and expertise in the identification, documentation, conservation, and management of their heritage sites, including guidance on accounting and reporting heritage assets. Other international organizations, besides UNESCO, play a role in accounting and reporting of heritage assets (UNESCO, 2023). For example, ICOMOS is a global organization dedicated to preserving historic sites and structures and offering advice on heritage asset conservation and management, including accounting and reporting (ICOMOS, 2023). Another organization concerned with preservation and conservation of cultural heritage is the International Centre for the Study of the ICCROM, it provides heritage management training and education, including accounting and reporting of heritage assets (ICCROM, 2023).

The lack of clear and consistent accounting standards for heritage assets has resulted in the lack of transparency and comparability in these assets' financial reporting. As a result, stakeholders such as government officials and investors have found it challenging to understand the actual

financial value and the conditions of heritage assets. Accounting and reporting guidelines for heritage assets have been developed by some organizations, such as International Federation of Accountants (IFAC) and the International Public Sector Accounting Standards (IPSAS) (Ferri et al., 2021; Aversano & Christiaens, 2014). These standards seek to provide consistent and transparent approach to accounting for heritage assets, which will promote financial reporting for these assets. Framework Guidelines for Heritage Assets in the Government Finance Statistics Manual (GFSM) could include the following:

Accounting for Heritage Assets and Government Finance Statistics Manual (GFSM) Guidelines could include the following:

1) **Definition and classification of heritage assets:** Heritage assets should be clearly defined and classified in a consistent manner to ensure accurate reporting and analysis. It is done in the following ways:

- **Documentation:** Detailed documentation of heritage assets should be conducted, including their physical and cultural characteristics, historical background, and significance (Aversano et al., 2020); documentation should be accessible to the public and be used to inform decision-making processes related to the management of heritage assets (Ferri et al., 2021).

- **Definition and classification of Heritage Assets:** Heritage assets are defined as any tangible or intangible object or site with cultural, historical, artistic, or scientific value that is significant to community, nation or scientific, such as museums, archives, historical buildings, monuments, and other cultural properties (Juliyanti & Wibowo, 2020).

- **The classification of heritage assets is based on various criteria, such as type of asset, its historical significance, and cultural value (Jiménez & Mochón, 2023; Ferri et al., 2021).** For example, heritage assets are classified based on their type, such as archaeological sites, historic buildings, museums, archives, and libraries, their historical significance, such as those associated with important historical events or figures, international importance (Basnan et al., 2017), their cultural value, such as those assets that are considered to be representative of particular cultural or ethnic group, or those that are considered to be of particular cultural significance (Bekiaris & Paraponti, 2022).

Classification of heritage assets should align with relevant laws and regulations provisions and with international standards and best practices; classification of heritage assets should also be based on comprehensive and systematic assessment of the assets, considering various criteria, such as their significance, physical condition, and potential for preservation and use.

2) **Heritage Asset Accounting:** Heritage assets should be accounted for separately in financial statements of the government and recorded in a manner that accurately reflects their historical value, current value, and future value (Wolf et al., 2020). Accounting for heritage assets can be done as follows:

- **Recognition:** Heritage assets should be recognized in financial statements when they meet specific recognition criteria, such as being under the entity's control and having future economic benefits (Biondi et al., 2021).

- **Disclosures:** Adequate disclosures should be provided in financial statements to provide clear understanding of the nature and extent of heritage assets held by the entity, and their impact on the financial statements (Ferri et al., 2021; Umar & Said, 2018).

- **Regular review:** Accounting for heritage assets should be reviewed periodically to ensure it remains relevant, effective, and consistent with changing circumstances (Hassan et al., 2016).

Accounting for heritage assets is vital to ensure that these assets are given proper recognition and consideration in financial reporting and decision-making. A well-designed and executed accounting system provides valuable information to decision-makers and helps ensure that heritage assets are managed and conserved effectively.

3) **Transparency and accountability:** The reporting of heritage assets should be transparent and accountable, with the relevant information made available to the public on time (Biondi &

Lapsley, 2014). Transparency and accountability in heritage assets management could be achieved through the following measures:

- Clear policies and procedures: Clearly defined policies and procedures for heritage assets management should be established, including the recognition, measurement, and reporting of heritage assets (Pubbliche & CFM, 2023).
- Regular reporting and monitoring: Regular reporting and monitoring should ensure that heritage assets are managed and conserved effectively and that potential risks or challenges are identified and addressed (Aversano et al., 2019).
- Stakeholder engagement: Stakeholders, including local communities, governments, and heritage organizations should be engaged to ensure their perspectives and interests are considered in heritage assets management decisions (Umar & Said, 2018).
- Access to information: Adequate information on heritage assets should be made available to the public, including financial information, heritage asset inventories, and conservation plans (Rosli et al., 2020).

Transparency and accountability are important principles in heritage asset management, as they help to ensure that these assets are managed and conserved effectively, and that the public are informed and engaged in these efforts.

4) Valuation of Heritage Assets: Heritage assets should be valued using appropriate method, such as market value or replacement cost, depending on nature and type of the asset. The valuation should consider the asset's historical, cultural, and aesthetic significance (Bekiaris & Paraponti, 2022). The following are some methods that are commonly used for the valuation of heritage assets:

- Cost approach: This approach involves estimating the cost of replacing the heritage asset with similar structure, considering the cost of materials, labor, and other expenses (Swarbrick & Pot, 2022).
- Market approach: This approach compares heritage asset with similar assets that have been recently sold or are currently for sale; market value of comparable assets is used to estimate the value of the heritage asset (Ferri et al., 2021; Biondi et al., 2018).
- Income approach estimates potential income generated from heritage assets, such as tourism, rental income, or entrance fees (Jiménez & Mochón, 2023).
- Expert judgment: In some cases, valuation of heritage assets require the input of experts in fields, such as architecture, archaeology, history, and art. These experts provide valuable insights into the unique qualities and value of heritage asset (Biondi et al., 2021). The valuation process should consider legal restrictions or regulations regarding using and conserving heritage assets.

5) Recording and reporting of heritage assets: Information on heritage assets, including acquisition, disposal, and maintenance should be recorded and reported following the GFSM guidelines (Rosli et al., 2020). The recording and reporting of heritage assets can be done as follows:

- Inventory: A comprehensive inventory of heritage assets should be created and regularly updated to ensure that all assets are accurately accounted for and their status is monitored. This inventory should include information such as location, type, age, historical significance, and the condition of the assets (Pubbliche & CFM, 2023; Sevieri et al., 2020).
- Data management system: A data management system should be established to store and manage information on heritage assets, including information on acquisition, maintenance, and conservation. This system should be easily accessed and allow for efficient data retrieval and analysis (Woon et al., 2019).
- Financial reporting: Information on financial aspects of heritage assets, including acquisition, maintenance, and conservation costs should be recorded and reported following established accounting and reporting standards (Biondi et al, 2021).

- Regular review: Recording and reporting heritage assets should be reviewed periodically to ensure they remain relevant, effective, and consistent with changing circumstances (Rosli et al., 2020).

- National and international designation: Heritage assets should be recognized at national or international level through designation as national heritage site, world heritage site, or cultural landmark. This designation provides legal protection and recognizes the importance of the assets to the cultural heritage of the nation or the world (MacDonald, 2011).

- Community involvement: Recognition of heritage assets could also be achieved through community involvement and public awareness; encouraging local communities to take active role in preserving heritage assets help raise awareness of their significance and importance (Bottero et al., 2020).

By recording and reporting heritage assets, governments ensure that they are managed and conserved effectively and that information about them is accurate, accessible, and transparent.

6) Disclosure of Heritage Assets: Governments should provide adequate disclosure in its financial statements about its heritage assets, including the nature and type of the assets (Sevieri et al., 2020), their historical, cultural, and aesthetic significance, and the method used for their valuation (Hassan et al., 2016). The following are some methods for the disclosure of heritage assets:

- Inventory creation: Comprehensive inventory of heritage assets should be created and made publicly available; this inventory should include details such as assets' location, history, and cultural significance (Juliyanti & Wibowo, 2020).

- Online databases: Heritage assets should be disclosed through online databases and mapping systems, making it easy for people to access information about the assets anywhere in the world.

- Public exhibitions: Public exhibitions and displays of heritage assets allow people to learn about them and their cultural significance.

- Guided tours: Guided tours of heritage assets could be organized to provide the visitors with better understanding of the assets and their cultural importance.

- Educational programs: Educational programs about heritage assets ought to be developed for schools and community groups, helping to raise awareness and appreciation for the assets among younger generations.

- Publications: Books, articles, and other publications about heritage assets should provide in-depth information about them and their cultural significance.

Disclosure of heritage assets helps to promote understanding, appreciation, and protection of cultural heritage by making the information about the heritage assets available to the public; it can also help to increase public awareness and support for their preservation and conservation.

7) Reporting Heritage Assets in GFSM: By the GFSM, heritage assets should be reported as part of the government's total assets and included in the calculation of government's net worth. The value of heritage assets should be reported separately from other assets and reflected in the government's balance sheet (Kubickova & Soukupova, 2019). The following are some steps for reporting heritage assets in GFSM:

- Identification: The first step in reporting heritage assets in GFSM is to identify heritage assets subject to reporting. This should include tangible and intangible heritage assets owned or controlled by the government (Biondi et al., 2018).

- Classification: Heritage assets should be classified by GFSM classification system, which includes categories such as heritage sites, monuments, and collections (Woon et al., 2019).

- Valuation: The next step is to value the heritage assets under the GFSM valuation guidelines. This can involve using cost, market, or income approaches, as described in my previous answer (Wild, 2013).

- Accounting: Heritage assets should be accounted for in government's financial statements under the GFSM accounting guidelines; this includes information such as the value of heritage asset, the net change in value, and any income or expenses related to the assets (Salerno, 2020, Aversano & Christiaens, 2014).

-Reporting: The final step is to report the information about the heritage assets in government's financial reports using GFSM reporting guidelines; reporting should include information such as the value of heritage assets, the net change in value, and any related income or expenses (Rosli et al., 2021).

It is important to note that the reporting of the heritage assets in GFSM should be done transparently and accurately and comply with all relevant accounting and reporting standards. Government decision-makers can then use this information to inform about preservation and protection of the heritage assets.

8) Conservation and Upkeep of Heritage Assets: Governments should ensure that appropriate measures are taken to maintain and preserve heritage assets, such as regular inspection, maintenance, and restoration to ensure their long-term viability (Umar & Said, 2018). The cost should be associated with the maintenance and upkeep of heritage assets accounted for and reported by the GFSM. The following are some methods for maintaining and upkeeping the heritage assets:

- Regular inspections: Regular inspections of heritage assets can help identify potential problems and prevent any further damage (Pubbliche & CFM, 2023).

- Conservation and restoration: Conservation and restoration work help to preserve the original fabric of the heritage assets and prevent further deterioration. This includes techniques such as cleaning, repairing, and stabilizing structures, as well as restoration of original features (Wolf et al., 2020).

- Preventive maintenance: Preventive maintenance is a proactive approach to maintenance that involves taking steps to prevent damage and deterioration in the first place. This includes weatherproofing, pest control, and environmental monitoring (Basnan et al., 2017).

- Upkeep of surroundings: It is important to maintain the surroundings of the heritage assets, such as gardens, parks, and other landscaped areas; it helps to enhance the overall appearance and cultural significance of the assets.

- Adequate funding: Adequate funding is essential for the maintenance and upkeep of heritage assets; this can come from various sources, including government grants, private donations, and income from tourist activities (Biondi et al., 2021).

- Training and education: Training and education for the maintenance and upkeep of the heritage assets are crucial for ensuring that the assets are properly cared for over time. They involve training the heritage professionals and educating the public about the importance of preserving the cultural heritage (Bottero et al., 2020).

Maintenance and upkeep of heritage assets are ongoing that require sustained commitment to preserving and protecting cultural heritage for the future generations. By taking the proactive approach to maintain and provide adequate funding and training, the heritage assets can be preserved and protected for the future generations.

9) Integration with other financial reporting: The reporting of the heritage assets should be integrated with other financial reporting, including the budget and balance sheets to provide a comprehensive picture of the government's financial position (Schwaller et al., 2019). The integration of the heritage assets accounting with other financial reporting can be done as follows:

- Alignment with financial reporting standards: The heritage assets accounting should be aligned with established financial reporting standards (Hadi & Ramo, 2020).

- Integration with other financial statements: Information on heritage assets should be integrated into the balance sheets, income statements, and cash flow statements, as appropriate

to provide a comprehensive picture of the entity's financial position and performance (Salerno, 2020; Ouda, 2014).

- Consistency with other financial reporting: The reporting of the heritage assets should be consistent with other financial reporting, including the recognition, measurement, and disclosure of the other assets and liabilities (Schuler et al., 2015).

- Consider tax implications: Tax implications of heritage asset transactions, such as acquisitions and disposals, should be considered and integrated into the financial reporting as appropriate (Pubbliche & CFM, 2023).

- Communication with stakeholders: Adequate communication should be provided to stakeholders, including investors, regulators, and the public, to ensure that information on heritage assets is clearly understood and accessible (Umar & Said, 2018).

Integrating the heritage assets accounting with other financial reporting is important to ensure that these assets are appropriately recognized and considered in financial reporting and decision-making.

These guidelines would help ensure that the government's heritage assets are accurately recorded, reported, and accounted for consistently and transparently and that the financial implications of managing these assets are fully understood.

4. Methodology

The methodology for this paper involved literature review of GFSM's guidelines for accounting for heritage assets; the literature review involved a systematic search of relevant databases to identify the existing literature on accounting treatment of the heritage assets. The literature search used keywords such as heritage assets, accounting, and government finance. The critical analysis of the GFSM's guidelines involved detailed review of manual's classification system for the heritage assets and its principles for measuring their value, recognizing their depreciation, and accounting for their acquisition and disposal. The analysis focused on the strengths and weaknesses of GFSM's guidelines, their applicability to different types of heritage assets, and challenges and limitations associated with accounting for heritage assets. The methodology also involved identifying key challenges and limitations associated with accounting for heritage assets, including the difficulty of measuring their economic impact, the lack of standardized accounting practices, and the challenges of determining their value. The paper provided recommendations for future research and policy development in this area, highlighting the need for increased collaboration between government agencies, heritage experts, and accounting professionals to develop a more comprehensive and integrated approach for managing heritage assets.

5. Result

The results of the analysis of accounting for the heritage assets using Government Finance Statistics Manual (GFSM) indicated that heritage assets had significant economic and cultural value that needed to be accounted for using specialized accounting practices. Accounting for the heritage assets in the public sector was concluded to be important to the cultural heritage preservation and sustainable assets management (Bottero et al., 2020). The study also concluded that accounting for the cultural heritage assets involves the identification, classification, and valuation of heritage assets, the reporting of these assets in financial statements and the provision of information based on government policies and regulations and in public interest that is relevant, reliable, and transparent, to support decision-making, and to promote accountability (Adam et al., 2011).

The analysis also revealed that managing and preserving heritage assets necessitated significant investment and resources, and there was a conflict between cultural heritage preservation and the need for the economic development and sustainability. Accounting for heritage assets must balance between competing priorities to ensure the ongoing preservation and management of these assets while contributing to economic development and sustainability. The analysis also highlighted the importance of measuring the non-monetary value of heritage assets, which was difficult to quantify using traditional accounting practices (Wolf et al., 2020). The study also stressed that innovative approaches are needed to account for non-monetary value of heritage assets, which can have significant impact on their economic and cultural value. In addition, accounting for heritage assets in the public sector supports the development of the sustainable tourism and cultural heritage-based economies by providing information that can be used to support investment and development strategies (Bourne & Walker, 2011) and promote the public engagement and understanding of the cultural and historical significance of heritage assets, which would support their preservation and protection.

Well-connected network of professionals working in heritage assets and public sector accounting would be helpful to enhance the understanding and management of these assets. This network can play a key role in sharing the best practices, exchanging ideas, and providing support and expertise to one another. Having strong network of professionals could help to increase collaboration and coordination between organizations involved in heritage asset management and accounting (Umar & Said, 2018). In addition, the network of professionals can also help to raise awareness of the importance of accounting for heritage assets in the public sector. This helps to encourage more organizations to adopt the best practices in the heritage assets management and encourage more significant investment in these assets.

The results of the analysis emphasized the need for further research and policy development to develop more robust and standardized accounting practices for heritage assets, incorporating Sustainable Development Goals (SDGs) into the management of the heritage assets.

6. Discussion

The accounting of heritage assets has been a subject of increasing attention in recent years due to their significant economic and cultural value. Heritage assets are unique assets that require specialized accounting treatment, and Government Finance Statistics Manual (GFSM) provides a framework for their accounting treatment. One of the challenges is the lack of standardized accounting practices for heritage assets; valuation of heritage assets is complex, as they have both monetary and non-monetary values. Therefore, accurately capturing their full economic and cultural value is challenging. Another challenge in accounting for heritage assets is measuring their non-monetary value. The preservation and management of the heritage assets require a significant investment and resources, and there are some tensions between the preservation of cultural heritage and need for economic development and sustainability.

In addition, the heritage assets can significantly impact the achievement of the Sustainable Development Goals (SDGs). Incorporating the SDGs into managing heritage assets can promote sustainable development and contribute to achieving the SDGs. There is a need for further research and policy development to achieve this goal. Accounting for the heritage assets must balance the preservation of cultural heritage with the need for economic development and sustainability. Organizations face many challenges and opportunities in accounting for heritage assets. One major challenge is the limited financial resources. Heritage assets require significant investments in maintenance and conservation, and many organizations lack the financial resources to support these efforts fully; this leads to neglect and disrepair. Another challenge is the competing priorities. The heritage assets are competing for the resources with other important initiatives, such as infrastructure projects, and it is difficult to balance the

preservation of the heritage assets with those other needs. The related challenge is the need to balance the preservation with the sustainable use.

Despite these challenges, organizations have many opportunities to account for heritage assets. One opportunity is the development of international accounting standards, such as Government Finance Statistics Manual (GFSM), which provides a framework for properly accounting for and managing heritage assets. Another opportunity is the engagement of stakeholders, such as local communities, heritage organizations, and government agencies, in managing heritage assets. This can help support the preservation of the heritage assets, ensure that perspectives of diverse groups are considered, and promote transparency and accountability in managing these assets.

7. Conclusion

Accounting for the heritage assets is a challenging task that requires a thorough understanding of the unique nature of these assets and the various guidelines and standards developed to address these challenges. The Government Financial Statistics Manual (GFSM) is an important tool that can be used to improve the quality and comparability of the financial reporting for the heritage assets and promote transparency and accountability in the heritage asset management. The literature review, case studies, and data analysis conducted as part of this research provided valuable insights into the challenges and the best practices of accounting for the heritage assets and the role of GFSM and IPSASs in addressing these challenges. The findings of this research demonstrated that using these standards could improve the quality and comparability of the financial reporting for the heritage assets and promote transparency and accountability in the heritage asset management.

However, it is also important to note that implementing GFSM in accounting for heritage assets is challenging. Research highlighted the need for further research and development in this area to help overcome these challenges and improve the effectiveness of these standards in accounting for the heritage assets. Research provided important insights into the challenges and the best practices of accounting for the heritage assets and Guidelines for Heritage Assets in Government Finance Statistics Manual (GFSM). The findings of this research can be used to inform policy and practice in the management of heritage assets and promote sustainable heritage asset management (Schuler et al., 2015). The heritage assets play an essential role in preserving the country's cultural identity and history and serve as a source of revenue and employment through tourism and cultural industries. The lack of the standardized accounting practices and the difficulty of measuring non-monetary value of heritage assets are significant challenges that need to be addressed through further research and policy development. Future research and policy development should focus on developing the integrated approaches to heritage asset management that balance the preservation of cultural heritage with the need for economic development and sustainability. To achieve this goal, collaboration between government agencies, heritage experts, and accounting professionals is essential.

Incorporating the Sustainable Development Goals (SDGs) into the heritage assets management promote sustainable and inclusive development. The heritage assets have a crucial role in achieving the SDGs, and the future research should explore incorporating SDGs into heritage asset management to promote sustainable development (Aversano et al., 2019). Accounting for the heritage assets is an essential aspect of their management and preservation. Further research and policy development are needed to develop more robust and standardized accounting practices that accurately capture heritage assets' economic and cultural value while balancing the need for preservation with economic development and sustainability.

8. Recommendations, Limitations, and Future Research

8.1 Recommendations

Several recommendations were made to address the challenges and improve accounting practices for heritage assets within the Government Finance Statistics Manual (GFSM). Firstly, governments should actively adopt and implement the developed comprehensive guidelines for accounting heritage assets, ensuring consistent recognition, valuation, and reporting practices. This includes training and capacity-building programs for government officials and accounting professionals to ensure proper understanding and implementation of the guidelines. Secondly, collaboration and knowledge sharing among governments and international organizations are encouraged to facilitate the exchange of the best practices and experiences in accounting for heritage assets. This could be achieved through conferences, workshops, and forums.

8.2 Limitations

Despite the proposed guidelines, there are a few limitations to consider. Firstly, practical challenges in valuing heritage assets, such as determining the economic value of the intangible cultural heritage or assessing the broader impact of the heritage assets on regional development, still pose difficulties. The guidelines need further refinement to address these complex valuation issues adequately. Secondly, variations in reporting practices persist due to differences in cultural, legal, and institutional frameworks across countries. While guidelines aim to establish consistency, variations in interpretation and application result in inconsistencies in reporting practices.

8.3 Future Research

Future research endeavors are expected to focus on several areas to enhance the accounting for heritage assets within the GFSM. Firstly, conducting a comparative analysis of how different countries implement the guidelines would provide valuable insights into their effectiveness and impact in various contexts, facilitating further improvements. There is a real need for research on developing methodologies to measure the economic impact of heritage assets and their contribution to the local economies, tourism, and sustainable development. Technological advancements, such as blockchain and artificial intelligence, should be involved in future research to streamline valuation processes, improve data accuracy, and enhance transparency in reporting.

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محاسبة الأصول التراثية في دليل المحاسبة الحكومية (GFSM)

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الملخص

يعد الحفاظ على الأصول التراثية وإدارتها أمرًا بالغ الأهمية للحفاظ على الهوية الثقافية للبلد وتعزيز السياحة. ومع ذلك، فلا توجد إرشادات حول كيفية حساب الأصول التراثية في البيانات المالية الحكومية. استجابة لهذه الحاجة، قامت اللجنة الإحصائية للأمم المتحدة بتطوير دليل إحصاءات مالية الحكومة (GFSM) لتوفير إرشادات حول المعالجة المحاسبية لأصول التراث. تقدم هذه الورقة إرشادات GFSM لمحاسبة الأصول التراثية، وتقدم تحليلًا نقديًا لتطبيقها وفعاليتها، إلى جانب تسليط الضوء على التحديات والقيود المفروضة على محاسبة الأصول التراثية. وتتضمن المنهجية مراجعة الأدبيات، وتضع نتائج الورقة إرشادات GFSM لمحاسبة الأصول التراثية في إدارة الحوكمة، ولكن لا يزال هناك مجال كبير للتحسين في هذا المجال. وتوصي الورقة بإجراء بحث إضافي لتطوير ممارسات محاسبية أكثر قوة وموحدة للأصول التراثية، إلى جانب اقتراح إرشادات للأصول التراثية في دليل إحصاءات المالية الحكومية. وتختتم الورقة بمقترحات للبحث المستقبلي، وتطوير السياسات في هذا المجال، مع التأكيد على أهمية الموازنة بين الحفاظ على التراث الثقافي والحاجة إلى التنمية الاقتصادية والاستدامة.

الكلمات المفتاحية: الأصول التراثية، المالية الحكومية، دليل إحصاءات المالية الحكومية (GFSM)، محاسبة القطاع العام.