REPUBLIC OF RWANDA

IPSAS IMPLEMENTATION

Data Collection and Valuation Guidelines for Non-Current Assets and Inventories

November 2023

Contents

1. Introduction 3

2. Valuation Methods For assets And Possible Sources Of Information 5

3. Detailed Guidelines for Collecting Data and Valuation of Non-Current Assets and Inventories 25

4. Appendices 38

Data Collection and Valuation Guidelines for Non-current Assets and Inventories held by the Government of Rwanda

1. Introduction

1.1. Background

1.1.1 The implementation of International Public Sector Accounting Standards (IPSAS) has been identified by the Government of Rwanda (GOR) as one of critical success factors in increasing compliance with Public Finance Management (PFM) rules and procedures, and ensuring public resources are used appropriately.

1.1.2 To comply with IPSAS, the GOR will need to account for non-current assets and inventories in the statement of financial position. To do this, entities need to collect data to enable identification, recognition, valuation, approval and accounting of legacy inventories and non-current assets to be recognized and reported for the first time in the GOR's statement of financial position (balance sheet) as at 30th June 20241.

1.1.3 This document provides guidance on the data collection and valuation of non-current assets and inventories to enable their valuation and therefore accounting and reporting in the financial statements for the first time.

1.2. Scope

1.2.1 Noting that reporting entities shall be required to recognize and report assets in their financial statements for the first time, these assets are referred to as Legacy Assets. These legacy assets have been categorized in line with the GoR's chart of accounts classifications as follows:

- Land;
- Buildings;
- Investment Property of Land;
- Investment Property of Buildings2;
- Transport Equipment which comprise road, marine, air and railway and cable transport equipment;
- ICT Equipment;
- Office Equipment;
- Intangible Assets that comprise purchased intangible assets, internally generated intangible assets in progress and internally generated intangible assets in use;

[1] The Government of Rwanda's inventories and non-current assets will be reported on the face of the statement of financial position as at 30 June 2024.

[2] IPSAS 16, *Investment Property* defines Investment property as land and / or buildings held to earn rental income or held for capital appreciation.

- Infrastructure Assets which comprise other structures and land improvements such as road networks, electricity power systems, airport runways, sewerage treatment plants etc;
- Heritage Assets that comprise memorial sites, arts and museums, monuments and statues etc;
- Biological Assets held for Agricultural Activity and Agricultural produce;
- Biological Assets that are Property, Plant, and Equipment;
- Machinery and Equipment other than Transport Equipment;
- Specialist Military Equipment or Weapon Systems;
- Valuables;
- Natural Resources;
- Service concession arrangements;
- Leases; and
- Inventory.

1.3. Purpose of this document

1.3.1. This document shows the overall guidelines for collecting data and valuing inventories and non-current assets controlled and owned by the GOR so that the assets may be recognized and reported for the first time as legacy assets on the face of the statement of financial position during the financial year **1 July 2023** to **30 June 2024**[3].

[3] Legacy assets are assets that have been in existence up to 30 June 2024. These assets will be uploaded in the IFMIS Fixed Assets module and IFMIS Inventories module respectively and posted to the General Ledger as and when the data of the non-current assets and inventories are assigned values; as and when the data and assigned values are verified and validated. These verified and validated data and assigned values on non-current assets and inventories will be recognized and reported for the first time on the face of the statement of financial position as at 30 June 2024.

2. Valuation Methods For assets And Possible Sources Of Information

2.1. Strategy for data collection

Two overall approaches shall be applied to collect data and value legacy assets held by the GoR. These are centralized and decentralized approaches and are explained below.

2.1.1. Centralized approach to collecting data of land, buildings and road transport equipment

The centralized approach shall be applied to land, buildings and road transport equipment and involves:

2.1.1.1 Data of land, buildings and road transport equipment being collected centrally by MINECOFIN through the IPSAS Accrual Team from the IFMIS Fixed Assets module or obtained from the respective entities and values being assigned to the asset in terms of IPSAS and International Valuation Standards (IVS) principles[4];

2.1.1.2 Values shall be assigned to the data collected of land, buildings and road transport equipment using cost information or fair valuation information (see section 2.2 for the detailed strategy on how values shall be assigned to the assets);

2.1.1.3 The data collected and respective values shall be disseminated to the Internal Asset Valuation Committees (IAVCs[5]) of the respective user entities and the relevant stakeholders such as RHA for buildings, NLA for land and MININFRA for road transport equipment; and

2.1.1.4 Members of the IAVCs of those user entities and the relevant stakeholders should then:

- Analyze the approach followed by the IPSAS Accrual Team to collect the data and the approach followed to assign values for non-current assets;
- Analyze the assigned values; and
- Validate and approve the data collected and their assigned values;

2.1.1.5 The approved values and data collected of the non-current assets (land, buildings and road transport equipment) should then be uploaded in the IFMIS Fixed Assets module and posted to the General Ledger as and when

[4] This approach was prescribed for collecting data and valuation of land, buildings and road transport equipment during phase one of the data collection exercise which took place from **7 April 2023** to **16 August 2023**. This approach shall also be followed for collecting data and assigning values to land, buildings and road transport equipment during phase 2 of the data collection exercise from **November 2023** to **February 2024.**

[5] In **February 2023**, Internal Asset Valuation Committee's (IAVC's) were formed, composed of Heads of Finance, Logistics Officers, Other three members including technical staff. The role of these IAVCs were to (1) Effectively and appropriately assess completeness of available assets register; (2) Ensure respective entity's assets are appropriately valued and approve any asset valuation report; (3) Ensure applicable assets are tested for impairment then approve proposals for impairment and impairment reversal and ensure accuracy of impairment indicators and calculations; (4) Support the Chief Budget Manager in addressing any audit recommendations related to Assets Management; and (5) Perform any other activities related to assets management.

the data of the non-current assets are assigned values; and as and when the data and assigned values are verified and validated. The assigned values will be the cost or fair value information and may not necessarily cater for depreciation or wear and tear of that asset at that stage. The **deadline** for when all entities should upload the verified and validated assigned values in the IFMIS Fixed Assets module and the **deadline** to post those assigned values to the General Ledger is **31 March 2024**; and

2.1.1.6 These approved values and data collected of the land, buildings and road transport equipment should then be recognized and reported for the first time in the statement of financial position at its cost or fair value less accumulated depreciation as at **30 June 2024.**

2.1.2. Guidelines on how entities should collect their data and value land

2.1.2.1 Land shall be valued using open market prices of recent sales prices to calculate the land values as follows:

Step 1: Obtain the latest sales of land in a Cell per use (for commercial, residential and agricultural). The certified or registered valuer will obtain the latest prices of land sold per use and consider the status of development of the area where the plot is located in addition to the recent sale prices (approximately sales of 5 plots of land sold for each use, such as latest sales price for commercial use, residential use and agricultural use) in a Cell / Locality from NLA. The certified valuer could also consult local leaders in that Cell to get an understanding of the prices of land sold when there is no latest sales record of land in that Cell;

Step 2: Compute average rate per square metre of land sold in a Cell per use. The certified valuer will use the latest sales data in a Cell depending on particular uses of the land, to compute the average rate of land per square metre per use;

Step 3: The Asset Management Working Group (AMWG) or relevant stakeholder such as NLA validates the computed average rate per square metre per use. The AMWG and NLA will validate the calculations done by the certified valuer to determine the average rate of land and validate the rates of land per square meter; and

Step 4: Apply the average rate per square metre per use to all the respective similar use plots of land in the Cell. The certified valuer values the plots using the average rate per square metre per use, multiplied by the size or area of the respective similar use plots of land in the Cell[6].

2.1.2.2 Land shall be valued utilizing information from previous valuation reports to calculate the land values as follows:

[6] In the case where the sales information is not available, the certified valuer will consider average rates per square metre per use of adjacent Cells in the same District as an indicative average rate per square metre to be applied and may consider adjusting it based on any Cell specific dynamics and other factors as applicable.

Step 1: Analyze the previous valuation reports of land using the criteria in IPSAS and IVS to determine whether the valuation reports shall be relied on to provide information useful to value the assets. The previous valuation reports shall be relied on to provide information that is useful to value land if the:

- **Valuation report is not older than 5 years** because IPSAS 17 requires revaluation of Property, Plant, and Equipment (PPE) to be conducted **between 3 – 5 years**. In practice valuers also revalue properties also between 3 – 5 years;
- **Valuation report stamped or signed by the certified valuer.** The IVS principles and IRPV require the certified valuer to sign or stamp the valuation report;
- **Valuation calculations in the valuation report are done in terms of IVS principles as follows:**

    a. Does the valuation report show the methodology that is, the systematic approach or set of procedures followed to conduct a valuation and determine the worth or fair market value of land?

    b. Does the valuation report show the detailed calculations used to determine the rate per square meter for land and the respective land values. If not, can the IPSAS team recalculate the land values using the information in the valuation report?

    c. Does the valuation calculations show the attributes of the land?

Step 2: If the previous valuation report can be relied on, the information in that valuation report shall be used to determine the land values. For example, if a previous valuation report for land had assigned a value to a plot or land of **Frw 15,000,000** to the plot of land, that plot of land could also be assigned a value of **Frw 15,000,000** and recognized in the statement of financial position as at **30 June 2024**. The value of the plot of land shall also be slightly adjusted if they are changes to the topography of the land since the previous valuation. For example, they may be a new road development.

2.1.2.3 Land shall be valued using cost information of recently expropriated or purchased land as follows:

Step 1: Obtain acquisition cost and acquisition date of asset. The acquisition cost is the purchase price of the asset including directly attributable costs such as fees paid to lawyers to help the residents vacate the expropriated land and the acquisition date is the day on which the entity gained a control of the asset.

Step 2. Compute the carrying amount (value) of the land using the cost information. Since the land would have been recently acquired, and land does not depreciate, the value of the land will probably be similar to the acquisition cost price of the land. For example, if government expropriated or purchased a plot of land at a cost of **Frw 10,000,000,** in the financial period of **1 July 2023 and 30 June 2024,** the entity

would assign a value of **Frw 10,000,000** to be recognized for that plot of land in the statement of financial position as at **30 June 2024.**

2.1.2.4 Land should also be distinguished as property, plant, and equipment and investment property because:

- **They are accounted for differently.** IPSAS 17 requires land that is property, plant, and equipment and measured using the cost model and to be accounted for at cost less accumulated impairment. IPSAS 16 requires land that is investment property and measured using the fair value model to be accounted for at fair value with fair value movements recognized in surplus and deficit; and
- **They are defined differently.** IPSAS 16 defines land that is property, plant, and equipment as land that is occupied by the government entity for administrative purposes or to render services. IPSAS 16 defines land that is investment property as land held to earn rental income or land held for capital appreciation. **In GOR's context, land used to both earn rental income and for administrative purposes and rendering services is property, plant and equipment.**

2.1.2.5 Entities should then upload the land classified as property, plant, and equipment and investment property and its validated values into the IFMIS Fixed Assets module and then post and recognize the values in the General Ledger. The land values will ultimately be reported in the statement of financial position as at 30 June 2024.

2.1.3. Decentralized approach to collecting data and valuing all remaining assets

Decentralized approach and key roles and responsibilities

2.1.3.1 The decentralized approach shall be followed by entities to collect data and value the remaining non-current assets and inventories of each entities that use the asset (user entities).

2.1.3.2 The decentralized approach involves each user entity identifying, recognizing, valuing and reporting its non-current assets and inventories [7] as follows.

#	Stage	Explanation of stage	Key actors in that stage
1	**Identification of non-current assets and inventories**	● Logistics Officers / Accountants initiate legacy migration sheet (data collection template) with key attributes (such as number of assets by category, and description, etc.) for an asset category. ● Information of the relevant asset such as transport equipment, Office equipment, ICT equipment, inventories etc will be populated into the data collection templates.	● Logistics Officers / Accountants

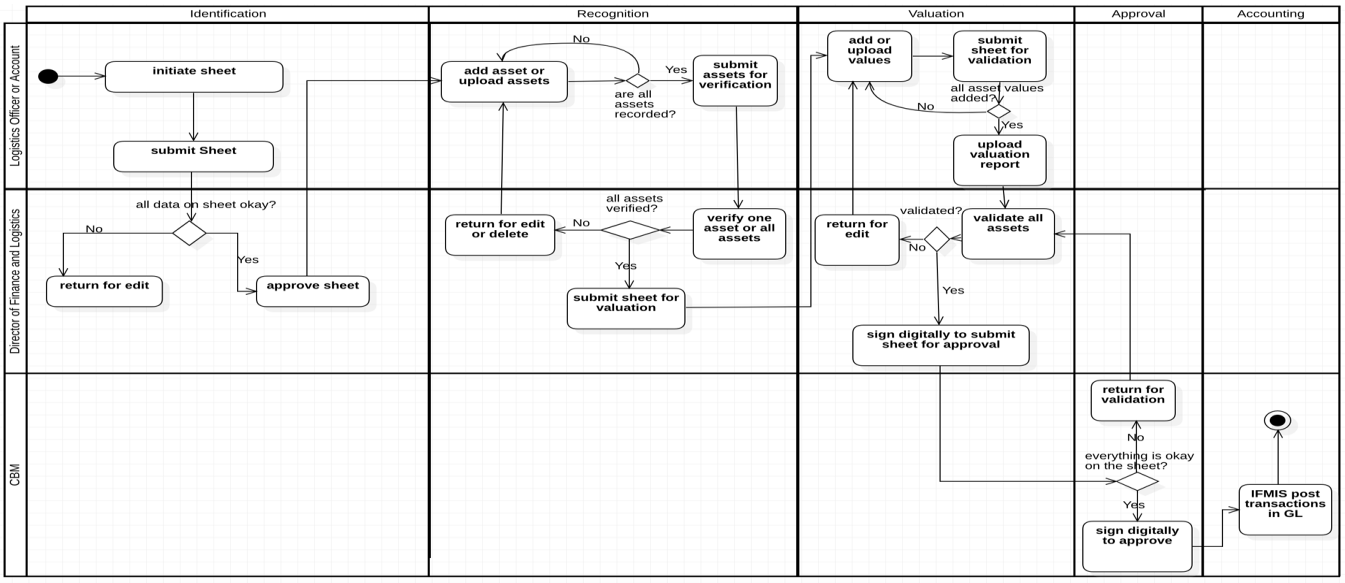
[7] See IFMIS Legacy Assets Data Collection and Migration Process Guide.

#	Stage	Explanation of stage	Key actors in that stage
2	**Recognition of non-current assets and inventories**	● Logistics Officers / Accountants record data for each asset or upload data for assets on the created migration sheet and submits sheet for valuation if all assets are verified. ● Directors of Finance verifies the data for each asset that has been entered by Logistics Officers / Accountants.	● Logistics Officers / Accountants ● Directors of Finance
3	**Valuation of non-current assets and inventories**	● Logistics Officers / Accountants assign actual values using either cost information (when cost information is available); or fair value information as deemed costs (see section 2.4 for the proposed methodologies to assign the values). ● Professional valuers or members of the IAVCs may also be engaged to assign values especially when cost information is not available. ● Directors of Finance validate the assigned values.	● Logistics Officers / Accountants ● Professional valuers / members of the IAVCs ● Directors of Finance
4	**Validation and approval of the assigned values and data of non-current assets and inventories**	● Chief Budget Managers (CBM's) of respective entities approve data collection sheet with the assigned values and data collected, sign digitally IFMIS generated report and sheet is moved to accounting phase. ● Members of the IFMIS Team and IPSAS Accrual Team may be available to validate the assigned values and data.	● Chief Budget Managers (CBM's) ● IFMIS ● IPSAS Accrual Team
5	**Accounting of the assigned values and data of non-current assets and inventories**	● The validated values and data are uploaded in the IFMIS Fixed Assets module and IFMIS Inventory module and posted to the General Ledger. ● Members of the IFMIS Team and IPSAS Accrual Team may also be engaged to ensure that the assigned values and data uploaded in IFMIS have been appropriately posted to the General Ledger (GL).	● Chief Budget Managers (CBM's) ● IFMIS Team ● IPSAS Accrual Team

Note:

- The approved values and data collected of non-current assets and inventories should then be uploaded in the IFMIS Fixed Assets and Inventories modules and posted to the General Ledger as and when the data of the non-current assets and inventories and assigned values are verified and validated. The assigned values shall be the cost or fair value information and may not necessarily cater for depreciation or wear and tear of that asset at that stage.
- The deadline for when all entities should upload the validated data and assigned values in the IFMIS Fixed Assets and Inventories module and the deadline to post those assigned values to the General Ledger is **31 March 2024**.
- These approved values and data collected of the non-current assets and inventories should then be recognized and reported for the first time in the statement of financial position at its cost or fair value less accumulated depreciation for non-current assets as at **30 June 2024** and cost or fair value for inventories as at **30 June 2024**.

2.1.3.3 A step by step guidance of the decentralized approach for collecting data from an IFMIS perspective is summarized in the diagram below:



The role of internal audit

2.1.3.4 The internal audit shall provide the following quality assurance of the data collection exercise:

2.1.3.5 That data has been collected appropriately in line with the guidelines in this document;

2.1.3.6 Values assigned to the non-current assets and inventories are in line with IPSAS and IVSs; and

2.1.3.7 Validated data and values have been appropriately uploaded to the IFMIS Fixed Assets module and IFMIS Inventories module and appropriately posted to the GL.

Refer to the IFMIS Legacy Assets Data Collection and Migration Process Guide for the detailed guidance on how data and assigned values will be migrated to IFMIS.

2.1.4. Application of the asset data collection and valuation guidelines to security agencies and embassies & foreign missions

For the avoidance of doubt, the decentralized approach shall be followed by the security agencies and embassies & foreign missions to collect data and value all their non-current assets and inventories. These guidelines therefore shall be applied accordingly.

2.2. Useful tools for data collection and valuation of assets

2.2.1. Data collection and valuation templates

2.2.1.1 To ensure that data is collected in a coordinated, holistic and integrated manner, IPSAS compliant data collection and valuation templates (excel version) that also incorporate the attributes or parameters of the IFMIS Fixed Assets module (Fixed Asset Register) for non-current assets and the IFMIS

Inventory module for inventories have been developed by the IPSAS Accrual Team.

2.2.1.2 These templates have been embedded in the IFMIS Fixed Assets and IFMIS Inventories modules. See **Appendix 1** for the explanation of the data collection templates for all categories of assets.

2.2.2. Sample valuation report template

Once the data of the assets are collected and once the values are assigned by the respective actors or members of the Internal Asset Valuation Committee (IAVCs), the entity shall prepare a report which summarizes the values assigned and the process followed to collect the data and to assign the values to the assets. The valuation report prepared shall contain the following minimum information:

- **Details about the entity.** For example, the name and address of the entity;
- **Description of the asset whose data was collected and valued.** For example, the category of asset such as land, buildings, machinery and equipment e.t.c;
- **Process followed to collect the data of the asset.** For example, date that the asset was inspected and how the asset was identified and recognized, the names of the actors that were involved to collect the data of the assets;
- **Process followed to assign values to the asset.** For example, were the values assigned using cost information or fair valuation information. If the values were assigned using fair value, did the information come from previously commissioned valuation reports that were duly certified or did the entity engage a professional valuer to physically inspect the asset and then to value the asset and assumptions used to assign the values;
- **The entity that should report the asset.** For example, all government land should be reported by National Land Authority (NLA) even though the land is used by another government entity; and
- **Other relevant information.** Entities can tailor the template and add more information necessary to support the valuation report for each asset valued. See **Appendix 2** for a sample of the valuation report that should be completed by the entities when they collect data and assign values to the assets.

2.3. Strategy for Valuing Assets and Possible Sources of Information

2.3.1 IPSAS 33, *First-Time Adoption of Accrual Basis IPSASs* states that, *when an entity initially recognizes non-current assets or inventories in the statement of financial position for the first time, it shall measure or value such assets at either*:

2.3.2 **Cost.** Cost information is usually determined from invoices, works orders, bills of quantities, contracts; or

2.3.3 **Fair value (as the deemed cost) if the cost of assets cannot be reliably determined on adoption of IPSAS.** Fair value of non-current assets is usually determined from:

2.3.3.1 Market-based evidence such as appraisal by professional valuers or from quoted prices in an active market. For example, current market prices can usually be obtained for land, non-specialized buildings, motor vehicles, and some types of plant and equipment;

2.3.3.2 Reference to other items with similar characteristics, in similar circumstances and location. For example, the fair value of vacant government land that has been held for a long period during which time there have been few transactions may be estimated by reference to the market value of land with similar features and topography in a similar location for which market evidence is available; or

2.3.3.3 Depreciated replacement cost for specialized assets (such as specialized buildings, infrastructure assets, heritage assets) established by reference to the buying price of a similar asset with similar remaining service potential in an active and liquid market.

2.3.3.4 Fair value of inventories is usually determined from market prices.

2.3.4 Fair value is information is either obtained from previously commissioned valuation reports that were duly certified or obtained by a professional valuer who physically inspects the asset and then use the information of the assets to assign the values.

2.3.5 This principle is also supported by International Valuation Standards (IVS 104), *Basis of Value* and International Valuation Standards (IVS 105), *Valuation Approach and Methods.*

2.3.6 The proposed reporting entities, valuation methods or frameworks that are in line with IPSAS and the relevant Valuation Standards and the possible sources where entities shall obtain that information that should be applied by the GOR to assign values to the various categories of assets are listed in the table below.

Ref	Type of Government Asset	Valuation Methods Applied for Legacy Assets	Sources of Information	Reporting entity
1	Land and Investment Property of Land	● Fair Value Approach using information in previous valuation reports (if available) and then assigning a value using recent sales prices for comparable land. For example, if the land to be valued is agricultural land, sales prices of agricultural land in that area may be used to value the agricultural land (see detailed guidelines on how the values are determined).	● Sales prices to value the land may be obtained from the using market surveys, google website specific to land prices or from local leaders in a cell or village. ● Information of land values that are disclosed in the audited financial statements may also be considered as a source of useful information to be used to value land.	● Government land to be reported centrally by NLA. ● Land held by PINCs to be reported by PINCs. ● Land held by embassies to be reported by MINAFET / NLA. ● Classified land to be reported by legislated entity.
		● Fair Value Approach whereby a professional valuer conducts a fresh valuation and assigns land values using recent Shapefile technologies to collect attributes of land then determining the rate of land per m^2 and then assigning a value using recent sales prices for comparables (see detailed guidelines on how the values are determined)	● Sales prices to value the land may be obtained from the market using market surveys, google website specific to land prices or from local leaders in a cell or village. ● Information of land values that are disclosed in the audited financial statements may also be considered as a source of useful information to be used to value land.	
		● Fair Value Approach using recent sales prices for comparables especially for land held by Embassies or Missions abroad (see detailed guidelines on how the values are determined).	● Sales prices to value land may be obtained from market using market surveys, google website specific to land prices or from local leaders in a cell or village. ● Information of land values that are disclosed in the audited financial statements may also be considered as a source of useful information to be used to value land.	
		● Cost Approach using information of recently purchased or expropriated land when cost information is available (see detailed guidelines on how the values are determined).	● Cost information obtained from transaction documents such as purchase agreements, invoices, contracts, bills of quantities etc. ● Information of land values that are disclosed in the audited financial statements may also be considered as a source of useful information to be used to value land.	
2	Buildings and Investment Property of Buildings	● Cost Approach using cost information to assign a value to the building (when cost information is available);	● Cost information obtained from transaction documents such as purchase agreements, invoices, contracts, bills of quantities etc. ● Information of buildings that are disclosed in the audited financial statements may also be	● Central government buildings to be reported centrally by RHA.

Ref	Type of Government Asset	Valuation Methods Applied for Legacy Assets	Sources of Information	Reporting entity
			considered as a source of useful information to be used to value buildings.	● District government buildings to be reported by Districts. ● Buildings held by PINCs to be reported by PINCs. ● Buildings held by embassies to be reported by MINAFET / NLA. ● Classified buildings to be reported by legislated entity.
		● Fair Value Approach using information in previous valuation reports duly certified by professional valuers and assigning a value using the: ○ Depreciated replacement cost for specialized buildings; and ○ Income approach or reference to recent sales prices for comparables (for residential and office buildings, etc.) See detailed guidelines on how the values are determined.	● Depreciated replacement cost for specialized buildings is information it costs to construct or purchase a similar building and adjusted for wear and tear or depreciation. ● Income approach for residential and office buildings by discounting the net cash flows of rentals (rental incomes less rental expenses). ● Recent sales prices for similar residential and office buildings may be obtained from market prices, gazetted prices etc. ● Information of buildings that are disclosed in the audited financial statements may also be considered as a source of useful information to be used to value buildings.	
		● Fair value Approach using attributes obtained during physical data collection such as materials used to construct the building, physical condition of the building and the built up area and assigning a value using the: ○ Depreciated replacement cost for specialized buildings; and ○ Income approach or reference to recent sales prices for comparables (for residential and office buildings, etc.) See detailed guidelines on how the values are determined.	● Depreciated replacement cost for specialized buildings is information it costs to construct or purchase a similar building. ● Income approach for residential and office buildings by discounting the net cash flows of rentals (rental incomes less rental expenses). ● Recent sales prices for similar residential and office buildings may be obtained from market prices, gazetted prices etc. ● Information of buildings that are disclosed in the audited financial statements may also be considered as a source of useful information to be used to value buildings.	
3	Transport Equipment	● Cost Approach using cost information (when cost information is available). See detailed guidelines on how the values are determined.	● Cost information obtained from transaction documents such as purchase agreements, invoices, contracts, bills of quantities etc. ● Information of transport equipment disclosed in the audited financial statements may also be considered as a source of useful information to be used to value buildings.	● Road Transport equipment reported by individual user entities. ● Air Transport equipment reported by legislated entity or individual user entities.

Ref	Type of Government Asset	Valuation Methods Applied for Legacy Assets	Sources of Information	Reporting entity
		● Fair Value Approach using information in previous valuation reports duly certified by professional valuers. See detailed guidelines on how the values are determined.	● Depreciated replacement cost for specialized transport equipment is information it costs to purchase or manufacture a similar transport equipment. ● Recent sales prices for similar transport equipment adjusted for the condition of the transport equipment. ● Information of transport equipment that are disclosed in the audited financial statements may also be considered as a source of useful information to be used to value transport equipment.	● Marine Transport equipment reported by legislated entity or individual user entities. ● Rail Transport equipment reported by legislated entity or individual user entities.
		● Fair Value Approach using the condition and model (make) of the road transport equipment. See detailed guidelines on how the values are determined.	● Recent sales prices for similar transport equipment adjusted for the condition of the transport equipment. ● Sales prices may be obtained from: ○ The Rwanda Revenue Authority (RRA) database which has information of the prices of road transport equipment; or ○ Online for prices of rail, marine and air transport equipment. ● Information of transport equipment that are disclosed in the audited financial statements may also be considered as a source of useful information to be used to value transport equipment.	
4	ICT Equipment	● Cost Approach using cost information to assign a value to the ICT equipment (when cost information is available). See detailed guidelines on how the values are determined.	● Cost information obtained from transaction documents such as purchase agreements, invoices, contracts, bills of quantities etc. ● Information of ICT equipment that are disclosed in the audited financial statements may also be considered as a source of useful information to be used to value ICT equipment.	● ICT Equipment reported by individual user entities.
		● Fair Value Approach of a similar ICT Equipment item to assign a value to the ICT Equipment that	● Recent sales prices for similar ICT equipment adjusted for the condition of the ICT equipment.	

Ref	Type of Government Asset	Valuation Methods Applied for Legacy Assets	Sources of Information	Reporting entity
		may not have cost information. See detailed guidelines on how the values are determined.	Sales prices may be obtained online and adjusted for the condition of the ICT equipment. ● Information of ICT equipment that are disclosed in the audited financial statements may also be considered as a source of useful information to be used to value ICT equipment.	
5	Office Equipment	● Cost Approach using cost information to assign a value to the Office equipment (when cost information is available) See detailed guidelines on how the values are determined.	● Cost information obtained from transaction documents such as purchase agreements, invoices, contracts, bills of quantities etc. ● Information of Office equipment that are disclosed in the audited financial statements may also be considered as a source of useful information to be used to value the Office equipment.	● Office Equipment reported by individual user entities.
		● Fair Value Approach of a similar Office equipment item to assign a value to the Office Equipment that may not have cost information. See detailed guidelines on how the values are determined.	● Recent sales prices for similar items of Office equipment adjusted for the condition of the Office equipment. Sales prices may be obtained online and adjusted for the condition of the Office equipment. ● Information of Office equipment that are disclosed in audited financial statements may also be considered as a source of useful information to be used to value the Office equipment.	
6	Intangible Assets	● **Purchased intangible asset.** Cost Approach using cost information to assign a value to the purchased intangible asset (when cost information is available) or Fair Value Approach of a similar item to assign a value to the purchased intangible asset (when cost information is not available).	● Cost information obtained from transaction documents such as purchase agreements, invoices, contracts, bills of quantities etc. ● Fair value information is obtained by reference to recent sales prices for similar purchased intangible assets adjusted for the purchased intangible asset that is being valued. For example, an entity may adjust for the remaining useful of the purchased intangible assets. Sales prices may be obtained online or from RISA database.	● Purchased Intangible Assets reported by individual user entities or centrally by RISA.

Ref	Type of Government Asset	Valuation Methods Applied for Legacy Assets	Sources of Information	Reporting entity
			● Information of purchased intangible assets that is disclosed in the audited financial statements may be a source of useful information to value the purchased intangible assets.	
		● **Internally generated intangible asset in progress Cost** Approach using cost information to assign a value to the internally generated intangible assets in progress.	**Note: Only** development costs should be recognized for internally generated intangible assets in progress. ● Cost information may be obtained from transaction documents such as purchase agreements, invoices, contracts and timesheets for developers. ● Cost information of internally generated intangible assets may also be obtained from RISA database or from values that have been compiled by entities. ● Information of internally generated intangible assets in progress that are disclosed in the audited financial statements may be a source of useful information to assign the values of internally generated intangible assets in progress.	Internally Generated Intangible Assets in Progress reported by individual user entities or centrally by RISA.
		● **Internally generated intangible asset in use.** Cost Approach using cost information to assign a value to the internally generated intangible assets in use. **[Only** development costs should be recognized for internally generated intangible assets in progress and internally generated intangible assets in use].	● Cost information obtained from transaction documents such as purchase agreements, invoices, contracts, timesheets for developers. ● Cost information of internally generated intangible assets in use may also be obtained from RISA database or from values that have been compiled by entities. ● Information of internally generated intangible assets in use that are disclosed in the audited financial statements may be a source of useful information to assign the values of internally generated intangible assets in use. **Note: Only** development costs should be recognized for internally generated intangible assets in assets in use.	● Internally Generated Intangible Assets in Use reported by individual user entities or centrally by RISA.

Ref	Type of Government Asset	Valuation Methods Applied for Legacy Assets	Sources of Information	Reporting entity
7	Infrastructure Assets	● Cost Approach using cost information to assign a value to the infrastructure asset. See detailed guidelines on how the values are determined.	● Cost information obtained from transaction documents such as purchase agreements, invoices, contracts, asset management plans, bills of quantities. ● Information of infrastructure assets that are disclosed in the audited financial statements may be a source of useful information to assign the values of infrastructure assets.	● Infrastructure assets reported by legislated central government entity such as RTDA for roads, WASAC for water and REG for electricity or District.
		● Fair Value Approach using information in previous valuation reports duly certified by professional valuers to assign a value to the infrastructure asset. The entity should value the infrastructure asset using the Depreciated Replacement Cost. See detailed guidelines on how the values are determined.	● Depreciated replacement cost (DRC) for specialized infrastructure is information it costs to construct or purchase a similar infrastructure and adjusted for wear and tear or depreciation. Such information of DRC may be obtained from asset management plans, bills of quantities. ● Information of infrastructure assets that are disclosed in the audited financial statements may be a source of useful information to assign the values of infrastructure assets.	
		● Fair value Approach using physical data collection to obtain the attributes such as length of road, location of road and then assign a value to the infrastructure asset. The entity should value the infrastructure asset using the Depreciated Replacement Cost. See detailed guidelines on how the values are determined.	● Depreciated replacement cost (DRC) for specialized infrastructure is information it costs to construct or purchase a similar infrastructure and adjusted for wear and tear or depreciation. Such information of DRC may be obtained from asset management plans, bills of quantities. ● Information of infrastructure assets that are disclosed in the audited financial statements may be a source of useful information to assign the values of infrastructure assets.	
8	Heritage Assets	● Cost Approach using cost information to assign a value to the heritage asset. Cost information could also be cost of refurbishing or improving the heritage asset. See detailed guidelines on how the values are determined.	● Cost information obtained from transaction documents such as purchase agreements, invoices, contracts. ● Cost information may actually be costs incurred to improve the heritage assets. ● Information of heritage assets disclosed in the audited financial statements may be a source of	● Heritage asset reported by legislated central government entity or individual user entities.

Ref	Type of Government Asset	Valuation Methods Applied for Legacy Assets	Sources of Information	Reporting entity
			useful information to assign the values of heritage assets.	
		● **1 symbolic Frw** if the valuation is too arbitrary or high maintenance costs of the assets do not justify a valuation. See detailed guidelines on how the values are determined.	● **Assign a symbolic value of Frw 1.**	
		● Fair Value Approach if the heritage asset can be leased/ rented. Therefore, fair value can be determined using the income approach if asset is leased / rented or Depreciated Replacement Cost if the heritage asset is being used. See detailed guidelines on how the values are determined.	● Income approach for residential and office buildings by discounting the net cash flows of rentals (rental income less rental expenses). ● Information of heritage assets disclosed in the audited financial statements may be a source of useful information to assign the values of heritage assets.	
		● Fair Value information may be obtained in previous valuation reports duly certified by professional valuers to assign a value to the heritage asset or may be obtained using physical data collection to obtain the attributes such as built up area of heritage asset (if heritage asset is building), location of heritage asset (if heritage asset is building) and then assign a value to the heritage asset. See detailed guidelines on how the values are determined.	● Depreciated replacement cost for specialized infrastructure is information it costs to construct or purchase a similar heritage and adjusted for wear and tear or depreciation. ● Information of heritage assets disclosed in the audited financial statements may be a source of useful information to assign the values of heritage assets.	
9	Biological Assets held for Agricultural Activities and Agricultural produce	● **Biological assets.** Fair Value Approach (fair value less cost to sell) of a similar Biological Asset to assign a value to the biological asset. For example, the latest purchase price of the cattle, goats or sheep. See detailed guidelines on how the values are determined.	● Fair value of similar biological asset may be obtained from recent purchase prices, recent sales prices and can be obtained on website for farmers or agriculture in Rwanda. ● Information of biological assets disclosed in the audited financial statements may be a source of useful information to assign the values of heritage assets.	● Biological asset held for agricultural activity reported by legislated entity and individual user entity. ● Agricultural produce reported by legislated entity and individual user entity.
		● **Agricultural Produce.** Fair Value Approach (fair value less cost to sell) of a similar agricultural produce to assign a value to the agricultural produce such as recent sales prices. See	● Fair value of similar agricultural produce asset may be obtained from recent purchase prices, recent sales prices and can be obtained on website for farmers or agriculture in Rwanda.	

Ref	Type of Government Asset	Valuation Methods Applied for Legacy Assets	Sources of Information	Reporting entity
		detailed guidelines on how the values are determined.	● Information of biological assets and agricultural produce disclosed in the audited financial statements may be a source of useful information to assign the values of biological assets and agricultural produce.	
10.	Biological Assets that are Property, Plant, Equipment	● **Bearer Plant.** Cost Approach using cost information to assign a value to the biological asset or Fair Value Approach of a similar bearer plant if cost information is not available**.** For example, the cost of the Orange tree that is a bearer plant or latest market price of the orange tree. See detailed guidelines on how the values are determined.	● Cost information obtained from transaction documents such as purchase agreements, invoices, contracts. ● Fair value of similar bearer plant may be recent purchase prices, recent sales prices and can be obtained on website for farmers or agriculture in Rwanda. ● Information disclosed in the audited financial statements.	● Biological assets that are property, plant, and equipment reported by individual user entity.
		● **Biological assets.** Cost Approach using cost information to assign a value to the biological asset or Fair Value Approach of a similar Biological Asset to assign a value to the biological asset if cost information is not available**.** For example, the latest purchase price of a police dog or horse. See detailed guidelines on how the values are determined.	● Cost information obtained from transaction documents such as purchase agreements, invoices, contracts. ● Fair value of similar biological asset that is property, plant, and equipment may be recent purchase prices, recent sales prices and can be obtained on website. ● Information disclosed of biological assets in the audited financial statements may be a source of useful information to assign the values of biological assets and agricultural produce.	
11	Machinery and Equipment other than Transport Equipment	● Cost Approach using cost information to assign a value to the machinery and equipment. See detailed guidelines on how the values are determined.	● Cost information obtained from transaction documents such as purchase agreements, invoices, contracts. ● Information disclosed of machinery and equipment in the audited financial statements may be a source of useful information to assign the values of machinery and equipment.	● Machinery and equipment reported by individual user entity.
		● Fair Value Approach using information in previous valuation reports duly certified by professional valuers to assign a value to the machinery and equipment. The entity may value	● Depreciated replacement cost for specialized machinery is information it costs to construct or purchase a similar infrastructure and adjusted for wear and tear or depreciation.	

Ref	Type of Government Asset	Valuation Methods Applied for Legacy Assets	Sources of Information	Reporting entity
		the machinery and equipment using the Depreciated Replacement Cost unless there is a secondhand market. See detailed guidelines on how the values are determined.; or	● Information disclosed of machinery and equipment in the audited financial statements may be a source of useful information to assign the values of machinery and equipment.	
		● Fair Value Approach using physical data collection to obtain attributes specific to that machinery item. The entity may value the machinery using the Depreciated Replacement Cost. See detailed guidelines on how the values are determined.	● Depreciated replacement cost for specialized machinery is information it costs to construct or purchase a similar machinery and equipment and adjusted for wear and tear or depreciation. ● Information disclosed of machinery and equipment in the audited financial statements may be a source of useful information to assign the values of machinery and equipment.	
12	Specialist Military Equipment or Weapon Systems	● Cost Approach using cost information to assign a value to the specialist military equipment or weapon systems.	● Cost information obtained from transaction documents such as purchase agreements, invoices, contracts. ● Information disclosed of military equipment in the audited financial statements may be a source of useful information to assign the values of military equipment.	● Specialist military equipment reported by legislated entity or individual user entity.
		● Fair Value Approach using information in previous valuation reports duly certified by professional valuers to assign a value to the specialist military equipment or weapon systems. The entity may value the specialist military equipment or weapon systems using the Depreciated Replacement Cost. See detailed guidelines on how the values are determined.	● Depreciated replacement cost for specialized military equipment is information it costs to construct or purchase a similar infrastructure and adjusted for wear and tear or depreciation. ● Information disclosed of military equipment in the audited financial statements may be a source of useful information to assign the values of military equipment.	
		● Fair value approach using fair value of a similar item such as latest sales price (if available) or replacement cost. See detailed guidelines on how the values are determined.	● Depreciated replacement cost for specialized military equipment is information it costs to construct or purchase a similar military equipment and adjusted for wear and tear or depreciation. ● Information disclosed of military equipment in the audited financial statements may be a source of useful information to assign the values of military equipment.	

Ref	Type of Government Asset	Valuation Methods Applied for Legacy Assets	Sources of Information	Reporting entity
13	Valuables	● Cost Approach using cost information to assign a value to the valuables.	● Cost information obtained from transaction documents such as purchase agreements, invoices, contracts. ● Information disclosed of valuables in the audited financial statements may be a source of useful information to assign the values of valuables.	● Valuables reported by legislated entity or individual user entity.
		● Fair Value Approach using information in previous valuation reports to assign a value to the valuables. The entity may value the valuables using comparable sales prices. See detailed guidelines on how the values are determined.	● Recent sales prices for similar valuables may be obtained online. ● Information disclosed of valuables in the audited financial statements may be a source of useful information to assign the values of valuables..	
		● Fair Value Approach using fair value of a similar item such as latest sales price (if available) or replacement cost. See detailed guidelines on how the values are determined.	● Recent sales prices for similar valuables may be obtained online. ● Information disclosed of valuables in the audited financial statements may be a source of useful information to assign the values of valuables.	
14	Natural Resources	● Use available GOR statistical information (not an IPSAS requirement) that is available in terms of identification and valuation of the country's natural resources. See detailed guidelines on how the values are determined. ● Note – The IPSASB's preliminary guidance is that these natural resources may be difficult to recognize on the statement of financial position.	● Values of natural resources are obtained from GOR's statistical information. ● Information of natural resources that are disclosed in the audited financial statements may also be considered as a source of useful information to be used to value natural resources.	● Natural resources reported by legislated entity or individual user entity.
15	Service concession arrange ments (service concession asset and related liability)	● To value the service concession asset, use cost information (if cost information is available). See detailed guidelines on how the values are determined.	● Cost information obtained from transaction documents such as service concession agreements, invoices, contracts. ● Information of service concession arrangements disclosed in the audited financial statements may also be considered as a source of useful information to be used to value service concession assets.	● Service concession assets and liabilities reported by grantor entity.
		● Fair Value as deemed cost approach using the depreciated replacement cost of assets such as road infrastructure etc. See detailed guidelines on how the values are determined.	● Depreciated replacement cost for specialized service concession assets is information it costs to construct or purchase a similar item and adjusted for wear and tear or depreciation.	

Ref	Type of Government Asset	Valuation Methods Applied for Legacy Assets	Sources of Information	Reporting entity
			● Information of service concession arrangements disclosed in the audited financial statements may also be considered as a source of useful information to be used to value service concession assets.	
		● Use the information available in service concession agreements to value the service concession related liabilities (depends on whether the grant of a right to the operator model or the liability model should be used). See detailed guidelines on how the values are determined.	● Fair value information of the related liability is obtained from the service concession arrangement. ● Information of service concession arrangements disclosed in the audited financial statements may also be considered as a source of useful information to be used to value service concession liabilities.	
16	Leases	● Use the information available in lease contracts to value the leased assets and related liabilities. First value the liability and attribute the same value to the asset. See detailed guidelines on how the values are determined. ● Note – IPSASB issued IPSAS,43 *Leases* in January 2022 to replace IPSAS 13, *Leases*. IPSAS 13 is effective for financial periods beginning on or after 1 January 2025.	● Finance lease assets and liabilities are calculated using information in the lease contracts. ● Information of leased assets disclosed in the audited financial statements may also be considered as a source of useful information to be used to value leased assets.	● Finance lease assets and liabilities are reported by the lessee in the lease contracts.
17	Inventory	● Cost Approach using cost information such as the latest purchase price to assign a value to the item of inventory if cost information is available. See detailed guidelines on how the values are determined.	● Cost information may be obtained from transaction documents such as invoices, contracts. ● Entities that hold inventories that may have valued their inventories using First in First Out method (FIFO) and Weighted Average Cost method (WAC) may also use that information to value their legacy inventories as at 30 June 2024. ● Information of inventories disclosed in the audited financial statements may also be considered as a source of useful information to be used to value inventories.	● Inventories are reported by the individual user entity.

Ref	Type of Government Asset	Valuation Methods Applied for Legacy Assets	Sources of Information	Reporting entity
		● Fair Value Approach using information such as the latest sales price to assign a value to the item of inventory (if cost information is not available). See detailed guidelines on how the values are determined.	● Recent sales prices for similar inventories may be obtained online or in the entity's procurement list. ● Information disclosed of inventories in the audited financial statements may be a source of useful information to assign the values of inventories.	

3. Detailed Guidelines for Collecting Data and Valuation of Non-Current Assets and Inventories

3.1. Guidelines for collecting data and for valuing land and investment property of land

3.1.1. Background

The GOR holds government land. During phase one of the data collection exercise to value land, the IPSAS Accrual Team valued **423,7219** plots of government land registered in NLA's LAIS at an amount of **Frw 2,048,036,829,864 from 7 April 2023 until 4 June 2023** (as indicated in the summarized work plan above in section 4) using rates determined by certified valuers from open market prices in the form average sales price per use in the cell.

3.2. Guidelines for collecting data and for valuing buildings and investment property of buildings

3.2.1. Background

The GOR holds the following buildings.

Buildings	Reporting Entity
A. Buildings Within Kigali	
(i) City of Kigali (COK) Buildings	City of Kigali
(ii) Central Government Buildings	RHA
(iii) Buildings held by PINCs	PINCs
B. Buildings Outside Kigali	
(i) District Buildings	District
(ii) Central Government buildings that are outside Kigali	RHA
(iii) Buildings held by PINCs outside Kigali	PINCs
C. Buildings held by embassies	RHA / MINAFET
D. Classified buildings	Relevant entity legislated to hold classified buildings

3.2.2. Guidelines for collecting data and for valuing government buildings using cost information

A. Buildings shall be valued using cost information as follows:

- **Step 1: Obtain cost information of the buildings from the IFMIS Fixed Assets module.** Obtain the acquisition date and the acquisition cost information of buildings from the IFMIS Fixed Assets module.

- **Step 2: Ensure reliability of the cost information of the buildings.** Ensure that the cost information of the buildings is reliable by obtaining validation of the costs information and acquisition date information from the Internal Asset Valuation Committees (IAVCs) in the respective entities.
- **Step 3: Calculate the carrying amounts (values) of the buildings.** Obtain the cost information validated by the IAVCs for each building as per step 2 above and allocate the approved useful lives obtained from the Asset Management Policy (AMP) to the buildings, calculate the number of years that the building was in use from the date of acquisition to the date that the building was valued (valuation date of 30 June 2024) to determine the accumulated depreciation and calculate the carrying amounts (values) of each building by subtracting the accumulated depreciation from the acquisition cost of the building.
- **Step 4: Classify the buildings as property, plant, and equipment or investment property.** Distinguish buildings as property, plant, and equipment and investment property because they are accounted for differently in terms of IPSAS 17 and IPSAS 16 respectively.
- **Step 5: Validate the carrying amounts (values) of the buildings.** Relevant stakeholders such as IAVCs and RHA should validate the carrying amounts of the buildings computed by the IPSAS Accrual Team.
- **Step 6: Upload the validated buildings values and data in the IFMIS Fixed Assets module.** User entities should then upload the buildings classified as property, plant, and equipment and investment property and its validated values into the IFMIS Fixed Assets module and then post and recognize the values in the General Ledger.

3.2.3. Guidelines for collecting data and for valuing government buildings using fair value information obtained from the valuation reports

B. Buildings shall be valued using fair value information obtained from valuation reports as follows:

3.2.3.1 Review the signed valuation reports to appreciate the methodology used and the outcome;

3.2.3.2 Establish that the valuation was conducted by a certified valuer (signed and stamped), and that the valuation was done recently;

3.2.3.3 Extract the data of the Depreciated Replacement Cost (DRC) from those reports and assessed the current carrying amount based on the approved useful lives obtained from the Asset Management Policy (AMP);

3.2.3.4 Classify the buildings as property, plant, and equipment or investment property;

3.2.3.5 Validate the carrying amounts (values) of the buildings; and

3.2.3.6 Upload the validated buildings values and data in the IFMIS Fixed Assets module and post to the GL.

3.2.4. Guidelines for collecting data and for valuing government buildings using fair value information obtained from physical valuation of buildings.

C. Values shall be assigned to buildings using fair value information obtained from physical data collection as follows:

3.2.4.1 Certified valuers inspect each building and sitework;

3.2.4.2 Certified valuers physically collect data such as built-up area and age of the building , and condition of the building;

3.2.4.3 Certified valuers use that information to calculate the Replacement Cost, Accumulated Depreciation and Depreciated Replacement Cost (DRC) of each building and siteworks;

3.2.4.4 Classify the buildings as property, plant, and equipment or investment property;

3.2.4.5 Validate the carrying amounts (values) of the buildings; and

3.2.4.6 Upload the validated buildings values and data in the IFMIS Fixed Assets module and post to the GL.

3.3. Guidelines for collecting data and for valuing general property, plant, and equipment such as Transport Equipment , ICT Equipment, Office Equipment and Machinery and Equipment

3.3.1. Background

The GOR holds :

a. Transport Equipment that comprise air, road, marine and railways transport equipment;

b. ICT Equipment;

c. Office Equipment; and

d. Machinery and Equipment.

3.3.2. General guidelines for data collection and valuation approach for Transport Equipment, ICT Equipment, Office Equipment and Machinery and Equipment

Phase Two of data collection for Transport Equipment, ICT Equipment, Office Equipment and Machinery and Equipment is scheduled to take place between **October 2023 to January 2024.** The user entity shall be responsible to collect the data and to assign values. The entity can use cost information where this is available and reliable or fair value information where cost information is not available or not reliable. Therefore, the user entities shall collect data and assign values of Transport Equipment, ICT Equipment, Office Equipment and Machinery and Equipment as follows:

3.3.2.1 **Using cost information:** This approach entails review of existing information in IFMIS Fixed Asset module (Register) to collect data and value the asset that have reliable historical cost information and acquisition dates and assign values (carrying amounts) to the RTE using cost information; and

3.3.2.2 **Using fair value information:** This approach shall be followed to collect data for assets and assign values (carrying amounts) using fair value information from:

3.3.2.2.1 Previous valuation reports independently carried out by a professional valuer;

3.3.2.2.2 Where previous valuation reports are not available and where cost information is not available, the entity shall either:

a. Employ an expert valuer to collect data for the assets from the IFMIS Fixed Assets module and use important information such as manufacturing year, condition of asset, model and make to assign fair value using sales prices of similar assets; or

b. Employ the Internal Asset Valuation Committees (IAVCs) of the user entities to collect data for assets from the IFMIS Fixed Assets module and use important information such as condition of RTE, manufacturing year, model and make and assign values using sales prices of similar RTE, ICT Equipment, Office Equipment and Machinery Equipment.

Values assigned to assets using cost information or fair value (as the deemed cost) shall then be uploaded in the IFMIS Fixed Assets module. The user entities shall then upload the data collected and assigned values in IFMIS. The valuation reports and support information for cost or fair value information shall also be uploaded to support the assigned values. Upon sign-off of the system generated valuation certificate, the values shall be posted to the IFMIS General Ledger.

3.4. Guidelines for collecting data collection and for valuing specialized assets such as Infrastructure Assets, Heritage Assets, Valuables and Specialist Military Equipment or Weapon Systems

3.4.1. Background

The GOR holds:

a. **Infrastructure assets** that are:

   a. **Networks or systems** as they comprise of a number of assets that make up these networks or systems that serve community at large; and

   b. **Have long useful lives** because they are continually maintained, replaced and refurbished;

b. **Heritage Assets** which are assets that have historical, cultural and environmental significance, usually irreplaceable and are intended to be preserved in trust for future generations. Example of heritage assets includes historical buildings, monuments, statues, museum and gallery collections, archeological sites, national archives, ruins, conservation areas, nature reserves, and works of arts;

c. **Valuables** which are precious stones and metals, paintings, sculptures and jewellery; and

d. **Specialist Military Equipment or Weapon Systems** such as war ships, military aircraft, tanks and missile carriers and launchers.

3.4.2. General guidelines for data collection and valuation for infrastructure assets, heritage assets, valuables and specialist military equipment

The entity shall use cost information where this is available and reliable or fair value where cost information is not available or reliable as follows:

3.4.2.1 **Cost Approach:** Entity shall use cost information from records maintained by the entity to assign a value to the infrastructure assets, heritage assets, valuables and specialist military equipment (assets). This shall be applied to the assets that have reliable cost information and acquisition dates.

3.4.2.2 **Fair Value Approach using available valuation reports:** Entity shall use information in previous valuation reports to assign a value to the assets. The entity shall value the assets using the Depreciated Replacement Cost.

3.4.2.3 **Fair Value Approach using physical data collection**: Members of the IAVCs or certified valuers shall obtain attributes such as length of a road, location of a road and then apply a rate say per square meter to assign a value to the infrastructure asset and then assign a value to the infrastructure asset. Heritage assets shall be valued using physical data collection to obtain the attributes such as built up area of heritage asset (if heritage asset

is building), location of heritage asset (if heritage asset is building) and then assign a value to the heritage asset. The entity shall then value the assets using the Depreciated Replacement Cost.

3.4.2.4 **Fair Value Approach using the income approach** shall be used to assign values to heritage assets that can be leased / rented.

3.4.2.5 **A symbolic value of Frw 1** shall be assigned to heritage assets if the valuation is too arbitrary or high maintenance costs of the assets do not justify a valuation. See detailed guidelines on how the values are determined.

3.4.2.6 **Recent sales prices for comparables shall be assigned to Valuables.**

3.4.2.7 **Assets values and data are uploaded in IFMIS and posted in the GL.** The user entities shall then upload the data collected and assigned values in IFMIS. Upon sign-off by the CBM, the values shall be posted to the IFMIS General Ledger.

3.5. Guidelines for collecting data and for valuation of specific assets such as Biological Assets Held for Agricultural Activity, Agriculture Produce, Biological Assets that are property, plant, and equipment and Natural Resources

3.5.1. Background

The GOR holds:

a. Biological assets held for agricultural activity which are:

c. Living animals held for agricultural; activity such as such as cattle, sheep etc;

d. Living plants that are not bearer plants[8] held for agricultural; activity such as:

i. Plants cultivated to be harvested as agricultural produce. For example, trees grown for use as lumber;

ii. Plants cultivated to produce agricultural produce and there is more than probable likelihood that the entity will also harvest and sell the plant as agricultural produce. For example, trees cultivated for their fruit and lumber; and

[8] Bearer plants are living plants such as tea bushes, grape vines, oil palms and rubber trees, that are (a) used in the production and supply of agricultural produce; (b) expected to bear produce for more than one period; and (c) has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales. Bearer plants are accounted for as property, plant, and equipment in terms of IPSAS 17, *Property, Plant, and Equipment*. See section 8 for the data collection to value biological assets that are property, plant, and equipment.

iii. **Annual crops.** For example, sugarcane, maize and wheat (see IPSAS 27, Agriculture); and

e. **Agricultural produce** that is, the harvested product of the entity's biological assets such as wool from sheep, milk from dairy cattle, harvested cane from sugar cane, grapes from grape vines, harvested latex from rubber trees etc;

b. Biological assets that are property, plant, and equipment such as:

f. **Bearer plants** that are plants that produce agricultural produce, will not be sold for agricultural produce and will bear agricultural produce for a period exceeding one year such as a banana tree bearing banana fruit, tea bushes and oil palms (see IPSAS 17);

g. **Living plants used for the provision or supply of services** such as trees in parks and gardens operated for recreational purposes (see IPSAS 17 and Basis for Conclusions paragraph BC 3 in IPSAS 27); and

h. **Living animals used for the provision or supply of services** such as police dogs and horses used for policing purposes (see IPSAS 17 and Basis for Conclusions paragraph BC 3 in IPSAS 27); and

c. **Natural Resources** that are naturally occurring items such as free flowing water for example water in lakes and rivers and water impounded in dams, natural forests, mineral deposits and natural living resources such as wildlife.

3.5.2. General guidelines for data collection and valuation approach for Biological Assets Held for Agricultural Activities, Agricultural Produce, Biological Assets that are property, plant, and equipment and Natural Resources

Data collection for biological assets held for agricultural activity, agricultural produce, biological assets that are property, plant, and equipment and natural resources is scheduled to take place between **November 2023 to March 2024**.

The user entity shall be responsible to collect the data and assign values to the Legacy biological assets held for agricultural activity and agricultural produce using:

3.5.2.1 **Fair value information:** Legacy biological assets held for agricultural activity and agricultural produce shall be valued at fair value less cost to sell (see paragraphs 14 and 21 of IPSAS 27). The fair value is the *quoted price in that market and the cost to sell is the transport and other costs of getting the biological asset either to that market or to the location where it will be sold or distributed at no charge or for a nominal charge*. For example, the fair value of cattle at a farm is the price for the cattle in the relevant market less the transport and other costs of getting the cattle either to that market or to the

location where it will be distributed at no charge or for a nominal charge[9]. The costs to sell shall be assumed to be negligible or nil; or

3.5.2.2 **Cost Approach:** Entity shall use cost information where fair value cannot be easily determined to assign a value to the Biological assets held for agricultural activities and agricultural produce. This approach shall be applied to Biological and Agricultural assets that have reliable cost information. In such a case, that biological asset shall be measured at its cost less any accumulated depreciation and any accumulated impairment losses. Once the fair value of such a biological asset becomes reliably measurable, an entity shall measure it at its fair value less costs to sell.

Once the assigned values and data collected are approved, the user entities shall then upload the data collected and assigned values in IFMIS. Upon sign-off by the CBM, the values shall be posted to the IFMIS General Ledger.

The user entity shall be responsible to collect the data and assign values to the legacy natural resources using information in government finance statistics. Once the assigned values and data collected are approved, the user entities shall then upload the data collected and assigned values in IFMIS. Upon sign-off by the CBM. The values of natural resources shall not be posted to the IFMIS General Ledger as yet as the preliminary guidance from the IPSASB is that natural resources may not be recognized or reported.

The user entity shall collect data and assign values to the legacy biological assets that are property, plant and equipment using:

3.5.2.3 **Cost or fair value information for bearer plants:** Cost information is used to assign a value to the bearer plant or fair value of a similar bearer plant shall be used to assign the values if cost information is not available. For example, the cost of the Orange tree that is a bearer plant or latest market price of the orange tree shall be used to assign values to that tree.

3.5.2.4 **Cost or fair value information for biological assets that are property, plant, and equipment.** Cost information is used to assign a value to the biological asset or fair value of a similar biological asset shall be used to assign a value to the biological asset if cost information is not available. For example, the latest purchase price of a police dog or horse or the latest cost price to plant tree in a park shall be used to assign a value to that item.

Once the assigned values and data collected are approved, the user entities shall then upload the data collected and assigned values in IFMIS. Upon sign-off by the CBM, the values shall be posted to the IFMIS General Ledger.

[9] If an entity has access to different active markets, the entity uses the most relevant one. For example, if an entity has access to two active markets, it would use the price existing in the market expected to be used.

3.6. Guidelines for data collection and for valuation of Intangible Assets

3.6.1. Background

An intangible asset is an **identifiable non-monetary asset without physical substance**. An intangible asset is **identifiable** if it is:

a. **Separable.** It is capable of being separated or divided from the entity and sold, transferred, licensed, rented, or exchanged, either individually; **or**

b. **Arises from binding arrangements (including rights from contracts or other legal rights**. Regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

The GoR has intangible assets that can be broadly categorized as follows:

I. Purchased intangible assets which were acquired externally and comprise:
   a. Computer software, applications and related licenses;
   b. Databases and related licences;
   c. Licences, copyrights and patents; and
   d. Goodwill and marketing assets;

II. Internally generated intangible assets in progress which are large projects of new information systems generated internally and are still under development and comprise:
   a. Websites under development in progress; and
   b. Software under development progress.

III. Internally generated intangible assets in use which are large projects of new information systems generated internally and have been developed and comprise:
   a. Developed websites in use; and
   b. Developed software in use.

3.6.2. General guidelines for data collection and valuation approach for Intangible Assets

Data collection ana valuation of intangible assets is scheduled to take place from **October 2023 to June 2024**. The user entity shall be responsible to collect the data and assign values and shall assign the values to the legacy Intangible assets as follows:

3.6.2.1 **Values shall be assigned to purchased intangible asset using cost information or fair valuation information if cost information is not available:** Cost information can be the cost incurred to purchase that intangible asset for example the cost to purchase a licence. Fair Value

information of a similar item to assign a value to the purchased intangible asset (when cost information is not available).

3.6.2.2 **Internally generated intangible asset in progress:** Only cost information of development costs should be used to assign values to the internally generated intangible assets in progress. All research costs incurred while developing the intangible assets should not be assigned to the internally generated intangible assets in progress.

3.6.2.3 **Internally generated intangible asset in use:** Once the internally generated assets are completed the accumulated costs are reclassified to internally generated intangible assets in use.

Once the assigned values and data collected are approved, the user entities shall then upload the data collected and assigned values in IFMIS. Upon sign-off by the CBM, the values shall be posted to the IFMIS General Ledger.

3.7. Guidelines for collecting data and for valuing Leased assets and Service concession arrangement assets

3.7.1. Background

Leases are classified either as finance lease or operating lease which classification depends on the substance of the transaction rather than the form of the contract. Finance Lease - is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee. Title may or may not eventually be transferred. A lease is classified as an operating lease if it does not transfer substantially all the risk and rewards incidental to ownership.

A Service Concession Arrangement (SCA) is a binding arrangement between a grantor and an operator in which the operator uses the service concession asset to provide a public service on behalf of the grantor for a specified period of time; and the operator is compensated for its services over the period of the service concession arrangement.

A decentralized approach to collect data and to value Government leased assets and service concession arrangements shall be followed where the user entity shall be in-charge of collecting data as well as assigning values through the relevant valuation models for the Lease Assets under their control between **November 2023 to March 2024**.

3.7.2. General guidelines for collecting data and for valuing leased assets

Leases - Lease in the books of the lessee

The user entity (lessee) shall be responsible to collect the data and assign values. The entity shall consider the following approaches while valuing legacy lease assets:

3.7.2.1 **Finance Lease:** Where the government entity is a lessee in a finance lease agreement, it shall recognize assets acquired under finance lease as assets, and the associated lease obligations as liabilities in their statements of financial position. The assets and liabilities shall be recognized at the l*ower of the fair value of the leased asset or the present value of the minimum lease payments, each determined at the inception of the lease*.

3.7.2.2 **Operating Lease:** Where the government entity is the lessee in an operating lease agreement, it shall not recognize the asset in its statement of financial position and shall recognize the lease payments as expenses in a straight line method over the lease term.

Leases - Lease in the books of the lessor

The user entity (lessor) shall be responsible to collect the data and assign values. The entity shall consider the following approaches while valuing legacy lease assets:

3.7.2.3 **Finance Lease:** Where the government entity is a lessor in a finance lease agreement, the underlying asset is derecognized and the lease receivable is recognized. The lease receivable that is recognized by the lessor is the present value of the minimum lease payments, each determined at the inception of the lease.

3.7.2.4 **Operating Lease:** Where the government entity is the lessor in an operating lease agreement, it shall not derecognize the underlying asset in the financial position and shall recognise and value the underlying asset using cost information or fair value information and shall recognize the lease payments as expenses on a straight line method over the lease term.

Once the assigned values and data collected are approved, the user entities shall then upload the data collected and assigned values in IFMIS. Upon sign-off by the CBM, the values shall be posted to the IFMIS General Ledger.

3.7.3. General guidelines for collecting data and for valuing service concession arrangement assets

The user entity (grantor) shall be responsible to collect the data and to assign values. The entity shall consider the following approaches while valuing legacy Service Concession Agreement asset where Government Entity is a Grantor:

3.7.3.1. **Cost Approach:** Government Entity that is a grantor shall value the asset using cost information if reliable cost information is available and if the service concession asset is fairly new. The cost information shall be obtained from transaction documents such as service concession agreements, invoices, contracts or obtained from information disclosed in financial statements.

3.7.3.2. **Fair Value Approach:** Entity shall value the service concession asset at its fair value using the Depreciated Replacement Cost. Depreciated replacement cost for specialized service concession assets is information it costs to construct or purchase a similar item and adjusted for wear and tear or depreciation.

Where the grantor recognizes a service concession asset for a new asset being constructed, the grantor shall also recognize a corresponding liability at the same amount as the service concession asset.

Where the grantor recognizes a service concession asset for an existing asset, the grantor shall not recognize a liability.

Once the assigned values and data collected are approved, the user entities shall then upload the data collected and assigned values in IFMIS. Upon sign-off by the CBM, the values shall be posted to the IFMIS General Ledger.

3.8. Guidelines for collecting data and for valuing Inventories.

3.8.1. Background

The GOR holds government inventories such as materials and supplies, strategic stocks, military inventory, work in progress: materials and supplies for production, finished goods, agricultural produce, inventory held for resale and inventory held for distribution.

A decentralized approach shall be followed during phase two of the data collection and valuation of inventories scheduled from **October 2023 to February 2024** as follows**:**

3.8.1.1. Obtain all inventories on hand and value the inventory on hand using:

a. **Cost information** obtained from transaction documents such as invoices, contracts or information disclosed in financial statements; and

b. **Fair value information** such as the latest sales price (net realizable value) to assign a value to the item of inventory (if cost information is not available); and

3.8.1.2. Upload the inventories and its validated values into the IFMIS Inventories module and then post and recognize the values in the General Ledger. The inventories will ultimately be reported in the statement of financial position as at 30 June 2024.

4. Appendices

4.1. Appendix 1: Detailed Data Collection Templates

Narrative explanation of the data collection templates

4.1.1. To ensure that data is collected in a coordinated, holistic and integrated manner, IPSAS compliant data collection and valuation templates (excel version) that also incorporate the attributes or parameters of the IFMIS Fixed Assets module (Fixed Asset Register) for non-current assets and the IFMIS Inventory module for inventories have been developed by the IPSAS Accrual Team.

4.1.2. These templates have been embedded into IFMIS and can be downloaded and used to upload data into the IFMIS. This will ensure that the data collected and assigned values are compliant with IPSAS and IVS requirements and that the data collected and assigned values can be easily uploaded into the IFMIS Fixed Assets or Inventories modules.

4.1.3. The data collection and valuation templates will comprise information (data attributes) necessary for:

4.1.3.1. **Identifying and recognizing non-current assets and inventories in terms of IPSAS.** Information of the relevant asset such as land, buildings, road transport equipment, office equipment, ICT equipment, inventories etc will be populated into the data collection templates. Data can be prepopulated from existing asset register or inventory records maintained by the entity and the list of assets beefed up with data collected by data collectors through physical inspections or desktop approaches or data may be user entered;

4.1.3.2. **Defining and categorizes non-current assets.** The data collection templates define and categorize non-current assets in terms of IPSAS as Property, Plant, and Equipment Investment Property, Intangible Assets and also allocates the data of assets collected to classes and UNSPSC commodities of the respective assets; **The mappings have been automatically set up in the IFMIS.**

4.1.3.3. **Determining the reporting entity that controls and recognizes assets in its financial statements.** For example, the data collection template for state land and buildings comprise the Unique Parcel Identifier (UPI), and the entity that has legal title of the land (regulatory entity), the entity that acquired the land, and the entity that uses the land because, for accounting purposes, control of an asset is not only determined by legal ownership but is also determined by the right to access and use the resource. Some assets will be recognized by a central authority and other assets will be recognized by the individual entities. See table in Section 3 which shows the respective entities that will report the assets;

4.1.3.4. **Valuing non-current assets.** The data collection template comprise data attributes necessary to value non-current assets using cost information or fair value information such as size, area and location and the monetary rate of asset, for example market rate of land per square meter in Rwanda Francs; and

4.1.3.5. **Registering and uploading information in the IFMIS Fixed Assets and Inventories modules.** The data collection template comprises data attributes to be uploaded in the enhanced IFMIS Fixed Assets module such as serial number (system ID), registration date and the administration code of entity, classification, and commodities codes.

4.1.4. * The approved values and data collected of non-current assets and inventories would then be uploaded in the IFMIS Fixed Assets and Inventories modules and posted to the General Ledger as and when the data of the non-current assets and inventories and assigned values are verified and validated. The assigned values will be the cost or fair value information and shall not necessarily cater for depreciation or wear and tear of that asset at that stage.

4.1.5. ** The deadline for when all entities should upload the validated data and assigned values in the IFMIS Fixed Assets and Inventories module and the deadline to post those assigned values to the General Ledger is 31 March 2024.

4.1.6. ***These approved values and data collected of the non-current assets and inventories would then be recognized and reported for the first time in the statement of financial position at its cost or fair value less accumulated depreciation as at 30 June 2024 for non-current assets and cost or fair value for inventories as at 30 June 2024.

4.2. Appendix 2: Sample Valuation Report

The sample valuation report is shown below

[INSERT THE NAME OF THE ENTITY HERE PREFERABLY USE THE LETTERHEAD OF ENTITY]

[INSERT THE DATE OF THE VALUATION REPORT HERE]

TITLE: DATA COLLECTION AND VALUATION OF NON-CURRENT ASSETS AND/OR INVENTORIES

INSERT INTRODUCTION [SEE BELOW SAMPLE INTRODUCTION]

4.2.1. Introduction

4.2.1.1. The implementation of International Public Sector Accounting Standards (IPSAS) has been identified by the Government of Rwanda (GOR) as one of critical success factors in increasing compliance with PFM rules and procedures, and ensuring public resources are used appropriately.

4.2.1.2. To comply with IPSAS, the GOR will need to account for, recognize, measure (value), present and disclose revenue, expenses, assets and liabilities in the financial statements.

4.2.1.3. The IPSAS Implementation Blueprint (Blueprint) developed in 2018 foresees the preparation of IPSAS transitional financial statements as we progress towards the preparation of IPSAS-full compliant financial statements. Therefore, the accounting policies for the GOR are progressively being adapted to include and recognise new elements of non-current assets and inventories on the face of the statement of financial position (balance sheet) as at 30 June 2024.

INSERT SCOPE OF ASSETS VALUED [SEE BELOW SAMPLE SCOPE OF ASSETS]

4.2.2. Scope of the assets whose data has been collected and whose values have been assigned

4.2.2.1. **[INSERT NAME OF THE USER ENTITY]** holds the following legacy non-current assets and/or inventories:

4.2.2.1.1. **XXX [INSERT THE NAME OF THE NON-CURRENT ASSETS YOU HAVE. THIS SHOULD ALIGN WITH THE CLASSIFICATION OF NON-CURRENT ASSETS AND INVENTORIES IN THE DATA COLLECTION TEMPLATE AND REVISED CHART OF ACCOUNTS]**

4.2.2.1.2. **XXX [INSERT THE NAME OF THE NON-CURRENT ASSETS YOU HAVE. THIS SHOULD ALIGN WITH THE CLASSIFICATION OF NON-CURRENT ASSETS AND INVENTORIES IN THE DATA COLLECTION TEMPLATE AND REVISED CHART OF ACCOUNTS]**

4.2.2.1.3. **[DELETE WHAT IS NOT APPLICABLE]**

4.2.3. Approach followed to collect data and value Government's non-current assets and / or inventories

4.2.3.1. **The Internal Assets Valuation Committee** obtained data of government assets from the IFMIS Fixed Assets module (If it is non-current assets) or IFMIS Inventory module or Inventory Register (If it is inventories) on [Insert date as DD/MM/YYYY] and captured the data of the following assets in the approved data collection templates:

4.2.3.1.1. **XXX [INSERT THE NAME OF THE NON-CURRENT ASSETS YOU HAVE. THIS SHOULD ALIGN WITH THE CLASSIFICATION OF NON-CURRENT ASSETS AND/OR INVENTORIES IN THE DATA COLLECTION TEMPLATE AND REVISED CHART OF ACCOUNTS]**

4.2.3.1.2. **XXX [INSERT THE NAME OF THE NON-CURRENT ASSETS YOU HAVE. THIS SHOULD ALIGN WITH THE CLASSIFICATION OF NON-CURRENT ASSETS AND/OR INVENTORIES IN THE DATA COLLECTION TEMPLATE AND REVISED CHART OF ACCOUNTS]**

4.2.3.2. Once the data of the abovementioned assets was captured, values were assigned using the following methods:

4.2.3.3. **Cost information**

4.2.3.3.1. We obtained the cost information and acquisition dates from the IFMIS Fixed Asset module, allocated the approved useful lives obtained from the Asset Management Policy (AMP) to the [Name of the asset] and calculated the carrying amounts (values) of [Name of the asset]. A total of [Quantity of the asset] were subjected to this approach and resulted in the carrying amount of [Insert total value of the assets valued].

4.2.3.3.2. The source of the cost information was [insert sources of information such as invoices, contracts, recent purchase prices etc.]

4.2.3.3.3. The detailed calculations of the values and data of the non-current assets and / or inventories are in the schedules accompanying this report.

4.2.3.4. **Fair valuation information using physical data collection**

4.2.3.4.1. Internal Asset Valuation Committees or Registered valuers [Select the appropriate valuer used] inspected [Name of the asset] and physically collected data of the asset and used that information to calculate the Replacement Cost, Accumulated Depreciation and Depreciated Replacement Cost (DRC) of [Name of the asset]. A total of [Quantity of the asset valued] were valued using this approach (fair valuation)

and amounted to [Insert total value of the assets valued] as the Depreciated Replacement Cost (DRC).

4.2.3.4.2. The source of the fair value information was [insert sources of information such as market surveys, google websites, sales prices of similar assets etc.]

4.2.3.4.3. The detailed calculations of the values and data of the non-current assets and / or inventories are in the schedules accompanying this report.

4.2.3.5. **Fair valuation information using valuation reports**

4.2.3.5.1. Internal Asset Valuation Committees or Registered valuers [Select the appropriate valuer used] inspected [Name of the asset] previously commissioned valuation reports and used that information to calculate the Replacement Cost, Accumulated Depreciation and Depreciated Replacement Cost (DRC) of [Name of the asset]. A total of [Quantity of the asset valued] were valued using this approach (fair valuation) and amounted to [Insert total value of the assets valued] as the Depreciated Replacement Cost (DRC).

4.2.3.5.2. The source of the fair value information was [insert sources of information such as market surveys, google websites, sales prices of similar assets etc.]

4.2.3.5.3. The detailed calculations of the values and data of the non-current assets and / or inventories are in the schedules accompanying this report.

4.2.3.6. **Fair valuation information from recent sales prices**

4.2.3.6.1. Internal Asset Valuation Committees inspected [Name of the assets] and obtained recent sales prices and allocated the sales prices to the [Name of the assets]. A total of [Quantity of the asset valued] were valued using this approach (fair valuation) and amounting to [Insert total value of the assets valued] as the value (DRC).

4.2.3.6.2. The source of the fair value information was [insert sources of information such as market surveys, google websites, sales prices of similar assets etc.]

4.2.3.6.3. The detailed calculations of the values and data of the non-current assets and / or inventories are in the schedules accompanying this report.

4.2.3.7. The exercise to collect data and value government's non-current assets and inventories commenced on [Insert date as DD/MM/YYYY] and ended on [Insert date as DD/MM/YYYY].

INSERT APPROACH FOLLOWED TO RECOGNIZE AND REPORT GOVERNMENT'S NON-CURRENT ASSETS AND/OR INVENTORIES [SEE BELOW SAMPLE APPROACH]

4.2.3.8. **Approach followed to recognize and report government's non-current assets and/or inventories**

4.2.3.8.1. These assets [Insert name of the assets] valued at [Insert amount] will be recognized and reported by the [Insert name of the user entity] because the entity enjoys future economic benefits and service potential from those assets.

4.2.3.8.2. These assets [Insert name of the assets] valued at [Insert amount] will be recognised and reported by the [Insert name of regulatory/custodian entity] because that regulatory entity is mandated by legislation to be the custodian of those assets.

We thank you for the cooperation and support during the exercise.

Yours sincerely,

_____
XXXX [INSERT NAME AND SURNAME]
POSITION [PREFERABLY SIGNED BY CHIEF BUDGET MANAGER]

Cc
Chairperson, Asset Management Working Group
XXX [INSERT TITLE OF HEAD OF entity]
Accountant General

The members of the Internal Asset Valuation Committees who collected data and assigned values to the non-current assets and inventories were:

No.	Name	Designation
1.	Insert name	Insert designation
2	Insert name	Insert designation
3	Insert name	Insert designation
4	Insert name	Insert designation