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Knowing "the price of everything and the value of nothing": accounting for heritage assets

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Abstract

Purpose – This paper aims to examine the conceptual arguments surrounding accounting for heritage assets and the resistance by some New Zealand museums to a mandatory valuing of their holdings.

Design/methodology/approach – Evidence was derived from museum annual reports, interviews and personal communications with representatives of the Institute of Chartered Accountants of New Zealand (ICANZ) and a range of New Zealand museums.

Findings – ICANZ's requirement that heritage assets be accounted for in a manner similar to other assets is shown as deriving from a managerialist rationality which, in espousing sector neutrality, assumes an unproblematic stance to the particular nature and circumstances of museums and their holdings. Resisting the imposition of the standard, New Zealand's regional museums evince an identity tied more strongly to notions of aesthetic, cultural and social value implicit in curatorship, than to a concern with the economic value of their holdings. Museum managers and accountants prefer to direct their attention to what they see as more vitally important tasks related to the conservation, preservation and maintenance of heritage assets, rather than to divert scarce funds to what they see as an academic exercise in accounting.

Originality/value – The paper points to some of the difficulties inherent in the application of a one-size-fits-all application of an accounting standard to entities and assets differentiated in their purpose and essence.

Keywords Heritage, Museums, Asset valuation, Standards, New Zealand

Paper type Research paper

> In 1865, [Walter Mantell] donated prime specimens from his father's collection, including the famous iguanodon tooth to the Colonial Museum (now the Museum of New Zealand) in Wellington, where they have remained ever since. The iguanodon tooth that started it all – arguably the most important tooth in palaeontology – is no longer on display (Bryson, 2003, pp. 83-4).

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Introduction

All accounting for assets is, in some respects, flawed (Hines, 1988), given its subjective nature. Accounting for heritage assets would seem even more problematic, and is subject to different treatment by different standard-setting bodies. Should accountants ignore heritage assets because of contentious conceptual issues, or is the cry for improved accountability over the management of heritage assets to prevail? In New

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Zealand, the latter argument would seem to have triumphed, but at some cost, and with all the hallmarks of Pyrrhic victory for the advocates of managerialism.

Recently, following Australia, the Institute of Chartered Accountants of New Zealand (ICANZ) ruled in favour of recognising heritage assets in the financial statements of government, local authorities and trusts, and issued (ICANZ, 2002) the new Financial Reporting Standard (FRS-3). Heritage assets are not defined specifically in FRS-3, but the standard says that heritage assets that meet the definition of property, plant and equipment are to be accounted for in accordance with this standard (paragraph 4.38). That is, tangible assets that:

> are held by an entity for use in the production or supply of goods and services, for rental to others or for administrative purposes, and may include items held for the maintenance or repair of such assets; and [further] have been acquired or constructed with the intention of being used on a continuing basis (paragraph 4.35).

The inclusion of heritage assets in FRS-3 is controversial because there would seem to be no satisfactory method of valuing these assets for financial reporting purposes. FRS-3 suggests "fair value", defined as an amount for which an asset could be exchanged or liability settled (paragraph 4.23), or depreciated replacement cost (DRC) is an acceptable estimate of the fair value where no market value exists (paragraph 4.11). Many of the public institutions in New Zealand that hold heritage assets have rebelled at the prospects of "price labelling" and of their epiphany of asset-rich affluence. In this paper, we chart the tide of their resistance.

The paper is structured as follows. First, to consider possible political motivations for including heritage assets under FRS-3, we outline some of the ideas behind managerialism and other related "self-interest" theorisation. Second, to foreshadow possibilities for resistance to FRS-3, we discuss the conceptual arguments surrounding the recognition and measurement of heritage assets, before briefly noting the differences in international practices, and the direction of standard harmonisation. Third, we present our empirical evaluation of the impact of FRS-3; and, in particular, we describe the responses of some of the regional museums of New Zealand, which regard the application of FRS-3 as the latest encroachment of managerialism, and as akin to those outside their community of practice wanting to know the price of everything, while understanding the value of nothing – hence our title drawn from Oscar Wilde's *Lady Windermere's Fan*. Finally, we discuss the conclusions we have drawn from the interviews with museum managers, in the context of the literature and possible theoretical motivations earlier explored.

Managerialism, discipline and institutionalism

New Zealand led developments in many other Western countries through its public sector re-structuring based on the principles derived from public choice theory (Hood, 1987; Hood and Jackson, 1991), agency theory (Eisenhardt, 1989), transaction cost economics (Williamson, 1985), and managerialism (Boston *et al.*, 1996; Mintzberg, 1996; Stace and Norman, 1997). These theories were used as a rationale for securing explicit measurable outcomes from public sector organisations, rather than a more traditional focus on internal processes and controls.

Public choice, agency and transaction cost theories have a common focus on self-interest in decision-making, which has been construed to require policies on

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institutional structure as well as new governance arrangements more like those in the private sector to establish performance outcomes. Large institutions were generally divided into semi-autonomous cost centres, with the result that managers were made more accountable for individual cost centre performance. Such principles were seen by their advocates to apply in any business situation and to any structural entity (Hood and Jackson, 1991; Mintzberg, 1996). Managerialism held that public sector entities regardless of prior orientation would be more efficient and effective if run like their private sector counterparts.

One practical outcome of increased managerialism in the public sector was a shift to increase accountability. The prior lack of accrual accounting systems in public entities was related to the absence of the profit motive (Guthrie, 1998). Whereas previously public entities might exist by producing funds statements, and a non-accrual receipts and payments account to confirm the integrity of the funds managed, these institutions were now required to produce a full set of annual reports disclosing annual performance (measured against annual plans), assets and liabilities. Operating results and effective use of assets employed were part of a package by which chief executives bound by performance contracts were evaluated (Boston and Pallot, 1997; Norman, 2001). The impact of managerialism spread to local government, and public entities such as universities, schools, hospitals and museums, with the language and practice of accounting being inculcated into the public sector, to both positive and negative effect. We do not deny that such entities need good management to be efficient and effective in achieving their goals and that managerialism writ large provides various *modus operandi* for that to occur. However, the one-size-fits-all mode of managerialism inherent in FRS-3 appears to us as a kind of managerialist overreach. Institutions, we argue, need accounting and management models which are appropriate to their environment, roles and responsibilities.

Why such managerialist overreach might occur is of interest to us – and we find some more general answers to this question in the understandings of disciplinary power advanced by a social theorist, Michel Foucault. The disciplines of medicine, law and, we might add, accounting initiate increasing control over various domains of human activity. According to McKinlay and Starkey (1998, p. 6), accounting can be seen as "a set of practices and a discourse which aims to disaggregate the organisation and lay the actions of all of its members open to critical scrutiny, comparison and modification". It and the disciplinary power it affects are implicated in what Foucault (1980) sees as the increasing organisation of everything, and the opening-up of new domains to surveillance. Following the Foucauldian dictum that before something can be organised or managed it must first be known, Garland (1987) points out that, the more something is known, the more controllable it becomes – and not just to those inside the entity. Once an arena is captured or inscribed, knowledge about it may be translated to other decision-making bodies, often removed from the original site of inscription (Townley, 1994, p. 6).

Foucault (1980) does not see the gathering of such knowledge and its uses, however, as necessarily reflecting the progress of reason, nor based on positivist science. Indeed, he questions so-called rationality and the institutions that produce it. In a similar vein, Pentland (2000) asks whether everything should be made auditable and subjected to a peculiar brand of rationalization? He observes in the case of auditing, a key domain of the accounting discipline, that "making things auditable tends to change the

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underlying activity being audited" (p. 308). Krause (1996) maintains that control is being advanced through a notion of increased accountability. Although such control is over process and not content, auditors may have important things to say about how and what records are kept, what assets are to be recognized and how they are to be measured. This is so, according to Pentland (2000), whenever there is a relation of accountability. Thus, in order to comply with the new regimes of accountability, changes in emphasis and in internal organisational processes have to occur. Power (1999) further argues that as the use of auditing intensifies there are two broad kinds of effects that one might predict: colonization and decoupling. Colonisation occurs when an organization internalizes the values of the audit process. At the other extreme, decoupling occurs when an audit process is disconnected from what is really going on. In this situation, audits are rendered ineffective because they are reduced to "rationalized rituals of inspection" (Power, 1999, p. 96). The paradoxical result is that more auditing may lead to less verification and that more intensive auditing might simply push accounting entities to be more secretive (Power, 1999).

The third piece of our theoretical framing of this paper draws on literature which applies institutional thinking to recent accounting reforms. The "discipline" of accounting can also be seen in institutional terms. Young (1996) maintains that financial accounting is an institution at work and as a result only certain questions are asked and many problems are not addressed. Douglas (1986) argues that individuals do not make decisions in isolation but within communities that draw on shared classifications and standards. An institution does not have to be a formal structure to shape cognitive processes. The effect is to encode information and provide ready-made frames for organising thought. Also, institutions direct memory and create shadow places where nothing can be seen, with the effect of restricting enquiry and novel classification. Potter (2002) argues, and this may be seen to apply as well to New Zealand, that institutional thinking applies in accounting regulation in Australia, and explains why, during the standard-setting process, only certain types of questions are asked and many important issues are not addressed. Thus, Potter (2002) points out, "success" may be based on narrow quantitative measures of profit and cost-consciousness for museums at the expense of qualitative social concerns. A trade off between technical efficiency and effectiveness of service may emerge. The latter is concerned with enhancing the intellectual capital of society. In Foucauldian terms, what we see here is disciplines like accounting becoming self-supporting, producing their own (technical) rationalities for wider consumption and ultimately control – without necessarily always reflecting the progress of reason.

Our paper thus questions rationality in the case of the application of FRS-3 to heritage assets. We document in this paper an instance where managerialist-inspired control is sought but background knowledge is weak, which provides the space for resistance to occur. We position the paper as drawing on Foucauldian ideas, but also as responding to critiques of Foucauldian studies in accounting such as that by Armstrong (1994, p. 31) who claims that there has been an overemphasis on "managerial intention rather than the actual effect on subjects". We chart in this instance the intended subjects' resistance – resistance in all Foucauldian inspired studies a theoretical possibility (Foucault, 1977, 1980) but one less obviously explored within Foucault's own work as well as within accounting.

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With this understanding of the general context and theoretical framing of the paper, we turn now to discuss conceptual arguments surrounding accounting for heritage assets, which can be seen as managerialist overreach within a particular institutional context, and therein intent to extend the reach of surveillance – with the possible effects of colonisation and decoupling.

Conceptual arguments surrounding accounting for heritage assets

The accounting treatment of heritage assets tends to vary depending on the nature of the accounting entity and the nature of the asset. We focus our attention first on the nature of the accounting entities that hold such assets – though we note the two aspects are often inextricably related.

A number of authors including Rentschier and Potter (1996), Carnegie and Wolnizer (1999), and Barton (2000) suggest that when heritage assets are controlled by non-business public sector entities, they are different from other types of assets held by the same entities. However, when controlled by business entities, heritage assets appear to be accounted for in a way consistent with other assets. Thus, for example, universities tend not to be accountable (in a financial reporting sense) for valuable manuscripts or art works they might hold, but an affluent law firm with such collections may well be accountable. The assets of private institutions may, however, also be considered unsaleable, priceless, and of cultural value. Thus, the Duke of Buccleuch's private collections of paintings displayed to the public at Drumlanrig Castle in Scotland possess financial attributes even though, for example, the stolen daVinci painting, the *Madonna of the Yarnwinder*, is, according to art expert David Lee, impossible to sell having been in the Duke's family for almost 250 years (CNN, 27 August 2003).

Carman (1996) explains how English law removes, in conceptual terms, heritage assets from the economics of the market place:

> The overarching value given to heritage items is by law future, uncertain and nonconsumptive [FUN]. This broad value band stands in opposition to the broad value band of direct consumptive [DC] value in which the consumption of an item provides immediate utility to the consumer and no one else (p. 162).

FUN value is equivalent to the "museum" value of items while DC is equivalent to private ownership and the marketplace (p. 163). Carman further explains that an item, once passed into the public domain, is ascribed a FUN value. "In practice this means that they are classed as either as amenity items and will remain so in perpetuity or as items of scientific concern in which case they will be kept in storage for the future" (p. 163). A DC value can be reduced to monetary terms relative simply. A FUN value – defined in terms of science or amenity – cannot. Carman admits a "fuzzy area" between the private and public realms where an item can occupy both such universes simultaneously (p. 164) – such as the Duke of Buccleuch's collection, for example. These distinctions, in theory, suggest some difference in the way heritage assets should be treated for accounting purposes.

The notion of museum accountability in a narrow, traditional sense is dismissed by Rentschier and Potter (1996, p. 107), who conclude that "the traditional notion of accountability commonly applied in non-profit museums and performing arts organisations has been hijacked by accountants and economists". They go on to add

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that accountants should not be blinkered, but seek to balance both the viability and vitality of these non-profit organisations. Narrow interpretations of accountability and its implications for the control of collections could conceivably divert scarce museum resources away from important conservation activities. Parker (1996) endorses the point, stating that:

> At present, conventional professional conceptions of accountability are defined too narrowly, in exclusively financial terms. This emphasis is particularly inappropriate in public sector reporting because of the wider social, political and equity objectives and agendas that must be addressed by public sector managers. A narrow focus is also inappropriate in a range of not-for-profit organisations that typically have major artistic, cultural, welfare or sporting objectives (p. 12).

Parker (1996) observes that we have witnessed an ongoing rush to incorporate the supposedly sophisticated and developed private sector accounting methodologies into public sector accounting[1].

Carnegie and Wolnizer (1999) also argue that full accrual accounting information is designed for commercial firms and is less appropriate for public heritage facilities. Because public heritage assets cannot be or should not be sold, there is an argument that they should not be included in governments' (or other managing entities') statements of financial position. Carnegie and Wolnizer (1995, p. 39) are of the opinion that, "If heritage facilities have no financial value to the entity, then it is misleading to match them against its liabilities. They are not resources, which can be used to generate cash for the discharge of liabilities, and their inclusion in a statement of financial position is misleading to management and to creditors". Carnegie and Wolnizer (1999) believe not-for-profit public collections should not be recognised for financial reporting purposes. They argue that collections in the public domain are prized for their cultural, heritage, scientific and educative qualities and that those attributes cannot be quantified in monetary terms.

We now move to a more focused consideration of the nature of heritage assets. There is some debate as to whether heritage assets controlled by public entities should be represented in their accounts in a way consistent with the representation of other assets, or whether they should be recognised as different, requiring a treatment which could affect decision making and resource allocation. Rentschier and Potter (1996), Carnegie and Wolnizer (1999) and Barton (2000) argue that because heritage assets are different from other assets they should not be represented in the accounts. But Rowles (1991) counters by drawing attention to the opportunity cost, and the scarce funds that could have been diverted from other uses to purchase assets for which there is no accountability. The argument is somewhat irrelevant, as accountants generally do not aim to measure opportunity costs in balance sheets.

Barton (2000) argues heritage and other such assets do not satisfy the concepts of assets because of their public goods nature, that is, they are for the benefit of the public and are not for sale. Thus, it is not a physical difference which is significant but a market difference which characterises public heritage assets. Because the services of public heritage assets are provided free and open to all citizens, the public goods attribute denies them satisfying the Australian Accounting Standards Board (AASB), Statement of Accounting Concepts (SAC) 4 asset definition. Supporters of recognition (Rowles, 1991; Micallef and Peirson, 1997) argue representation faithfulness is not possible without assigning monetary value, while opponents (Rentschier and Potter,

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1996; Carnegie and Wolnizer, 1999; Barton, 2000) believe monetary value does not represent the future benefit of the collection items to the organisation. The problem for many involved with heritage collections is that to assign monetary value is to emphasise the commercial value of assets rather than their artistic, scientific, cultural or historical significance (Glazer and Jaenicke, 1991). The effect of such commercialisation is commonly claimed as possibly making it harder for museums to obtain resources, and putting pressure on them to sell items if they needed to raise cash. Moreover, Potter (2002) argues that the thinking of Rowles (1991) and Micallef and Peirson (1997) (who were members of the organised Australian accounting profession at that time) reflects institutional thinking and an uncritical acceptance of the role of commercial accounting information in presenting and assessing the performance and accountability of non-profit cultural organisations. Potter goes on to add, "With the CF[the Conceptual Framework] at the forefront of their reply, Micallef and Peirson were bound to (re)construct and or (re)conceptualise the accountability and performance of non-profit cultural organisations" (p. 79).

Barton (2000, p. 220) declares that "Public heritage facilities/assets should be regarded as assets of the nation, which are managed by government as a trustee for the benefit of society; and that, as trust assets, they should be accounted for separately from administrative assets of government". The concept of economic benefit is used to differentiate between types of asset. Economic benefit is frequently interpreted to mean that an asset item is expected to yield cash inflows to the controlling entity. That is, economic benefit is sometimes directly equated with cash flows. Since many heritage assets do not yield cash inflows (and actually require expenditure to sustain them), some assert that they are not assets and, if anything, are more akin to liabilities (Mautz, 1988). Barton *et al.* (2002) argue that unlike private goods the government as owner does not receive the benefits of their use – these flow to the public, and the government does not have unfettered right to dispose of these assets held in trust for the nation. Thus heritage assets do not meet the potential benefits or control requirements of FRS-3.

Thinking in terms of users and investors applies a theory of market-determined prices (based on consumers seeking to maximise their utility and producers seeking to maximise their profits) to the measurement and analysis of the financial performance of all government entities, regardless of whether they operate in non-market settings and have non-profit objectives (Stanton and Stanton, 1997). Both decision-making and accountability require information to assess the economy, efficiency and effectiveness of entity operations. The argument for recognition of heritage assets rests on a perceived need to reflect the financial worth of an entity, and to permit an estimation of the return on the investment. The intention is that the ensuing financial statements should enable a more efficient allocation of government resources by providing "a primary source of 'economic' information to decision makers" (Rowles, 1992, p. 14). The argument for this case thus returns to the nature of the accounting entity.

Rowles (1991) and Micallef and Peirson (1997) believe heritage assets are commercially quantifiable even though they may not be for sale. The argument that collections cannot be measured in financial terms because they do not have financial attributes has merit but could equally apply to most types of asset; for example, the question could be asked as to whether land necessarily has financial attributes. Rowles

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(1991) broadens the criteria of recognition and measurement to argue that all assets have the same characteristics. In turn, he deals with several arguments:

- sunk costs may apply to plant as well as heritage assets;
- both plant and heritage assets may have no market value but such costs are recoverable through social purpose and such purpose is hardly distinguishable from commercial purpose in that both focus on economic benefit or service potential;
- heritage assets are often not indivisible;
- lack of a market value or economic life are problems which many assets other than heritage assets share; and
- that heritage assets have an infinite life is untrue and applies only to land.

Carnegie and Wolnizer (1999) admit that deaccessioned[2] items may be quantified and measured in financial terms presumably because the hitherto absent attributes of such assets become absent themselves on deaccession. Moreover, the notion that heritage assets are unsaleable (because of policy decisions) and may have no determinable physical life is rejected by Barton (2000, p. 222) as the relevant reasons for their special treatment because these characteristics can apply to many business assets and to many heritage assets in private ownership. Furthermore, Barton (2000, p. 228) argues that commercial valuations cannot serve as reliable proxies for their social valuation. Such social values would be difficult to measure, and commercial values ignore the social benefits and hence would understate the social values of heritage assets. Thus, public heritage facilities do not satisfy the commercial SAC4 definition of assets and recognition requirements because they provide non-cash benefits which flow to the public and not the asset owners, market valuations of many facilities do not exist or are unreliable, and commercial valuations cannot normally be used reliably because they ignore externalities surrounding public heritage facilities.

Because of the different roles that heritage assets fulfil compared with normal commercial assets, Mautz (1988) argues that they should be differentiated, and proposes that they be called "facilities". Likewise Pallot (1990) concludes that heritage assets should be kept separate from other assets, and recommends that they be called "community assets". This compromise position is inherent in Barton (2000), which agrees with the notion of separate accountability based upon several factors: the special role of heritage assets (including museum collections and archives) as public goods in providing cultural, recreational, and historical services to the public at large either freely or at negligible charge; the restrictions on their use and resale; the requirements for conservation and preservation; and their provision of services to the public rather than to the managing entity. Barton (2000, p. 234) concludes that, "the mixing of trust assets and operating assets in the statement of financial position results in the presentation of misleading information".

Further, because the consumption of public goods is non-rival and non-excludable in contrast to private goods, where it is the opposite, Barton (1999, 2003) and Barton *et al.* (2002) argue with Stiglitz (1988) that the real divide between public and private sectors is not so much in types of assets as in the markets in which the services are provided. Externalities form the basis for the government provision of goods. Externalities occur wherever all the costs and all the benefits from a good are not

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confined to the transaction parties. Non-rival and non-excludable externalities such as parks may be shared, while private markets are based on the exclusion principle. Thus Barton *et al.* (2002, p. 45) point out that public and private sector accounting are non-identical twins and neutrality is unachievable and the two sets of markets so different that distinct accounting standards are required.

With this variety in opinion as to whether or not heritage assets *can* be properly accounted for, whether or not they *should* be accounted for, and indeed *how* any accounting for heritage assets might be achieved, most countries have not moved to adopt standards requiring accounting for heritage assets.

International practices

In its introduction of the FRS-3 requiring the reporting of heritage assets, ICANZ followed similar accounting standards in neighbouring Australia. The Australian Accounting standards AAS27, AAS29, and AAS31 and SAC4 (AARF, 1993, 1996a, b; AASB, 1992) were preceded by a series of research monographs prepared by the Australian Accounting Research Foundation (AARF), which advocated inclusion of heritage assets in Australian government financial statements (Rowles, 1992; Micallef *et al.*, 1994). These proposals have been critically examined and rejected by Carnegie and Wolnizer (1995, 1996, 1997, 1999), Barton (2000) and Stanton and Stanton (1998), and vigorously defended by Micallef and Peirson (1997), who were involved with the AARF in their development, and by Hone (1997).

In contrast to New Zealand and Australia, Canada, the United Kingdom and the United States of America's financial accounting standards do not require museums to capitalise their collections. It could be that the debate in Australia and New Zealand on the reporting of heritage assets has been a de-motivating force in the adoption of such requirements. In any case, neither Canada, the UK nor the USA include heritage assets in the financial statements of their government departments, local authorities or trust entities. Financial Accounting Standards Board (FASB) states, "Contributions of works of art, historical treasures, and similar assets *need not be recognised* as revenues and capitalised if the donated items are added to collections held for public exhibition, education, or research in furtherance of public service rather than financial gain" (FASB, 1994).

The American Federal Accounting Standards Advisory Board (FASAB, 1996a, b) did, however, recommend that heritage assets be accounted for separately as "stewardship assets" and not be included in the managing entity's statement of financial position. It recommends a Statement of Stewardship be appended to the financial statements. The Statement of Stewardship, while preserving accountability would include both qualitative and quantitative information, e.g. valuations where practicable, the background of collection items (i.e. inherent cultural and historical values) their management (i.e. acquisition, preservation and disposal) and any further information which would allow for good decision making and accountability by managing entities.

In May 2001, Thomas Allen QC, Chairman of the Canadian Accounting Standards Oversight Council (AcSOC) indicated that it would continue its goal to harmonise with the US accounting standards and converge with internationally developed common standards (CICA, 2003). The FASB and the International Standards Board (IASB) also issued a memorandum of understanding in September 2002, marking a significant step

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towards formalising its commitment to the convergence of the US accounting standards and international accounting standards (IAS) (IASB, 2003). In August 2002, the AASB announced that it too would be pursuing its objective of harmonising with the internationally accepted accounting standards (AASB's Policy Statement 4 "International Convergence and Harmonisation Policy") (Beer, 2002). In support of this trend, the New Zealand ASRB announced in October 2002 that it had decided to recommend to Government that IAS also be complied with (Hagan and van Zijl, 2002).

There is no specific IAS for heritage assets but under IAS-16 effective from 1 July 1999, Property, Plant and Equipment, "assets should be recognised when there are probable future benefits and when the cost of an asset can be reliably measured" (paragraph 7). Initially measurements of assets should be at cost (paragraph 14) or subsequent to initial recognition, an asset should be carried at a revalued amount being its fair value (paragraph 29). The IAS position, therefore, does not seem to be very helpful as it is arguable whether heritage assets are covered by IAS-16 and would be initially recognised. However, the exposure draft NZ IAS 16 Property, Plant and Equipment (December, 2003) proposes to include heritage assets.

The New Zealand situation

Government departments, local authorities and trusts (including museums in New Zealand) are required by the Financial Reporting Act 1993 to prepare financial reports in a similar vein to corporate financial reports. The rationale for such reporting is the provision of information useful for making and evaluating decisions about the allocation of scarce resources and which assists these entities to discharge their accountability obligations. Behind this Act was a Public Sector Convention held by ICANZ and specifically aimed at developing a Financial Reporting Framework. The proposed framework was to embrace the requirements of both the public and private sectors (*Chartered Accountants Journal of New Zealand*, 1993). Tony Dale of the New Zealand Treasury, Michael Hill, chairman of the NZSA Financial Reporting Standards Board and Kevin Simpkins, then the Society of Accountants' technical director presented a framework that was significant for the public sector. It was developed in line with similar documents overseas and provided for the necessity to report on unrealised changes in value. Approximately 110 submissions were received, and generally these were in favour of the framework. Changes in the disclosure requirements of public sector accounting were duly made. Community assets no longer existed as a class of assets. The Statement of Changes in Financial Wealth was new for both private and public sectors. Compliance reporting was seen as particularly relevant for the public sector.

Papers presented by Jim Paul of the Australian Accounting Research Foundation, John Rae, director of Rushtons Australia and Mike Stuart, a New Zealand partner in Ernst and Young provided an examination of current accounting and valuation thinking on the subject of heritage assets. Rae offered the observation that any asset may have multiple values, the relevance of each being determined by the purpose for which the value is sought. Stuart confirmed how the New Zealand accounting profession expected these assets to be valued. But the fundamental issue highlighted by Cath Wallace of Victoria University of Wellington was whether a "public good" characteristic of these assets should have any bearing on valuation methodologies. "The concept of a 'public good' is an economic one whereas in relation to a private

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good, neither the use of the asset nor the utility or the benefit accruing from it is restricted to the organisation owning or administering it" (NZSA, 1993, p. 36). This aspect makes such assets quite different in nature from those on which the accounting profession traditionally has focused its attention. Wallace advocated the accounting profession should re-examine its current position on reporting heritage assets. However, John Hagen, chairman of the Accounting Standards Review Board (ASRB) complimented the public sector accounting group for moving forward financial reporting so far in such a short time, stating that standard-setters in the UK and Australia were envious of the progress made in unifying accounting principles for the public sector with those of the private sector. With the support of the profession and the Treasury, the Financial Reporting Act 1993 was introduced (www.treasury.govt.nz). Once the legislative framework was in place, standard-setters issued exposure drafts of FRS-3. Eventually, the ICANZ issued FRS-3 in May 2001 and revised it in November 2001 and February 2002, requiring all reporting entities, including central and local government agencies, to account for heritage assets as they would any other item of property, plant and equipment and depreciate such assets based on estimates of useful life. In its application to heritage assets (see paragraphs 4.38 and 4.53) the standard covers everything from public monuments erected by local authorities to the butterfly specimens in regional museums. ICANZ and the New Zealand Treasury maintain that as cultural and heritage assets are for the continuing use of the library, museum, art galleries and other entities in the provision of services to the community, they are within the definition of assets (New Zealand Treasury, 2003, see also FRS-3, paragraphs 4.29 and 4.30).

Heritage assets are to be valued on the same basis as other physical non-current assets of an entity. FRS-3 requires subsequent revaluations of these assets, provided that fair value is used:

> "Fair Value" is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Other terms commonly used to describe "Fair Value" include "Market Value", "Open Market Value" and "Current Market Value" (FRS-3, paragraphs 4.23 and 4.24).

ICANZ believes that fair value is the most appropriate basis of heritage asset valuation because it represents the exchange value of the future economic benefits embodied in the asset regardless of the manner in which the entity has chosen to utilise the asset (FRS-3, paragraph 7.3). How can this concept be applied where there are few market transactions and no market replacement cost? A "solution" is proposed in the standard: "where the fair value of the property in aggregate cannot be reliably determined using market-based evidence", FRS-3 states that DRC "is an acceptable estimate of the fair value of an asset" (FRS-3, paragraph 4.11). DRC is based on the reproduction cost of a specific asset. In principle, it reflects the service potential embodied in the asset. FRS-3 further comments on the "useful life" of tangible assets in paragraph 4.53, noting, "It is very rare for items of property, plant and equipment other than land to have unlimited useful lives… Some heritage assets such as archives, art works, and museum collections, may have very long but not unlimited useful lives". In the institutionalised language of the standard, depreciation is explained as an allocation of "the measure of the consumption of economic benefits embodied in an assets arising from use, the passing of time or obsolescence" (4.22). Accounting academic, Robb (2003) refers to FRS-3 as embodying "doublespeak", an Orwellian concept which involves the ability to

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write or speak two or more contradictory ideas without the speaker or writer being aware of the contradiction. "Some would say that the accounting profession has raised this to an art form in some of its accounting standards and public comments", he claims (p. 18).

ICANZ position

Despite being in force for more than a year, FRS-3 has not been adopted by the majority of New Zealand's regional museums. To understand ICANZ's reaction to the museums' rejection of its mandatory standard, we sought comment from Tom Davies, director of professional support:

> The Institute supports the accounting standard while recognising that in some areas (and "heritage assets" is a particularly tricky one) its application poses problems. The Institute is not in a position to solve these for the "cultural" industry, and the industry's participants need to work towards a consensus of what constitutes on-going value to be recognised in financial statements and what needs to be recognised as acquisition expenditure on collections (E-mail correspondence with author, 3 February, 2003).

Davies' reply suggests the conceptual problems imposed by FRS-3 must be resolved in their implementation. There appears to be some faith in industry collaboration that might result in the standard being met.

Indeed, such faith in the accounting profession to resolve messy problems has been justified in the past, it would seem – by accountants themselves, at least. According to a New Zealand journalist, Laugesen (2002, p. 3), "Accountants speak with pride about their leading edge approach [to public sector reporting]. The new rules were undeniably tidy, bringing more harmony to accounting standards between the public and private sector". Lay Wee Ng, director of accounting and professional standards for ICANZ, is quoted, saying, "We want to set standards that reflect best practice and also result in transparent and comparable information for different entities. If you pick up financial statements, you would like to think that they show a true and fair view of the operations of the financial position of an entity[3]" (Laugesen, 2002, p. 3).

Responses from the museums

Whereas the major centrally funded museums (The Museum of New Zealand[4], Archives New Zealand and The National Library) have for some time valued their collections and are in compliance with FRS-3, the more independent regional museums have not responded so favourably to the new accounting standard. Since the release of the standard, many of New Zealand's regional museums have rebelled claiming they do not need dollar signs on a balance sheet to recognise items of immense value. The Auckland War Memorial Museum (2002), the Museum of Transport and Technology (see Laugesen, 2002), the Canterbury Museum (Canterbury Museum Trust Board Financial Report, 2002), and the Otago Museum (Otago Museum Trust Board, 2002)[5] are all refusing to comply with the new accounting standards and value their collections as, it would appear, has been the practice of many of their counterparts elsewhere in the world[6].

We consider first, however, the responses of museums in New Zealand that do value their collections. The Museum of New Zealand in Wellington, Te Papa, values its collections and includes asset values in its financial reports under a separate heading "Collections". However, it has little choice, being fully funded by Government, as an

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author of this paper was reminded by Matthew Reid (Corporate service general manager of Te Papa, in interviews on 23 January and 7 February 2003). Reid is in favour of the valuations, "It creates a sort of management discipline. It is obviously also useful for insurance purposes. It puts a value on collections; it creates a discipline in terms of managing them as assets, that is, you know where they are stored, where the locations are". Quite how financial valuations help to restore discipline in this situation is not further explained. The Museum of New Zealand dealt with the problem of valuation by valuing much of its collection in bulk. According to Reid, sections of the collection for which there is a ready market, such as fine arts and ceramics, have been relatively easy to value, with many pieces being valued individually. Reid also stated that in other cases, a benchmark value could be gained from the sale of a similar item on the international market, as for example with the feather cloak given to Captain James Cook by a Hawaiian chief being valued at $5.3 m after a similar item (another Hawaiian feather cloak) was sold in the USA. Such a proxy is far from convincing. Further, Reid suggested that there were two ways of looking at this problem. Museums could look upon it in terms of the opportunity cost (an alternative benefit of resources employed) or the opportunity benefit (the notion of not having to acquire something that you wish to employ for value-in-use, reflected in replacement cost). The sense of Reid's statement rests in the application of the deprival value logic in a situation where the value-in-use (present value) exceeds the resale value[7].

Archives New Zealand, like the Museum of New Zealand and the National Library, has been compelled for a decade by Treasury to value its collections. Such valuations have made no obvious difference to the funding of these three institutions. Archives New Zealand was less enthusiastic than was the Museum of New Zealand about such valuations, but possibly more for practical than conceptual reasons. It tried to persuade Treasury to accept a nominal value given the task of valuing 77km of records. In the end, Archives New Zealand's documents were divided into age categories and then multiplied by the length of shelving they took up. For example, those documents before 1852 were valued at NZ$202,400 per linear metre, while those in the 1945-1970 category are calculated at NZ$2,200 per metre. Whether such aggregated valuations meet the accounting characteristic of "representational faithfulness" is doubtful, but the method satisfied the New Zealand Treasury. Whether the Auditor General is satisfied by these methods of valuation is not known. It may be assumed, however, that like ICANZ, he supports the Accounting Standard FRS-3 while recognising its application is "tricky".

While the Museum of New Zealand was in favour, and Archives New Zealand was neutral on the requirement of FRS-3, the reaction of some of the regional museums was less clear, and in some cases amounted to open rebellion. Representatives of the Waikato Museum of Art and History would not give a clear yes or no as to whether it was complying with FRS-3, stating that its financial statements were confidential and could not be released, maintaining a lack of certainty as to whose responsibility area such disclosures would come under – a somewhat bewildering response from a public institution. Discussions with the Waikato Museum's manager of support services, Anne Blyth, the accountant, Keith Hammond and the Hamilton City Council Finance Department all proved fruitless. However, while not supplying any specific valuations of associated art works/collection pieces, the museum curator intimated that the museum had recently undergone a full valuation of its entire collection. But whether

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that means the Waikato Museum is complying with the requirements of FRS-3 is open to conjecture.

Openly resisting the imposition of the mandatory standard, both Canterbury and Otago regional museums have received similarly qualified audit reports from Audit New Zealand[8] (Canterbury Museum Trust Board Financial Report, 2002, p. 14; Otago Museum Trust Board, 2002, p. 40). Annette Heward, the Otago Museum's acting executive assistant, indicated that no legal liability for non-compliance had ensued since the release of the museum's financial report, nor had disciplinary action been taken by either Audit New Zealand or ICANZ. Heward was of the opinion that the Museum Trust Board was exempt from any penalties because of its public sector status, unlike commercial entities which can be fined up to NZ$100,000[9] for non-compliance of financial accounting standards under the Financial Reporting Act 1993. However, she did comment, "It is early days, and both these institutions are in deliberation as to their next course of action. . .but the museum will continue to hold its position regardless" (telephone interview with author, 3 February, 2003).

The Canterbury Museum director, Anthony Wright declares, "We are not against valuation *per se*, but our board policy is, it is a waste of time and effort for no realistic return. It is a very expensive exercise to undertake on a regular basis. The collections are held in trust for perpetuity, so we can never realise the valuations anyway" (Laugesen, 2002, p. 3). Further, in a letter dated 27 January 2003, Anthony Wright states that apart from the lack of available resources to value the collections, the main arguments for the Canterbury Museum against including the collection items in the Statement of Financial Position at valuation are:

- the difficulty in valuing unique and irreplaceable objects;
- the fact that there is no financial return on investment from holding these assets;
- collection items would be expected to appreciate, not depreciate, over time;
- the inclusion of these items would not add any value to the financial reports; and
- more urgent priorities than valuing collections exist, e.g. upgrading storage and security.

These views have also been supported by the Otago Museum in its Trust Board minutes of 10 December 2002.

New Zealand's largest regional museum, the Auckland War Memorial Museum has, in some senses, led the resistance. Finding that virtually nowhere else in the world were museums compelled to account for heritage assets, the museum's head of finance and facilities, John Cowan maintained in an interview on 31 October 2003: "ICANZ are purists with a one-size-fits-all mentality – economic purists that adopt an attitude of sector neutrality without understanding how different particular sectors are". Famed for the quality of its Maori and Pacific collections and with total holdings estimated conservatively at $500 million, the museum decided to include a disclaimer in its financial report (*2002 Annual Report*, Note 4, p. 34). The museum director, Rodney Wilson says the disclaimer is mildly-worded, explaining that the museum refuses to comply with the new rules:

> It is not a good look, but it is a bad look that we are prepared to live with. Somebody has to fly the flag of common sense. It is dogma. They [ICANZ] have come up with something which in

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accounting terms makes a lot of sense to them. But it makes no sense in many places out in the marketplace (Laugesen, 2002, p. 3).

Wilson further states his belief that, "It is a strategy on behalf of ICANZ to divert attention away from the real reason why museums exist ... not to make money but to preserve and maintain cultural and heritage assets for present and future generations" (Laugesen, 2002, p. 3).

The Accountant, Cowan, points to enormous inherent difficulties in valuing museum collections. Under the Antiquities Act, collections cannot be sold overseas. He asks where would a market value be derived and how meaningful would it be given overseas values would be at least four to five times greater, and currency movements would engender massive revaluation issues. Further, he claims depreciation as required by the standard would be another headache and quite meaningless. He wonders, for example, how one would begin to contemplate the useful life of a rock fossil 140 million years old? "Age appreciates rather than depreciates many if not most heritage assets. They are irreplaceable, don't wear out, are not really used, and they can't be expensed."

Moreover, there would be enormous costs incurred in trying to implement the standard. According to Cowan, regional museums are so tightly funded that the effort and expense involved in complying with the standard would mean funds needed for conserving, preserving and maintaining the collection would be diverted to a meaningless accounting farce. The Auckland War Memorial Museum made submissions to ICANZ prior to the introduction of FRS-3.

Because of its decision to continue its policy of writing off collection acquisitions and not attributing a monetary value to items gifted to the collection, in direct contravention of FRS-3, the Auckland War Memorial Museum received a qualified audit report from its auditors, Deloitte, Touche and Tohmatsu. The qualified opinion states that:

> The Auckland War Memorial Museum has not calculated the financial effect of this departure from the applicable Financial Reporting Standard. The cost of collection acquisitions expensed in the current year was $219,000. Had the Auckland War Memorial Museum adopted this standard, the effect on the financial report would have been to increase the Net Surplus by $219,000 before depreciation charges. The carrying value of property, plant and equipment would have been likewise increased by $219,000 before depreciation charges. There are no practical procedures that could be performed to determine the fair value of donated items of property, plant and equipment (Auckland War Memorial Museum, 2002, p. 40).

Two points from the above qualified auditors' opinion are worth further comment. First, by adhering to FRS-3, the museums would look financially more prosperous in terms of current surpluses and assets carried. Second, the auditors', Deloitte, Touche and Tohmatsu, concluding disclaimer notes that even if the museum wanted to include these values there is no practical procedure for measurement of fair value. In response to the first point, Tom Davies, director of professional support at ICANZ, suggests:

> There is also a political element to be aware of when considering all this dissension. When archives, museums and the like are applying to their funding sources for money for more acquisitions, the presence of millions of dollars of assets in their statements of financial position are likely to generate the unhelpful response (to the applicant, at least) to a funding

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request of, "Why don't you sell some of your less worthy assets?" (E-mail dated 3 February, 2003)

Taken together, the possible political motive alluded to here and the technical element of practical difficulty in trying to implement the standard, as well as philosophical and cultural abhorrence to the notion of placing monetary values on priceless heritage assets, provide a basis for resistance – for the more independent regional museums at least. In support of the latter, Dr Ranginui Walker, former Professor of Maori Studies at Auckland University declares:

> The practice of reducing precious artefacts like the Treaty [Founding document of New Zealand] to dollars and cents on a balance sheet is repellent to some (especially Maori)...you cannot put a monetary value on a greenstone pendant, tiki, or anything like that, that has been owned and worn by generations and centuries of ancestors. These items are beyond price (Lowe, 2002, p. 12).

Resistance would seem to be all the more effective where instead of the predicted industry collaboration in working things out in favour of the standard, it appears industry collaboration was more apparent in the regional museums not working things out, and in Audit New Zealand's light-handed response to date.

Audit New Zealand

The ultimate responsibility for the accounts of public sector organisations rests with the Office of the Controller and Auditor General, which has been trying to win museums over to the idea of heritage asset accounting for several years (Laugesen, 2002). The Deputy Controller and Auditor General, Kevin Simpkins, concedes the idea still needs some fine-tuning:

> Our view is we think it is important that there are very good records and information on the assets and their worth so there can be good management. But we have some concerns about the difficulty of valuing many of these assets. We have said work needs to be done by organisations [presumably museums] to look at how these assets can be valued and reach some sort of agreement on them. We think if there were clear rules about how we actually apply the valuations, that the effect on the cost side of the valuations could be reduced (Laugesen, 2002, p. 3).

When interviewed on 10 February 2003, Simpkins acknowledged that FRS-3 required further review and that his department was still conducting open dialogues with the museums that had received qualified audit reports. Simpkins added that while it was commendable for the museums to take a stand on something they felt strongly about, the present accounting standard (FRS-3) must be upheld. In his view, this issue needs to be taken back to the ASRB for further research and deliberation.

While the Deputy Controller and Auditor General sounds conciliatory and sympathetic to the museums, Cowan argues that, "the Auditor General takes a hard line on insisting everything is valued retrospectively whereas ICANZ expects only new holdings to be valued and accounted for. FRS-3 does not require retrospective valuation, only that we capitalise our additions. There is an even bigger push from the Audit Office – reflecting the bureaucracy of government".

It appears then that there are considerable differences in opinion as to the value and utility of FRS-3 in relation to heritage assets. In general terms, however, the parties divide into two camps. Knowing the price of everything, though it might be seen as

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desirable by some within particular communities of practice (i.e. accountants and auditors – those involved with the New Zealand Treasury, the Audit Office and ICANZ in particular), is not generally seen in the same light by those in the museum community whose professional identity is more strongly tied to notions of intrinsic, aesthetic, social and cultural value rather than economic value or government dictate. Here we refer particularly to those involved in regional museums as the focus of much of our discussion below.

Discussion

Accounting bodies in New Zealand are yet to succeed in subjecting regional museums to the new accounting obligations in respect of heritage assets. It is argued that the identities of those involved in regional museum management are more strongly tied to their professions as custodians of heritage assets than to other imperatives – and that the more government-independent nature of their funding provides more freedom in this respect. The behaviour of accounting professionals employed by the regional museums can be seen as the outcome of a shared understanding that comes from belonging to a particular community and from embracing the practice of being a good person according to the rules of that community (Hoy, 1986), that is a community that subscribes to aesthetic, cultural and social values rather than economic value. For accountants of regional museums, non-compliance has meant employing a logic that may be counter to their own professional training – "a museum logic" which conflicts with norms of compliance with professional accounting standards. By and large this unusual (for them) departure from compliance has been something that, as part of regional museums, they have been prepared to do.

For the more independent regional museums, the impact of managerialism and colonisation of their professional integrity through an imposed regime of accountability has so far been resisted. We should note, however, the appearance of colonisation in the case of government-funded museums where the organizations have for some years internalized the values of the audit process – but probably at little cost to themselves in terms of fund diversion from core activities, as the museums would likely have been resourced with the new management and accounting functions in mind. The result of such accounting for heritage assets may however be "effective in unintended ways" (Power, 1999, p. 13), as we have noted in boosting government asset figures, and in the course of that, potentially also raising the status of museum accountants – through enhanced expertise and more extensive asset bases for which they are "responsible" (these aspects, though mentioned by regional museum accountants we interviewed, were seen as weak incentives). Moreover, such changes may lend themselves to the future application of capital or financing charges. Newberry (2002) cites an example taken from Treasury guidelines of "two notional costs, a capital charge and depreciation, both of which must be allocated to output costs. Both costs are based on the reported value of assets and are, therefore, dependent on the asset valuation and revaluation requirements imposed by Treasury" (p. 321). The recovery of such costs may involve raising revenues (see Newberry, 2002, p. 320). The adoption of particular practices for valuing heritage assets by government-funded museums has little to do with FRS-3 (other than providing arguments for its implementability), but more, we suggest to do with the nature of their funding regimes

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and the managerialist imperatives evident across the public sector since the late 1980s. That they did not resist is, to us at least, hardly surprising.

Further, Newberry (2001) reports that the New Zealand government had been using the public sector interpretation of assets as service potential for several years, and thus shown assets at DRC. Such treatment of assets increases depreciation expenses. Newberry points out that such practices are not even acceptable business practices and that if "there is any legitimacy in the argument that the sectors should be indistinguishable, then comparable activities should be accounted for in comparable ways" (Newberry, 2001, p. 4). Newberry (2002) reiterates that the accounting profession makes an erroneous claim to have developed a sector-neutral framework and accounting standards, and suggests that "the activities, influence and international movement of key people are particularly interesting". Newberry (2002, p. 314) sees the reforms as an attempt to conceal a privatization agenda by rhetorical intentions (such as efficiency, innovation or modernization) to receive public acceptance.

With reference to FRS-3, Newberry and Robb (2003, p. 55) argue that sector neutral standards are a sham "designed to covertly advance the privatisation agenda". They claim biases were built into the accounting rules of the public sector to inflate reported costs. These biases tipped purchasing decision in favour of private providers who appear more efficient – that is having the lowest cost. With regard to the reporting of asset values, the Treasury favoured optimum deprival value (DRC) for assets and mandatory depreciation. Newberry and Robb (2003) point out that optimum deprival value has been promoted internationally by privatisation advocates to "bid-up" asset values and user charges to make privatisation attractive. They conclude that FRS-3 is not neutral as it favours private investment in infrastructure assets and rationalises higher charges on users. What Newberry and Robb did not add was that in the case of New Zealand government-funded museums, archives and libraries, valuing heritage assets added some $NZ1.7 billion to the Crown's assets of $NZ671 billion[10].

Our analysis of the situation we describe in this paper shows that although the introduction of FRS-3 and similar acts of standard-setting are explicable in terms of a progressive managerialist rationality aimed at providing greater accountability, the accountability aimed for is unlikely to be achieved through crude measures or without considerably enhanced understandings and far greater resource input. Institutional thinking within the standard-setting process suggests important issues were not addressed in relation to accounting for heritage assets. Such accounting is shown to be quite problematic in its conception and riddled with contradiction, and hence resistance to it would seem all the more likely. The introduction of FRS-3 requiring that heritage assets be included in financial accounts of New Zealand public sector entities has not succeeded in applying the one size fits all or one right way mentality of sector neutral standards. Nor has it resolved the question of how to account for heritage assets, although guidelines from Treasury have ensued. Both ICANZ and Audit New Zealand, while subscribing to FRS-3, agree there are inherent problems in attaching monetary values to heritage assets. This acknowledgement is perhaps complicit in there being no disciplinary action (apart from the issuing of qualified audit reports) taken to date against the dissident museums. Submissions have been presented by the museums to the ASRB recommending that further research and review on this subject be undertaken. In the light of forthcoming harmonisation with International Standards it is unclear who will be involved in this further research and review.

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Conclusion

What we have described is a manifestation of professional conflict between different communities of professionals conditioned to see objects in different ways. There are those within the museum community – accountants included – who point to the absurdities of measuring museum holdings by shelving at so much per metre as if measuring curtain fabric, or of depreciating assets with lives of millions of years, and who deride what they see as vulgar efforts to price the commercially priceless. They have resisted the implementation of an accounting standard. There are those accounting bodies – both professional and governmental – that point to a need for greater disclosure, consistency and accountability but whose managerialist arguments have not prevailed across the board in the implementation of this particular accounting standard.

It would seem that following international practice, a case can be made for some public sector assets like heritage assets being so different in type and purpose that they are exempt from standard accounting reporting procedures without opening the door to a host of other asset types claiming to be irreplaceable, or without any market or fair value. It is the likely direction that would be inspired by standards harmonization. But meanwhile it seems to us worth raising within the academic accounting community some further questions in addition to the six questions raised by Carnegie and Wolnizer (1996, 1999) and which remain expressly unanswered – questions that might be pursued with new generations of accountants, some of whom might find themselves in what we might consider non-traditional accounting roles, in institutions such as museums where notions of value have quite different meanings. What are the norms of our particular community of practice? How are accountants conditioned to see objects? Can and should we account for heritage assets? Are some assets sufficiently different to merit different treatment? And, importantly, what might be the effects – intended and unintended – of both mandating and resisting particular forms of accountability?

Of interest to us in further research is whether arguments and notions of increased accountability will induce new disciplines of either self and/or externally motivated control over the management of heritage assets – and whether these disciplines can ultimately be judged as in the public interest or not. Will the price tag for the famous iguanodon tooth noted at the beginning of this paper be worthy of display, while the tooth remains out of sight? Or will the display of its price tag induce calls for its sale or, indeed, prompt offers unable to be refused? What is the game here – and are we, as accountants, given the limited understandings generated to date within our own community of practice as to how heritage assets might be valued, the best qualified referees? Might we expose the profession to the jibe of knowing the price of everything and the value of nothing?

Notes

1. For example, we find the notion of deprival value being promoted for the public sector. Parker (1996) contends that decision making has been selected in preference to accountability because the former advertises financial accounting as offering useful information rather than regulation. Decision making suggests a more socially prestigious role than "keeping society's

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books". Decisionmaking helps justify the adoption of private sector accounting in the public sector because, "the decision making focus may be designed to make external financial reporting sound an exciting and useful activity" (Page, 1991, p. 31).

2. Collections are located in the public domain by legislation until they are officially deaccessioned.
3. As FRS 3 only applies to new holdings and is not retrospective, how would users interpret balance sheets to obtain a true and fair view?
4. *New Zealand Te Papa Tongarewa Museum Financial Statements 1999* at the web site www.tepapa.govt.nz. There has been no change in the accounting treatment of its collections for years 2000-2002.
5. *Otago Museum Financial Statements 2001 and Otago Museum Trust Board Minutes 18 June 2002-10 December 2002.*
6. Glazer and Jaenicke (1991, p. 29) point out that the FASB requires museums to capitalise their collections and recognise current period contributions of collection items as revenue. From a survey of 134 museums out of a population of 1,300, most did not capitalise or recognise contributions as revenue. Only 18 per cent capitalised their collections and only 10 per cent recognised current year's donations as revenues. In another study reported by Glazer and Jaenicke involving 1,000 museums, 25 per cent used insurance values to estimate the value of their collection, 22 per cent used market value, 10 per cent used replacement value, 5 per cent used historical cost and almost half said they guessed at the value of their collection. Glazer and Jaenicke conclude of the survey findings: "The reasons museums use specific recognition policies are often idiosyncratic" (p. 30).
7. Interestingly, commercial accountability and transparency has been brought into question at the Museum of New Zealand, "Te Papa", in Wellington, where reports have emerged that the CEO, who was reported to have resigned for health reasons had, in fact, resigned for misappropriating funds. The museum authorities had sought to cover up this malfeasance (*New Zealand Herald*, 9 September 2003, p. A2).
8. Bede Kearney of Audit New Zealand, when advised of the Board of Trustees' intention to ignore FRS-3, warned the Otago Museum in October 2002 that if it did not account for its "tangible assets" (museum collection) in accordance with FRS-3, the Audit Office would have no alternative but to issue an adverse opinion (OMTB Minutes, December 2002).
9. See Companies Office Press Release 19 July 2002 – Attorney-General v. Kevin Raymond Doddrell. Doddrell, a former chief executive of Qantas New Zealand, was fined for breaching the Financial Reporting Act 1993 (New Zealand Government Companies Office, 2002).
10. Archives New Zealand's holdings are estimated at $524 million, The Museum of New Zealand, Te Papa's holdings at $526 million, and books and manuscripts at the National Library of New Zealand at $671 million (Laugesen, 2002).

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