

- 3.22. The service potential or ability to generate economic benefits can arise directly from the resource itself or from the rights to use the resource⁴¹. Some resources embody an entity's rights to a variety of benefits including, for example, the right to:
- (a) Use the resource to provide services⁴²;
 - (b) Use an external party's resources to provide services, for example, leases;
 - (c) Convert the resource into cash through its disposal;
 - (d) Benefit from the resource's appreciation in value; or
 - (e) Receive a stream of cash flows.
- 3.23. While the role of some entities is to hold living resources in fulfilling their service delivery objectives, others are stewards of these resources as custodians that preserve them for the benefit of present and future generations. Whether these entities use resources in meeting their objectives, or merely act as custodians, it can be argued that they are resources as envisaged in the definition of an asset. For example, where living resources such as virgin forests are available for harvesting, economic benefits or service potential may be realized.

Presently Controlled by the Entity

- 3.24. An entity controls the resource if it has the ability to use the resource, or direct other parties on its use, or prevent other parties from using the resource so as to derive service potential or economic benefits embodied in the resource in the achievement of its service delivery or other objectives.
- 3.25. In assessing whether it presently controls a resource, an entity assesses whether one or more of the following indicators of control exists. These indicators are drawn from paragraph 5.12 of the Conceptual Framework:
- (a) Legal ownership;
 - (b) Access to the resource, or the ability to deny or restrict others to access the resource;
 - (c) The means to ensure that the resource is used to achieve its objectives; or
 - (d) The existence of enforceable right to service potential or the ability to generate economic benefits arising from the resource.
- 3.26. Determining whether an entity has control over a living resource may be difficult because:
- (a) These resources often increase or decrease as a result of a natural event;
 - (b) These resources are also frequently exposed to certain natural elements; and
 - (c) These resources may roam freely.
- 3.27. To assist entities in determining whether the living resources are under their control, the following discussion considers the indicators of control from paragraph 3.25 and how they can apply to living resources.
- 3.28. This list of indicators is not comprehensive and need not all be met simultaneously. Management may need to consider other indicators and apply professional judgment in assessing control. These

⁴¹ Physical form is not a necessary condition of a resource (see paragraph 5.7 of *The Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities* (the Conceptual Framework)).

⁴² References to "services" in the Conceptual Framework encompass "goods".

