



**ANALYSIS AND RESPONSES TO WRITTEN COMMENT
RECEIVED ON**

**PROPOSED INTERPRETATION OF THE STANDARDS
OF GRAP ON *RECOGNITION AND DERECOGNITION
OF LAND*
(ED 151)**

RESPONSES TO THE WRITTEN COMMENT RECEIVED ON THE PROPOSED INTERPRETATION OF THE STANDARDS OF GRAP ON *RECOGNITION AND DERECOGNITION OF LAND* (ED 151)

The Accounting Standards Board (Board) approved the exposure of the proposed Interpretation of the Standards of GRAP on *Recognition and Derecognition of Land* (ED 151) in September 2016 for comment. ED 151 was a re-exposure of the proposed Interpretation of the Standards of GRAP on *Recognition and Derecognition of Land* (ED 139). A Notice was published in the Government Gazette on the 14th of October 2016 (Notice 40346). The comment period closed on 15 December 2016.

The results of the formal comment process are summarised into general and specific matters for comment. The summary includes the project group's proposed responses to the comment received.

The Board received two comment letters from respondents listed in the table on the next page.

In addition to the comment letters received, the proposed Interpretation of the Standards of GRAP was discussed with preparers, auditors and consultants by way of workshops, roundtable discussions or meetings. The summary of comment received during these discussions is included in a separate analysis.

**CLASSIFICATION OF WRITTEN COMMENT RECEIVED ON THE PROPOSED IGRAP ON
RECOGNITION AND DERECOGNITION OF LAND (ED 151)**

No.	Name/Organisation	Total	Preparers	Users	Auditors	Other interested parties
1.	Office of the Auditor-General of SA				√	
2.	Western Cape Provincial Treasury			√		
	Total	2	0	1	1	0



ANALYSIS AND RESPONSES TO COMMENTS ON PROPOSED IGRAP ON THE RECOGNITION AND DERECOGNITION OF LAND

COMMENTS ON ED 151 RECOGNITION AND DERECOGNITION OF LAND		
No.	Comments	Project group's proposed response
	SPECIFIC MATTERS FOR COMMENT	
	Specific Matter for Comment 1	
	Do you agree with the proposal that the indicator of control on the existence of an enforceable right should be combined with the indicator of control on the right to direct access, and to restrict or deny access of others to the land, along with the additional clarification and explanation included in paragraphs .14 to .34? If not, please explain your response?	
1.1	Office of the Auditor-General of SA	
	We agree with the changes on the indicators of control.	Noted. No further action required.
1.2	Western Cape Provincial Treasury	
	Yes.	Noted. No further action required.
2.	Specific Matter for Comment 2	
	Do you agree with the proposed effective date of 1 April 2019? If not, please explain your response.	
2.1	Office of the Auditor-General of SA	
	We agree with the proposed effective date.	Noted. No further action required.
2.2	Western Cape Provincial Treasury	



**ANALYSIS AND RESPONSES TO COMMENTS ON PROPOSED
IGRAP ON *THE RECOGNITION AND DERECOGNITION OF LAND***

	Yes	Noted. No further action required.
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ANALYSIS AND RESPONSES TO COMMENTS ON PROPOSED IGRAP ON THE RECOGNITION AND DERECOGNITION OF LAND

No.	Comments	Project group's proposed response
GENERAL COMMENT		
3.1 Office of the Auditor-General of SA		
3.1.1	Paragraph .05 "differfrom" should be split and a full stop should be added to the end of the sentence before the last sentence of this paragraph starts.	Noted. The amendments have been included as proposed.
3.1.2	Paragraph .30 "of" is missing before time so that it can read "for an indefinite period of time"	Noted. The amendments have been included as proposed.
3.1.3	In the instance where the entity is the legal owner but establishes that they do not have control, i.e. that it is the custodian that has control, does this assessment affect the professional judgement of the custodian. i.e. Is it possible that land may end up not being recorded by either the custodian nor the legal owner and visa versa. It does not come clear in the standard as each entity does its own assessment and applies their own professional judgement. OR does the substantive vs protective right rules address this situation?	Noted. The proposed IGRAP indicates that where one entity is, in terms of legislation or similar means, the custodian of land while another entity is the legal owner, the custodian has the right to direct access to and restrict or deny access of others to land. In these circumstances the custodian, rather than the legal owner, controls the land. As a result of this guidance included in the IGRAP, the project group is of the view that it will be unlikely that the land will not be recorded by the custodian.
3.1.4	We proposed the inclusion of an example where an entity has legal ownership but is unable to	Noted. The examples illustrate the application of the principles in the IGRAP. An entity should apply the

	<p>restrict or deny access. E.g. illegal occupation of land.</p>	<p>principles to assess whether it controls the land in this circumstance. As this is one of many examples that may impact an entity's assessment of control, the project group does not propose that additional illustrative examples are included in the IGRAP. The comment will however be provided to the OAG for inclusion in any guidance it may develop on the IGRAP.</p>
<p>4.1</p>	<p>Western Cape Provincial Treasury</p>	
	<p>"A binding arrangement is often, <u>but not always, in writing</u>, in the form of a contract or documented discussions between the parties".</p> <p>The understanding is that a binding arrangement entered into between the parties is for the control of land as referred to by paragraph .14.</p> <p>It would be more efficient to have the binding arrangement in writing to eliminate any uncertainties.</p>	<p>Noted and agreed.</p> <p>Control is evidenced by the rights and obligations arising from binding arrangements. An entity should assess whether it controls land using the criteria in the IGRAP.</p> <p>From practice it was noted that a binding arrangement may not always be in writing, but can be in the form of, a recording, meeting minutes, etc. As a result, the project group does not propose any amendment to the principle in the IGRAP.</p>