



**ED 166**

**Comments due by 30 November 2018**

## **ACCOUNTING STANDARDS BOARD**

# **INVITATION TO COMMENT ON THE PROPOSED GUIDELINE ON ACCOUNTING FOR LANDFILL SITES**

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## Commenting on this Exposure Draft

The Accounting Standards Board (the Board) seeks comment on the Exposure Draft of the proposed Guideline on *Accounting for Landfill Sites*. A number of entities in the public sector are involved in waste disposal activities and the objective of the proposed Guideline is to outline the accounting of transactions and events that arise from these activities.

The proposals in this Exposure Draft may be modified in the final document in the light of comment received. Comment should be submitted in writing so as to be received by **30 November 2018**. Email responses are preferred. Unless respondents to this Exposure Draft specifically request confidentiality, their comment is a matter of public record once the Guideline has been issued. Comment should be addressed to:

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## INTRODUCTION

### Standards of Generally Recognised Accounting Practice

The Accounting Standards Board (the Board) is required in terms of the Public Finance Management Act, Act No. 1 of 1999, as amended (PFMA), to determine generally recognised accounting practice referred to as Standards of Generally Recognised Accounting Practice (GRAP).

The Board must determine GRAP for:

- (a) departments (national and provincial and government components);
- (b) public entities;
- (c) trading entities (as defined in the PFMA);
- (d) constitutional institutions;
- (e) municipalities and boards, commissions, companies, corporations, funds or other entities under the ownership control of a municipality; and
- (f) Parliament and the provincial legislatures.

The above are collectively referred to as “entities”.

The Board has approved the application of International Financial Reporting Standards (IFRS<sup>®</sup> Standards) issued by the International Accounting Standards Board<sup>®</sup> for:

- (a) public entities that meet the criteria outlined in the Directive on *The Selection of an Appropriate Reporting Framework by Public Entities*; and
- (b) entities under the ownership control of any of these entities.

Financial statements should be described as complying with Standards of GRAP only if they comply with all the requirements of each applicable Standard and any related Interpretations of the Standards of GRAP.

Any limitation of the applicability of specific Standards or Interpretations is made clear in those Standards or Interpretations.

All paragraphs in the Standards of GRAP have equal authority. The status and authority of appendices are dealt with in the preamble to each appendix. The Standards should be read in the context of its objective, its basis for conclusions if applicable, the *Preface to Standards of GRAP*, the *Preface to the Interpretations of the Standards of GRAP* and the *Framework for the Preparation and Presentation of Financial Statements*.

Standards and Interpretations should also be read in conjunction with any directives issued by the Board prescribing transitional provisions, as well as any regulations issued



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by the Minister of Finance regarding the effective dates of the Standards, published in the Government Gazette.

Reference may be made here to a Standard that has not been issued at the time of issue of this Standard. This is done to avoid having to change the Standards already issued when a later Standard is subsequently issued. Paragraph .12 of the Standard of GRAP on *Accounting Policies, Changes in Accounting Estimates and Errors* provides a basis for selecting and applying accounting policies in the absence of explicit guidance.

## **Background and objective of this Exposure Draft**

Entities in the public sector involved in waste disposal activities are required to comply with the relevant legislative requirements that regulate the operation and rehabilitation of landfill sites.

Concerns were raised by preparers about inconsistent accounting applied to landfill sites and the related rehabilitation provision.

The Board agreed to provide guidance to entities on how to account for the landfill site asset, the land used in a landfill, the rehabilitation and on-going monitoring provision after closure, and to address other considerations in relation to a landfill site.

## **Due process and timetable**

The Board invites comment on the proposals set out in this Exposure Draft from preparers, users, auditors, standard-setters and other parties with an interest in public sector financial reporting.

Upon the closure of the comment period, the Board will consider the comment received on the Exposure Draft which is likely to be during the first quarter of 2019.

## **Request for comment**

Comment on this Exposure Draft is invited by **30 November 2018**. The Board requests that respondents express an overall opinion on whether the Exposure Draft, in general, is supported and to supplement this opinion with detailed comment, whether supportive or critical. Respondents are also invited to provide detailed comment identifying the specific paragraphs to which it relates, explaining the issue and suggesting alternative wording, with supporting reasoning, where appropriate. The basis for accepting or rejecting significant comment will be published on the website.

The Board would particularly appreciate answers from respondents to the question below.

## **Specific matter for comment**

Paragraph 2.26 of the proposed Guideline explains that the land in a landfill usually has an unlimited useful life as, after the landfill site stops receiving waste, the land needs to be rehabilitated and the end-use plan implemented. However, an entity applies judgement to assess if the land in a landfill has a limited useful life, as, even though land generally has an unlimited useful life, there may be exceptions. This may be, for example, where the land is not rehabilitated when the landfill stops receiving waste, and the land has no alternative use following the closure of the landfill site.



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In your view, could the land in a landfill site have a limited useful life if the Minimum Requirements and the entity's licence conditions require that the land should be rehabilitated after the landfill stops receiving waste? Please explain your response.

**General matters for comment**

As with any other Exposure Draft, comment on any other matter contained in this Exposure Draft would also be welcomed. Comment is most helpful if reference is made to a specific paragraph or group of paragraphs.