



ED 170

Responses due by 15 October 2018

ACCOUNTING STANDARDS BOARD

INVITATION TO COMMENT ON THE INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS BOARD'S PROPOSALS

ON

LONG-TERM INTERESTS IN ASSOCIATES AND JOINT VENTURES AND PREPAYMENT FEATURES WITH NEGATIVE COMPENSATION

(ED 170)



ED 170

Commenting on this Exposure Draft

The Accounting Standards Board (the Board) seeks comment on the Exposure Draft of the International Public Sector Accounting Standard Board's (IPSASB) proposals on *Long-term Interests in Associates and Joint Ventures (Amendments to IPSAS 36)* and *Prepayment Features with Negative Compensation (Amendments to IPSAS 41)*. Comment received on this Exposure Draft will be used in formulating a response to the IPSASB.

Comment should be submitted in writing so as to be received by **15 October 2018**. E-mail responses are preferred. Unless respondents to the Exposure Draft specifically request confidentiality, the comment is a matter of public record once the pronouncement has been issued. Comment should be addressed to:

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Background to this Exposure Draft

Background to the proposed amendments

The International Public Sector Accounting Standards Board (IPSASB) recently revised its Standards on financial instruments. This led to the issue of IPSAS on *Financial Instruments* (IPSAS 41) in August 2018. In finalising IPSAS 41, the IPSASB identified narrow scope amendments that were made by the International Accounting Standards Board[®] (IASB) to the International Financial Reporting Standard[®] on *Financial Instruments* and the International Accounting Standard[®] on *Investments in Associates and Joint Ventures*. As these amendments were not included in the proposed IPSAS for comment, the IPSASB agreed to issue the amendments separately for comment.

The IPSASB issued Exposure Draft 66 in August 2018, which outlines the following proposed amendments:

- Amendment to IPSAS 36 *Investments in Associates and Joint Ventures* – Principles are proposed regarding the impairment of long-term interests in associates and joint ventures, and more specifically, the application of the impairment requirements in IPSASs dealing with impairment of assets and IPSAS 41.
- Amendment to IPSAS 41– Application guidance is proposed on how prepayment features with negative compensation affect the classification of instruments for subsequent measurement purposes.

Impact of the Exposure Draft in South Africa

The Board will consider the applicability of these amendments to the local environment once they have been finalised by the IPSASB. It is possible that these amendments will be considered as part of the ASB's Improvements Project in 2019, although this will depend on when the IPSASB issues the final amendments.

Due process and timetable

The due process followed by the Board in developing Standards of GRAP is for the Board to receive comment on the proposals set out in the Exposure Draft from preparers, users, auditors, standard setters and other parties with an interest in public sector financial reporting. Accordingly, all interested parties are invited to provide comment.

Invitation to comment

Comment is invited by **15 October 2018** on this Exposure Draft. The comment period locally is shorter than the international process to enable the Board to review and collate the comment received prior to submission to the IPSASB.



ED 170

General matters for comment

The Board requires that respondents express an overall opinion on whether the Exposure Draft, in general, is supported and supplement this opinion with detailed comment, whether supportive or critical, on the principles in the Exposure Draft.

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