

Departments CFO Forum

Update on latest pronouncements approved by the ASB

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Accounting Standards Board





Disclaimer

The views and opinions expressed in this presentation are those of the individual. Official positions of the ASB on accounting matters are determined only after extensive due process and deliberation.





Overview

- Directive 12 *The Selection of an Appropriate Reporting Framework by Public Entities*
- GRAP 109 on *Accounting by Principals and Agents*





Directive 12

The Selection of an Appropriate Reporting Framework by Public Entities



Directive 12

- Background

- GBEs applied IFRS or Statements of GAAP
- ED 124 issued → Schedule 2 apply IFRS and Schedule 3B and 3D apply GRAP
- ED 130 issued → self assessment to determine reporting framework for all entities that applied IFRS or Statements of GAAP (2, 3B, 3D)




Directive 12

- Comment received of ED 130
 - 24 written comment letters, roundtable, consultations sessions by 9 entities
 - supported self-assessment framework and criteria to be applied in determining reporting framework






Directive 12

- Apply IFRS if meeting the following criteria
 - (a) the entity is a financial institution
 - (b) the entity has ordinary shares or potential ordinary shares that are publicly tradable on capital markets; or
 - (c) only an insignificant portion of funding is acquired through government grants or other forms of financial assistance from government, and its operations are such that they are commercial in nature
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Directive 12

- Board considered comment:
 - Scope exclusion for schedule 3A and 3C
 - Level of assessment for group of entities
 - Description of financial institution to broad
 - Inclusion of publicly traded debt in (b)
 - Refine assessment (c)
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Directive 12

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- Approved with an effective date of 1 April 2018
 - Early adoption
 - Current exemptions granted




GRAP 109

Accounting by Principals and Agents






GRAP 109

- Objective of GRAP 109 is to outline principles to be used to assess whether
 - it is party to a principal/agent arrangement
 - it is principal or agent in such arrangement
 - Defines principal and agent
 - Are an entity undertaking transactions with third parties on behalf, or for the benefit of another party
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GRAP 109

- An entity is an agent when following three requirements are present:
 - it does not have the power to determine the significant terms and conditions of transaction
 - it does not have the ability to use all, or substantially all of resources that result from transaction for its own benefit
 - it is not exposed to variability in results of transaction
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GRAP 109

- Issued ED on proposed transitional provisions (retrospective)
 - Proposed effective date to be determined by Minister of Finance
 - Implications for Modified-cash Standard
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Other matters to highlight

- Amendments to GRAP 21 and GRAP 26
 - Considered comment on Discussion Paper 10 *Accounting for Living and Non-living resources*
 - Progress on development of Guideline on Accounting for Arrangements Undertaken into the National Housing Programme
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THANK YOU





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