


ED 172 – Transitional provisions for CET colleges





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.





Our process



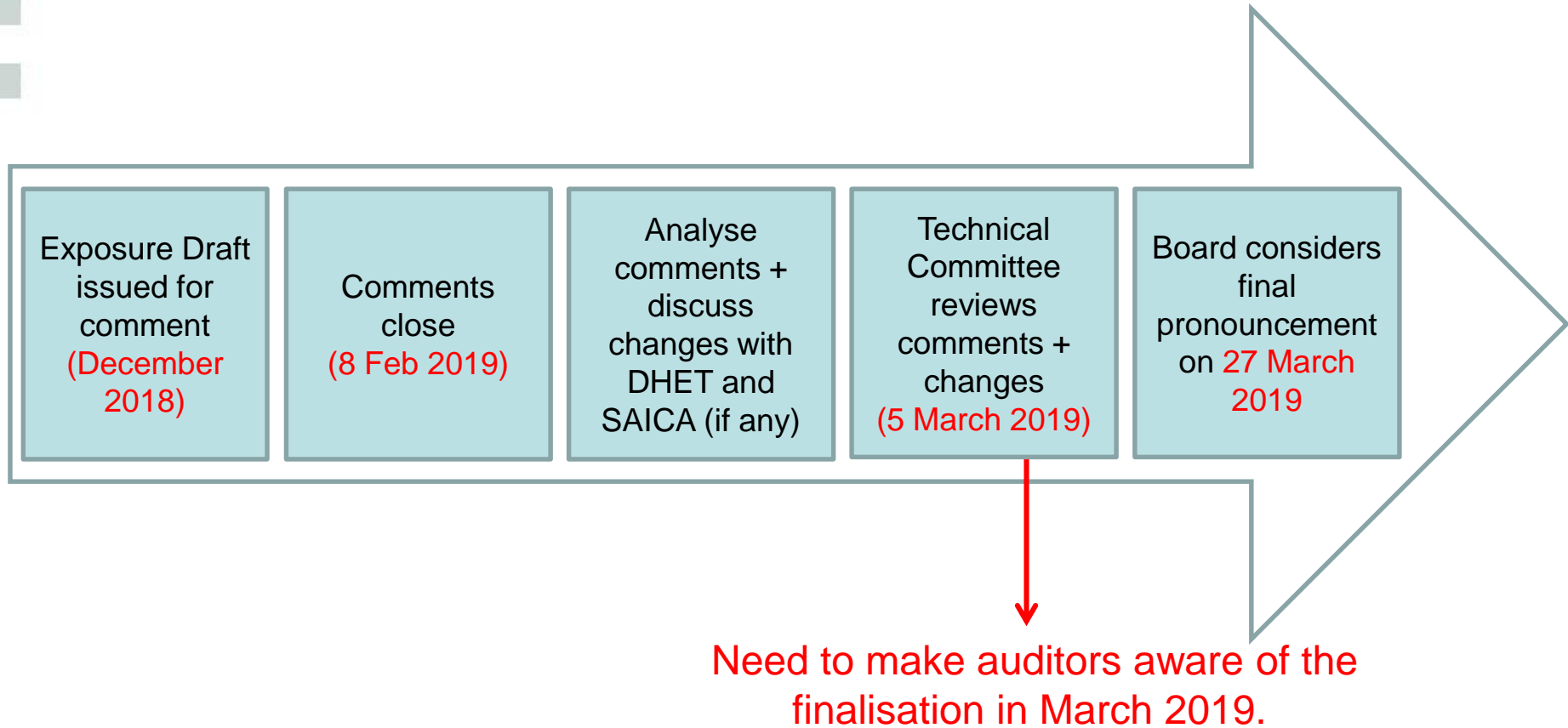
Our process

- ASB is a public entity that reports to the National Treasury.
- The ASB develops Standards of GRAP for entities in the public sector as outlined in the PFMA.
- CET colleges apply Standards of GRAP because of Gazette No. 41531 and 41843 issued by the Minister of Higher Education and Training.

Our process

- In developing Standards of GRAP, the Board issues documents for public consultation as Exposure Drafts - Feedback important to ensure accounting proposals are relevant.
- ED 172 issued for comment until 8 February 2019.

Timeline for completion





What is the purpose of the Directive?

Purpose of the Directive?

- Propose transitional provisions for the initial adoption of Standards of GRAP for CET colleges.
- Transitional provisions indicate how the Standards should be applied for the first time, including whether:
 - Standards applied retrospectively or prospectively.
 - Time allowed to comply with requirements.
 - How to initially measure assets & liabilities.



What are the key proposals of ED 172?

Key proposals of ED 172?

- Apply GRAP 106 *Transfer of Functions Between Entities Not Under Common Control* as the starting point for accounting.
- Time until 31 December 2021 to comply with the recognition and measurement requirements for the assets and liabilities that existed on 1 April 2015*.
- Only need to assess GRAP 18 *Segment Reporting* after 1 January 2024.

Why GRAP 106?

- Colleges established by a transfer of functions from each provincial department of Basic Education to a college established by the national Department of Higher Education and Training.
- Transfer from a provincial to a national function seen as 'not under common control'.

Principles of GRAP 106?

- Determine the fair value of assets acquired and liabilities assumed on acquisition date (assumed 1 April 2015 → need to test).
- No comparative information for 2015 financial statements → new entity, acquiring assets and liabilities from a particular date. Will have comparative information for future years.
- Period of time to determine what assets and liabilities are acquired or assumed on 1 April 2015, and what their value should be.


→ until 31 December 2021.

What does the relief until 2021 mean?

- Relief only applies to the assets and liabilities taken on by the College on 1 April 2015.
- It does not apply to 'new' transactions, i.e. those undertaken by the College after its establishment.
- Colleges can, i.e. optional, report 'provisional amounts' for these assets and liabilities in the financial statements 2015 to 2020.
- Must comply in full with GRAP – for all transactions and balances - 31 December 2021 financial statements.



Disclosure in the financial statements?



Need to disclose the following information in the financial statements (for each year) that transitional relief period applied (GRAP 106.95(a)):

- Reasons why initial accounting for the transfer of functions incomplete.
- The assets, liabilities or residual interest for which accounting incomplete.
- Nature and amount of adjustments recognised in reporting period.



Questions?

- Do you think GRAP 106 is the correct starting point for adoption of GRAP by colleges?
- Do you think time until 31 December 2021 is sufficient?
- Any other issues the Directive should address?



Stakeholder outreach and communication



Outreach activities

- Continuous promotion of GRAP by improving outreach to stakeholders (workshops, meetings, seminars, SAICA webinars)
- Stakeholders should liaise with ASB when requiring any engagements
- Newsletters & Meeting Highlights
- Handbook

Translation

- Standards translated into isiZulu, Sesotho and Afrikaans
- The official version is the English language version
- Available on website

Website

- Overview of changes made to reporting framework for 2018 onwards.
- Three set of Standards:
 - Those entities with a December year-end
 - The Standards applicable for the current year
 - The Standards applicable for the next financial year
- Please register on website if you want to be advised of changes:

<http://www.asb.co.za/GRAP/Subscribe-to-email-alerts>



Submitting comments

Visit our website for more information
on these Exposure Drafts

www.asb.co.za

Submit your comments to

info@asb.co.za



THANK YOU





Contact details

Tel: (011) 697-0660

Fax: (011) 697-0666

Email: info@asb.co.za

Website: www.asb.co.za