



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

***PROPOSED TRANSITIONAL PROVISIONS FOR THE  
INITIAL ADOPTION OF THE STANDARDS OF GRAP  
ON INTERSTS IN OTHER ENTITIES***

**(ED 157)**



**RESPONSES TO THE VERBAL COMMENT RECEIVED ON THE *PROPOSED TRANSITIONAL PROVISIONS OF THE STANDARDS OF GRAP ON INTERESTS IN OTHER ENTITIES (GRAP 34 TO GRAP 38)***

The Accounting Standards Board (Board) approved the exposure of the *Proposed Transitional Provisions for the Initial Adoption of the Standards of GRAP on Interests in Other Entities (GRAP 34 to GRAP 38)*(ED 157) in July 2017 for comment. A Notice was published in the Government Gazette on the 11<sup>th</sup> August 2017 (Notice 41037). The comment period closed on 31 October 2017.

The proposed transitional provisions were discussed with users, preparers, auditors and consultants by way of a roundtable discussion as listed in the table on the next page. The results of this engagement are summarised in this document, and include the Board's responses to the comment received.



**CLASSIFICATION OF VERBAL COMMENT RECEIVED ON THE *PROPOSED TRANSITIONAL PROVISIONS FOR THE INITIAL ADOPTION OF THE STANDARDS OF GRAP ON INTERESTS IN OTHER ENTITIES (ED 157)***

<b>No.</b>	<b>Name/Organisation</b>	<b>Preparers</b>	<b>Users</b>	<b>Auditors</b>	<b>Other interested parties</b>
1.	Roundtable discussion	√	√	√	



**ANALYSIS AND RESPONSES TO COMMENTS ON THE PROPOSED  
TRANSITIONAL PROVISIONS FOR THE INITIAL ADOPTION OF THE  
STANDARDS OF GRAP ON INTERESTS IN OTHER ENTITIES (ED 157)**

<b>COMMENTS ON ED 157 PROPOSED TRANSITIONAL PROVISIONS FOR THE INITIAL ADOPTION OF THE STANDARDS OF GRAP ON INTERESTS IN OTHER ENTITIES (GRAP 34 TO GRAP 38)</b>		
<b>No.</b>	<b>Comments</b>	<b>Board's response</b>
<b>GENERAL MATTERS FOR COMMENT</b>		
1.1	Participants supported the proposed transitional provisions for the initial adoption of the Standards of GRAP on <i>Interests in Other Entities</i> (GRAP 34 to GRAP 38).	Noted. No further action required.
1.2	Participants supported the proposed effective date of 1 April 2019.	Noted. The Board recommended an implementation date of 1 April 2020 for GRAPs 34 to GRAP 38 to ensure that the Standards of GRAP and the transitional provisions to be applied in the initial adoption of GRAP 34 to GRAP 38 are in public domain at least one year prior to their effective date.
<b>2. Proposed transitional provisions for GRAP 34 <i>Separate Financial Statements</i></b>		
2.1	Consider deleting paragraph .04 as it is similar to paragraph .02.	Agreed. Paragraph .04 has been deleted as proposed.
2.2	The reference to "investment entity" in paragraph .08 should be amended to "the controlling entity's investment in the controlled entity" for consistency with paragraph .05(b).	Noted. The reference has been amended as proposed.



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STANDARDS OF GRAP ON INTERESTS IN OTHER ENTITIES (ED 157)**

<b>3.</b>	<b>Proposed transitional provisions for GRAP 35 Consolidated Financial Statements</b>	
3.1	The inclusion of the reference to both GRAP 105 <i>Transfer of Functions Between Entities Under Common Control</i> and GRAP 106 <i>Transfer of Functions Between Entities Not Under Common Control</i> in paragraph .19 was questioned.	Noted. In comparison to IFRS 3 <i>Business Combinations</i> , there are two Standards of GRAP that deal with the transfer of functions between entities. The reference to both GRAP 105 and GRAP 106 is therefore appropriate.
3.2	It was questioned why transitional provisions are included in paragraphs .19 and .20 for both an entity that meets the definition of a function, and an entity that is not a function.	Noted. For a transfer of functions that occurs in the public sector, entities are required to consider the principles in GRAP 105 <i>Transfer of Functions Between Entities Under Common Control</i> and GRAP 106 <i>Transfer of Functions Between Entities Not Under Common Control</i> to account for the transfer of functions. The equivalent IPSAS transitional provisions make reference to the international standard that provides guidance on business combinations (i.e. IFRS 3) as there is no public sector equivalent to account for a transfer of functions.  Transitional provisions therefore need to be included where an entity concludes that, on initial adoption of GRAP 35 <i>Consolidated Financial Statements</i> , it needs to consolidate another entity that was not consolidated in accordance with GRAP 6 <i>Consolidated and Separate Financial Statements</i> or IGRAP 11 <i>Consolidation – Special Purpose Entities</i> where that entity is either a function or not.



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STANDARDS OF GRAP ON INTERESTS IN OTHER ENTITIES (ED 157)**

<b>No.</b>	<b>Comments</b>	<b>Board's response</b>
3.3	Paragraph .19(b) includes a reference to both GRAP 105 and GRAP 106, whereas paragraph .20(b) only includes a reference to GRAP 106. The references to the Standards of GRAP that deal with transfer of functions should be consistent.	Agreed. A reference to GRAP 105 has been included in paragraph .19(b).