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Message from the CEO – ASB practices what it preaches by publishing simple, understandable financial statements

Over the last year you would have heard, seen and read about our drive for entities to publish simple, understandable financial statements. At the ASB, we strive to practice what we preach and this is evident in our latest [audited financial statements](#).

Our preparation process starts with a materiality framework that identifies what transactions and events we consider material, both quantitatively and qualitatively. This drives which Standards we consider to be material in the preparation of our financial statements. This informs what accounting policies we provide in our financial statements, what we present in the various statements, and what we disclose in the notes. Importantly, this framework is discussed with our Audit Committee and Operations Committee, and ultimately approved by our Board.

Applying materiality is best demonstrated by our approach to financial instruments. We often hear from small public entities that the Standard on financial instruments is difficult to apply and results in “information overload” in the financial statements. The ASB is a small public entity (our budget is R15 million) but by applying materiality and thinking about what is relevant to our users, we are able to significantly scale down what we present on financial instruments. We have a transactional bank account, an account with the Corporation for Public Deposits, and creditors. We present and/or disclose these items, and provide limited accounting policy information and limited note disclosures.

Another example of how to streamline the information disclosed in the financial statements is to think about the presentation of accounting policies. GRAP 1 on *Presentation of Financial Statements* requires that ‘significant’ accounting policies need to be disclosed (it will change to ‘material’ accounting policies in 2023). We present our material accounting policies in the financial statements and disclose a full list of all our accounting policies on our website. This is an easy way to focus readers’ attention to the most important and relevant transactions and events.

While thinking about, planning and executing materiality can take time, it is worth the effort. Apart from demonstrating how to prepare user-friendly financial statements, I am very proud to report that we once again have an unqualified audit. This was achieved through the hard work of a dedicated team of ladies who are committed to strong internal controls, policies and processes.

As we move towards the end of the year, it’s time to start planning for the next reporting cycle. We hope that you will make planning for the preparation of your financial statements a priority. We have a few publications on our website that may help your thought process:

[Guideline on Applying Materiality to Financial Statements](#)

[Fact Sheet on Materiality](#)

[IGRAP 21 on *The Effect of Past Decisions on Materiality*](#)

IASB publishes guidance on the classification of debt with covenants

The IASB published guidance on whether to classify debt as current or non-current when entities need to comply with debt covenants.

IAS 1 on *Presentation of Financial Statements* requires debt to be classified as non-current if it can avoid settling debt in 12 months after reporting date. In the current environment, questions have been raised about the classification of debt as current or non-current when entities need to comply with debt covenants.

At year end, an entity may have debt which becomes repayable within the next 12 months if it does not meet certain debt covenants. Covenants that need to be complied with after the reporting date do not affect the classification of debt as current or non-current at reporting date. Disclosures should be provided in the financial statements to users of financial statements about the existence of covenants and the potential risks involved.

For more information read the press release [here](#)

Join us for a GRAP Update for PFMA entities

We know that preparing the financial statements can be a tough job. To help you keep up to date with all the latest developments, we will be hosting a Virtual GRAP Update for PFMA entities on the 3rd of February 2023 from 09:00 to 12:30. There is no cost to attend the session.

For all our municipalities, we will host another GRAP Update in May 2023 so you won't miss out.

To register for this session, please follow this [link](#).

Join the IPSASB for the final meeting of 2022

The IPSASB will hold its final meeting of the year from 6 to 9 December 2022. The IPSASB will continue its deliberations on revenue, transfer expenses, measurement and public sector leases. The upcoming meeting will be available for viewing on the IPSASB's YouTube Channel. For more information about the meeting, visit the IPSASB's website [here](#).

The ASB will be closing over the holidays

Even accounting nerds need to take a break from debits and credits!

The ASB will be closing over the December/January holiday period from the 9th of December 2022 until the 9th of January 2023.

While we will not be responding to telephone calls and emails over this period, you are welcome to send us a message on info@asb.co.za and we will respond on our return.

We wish you all blessed time with loved ones and hope you keep safety as your number one priority.

Until we meet again in 2023 – best wishes from the “A Team”



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