



Responses due by 15 September 2023

ACCOUNTING STANDARDS BOARD

QUESTIONNAIRE TO PREPARERS POST-IMPLEMENTATION REVIEW OF THE STANDARD OF GRAP ON *ACCOUNTING BY PRINCIPALS AND AGENTS* (GRAP 109) (ED 200)



Questionnaire to preparers

Commenting on this questionnaire

The Accounting Standards Board (the Board) is undertaking a post-implementation review of the Standard of GRAP on *Accounting by Principals and Agents* (GRAP 109) (the PIR). The PIR is undertaken to enable the Board to determine if any amendments are required to GRAP 109, and whether any other guidance should be issued to address the issues raised during the review.

The responses received from stakeholders will be used to make recommendations to the Board.

Responses to this questionnaire should be submitted in writing so as to be received by **15 September 2023**. E-mail responses are preferred. Comment should be addressed to:

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Questionnaire to preparers

Background and purpose of the questionnaire

The Board is undertaking a PIR of the Standard of GRAP on *Accounting by Principals and Agents* (GRAP 109) to assess if the Standard achieved the intended outcome of providing relevant information to the users of financial statements.

This questionnaire is developed to obtain views and comment from preparers on application and other matters relating to GRAP 109. Preparers are those responsible for preparing financial statements, and those that prepare information that is used in the financial statements.

This questionnaire should be read with the *Invitation to Participate in the Post-implementation Review of the Standard of GRAP on Accounting by Principals and Agents (GRAP 109)* (ED 200) that is available on the ASB's website at <https://www.asb.co.za/ed-200/>.

Request for comment

Comment on this questionnaire is invited by 15 September 2023.

A total of 17 questions is included in this questionnaire.



Questionnaire to preparers

About the respondent

For the Board to analyse the responses appropriately, it will be helpful for the Board to understand the context in which responses are provided to this questionnaire. For this purpose, please indicate whether the comment is provided in a personal or an organisational capacity.

INFORMATION ABOUT THE RESPONDENT	
Name	
Organisation	
Rank or title of person completing the questionnaire	
Information provided in a personal, or an organisational capacity	
Contact information	E-mail: Telephone:



Questionnaire to preparers

Summary of questions to preparers of financial statements

Specific matters for comment

Identifying principal-agent arrangements

Question P1

How do you experience identifying:

- (a) whether a binding arrangement exists; and
- (b) all the rights and obligations that may exist within a binding arrangement (including arrangements governed by both legislation and contracts, and multiple arrangements)?

Please describe your experience – whether positive or negative. If negative, indicate how, in your view, your challenges could be resolved.

Question P2

Are you aware of binding arrangements that contain multiple rights and obligations, which arise from principal-agent arrangements and other type of arrangements? If yes, please provide details and examples.

Question P3

How do you experience identifying whether:

- (a) an arrangement includes transactions with third parties; and
- (b) the transactions with third parties are undertaken (by the agent) on behalf of and for the benefit of another party (the principal)?

Please describe your experience – whether positive or negative, and provide examples where available. If your experience is negative, indicate how, in your view, your challenges could be resolved.

Question P4

In your experience, what type of transactions (financial transactions and transactions that represent the interests of the principal) are undertaken by an agent with third parties on behalf of and for the benefit of the principal? Please provide details and examples.

Question P5

- (a) How do you experience applying substance over form when assessing whether an arrangement meets the definition of a principal-agent arrangement? Please describe your experience – whether positive or negative. If negative, indicate how, in your view, your challenges could be resolved.
- (b) Please provide details and examples of instances when you have applied substance over form in assessing whether an arrangement meets the definition of a principal-agent arrangement. Please describe how any challenges identified in (a) were overcome.



Questionnaire to preparers

Question P6

Please provide details of any other challenges you experience to assess whether an arrangement meets the definition of a principal-agent arrangement, and how, in your view, these challenges could be resolved.

Question P7

How do you experience applying the definition of a principal-agent arrangement in GRAP 109 to assess whether GRAP 109 should be applied to an arrangement? Please describe your experience – whether positive or negative. If negative, indicate how, in your view, your challenges could be resolved.

Identifying roles of parties to a principal-agent arrangement

Question P8

- (a) How do you experience applying the criteria in GRAP 109.25 to assess whether an entity is the agent in a principal-agent arrangement?
- (b) How do you understand and assess criterion (c) *the entity is not exposed to variability in the results of the transaction?*

Please describe your experience – whether positive or negative. If negative, indicate how, in your view, your challenges could be resolved.

Question P9

In your view, are there any other criteria that should be included in GRAP 109.25 to identify whether an entity is an agent in a principal-agent arrangement? Please provide details.

Question P10

- (a) Please provide details of instances where you applied GRAP 109.26 to determine whether an entity with regulatory powers is an agent in a principal-agent arrangement.
- (b) Please indicate whether the guidance in GRAP 109 is helpful to identify whether an entity is the agent in a principal-agent arrangement in the circumstances described in GRAP 109.26. If not, please provide details on how the guidance could be improved.

Applying materiality to principal-agent arrangements

Question P11

- (a) How do you experience applying materiality to account for, and report on, principal-agent arrangements in the financial statements? Please describe your experience – whether positive or negative. If negative, indicate how, in your view, your challenges could be resolved.
- (b) If you have not applied materiality to principal-agent arrangements, please provide the reasons why.



Questionnaire to preparers

Applying GRAP 109 with other Standards of GRAP

Question P12

How do you experience applying other Standards of GRAP with GRAP 109?

Please describe your experience – whether positive or negative. If negative, indicate how, in your view, your challenges could be resolved.

Recognising assets and liabilities as an agent

Question P13

How do you experience applying the requirements of GRAP 109 to recognise rights and obligations from principal-agent arrangements as assets and liabilities (under the circumstances explained in GRAP 109)?

Please describe your experience – whether positive or negative. If negative, indicate how, in your view, your challenges could be resolved.

Question P14

Are the indicators in GRAP 109.57 helpful to assess whether an agent should recognise a receivable or a payable?

If not, please provide details, and include information on the indicators that would be more helpful.

Disclosing information about principal-agent arrangements in the financial statements

Question P15

How do you experience providing the information required by GRAP 109 in the financial statements?

Please describe your experience – whether positive or negative. If negative, indicate how, in your view, your challenges could be resolved.

Question P16

What other information on principal-agent arrangements do you think users will find relevant and useful for accountability and to make decisions? Please explain your response.

Question P17

(a) As a principal in a principal-agent arrangement, how do you experience accounting for, and disclosing information on, cash flows from the arrangement in the financial statements, as required by GRAP 2 and GRAP 109?

(b) As an agent in a principal-agent arrangement, how do you experience accounting for, and disclosing information on, cash flows from the arrangement in the financial statements, as required by GRAP 2 and GRAP 109?

Please describe your experience – whether positive or negative. If negative, indicate how, in your view, your challenges could be resolved.



Questionnaire to preparers

General matters for comment

Comment on any other matter relating to GRAP 109 is welcome. Comment is most helpful if reference is made to the specific paragraph in GRAP 109 and/or any other Standard of GRAP, if applicable.