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MINUTES OF THE TECHNICAL COMMITTEE MEETING OF THE ACCOUNTING STANDARDS BOARD HELD VIRTUALLY ON 11 JUNE 2020

CHAIRPERSON C Braxton

MEMBERS OF THE COMMITTEE

BOARD REPRESENTATIVES

F Abba (left at 15:00)

C Braxton

I Lubbe

V Ngobese

REPRESENTATIVE OF THE AGSA

M Mentz

REPRESENTATIVE OF THE OAG

L Bodewig

REPRESENTATIVE OF THE ASB

E Swart

EX OFFICIO

J Poggiolini	Technical Director
A Botha	Project Manager
T Tshoke	Project Manager
E van der Westhuizen	Project Manager

1. WELCOME AND APOLOGIES

Members were WELCOMED to the meeting by the Secretariat.

2. APPOINTMENT OF NEW CHAIRPERSON

2.1 The Secretariat EXPLAINED that a letter had been received from the Minister of Finance appointing the ex-officio members of the Board that represent the National Treasury and the AGSA. In the same letter, the Minister indicated that he no longer wished to have two representatives of the National Treasury on the Board as this could be seen as asserting undue influence on the Board. As a result, L Bodewig is no longer a Board member with effect from 14 April 2020. She will continue to serve on the Technical Committee as the National Treasury representative.

2.2 The Secretariat NOTED that the Operations Committee met and agreed that a Board member should chair the Technical Committee. As a result, a new Chairperson needed to be elected.

2.3 The Technical Committee AGREED to appoint C Braxton as the new Chairperson.

3. DECLARATIONS OF INTERESTS

3.1 Members were ASKED to declare if they had any amendments to their declarations of interests, as well as if they had an interest in any of the agenda items being discussed.

3.2 The Chairperson NOTED that his employer had served as an expert in the court case which will be discussed under emerging issues. He was however not directly involved in the matter.

4. MINUTES OF THE PREVIOUS MEETING

The minutes of the previous meeting were TABLED at the meeting and APPROVED without amendment.

5. MATTERS ARISING

The Secretariat TABLED a memorandum at the meeting of the matters arising from previous meetings. The Secretariat NOTED the following:

- “Reference group” for GRAP 104 on *Financial Instruments* - Initial discussions were held with the OAG and AGSA to discuss the ‘reference group’. To understand the roles, responsibilities, activities, and resource implications, the next step would be to present a draft Terms of Reference to the September 2020 Technical Committee and Board meetings. Based on the initial discussions, the intention is to initiate the work of the group in 2021/2022. Members ASKED if members of the reference group would be remunerated, and it was CONFIRMED that they would not – they would be volunteers.

- XBRL for Standards of GRAP – The CIPC had restarted its project to develop a taxonomy for Standards of GRAP. Project documents were sent to the ASB for review to confirm accuracy, alignment with Standards etc. A letter was written to the CIPC explaining the role of the ASB, and that the CIPC should instead consult with preparers and others, including appointing external experts to review the accuracy of the documents.

- FRSC Board - The National Treasury INDICATED that there had been no response from the Minister of Trade and Industry on the reconstitution of the FRSC Board.

TECHNICAL MATTERS

6. Proposed Exposure Draft on *Employee Benefits*

6.1 The Secretariat TABLED the following at the meeting:

- Memorandum from the Secretariat.
- Minutes of project group meetings held in April and May 2020.
- Proposed Exposure Draft and Invitation to Comment on the revision of GRAP 25 on *Employee Benefits*.

6.2 The Secretariat NOTED the background to the project, and that three project group meetings were held, one for preparers, one for the auditors and firms, and one combined session. It was NOTED that the project groups supported the proposed amendments to GRAP 25.

6.3 The Secretariat NOTED areas where no amendments are proposed to GRAP 25, based on specific decisions taken by the Board in developing GRAP 25:

(a) Simplification of requirements in GRAP 25 - the Board agreed to simplify the requirements in GRAP 25 compared to IPSAS 25 in two instances. The IPSASB decided on similar requirements to GRAP 25 when developing IPSAS 39 and the Standards are now aligned in the following areas:

- Recognition of actuarial gains and losses: the corridor approach.
- Recognition of past service cost.

(b) Areas of ongoing differences - areas of ongoing differences remain between the Standards where no amendments to the current version of GRAP 25 are proposed:

- Placement of application guidance.
- Definition of binding arrangements.
- Guidance on appropriate discount rates.
- Minor terminology differences.

<u>Proposed amendments to align to IPSAS 39 on *Employee Benefits*</u>

6.4 The Secretariat NOTED that the following changes are proposed to GRAP 25:

- Removal of guidance on composite social security programmes as it is not relevant. Paragraph .03 is amended to refer to social benefits instead of social security programmes.
- Post-employment benefits: Defined benefit plans – the following changes have been made:
  - Changes in the components of defined benefit cost.
  - Recognition of remeasurements in surplus or deficit.

- Net presentation of the defined benefit liability (asset) and interest on the net defined benefit liability (asset).
- Additional guidance on actuarial assumptions.
- Adding guidance on plan amendments, curtailments and settlements from *Improvements to IPSAS, 2018.*
- Other matters, including additional guidance on when to recognise past service cost and on settlements, as well as clarifying the treatment of taxation and administration costs in respect of the return on plan assets.

- Termination benefits: Guidance has been added to assist entities with distinguishing termination benefits from other employee benefits, when to recognise termination benefits and the measurement of termination benefits.
- Disclosures: Minor changes were made to the structure and layout of the disclosure requirements. The sections on defined benefit plans, other long-term employee benefits and termination benefits start by explaining the disclosure objective. The disclosure requirements of defined benefit plans are largely aligned to IPSAS 39.

6.5 The Technical Committee SUPPORTED the alignment with IPSAS 39.

6.6 The Secretariat EXPLAINED that the Board's previous decision to recognise actuarial gains and losses in surplus or deficit in the year they occur was based on the principle that these are estimates and should be accounted for in accordance with GRAP 3 on *Accounting Policies, Changes in Accounting Estimates and Errors*. The Board also aimed to simplify the requirements and minimise the recognition of gains and losses outside of surplus or deficit in Standards of GRAP. As the Board's decision on recognition of actuarial gains and losses is equally true for remeasurements, the revised GRAP 25 recognises remeasurements in surplus or deficit. This is different to IPSAS 39 that recognises remeasurements in net assets/equity.

6.7 The Technical Committee SUPPORTED the recognition of remeasurements in surplus or deficit.

6.8 The Secretariat NOTED that additional guidance on disclosure of other long-term employee benefits and termination benefits has been included in GRAP 25 compared to IPSAS 39. A disclosure objective as well as additional examples of disclosure requirements in other Standards of GRAP that may be appropriate for entities to consider in order to meet the disclosure objective was added for other long-term employee benefits and termination benefits.

6.9 The Technical Committee SUPPORTED the additional guidance on disclosure of other long-term employee benefits and termination benefits.

6.10 A member ASKED if a disclosure objective will be included in other Standards of GRAP. The Secretariat NOTED that the disclosure objectives are a recent addition to international standards. Disclosure objectives will be included in Standards of GRAP when these are included in international standards.

<u>Inclusion of guidance from IFRIC 14, and IGRAP 7</u>

6.11 The Secretariat NOTED that in developing the current version of GRAP 25, the Board agreed to include the guidance from IFRIC 14 on *IAS 19 – The Limit on a Defined Benefit*

Asset, Minimum Funding Requirements and their Interaction partly in GRAP 25 and partly in IGRAP 7 on *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* respectively. GRAP 25 and IGRAP 7 have been aligned to the latest requirements of IFRIC 14. It was NOTED that this was supported by the project groups.

6.12 The Technical Committee SUPPORTED the alignment of GRAP 25 and IGRAP 7 to IFRIC 14.

Other considerations in reviewing GRAP 25

6.13 The Secretariat NOTED that the review of GRAP 25 included other considerations of guidance that may need to be added to the Standard. The review considered:

- Improvement projects (IASB and IPSASB).
- IFRIC agenda decisions.
- FAQs of the Secretariat and queries responded to by trilateral parties.

6.14 It was NOTED that no additional guidance is needed in GRAP 25 as a result of these considerations. The Secretariat will monitor ongoing IASB projects to revise disclosure requirements and will monitor the need for application guidance related to the scope and presentation of items in GRAP 25 compared to GRAP 19 on *Provisions, Contingent Assets and Contingent Liabilities*. It was NOTED that the project groups agreed that no additional guidance is necessary in GRAP 25.

6.15 The Technical Committee AGREED that no additional guidance is necessary in GRAP 25.

Proposed transitional provisions and effective date

6.16 The Secretariat NOTED that the proposed transitional provisions are aligned to IPSAS 39. This was supported by the project groups. Based on the project groups' suggestion, the pervasiveness of post-employment defined benefit plans will be assessed during the public consultation. Entities with such plans will be consulted to confirm they agree with the transitional provisions.

6.17 A member ASKED if the extent of post-employment defined benefit plans in existence is known. It was NOTED that most of these plans are being phased out and do not accept new members. However, they are material at some entities.

6.18 The Technical Committee SUPPORTED the proposed transitional provisions and that the Secretariat's consultation will include ensuring entities with existing post-employment defined benefit plans agree with the transitional provisions.

6.19 The Secretariat NOTED that an effective date of 1 April 2023 is proposed, based on the Board's policy and to allow the Minister of Finance time to determine the effective date. It was NOTED that this was supported by the project groups.

6.20 The Technical Committee SUPPORTED the proposed effective date of 1 April 2023.

Invitation to Comment (ITC)

6.21 The Secretariat NOTED the ITC and that only one specific matter for comment has been included on the departure from IPSAS 39 which is to recognise remeasurements in surplus or deficit, instead of in net assets/equity.

6.22 The Technical Committee AGREED that it is not necessary to include a specific matter for comment. The Board has already decided it is appropriate to recognise actuarial gains and losses in surplus or deficit, and entities have been applying this requirement for a number of years. The specific matter for comment will be deleted from the ITC.

Secretariat

Consultation period

6.23 The Secretariat NOTED that the standard consultation period is three months, which would mean that the comment period closes mid-October 2020. The Secretariat PROPOSED a longer comment period until 30 November 2020. This is to allow for sufficient stakeholder consultation, given other exposure drafts that are out for comment during the same time that impact the capacity of the Secretariat to consult and stakeholders to comment.

6.24 The Technical Committee NOTED the following:

- Although entities may still be affected by COVID-19 in November 2020, the date could be reassessed at a later stage if there is a low response rate.
- Virtual engagements have allowed more stakeholders to attend engagements.
- The Board should plan as if there will be no extension of reporting deadlines for MFMA entities.
- An extended comment period is aligned to what other standard-setters have been doing as a result of COVID-19.

6.25 The Technical Committee SUPPORTED the proposed comment deadline of 30 November 2020.

Secretariat

6.26 The Technical Committee RECOMMENDED the Exposure Draft and ITC to the Board for its consideration.

Review of *GRAP 3 on Accounting Policies, Changes in Accounting Estimates and Errors*

7.1 The Secretariat TABLED the following at the meeting:

- Memorandum from the Secretariat.
- Minutes of the project group meetings held in May 2020.
- Approved project brief.

7.2 The Technical Committee NOTED the background and objective of the project.

Scope of the project

7.3 The Secretariat EXPLAINED that materiality is addressed in both GRAP 1 on *Presentation of Financial Statements* and GRAP 3. The project will focus on the requirements in GRAP 3 as they deal with materiality in relation to the application of accounting policies. Since GRAP 1 deals with materiality in relation to disclosure and presentation it will not be addressed in the project.

7.4 The Technical Committee AGREED with the scope of the project.

Secretariat

Initial engagements with stakeholders

7.5 The Secretariat EXPLAINED that, to initiate the project, additional views were sought from a wide range of stakeholders (locally and internationally) on their interpretation of the requirements in GRAP 3 (or IPSAS 3 on *Accounting Policies, Changes in Accounting Estimates and Errors* for international stakeholders).

7.6 Feedback from both the local and international stakeholders was SHARED.

7.7 It was NOTED that the views from local stakeholders confirm the diversity in the application of the principle in GRAP 3, and that those stakeholders did not raise any new views not already heard by the Board during the development of the Guideline on *The Application of Materiality to Financial Statements*. The international stakeholders found the issue expressed locally to be unique.

7.8 Ms I Lubbe EXPLAINED that a request for views was sent to her. However, given her involvement in the Technical Committee she requested her colleagues to respond. They could not provide any input as they did not have practical experience on the matter.

7.9 The Technical Committee INDICATED that it was pleased with the feedback from the international stakeholders and suggested that some of the input received should be emphasised in the development of the guidance. For example, the notion that asset capitalisation thresholds should be set at an appropriately low level is important as it will ensure that items can never be material cumulatively. Some members added that this is similar to the audit concept of amounts being regarded as "trivial".

Analysis of principles in GRAP 3

7.10 The Secretariat NOTED that the issues paper considers a number of questions heard during the development of the Guideline and in recent engagements with stakeholders. The issues paper responds to these questions with reference to existing principles in GRAP 3.

<u>*What does the Standard require when accounting policies set out in the Standards of GRAP need not be applied when the effect of applying them is immaterial?*</u>

7.11 The Technical Committee AGREED with the analysis that applying the principle in GRAP 3.07 means that:

- Entities are not required to recognise, measure, present or disclose transactions in accordance with the Standards when the effect is immaterial to the financial statements.
- The Standard permits the application of alternative accounting treatments when the effect of not applying the requirements in the Standards does not result in the financial statements providing less reliable and less relevant information to the users of the

financial statements; and the basis for applying the alternative accounting treatment is not to achieve a particular presentation or result in the financial statements.

7.12 It was NOTED that GRAP 3 does not provide guidance on how the alternative accounting treatment should be formulated when the requirements in the Standards are not applied.

7.13 The Technical Committee AGREED that when formulating alternative accounting treatments, the principles in the Conceptual Framework should be considered.

7.14 The Technical Committee NOTED the examples of when the requirements in the Standards were not applied due to materiality considerations. Members provided an additional example of not accounting for changes in estimates that are immaterial i.e. not revising useful lives of assets when the effect of the revision is immaterial.

When the effect of applying an accounting policy becomes material, does it mean there is an error or change in accounting policy?

7.15 The Secretariat EXPLAINED that when there is a change in the accounting treatment due to materiality it is important to assess whether such a change is a prior period error, a change in accounting policy or something else. The assessment will assist in determining whether adjustments are necessary, and if so, the type of adjustments required.

Is the change in accounting treatment due to materiality an error?

7.16 The Secretariat EXPLAINED that applying the alternative accounting treatment to immaterial transactions does not necessarily give rise to an error unless the four scenarios identified in paragraph 46 of the issues paper are present.

7.17 The Technical Committee generally AGREED with the analysis that a change in accounting treatment due to materiality is not an error.

7.18 Some members INDICATED that it is important to clarify what is the unit of account when assessing materiality of the application of accounting policies. In particular, it is unclear whether the assessment considers the effect of individual transactions or the effect on the financial statements as a whole.

7.19 The Technical Committee DISCUSSED the unit of account in relation to the acquisition of an individual item of property, plant and equipment (PPE) versus a group of items of PPE.

7.20 It was NOTED that a consequence of these types of asset thresholds is that the materiality assessment is undertaken at a transaction level even if a bulk acquisition is made.

7.21 After some debate, it was AGREED that while the unit of account is a significant issue that should be debated, it should not be deliberated as part of this project. It was AGREED that this issue can be considered when the Board reviews the Conceptual Framework.

Secretariat

Is the change in accounting treatment due to materiality a change in accounting policy?

7.22 The Secretariat EXPLAINED that GRAP 3.17(b) states that if an entity never had a transaction, or the transactions were immaterial in the past, the application of the GRAP accounting policy is considered a new accounting policy (i.e. initial application of the GRAP accounting policy). This means that a change in accounting treatment due to materiality will not be considered a change in accounting policy.

7.23 The Technical Committee DEBATED whether capitalisation thresholds are considered accounting policies. Most members AGREED with the analysis that a change in accounting treatment due to materiality is not a change in accounting policy while another member had an alternative view. The member DISAGREED that the application of the GRAP accounting policy is a new accounting policy as the alternative accounting treatment is already an accounting policy in itself.

7.24 The Technical Committee NOTED the member's contention with the matter, and consequently the effect on the proposals in the remainder of the issues paper.

7.25 It was AGREED that a further discussion between the Secretariat, Ms F Abba and Ms I Lubbe is necessary to ensure that the issues paper articulates the alternative views presented at the meeting.

Secretariat

How should entities account for the adjustments on the initial application of accounting policies set out in the Standards of GRAP when the effect of applying those accounting policies is material?

7.26 The Technical Committee AGREED, based on the analysis, that the change in accounting treatment is the initial application of an accounting policy and the change should be applied prospectively.

How should the new GRAP accounting policy be applied once selected, and should materiality be considered in subsequent periods following the initial application of a GRAP accounting policy?

7.27 The Secretariat EXPLAINED that the analysis on these matters should be considered together, as they are linked.

7.28 It was NOTED that the Standard requires that accounting policies should be applied consistently from one period to the next, once they have been selected. The new accounting policy will be applied to all similar transactions to avoid similar transactions being treated differently. Consequently, when the new accounting policy is applied, new transactions may not be subject to materiality considerations under GRAP 3. This means that the recognition and measurement requirements in the Standards need to be satisfied irrespective of the "materiality" of new transactions.

7.29 The Secretariat SHARED the concern expressed by some project group members that the analysis precludes the subsequent assessment of materiality for the recognition and measurement of new transactions.

7.30 The Technical Committee AGREED with the concern raised by some project group members.

7.31 It was QUESTIONED whether the reference to similar transactions in the requirement "that an entity shall select and apply its accounting policies consistently for similar transactions" should be clarified. In particular, it was not clear if similar transactions refer to individual items of PPE or the class of asset to which an item belongs.

7.32 A member INDICATED that the recognition and measurement requirements in GRAP 17 refer to "an item" of PPE, and that it should be assumed that the reference speaks to the individual items until the Board has clarified the issue of the unit of account.

7.33 Another member ARGUED that it depends on how the accounting policy is formulated.

7.34 The Technical Committee AGREED in principle that the new accounting policy should be applied consistently to all similar transactions.

What is the impact of past transactions and materiality decisions when assessing the effect of accounting policies in the current period?

7.35 The Technical Committee AGREED with the analysis that there is no requirement to modify materiality judgements for past transactions or to restate past transactions if the transactions were correctly accounted for in accordance with GRAP 3.07 in the prior period.

Is the non-application of accounting policies set out in the Standards a departure from the requirements described in GRAP 1?

7.36 The Technical Committee AGREED with the analysis that the principle in GRAP 3.07 is not the same as when entities depart from the requirements in the Standards of GRAP as discussed in GRAP 1.

Conclusion

7.37 The Secretariat EXPLAINED that based on the analysis, view #1 (i.e. apply the accounting policy prospectively from the date of change in the accounting treatment) provides the most appropriate treatment that is supported by various paragraphs in GRAP 3.

Recommendation

7.38 The Technical Committee RECOMMENDED the development of an Interpretation of the Standards of GRAP to the Board. A review of the Guideline was supported to ensure consistency between the two sets of guidance.

Secretariat

IASB amendments

7.39 The Secretariat EXPLAINED that the IASB has issued a number of amendments since launching the Disclosure Initiative in 2013 which may be of relevance to the Board's project as they either deal with materiality or accounting policies.

7.40 The objective and current status of the IASB amendments were NOTED.

7.41 The Secretariat EXPLAINED that since the Board's project is aimed at addressing a specific local issue, the Board should not consider any of the IASB amendments at this time. Instead, the amendments should be considered in other projects.

7.42 The Technical Committee AGREED that the IASB amendments should be dealt with separately and that the Board should consider how the IPSASB will address the amendments.

Secretariat

EMERGING ISSUES

8.1 The Secretariat TABLED an update on emerging issues at the meeting.

8.2 The following issues were DISCUSSED:

- Reporting framework for tribal authorities – The Secretariat NOTED that the matter still needs to be discussed at the trilateral meeting.

Secretariat

- The judgement in the court case between the Western Cape Provincial Government and the AGSA was handed down on 9 June 2020. The judgement has far reaching consequences for the AGSA and National Treasury. While the Modified Cash Standard was the subject of the court case, the Secretariat will assess whether there are any implications for GRAP 109 on *Accounting by Principals and Agents.* It was AGREED that the analysis should be presented at the next meeting.

Secretariat

- The adoption of Standards of GRAP by SARS was discussed. The Secretariat EXPLAINED that any action will need to be taken based on a formal submission by SARS to the Board. While no request has been received, it was AGREED that the recommendation to the Board is to not amend Directive 6, and that the Minister of Finance should be approached by SARS.
- There was a slight improvement in the audit outcomes of the CET colleges. The issues with the reconciliations between PERSAL and BAS have potentially been resolved and will hopefully result in improved audit outcomes.
- The Secretariat NOTED that its guidance on COVID-19 is available on the website. Based on questions received by stakeholders on various issues related to the accounting implications of COVID-19, an appendix will be published with the document responding to these issues.

ADMINISTRATION

9.1 The Secretariat TABLED the updated work programme and the report on the achievement of the quarterly targets.

Current work programme

9.2 The Secretariat NOTED that it proposed a revision to the timeframe for the review of the use of the cash flow statements. The proposal is to present the results of the review at the December 2020 Board meeting.

9.3 The Technical Committee SUPPORTED the proposal.

Performance to date

9.4 The Secretariat EXPLAINED that the targets would be met. The issuing of the Exposure Draft on *Employee Benefits* would be reported in the next quarter as the meeting is only in July 2020.

INTERNATIONAL STANDARD SETTING ACTIVITIES

10.1 The Secretariat TABLED an update on the March 2020 IPSASB meeting held in New York.

10.2 The Secretariat PRESENTED an overview of the key issues related to the application of ED 70 and ED 71. The Technical Committee PROVIDED the following comment on ED 70 and ED 71:

Revenue with Performance Obligations (ED 70)

Definition of binding arrangements:

- Where an arrangement arises from legislation or similar means, it may not be as specific about the terms and conditions of the arrangement as a contract, although it may contain rights and obligations for both parties and meet the definition of a binding arrangement. This may make it difficult to apply the PSPOA to binding arrangements that are not contracts.
- It seems like the definition and related guidance on binding arrangements in ED 70 goes beyond the initial intention to address entities being unable to contract in their own name in certain jurisdictions.

Change in approach from exchange / non-exchange to with or without performance obligations:

- It may be difficult to correctly scope the “class” of transactions that is currently in IPSAS 23 on *Revenue from Non-exchange Transactions (Taxes and Transfers)* that are from binding arrangements with performance obligations under the new approach. Going forward, this “class” of transactions will be in the scope of ED 70, while at present it is “non-exchange” and within the scope of IPSAS 23.
- An approach based on whether an entity has performance obligations may assist with some of the difficulties in the current exchange / non-exchange approach. Specifically, the current assessment of whether parties have exchanged “approximately equal value” is difficult. The value of the consideration is not a factor to determine whether a transaction has performance obligations.
- It may be hard to distinguish a performance obligation from a present obligation. In the private sector substantial guidance was required to identify whether the promise is to provide *distinct* goods or services, in order to meet the definition of a performance obligation.

Accounting for transactions with components

- Due to the application guidance provided in the ED and the way that entities’ binding arrangements are drafted, it is unlikely that many entities will be able to identify a component that is with performance obligations and a component that is without performance obligations.

- The current application guidance in the ED may mean that entities do not identify components if they exist. This may result in inappropriate revenue recognition as the full transaction price - which may be inflated - will be allocated to performance obligations.
- Distinguishing components with and without performance obligations in a transaction is also problematic in the private sector, e.g. whether the cancellation fee on an airline ticket means that it is a component without performance obligations. A member will SHARE guidance provided by the Transition Resource Group of IFRS 15 with the Secretariat.

Accounting implications for compelled transactions

- It may be worthwhile understanding whether other countries also have a culture of not paying for government services as it may be a local issue.
- The additional disclosure requirements were supported.

Revenue without Performance Obligations (ED 71)

Present obligations in the context of revenue

- The IPSASB's conclusion that the "past event" giving rise to a liability in a transaction with present obligations was questioned with reference to the guidance in IGRAP 19 on *Liabilities to Pay Levies.* In IGRAP 19 the past event is the activity that triggers the payment of the levy as identified by the legislation.

Subsequent measurement of receivables

- In developing GRAP 108 on *Statutory Receivables*, the Board agreed to apply the "cost model" as information to apply other measurement bases that require market inputs are not available in compulsory transactions.
- The requirement to apply amortised cost as in IPSAS 41 on *Financial Instruments* may be appropriate for transactions from binding arrangements where entities are unable to contract in their own name, as the binding arrangement may have the characteristics of a contract. It may not be appropriate for other transactions in ED 71.
- Concerns were raised that this might be a South African specific issue. In discussions with staff of other standard-setters it was noted that some other aspects of IPSAS 41 might apply to non-contractual receivables, e.g. the "solely payments of principal and interest" test and assessment of the management model (needed to apply amortised cost).

CLOSING REMARKS

The remaining meeting dates for 2020 were NOTED. Members were THANKED for their participation in the meeting, including L Bodewig's contribution as the previous Chairperson. The meeting was CLOSED at 15:30.

Prepared by:	**J Poggiolini**	**19 June 2020**
Reviewed by:	**C Braxton**	**22 June 2020**
Issued:		**22 June 2020**

Signed: ____