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Events

The ASB continues to promote social distancing. As a result, we will host our scheduled events for July 2020 virtually. If any new information becomes available about the regulations for the risk adjusted strategy for COVID-19, we will communicate this in our Newsletter, website and social media.

The events for the various topics the ASB will be hosting are outlined below.

Participate in the review of GRAP 103 on Heritage Assets

The Board is undertaking a post-implementation review of GRAP 103. The purpose of the review is to receive feedback from preparers, users and auditors of financial statements about the implementation of the Standard. We will be hosting roundtable discussions where you can raise your views with the Board. The details are as follows:

Date	Event	Stakeholder group
9 July	Roundtable discussion	Provincial museums

How else can you get involved?

Views can also be submitted through the questionnaires on the ASB's website.

The deadline for comment is 15 September 2020.

Contact details?

If you are interested in attending an event, or have any questions about the project, please email amandab@asb.co.za or call on 011 697 0660.

Read more about ED 180 on Post-implementation Review of the Standard of GRAP on Heritage Assets and access the questionnaires: <http://www.asb.co.za/ed-180/>.

Participate in discussions on IPSASB's proposals for revenue and expenses

We will be hosting education sessions and roundtable discussions on the new Exposure Drafts issued by the IPSASB on potential changes to the revenue standards as well as issuing new guidance for government expenses. The Exposure Drafts are as follows:

- ED 181 on IPSASB Exposure Draft on Revenue with Performance Obligations (ED 70)
- ED 182 on IPSASB Exposure Draft on Revenue without Performance Obligations (ED 71)
- ED 183 on IPSASB Exposure Draft on Transfer Expenses (ED 72)

The education sessions will provide an overview of the proposals in the Exposure Drafts, while the roundtable discussions will focus on discussing issues to be included in the comment letter to the IPSASB on the Exposure Drafts. If you are interested in attending a session, please email elizna@asb.co.za.

Comment on the Exposure Drafts is due locally on 1 October 2020, and the documents can be accessed on the ASB's website by following this link: <https://www.asb.co.za/proposal-feedback/>

Date	Event	Stakeholder group
13 July	Education session – ED 181	Municipalities
14 July	Education session – ED 182	Municipalities
20 July	Education session – ED 181	Auditors, firms, technical specialists, professional bodies, and academics
21 July	Education session – ED 182	Auditors, firms, technical specialists, professional bodies, and academics
23 July	Education session – ED 183	Auditors, firms, technical specialists, professional bodies, and academics
11 August	Roundtable discussion – ED 181	Public entities, provincial treasuries, Parliament and legislatures
12 August	Roundtable discussion – ED 182	Public entities, provincial treasuries, Parliament and legislatures
13 August	Roundtable discussion – ED 183	Public entities, provincial treasuries, Parliament and legislatures
17 August	Roundtable discussion – ED 181	Auditors, firms, technical specialists, professional bodies, and academics
18 August	Roundtable discussion – ED 182	Auditors, firms, technical specialists, professional bodies, and academics
19 August	Roundtable discussion – ED 183	Auditors, firms, technical specialists, professional bodies, and academics
31 August	Roundtable discussion – ED 181	Members of the Public Sector Accounting Forum
2 September	Roundtable discussion – ED 182	Members of the Public Sector Accounting Forum
4 September	Roundtable discussion – ED 183	Members of the Public Sector Accounting Forum
14 September	Roundtable discussion – ED 181	Municipalities
15 September	Roundtable discussion – ED 182	Municipalities

New FAQs and other news

New FAQs

The Secretariat issued a new FAQ on “What is the effective interest rate and how do you calculate it?”

The FAQ was issued in response to questions raised by stakeholders about the use of effective interest rates and how they should be determined in applying GRAP 104 on Financial Instruments. The FAQ explains the following:

- What is the effective interest rate?
- What is the effective interest rate used for?
- How is the effective interest rate determined?

Read FAQ 8.2 by following this link: <https://www.asb.co.za/wp-content/uploads/2020/07/FAQs-on-Standards-of-GRAP-updated-July-2020.pdf>.

Other news

Financial statement preparation by Water Boards

The Minister of Finance published an amendment to Gazette Notice 437 of 31 March 2020 by “excluding an institution listed in a schedule to that Act, with a financial year ending 30 June, from the application of that Notice”. The effect is that the date for the submission of financial statements by Water Boards remains unchanged.

Financial statement preparation by public schools

An extended financial statement submission date of 31 July 2020 has been Gazetted for public schools. The audit deadline has also been extended to 4 months after schools re-open.

mSCOA guidance for guidance on COVID-19 related expenditure

The National Treasury has issued mSCOA Circular 9 on *Reporting on COVID-19 using the mSCOA chart*.

GRAP disclosure checklist published

The National Treasury has published an updated disclosure and compliance checklist.

News from the ASB

The ASB’s Board met in July 2020. The key decisions of the meeting were as follows:

The Exposure Draft of revisions to GRAP 25 on Employee Benefits was approved. The proposed changes to GRAP 25 have been made to align it to IPSAS 39 on Employee Benefits. Comments should be submitted on the proposed changes by 30 November 2020.

The Board approved the development of an Interpretation on GRAP 3 on Accounting Policies, Changes in Accounting Estimates and Errors. The proposed Interpretation will provide guidance on how to deal with past assessments of materiality.

Follow this link to access the [meeting highlights](#)

News from the IPSASB

The IPSASB met virtually in June 2020. Key issues related to the following projects were discussed:

- Leases.
- Revisions to IPSAS 17 on Property, Plant and Equipment to include guidance on infrastructure and heritage assets.

- Measurement of public sector assets and liabilities and the limited scope review of the Conceptual Framework.
- Non-current assets held for sale.

Leases

For some time now, the IPSASB has been discussing whether to adopt IFRS 16 on Leases for both lessor and lessee accounting. The IPSASB's initial proposal was to apply the "right of use model" for both lessees and lessors. Based on feedback received, the IPSASB has revisited this proposal and agreed to align any new IPSAS on leases with IFRS 16.

The IPSASB will work on developing an IPSAS aligned with IFRS 16 over the next few months. The proposed IPSAS will not deal with public sector specific lease issues. However, the IPSASB is aware that there are public sector issues that need to be resolved, including how to deal with concessionary leases, i.e. leases on below market terms, as well as peppercorn leases, i.e. leases where no or only nominal consideration is exchanged in the arrangement. To resolve these issues, the IPSASB will issue a Request for Information when the proposed IPSAS is issued for comment. The purpose of the Request for Information is to identify what specific issues exist in jurisdictions that relate to public sector lease transactions, or arrangements similar to leases. Some examples of potential issues – over and above those already mentioned - could include access rights, rental contracts for social housing, and arrangements where entities share premises for which there is no agreement in place.

Leases will be discussed again in September 2020 by the IPSASB. Follow the debate: <https://www.ipsasb.org/consultations-projects/leases>.

Revisions to IPSAS 17

The IPSASB plans to issue a revised IPSAS 17 that will include guidance on infrastructure and heritage assets. The proposed revisions to IPSAS 17 are planned for issue in December 2020. It is likely that most of the guidance on infrastructure assets and heritage assets will either be included as Application Guidance or illustrative examples to be added to IPSAS 17. The guidance will discuss how IPSAS 17 should be applied to address the unique characteristics of either infrastructure assets or heritage assets. This is also likely to include how control should be assessed.

Heritage assets

From a local perspective, it is interesting to note the IPSASB's preliminary conclusions on heritage assets in the context of the ASB's Standard on Heritage Assets (GRAP 103). While the ASB is undertaking a post-implementation review of GRAP 103 to determine whether its requirements are appropriate and provide users with relevant information, the IPSASB's preliminary conclusions are as follows:

- Heritage assets should be recognised as assets when they meet the recognition criteria and can be measured using the qualitative characteristics in the Conceptual Framework. There is no need for a separate definition or recognition criteria in IPSAS 17.
- The measurement requirements of IPSAS 17 and related Standards, including depreciation and impairment, should be applied. There is no need for separate guidance on measurement of heritage assets.

The ASB Board will need to consider the IPSASB's preliminary views when reviewing the feedback on the post-implementation review of GRAP 103.

Infrastructure assets

The IPSASB will consider specific issues related to the depreciation, componentisation, impairment, de-recognition and disclosures related to infrastructure assets in September 2020.

Follow the debates at the IPSASB on these projects: [Infrastructure Assets](#) and [Heritage Assets](#).

Measurement of public sector assets and liabilities and the review of the Conceptual Framework

The IPSASB issued a Consultation Paper on Measurement in 2019 outlining proposed approaches and guidance on measuring assets and liabilities. Key proposals included providing guidance on how to determine “fair value” and “depreciated replacement cost” when either measurement basis is required or allowed in an IPSAS.

The proposed guidance on fair value was based on IFRS 13 on Fair Value Measurement. Fair value in IFRS 13 is determined using three possible approaches, i.e. the market approach, the income approach and the cost approach. The cost approach uses replacement cost and is applied to the measurement of non-monetary assets.

In the Consultation Paper, the IPSASB introduced guidance on how to determine replacement cost, but as a measurement basis separate from any calculation of fair value. This was in part because replacement cost is identified as a measurement basis on its own in the IPSASB’s Conceptual Framework.

Respondents to the Consultation Paper raised questions about how replacement cost could be used to determine fair value, but also as a measurement basis on its own. Respondents also noted that fair value is not specifically described as a measurement basis in the Conceptual Framework. To respond to these issues, the IPSASB agreed to review the Conceptual Framework. Proposals to review the Conceptual Framework and to progress the proposals on the Measurement project will be considered together.

An initial discussion on the review of the Conceptual Framework and the IPSASB’s project on measurement were discussed in June. Important outcomes of the discussion are as follows:

- The IPSASB outlined its preliminary views on how it sees measurement models, e.g. cost or current value models; measurement bases, e.g. current cost, fair value or cost of fulfilment; and measurement techniques, e.g. replacement cost, market value, income approach, etc.
- Guidance on measurement bases and measurement models will be included in the Conceptual Framework. Guidance on measurement techniques will be provided in the proposed IPSAS on measurement.
- Consequential amendments will be needed to IPSAS 17. These will be included in the Exposure Draft of IPSAS 17 planned for issue in December 2020.
- The IPSASB will continue to work on refining the measurement bases and what they mean for the September 2020 meeting.

Follow the debate on the IPSASB’s website by following these links: [Measurement](#) and [Conceptual Framework](#)

Non-current assets held for sale

A project was approved to develop an equivalent of IFRS 5 on *Non-current Assets Held for Sale and Discontinued Operations*.

The guidance will be aligned with IFRS 5 in that it will only deal with assets that will be sold. Assets that will be transferred to another entity for no or nominal consideration will not be included in the scope of the proposed IPSAS. The IPSASB may decide to include guidance in IPSAS 17 to deal with such transfers.

The IPSASB plans to issue an Exposure Draft in December 2020.



Contact us

Address: International Business Gateway, Midridge office Estate, Midrand, Johannesburg
Telephone : 011 697 0660
E-mail : info@asb.co.za

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