

Addressing common audit queries



ACCOUNTING STANDARDS BOARD





Disclaimer

The views and opinions expressed in this presentation are those of the individual. Official positions of the ASB on accounting matters are determined only after extensive due process and deliberation.



Three significant issues...

- Fully depreciated assets.
- Heritage assets.
- Principal-agent arrangements.



Assets



Fully depreciated assets still in use

- Research Paper on *Review of Amendments to GRAP 16 and GRAP 17*.
- FAQ 2.2 issued by the Secretariat of the ASB.
- Provides guidance on whether an error or a change in estimate.
- Indicates how adjustments should be made.

Fully depreciated assets still being used by the entity

Were the principles in GRAP 17 appropriately applied?

Yes ↓

No ↓

Were all the relevant facts and circumstances considered in previous years in determining the useful lives of the assets?

Yes ↓

↓ No

Treat any adjustment as a change in estimate

Treat any adjustment as an error

Are the assets material?

No adjustment required to the financial statements

Are the assets material?

Yes ↓
Apply estimate adjustment prospectively

Yes ↓
Apply adjustment of error retrospectively

Heritage assets

- Are all “old assets” heritage assets?
- Are items held for research heritage assets?
- Are statues, sculptures, monuments heritage assets?
- Are items designated in legislation as heritage, heritage assets in GRAP?
- Are living animals or plants heritage asset?



Heritage assets

Reminder about the asset decision tree on our website!

Accounting by principals and agents



Principal-agent arrangements

Three steps to follow:

- Step #1 – When should GRAP 109 be applied?
- Step #2 – Is the arrangement a principal-agent arrangement?
- Step #3 – Is there entity a principal or an agent?



Step #1

When should GRAP 109 be applied?

Apply before applying other Standards.



Step #2

Is the arrangement a principal-agent arrangement?

#1 Is there a binding arrangement?

#2 Who are the parties to the arrangement?



Step #3

Is an entity a principal or an agent?

Apply three criteria in GRAP 109...



Keep informed



Keep informed

- FAQs.
- COVID-19 - www.asb.co.za/covid-19/
- Research papers.
- Newsletter.
- Social media.
- Translations of Standards.



Keep informed

Accounting Guidelines by OAG –
<https://oag.treasury.gov.za>

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