

PROVINSIALE TESOURIE • PROVINCIAL TREASURY • UNONDYEBO WEPHONDO



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TREASURY CIRCULAR MUN 18/2009

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 THE HEAD: BRANCH FISCAL AND ECONOMIC SERVICES (MR H MALILA)
 THE HEAD: BRANCH GOVERNANCE AND ASSET MANAGEMENT (MR TC ARENDSE) (ACTING)
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 THE HEAD: PUBLIC FINANCE (MR H MALILA) (PRO TEM)
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 THE SENIOR MANAGER: SUPPORTING AND INTERLINKED FINANCIAL SYSTEMS (MR A BASTIAANSE)
 THE HEAD: OFFICE OF THE MINISTRY (MS J DAVIDS)

THE PROVINCIAL AUDITOR

MASTER RECORDS OFFICIAL: FINANCIAL MANAGEMENT

THE HEAD OF DEPARTMENT: LOCAL GOVERNMENT AND HOUSING

ACCOUNTING STANDARDS BOARD: INTERPRETATIONS OF THE STANDARDS OF GENERALLY RECOGNISED ACCOUNTING PRACTICE (EXPOSURE DRAFT 64)

1. Purpose

1.1 To inform Municipalities that the Accounting Standards Board (ASB) has issued an Exposure Draft for public comments and can be accessed via the following link

<http://www.asb.co.za>

2. Background

2.1 The Accounting Standards Board (ASB) is required by the Public Finance Management Act, Act No. 1 of 1999 (as amended), to set accounting standards for public sector entities. In developing those standards, the Board frequently consults with users and preparers of those standards as to their appropriateness for transactions undertaken in the South African public sector.

2.2 The ASB has recently issued Exposure Drafts (ED) documents for public comment:

- *Interpretations of the GRAP standards (ED 64),*

3 Objective

3.1 The *Preface to the Standards of GRAP* requires the Board to consider any relevant guidance from the Interpretations of International Financial Reporting Standards (IFRSs) issued by the International Financial Reporting Interpretations Committee (IFRIC) of the International Accounting Standards Board (IASB) in developing the Standards of GRAP. Where appropriate, specific parts of the relevant Interpretations of IFRSs were included in the text of the Standards of GRAP.

3.2 In developing this exposure draft, the Board has also taken into account the following:

- The legislative framework applicable in South Africa.
- Recent developments in pronouncements issued by other authoritative accounting standard setters.

3.3 *Interpretations of IFRSs included in this exposure draft*

This exposure draft consists of the proposed Interpretations of the Standards of GRAP that impact on the Standards of GRAP that were approved by the Board up to 1 April 2009. It further includes any proposed Interpretations of the Standards of GRAP that impact on the current exposure drafts issued by the Board, except for those relating to financial instruments.

3.4 Proposed Interpretations of the Standards of GRAP

- IGRAP 2: *Changes in Existing Decommissioning, Restoration and Similar Liabilities*
- IGRAP 3: *Determining whether an Arrangement Contains a Lease*
- IGRAP 4: *Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds*
- IGRAP 5: *Applying the Restatement Approach under the Standard of GRAP on Financial Reporting in Hyperinflationary Economies*
- IGRAP 6: *Loyalty Programmes*
- IGRAP 7: *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*
- IGRAP 8: *Agreements for the Construction of Assets from Exchange Transactions*
- IGRAP 9: *Distributions of Non-cash Assets to Owners*
- IGRAP 10: *Assets Received from Customers*
- IGRAP 11: *Consolidation – Special Purpose Entities*
- IGRAP 12: *Jointly Controlled Entities – Non-monetary Contributions by Venturers*
- IGRAP 13: *Operating Leases – Incentives*
- IGRAP 14: *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*
- IGRAP 15: *Revenue – Barter Transactions Involving Advertising Services*

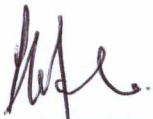
4. Request for comments

Comments for ED 64 (Interpretation of Standards of GRAP) are due by **15 December 2009**.

5. Enquiries

Any further enquiries in this regard may be directed to:

- Ms Micheline Fortuin: Mifortui@pgwc.gov.za - West Coast, Overberg & Central Karoo Districts.
- Mr Thobelani Madondile: Tmadondi@pgwc.gov.za - Cape Winelands & Eden Districts and Metro.



T. ARENDSE

**ACTING DEPUTY - DIRECTOR GENERAL: GOVERNANCE AND ASSET
MANAGEMENT**

DATE: 07/08/2009