

30 June 2016

Ms Nobuhle Makuni
The Department of Trade and Industry
File Reference – FRSC Proposed Financial Reporting Pronouncement
Private Bag X84
Pretoria
0001
Email: frsc@thedti.gov.za

Dear Ms Makuni

**SAICA SUBMISSION ON THE FINANCIAL REPORTING STANDARDS
COUNCIL'S (FRSC) PROPOSED FINANCIAL REPORTING PRONOUNCEMENT
(FRP) ON ACCOUNTING FOR BLACK ECONOMIC EMPOWERMENT (BEE)
TRANSACTIONS UNDER IFRS FOR SMES**

In response to your request for comments on the FRSC's Proposed FRP X – *Accounting for Black Economic Empowerment (BEE) Transactions under IFRS for SMEs*, attached is the comment letter prepared by the South African Institute of Chartered Accountants (SAICA).

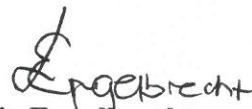
We thank you for the opportunity to provide comments on this document.

Please do not hesitate to contact us should you wish to discuss any of our comments.

Yours sincerely,



Bongeka Nodada
**Project Director – Financial Reporting
Standards**



Lindie Engelbrecht
**Executive Director –
Members and Global Alliances**

SAICA SUBMISSION ON THE FINANCIAL REPORTING STANDARDS COUNCIL'S (FRSC) PROPOSED FINANCIAL REPORTING PRONOUNCEMENT ON ACCOUNTING FOR BLACK ECONOMIC EMPOWERMENT (BEE) TRANSACTIONS UNDER IFRS FOR SMES



COMMENTS

Overall

The Financial Reporting Standards Council (FRSC) is a body established in terms of the Companies Act No.71 of 2008 (Companies Act) and thus has the mandate to advise the Minister of Trade and Industry on matters relating to financial reporting standards applicable to companies in South Africa. We note that the Proposed FRP X – *Accounting for Black Economic Empowerment (BEE) Transactions under IFRS for SMEs* refers to ‘entity’ in several paragraphs and we recommend that these references be amended to ‘company’, to make it clear that this FRP X is applicable to companies as envisaged in the Companies Act.

Background

As there are currently two versions to IFRS for SMEs (2009 and 2015 version) available for use, we suggest that the FRSC provide an explanation as to which version of the IFRS for SMEs the Proposed FRP X – *Accounting for Black Economic Empowerment (BEE) Transactions under IFRS for SMEs* applies to.

Preface

The last paragraph of the Preface in page 4 states that “*This FRP has the same authority of IFRS and IFRS for SMEs*”. We suggest that this sentence should be revised as follows (words struck through have been deleted and those underlined are to be added):

“*This FRP has the same authority as ~~of~~ IFRS for SMEs”.*

References

We recommend that Section 10 – *Accounting Policies, Estimates and Errors* be incorporated in the list of References in page 5 in light of it being referred to in paragraph 27 of the proposed FRP X.

Effective date

We agree with the proposed transitional provisions.

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