



**ANALYSIS AND RESPONSES TO WRITTEN  
COMMENT RECEIVED ON  
EXPOSURE DRAFT OF THE PROPOSED GRAP  
REPORTING FOR 2016/17  
AND  
AMENDMENTS TO DIRECTIVE 5  
(ED 134)**



## **RESPONSES TO THE WRITTEN COMMENT RECEIVED ON EXPOSURE DRAFT 134 ON THE PROPOSED GRAP REPORTING FRAMEWORK FOR 2016/17 AND AMENDMENTS TO DIRECTIVE 5**

The Accounting Standards Board (Board) approved an Exposure Draft of *Proposed GRAP Reporting Framework for 2016/17 and Amendments to Directive 5* in September 2015. A Notice was also published in the Government Gazette on the 9<sup>th</sup> of October 2015 (Notice 39275). The comment period closed on the 23<sup>rd</sup> of October 2015.

The results of the formal comment process are summarised in this document, and include the Board's responses to the comment received.

The Board received two comment letters from the Drakenstein Municipality and the Institute of Municipal Finance Officers (IMFO).

In addition to the comment letters received, ED 134 was discussed with preparers, auditors and consultants at the Public Sector Accounting Forum held in October 2015. Comments raised at this session are summarised in a separate analysis.



**ANALYSIS OF RESPONSES TO ED 134 ON THE PROPOSED GRAP REPORTING FRAMEWORK FOR 2016/17 AND AMENDMENTS TO DIRECTIVE 5**

The following entities (listed under their relative representative categories) participated in the formal comment process:

No.	Name/Organisation	Preparers	Users	Auditors & Accountants	Other bodies
<b>Formal comment process</b>					
1	Drakenstein Municipality	✓			
2	IMFO				✓
		<b>1</b>	<b>-</b>	<b>-</b>	<b>1</b>



**ANALYSIS AND RESPONSES TO COMMENTS ON THE  
PROPOSED GRAP REPORTING FRAMEWORK 2016/17 AND  
AMENDMENTS TO DIRECTIVE 5 (ED 134)**

<b>COMMENTS ON ED 134 PROPOSED GRAP REPORTING FRAMEWORK FOR 2016/17 AND AMENDMENTS TO DIRECTIVE 5</b>										
<b>No.</b>	<b>Comments</b>	<b>Board's response</b>								
<b>GENERAL</b>										
<b>1.</b>	<b>Drakenstein Municipality</b>									
1.1	Yes, I support the suggested amendments to the appendices of Directive 5. The proposed outlay will suffice and is clear.	Noted. No further action required.								
1.2	<p>I would suggest that the Topic for Directives 2,3 &amp; 4 as stated in paragraph C2 of Appendix C1 on page 11 of the ED be updated to agree to the title of the Directives as follows:</p> <table border="1"> <thead> <tr> <th>Reference</th> <th>Topic</th> </tr> </thead> <tbody> <tr> <td>Directive 2</td> <td>Transitional Provisions for <del>the Adoption of Standards of GRAP by Public Entities, Trading entities</del> , Municipal Entities, <u>Further Education and Training Colleges and Constitutional Institutions</u></td> </tr> <tr> <td>Directive 3</td> <td>Transitional Provisions for <del>the Adoption of Standards of GRAP by High Capacity Municipalities</del></td> </tr> <tr> <td>Directive 4</td> <td>Transitional Provisions for <del>the Adoption of Standards of GRAP by Medium and Low Capacity Municipalities and Trading entities</del></td> </tr> </tbody> </table>	Reference	Topic	Directive 2	Transitional Provisions for <del>the Adoption of Standards of GRAP by Public Entities, Trading entities</del> , Municipal Entities, <u>Further Education and Training Colleges and Constitutional Institutions</u>	Directive 3	Transitional Provisions for <del>the Adoption of Standards of GRAP by High Capacity Municipalities</del>	Directive 4	Transitional Provisions for <del>the Adoption of Standards of GRAP by Medium and Low Capacity Municipalities and Trading entities</del>	Noted. The Final Reporting Framework will be amended to reflect the appropriate title of the Directives.
Reference	Topic									
Directive 2	Transitional Provisions for <del>the Adoption of Standards of GRAP by Public Entities, Trading entities</del> , Municipal Entities, <u>Further Education and Training Colleges and Constitutional Institutions</u>									
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1.3	Further in general we would suggest that it be clarified to which Directive, Trading Entities should adhere to, as both Directive 2 and 4 refers to Trading entities and essentially both Directives have the same base.	Noted. Even though Directive 2 and 4 are applicable to trading entities, paragraph 4 of Directive 9 on <i>The Application of Standards of GRAP by Trading Entities</i> explains that the selection of either Directive 2 or 4 depends on the accounting basis applied by the entity								



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		prior to the adoption of the Standards of GRAP. For example, trading entities that applied the accrual basis of accounting (i.e. Statements of GAAP) apply the transitional provisions in Directive 2, while those that applied the modified cash basis of accounting apply the transitional provisions in Directive 4. It would therefore not be appropriate to clarify in Directive 5 which Directive trading entities should apply.								
<b>2.</b>	<b>IMFO</b>									
2.1	Thank you for the opportunity to provide comments. Yes, I support the suggested amendments to the appendices of Directive 5. The proposed outlay will suffice and is clear.	Noted. No further action required.								
2.2	<p>I would suggest that the Topic for Directives 2,3 &amp; 4 as stated in paragraph C2 of Appendix C1 on page 11 of the ED be updated to agree to the title of the Directives as follows:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Reference</th> <th style="text-align: left;">Topic</th> </tr> </thead> <tbody> <tr> <td>Directive 2</td> <td>Transitional Provisions for <del>the Adoption of Standards of GRAP</del> by Public Entities, <u>Trading entities</u> , Municipal Entities, <u>Further Education and Training Colleges</u> and Constitutional Institutions</td> </tr> <tr> <td>Directive 3</td> <td>Transitional Provisions for <del>the Adoption of Standards of GRAP</del> by High Capacity Municipalities</td> </tr> <tr> <td>Directive 4</td> <td>Transitional Provisions for <del>the Adoption of Standards of GRAP</del> by Medium and Low Capacity Municipalities <u>and Trading entities</u></td> </tr> </tbody> </table>	Reference	Topic	Directive 2	Transitional Provisions for <del>the Adoption of Standards of GRAP</del> by Public Entities, <u>Trading entities</u> , Municipal Entities, <u>Further Education and Training Colleges</u> and Constitutional Institutions	Directive 3	Transitional Provisions for <del>the Adoption of Standards of GRAP</del> by High Capacity Municipalities	Directive 4	Transitional Provisions for <del>the Adoption of Standards of GRAP</del> by Medium and Low Capacity Municipalities <u>and Trading entities</u>	Noted. The Final Reporting Framework will be amended to reflect the appropriate title of the Directives.
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2.3	Further in general we would suggest that it be clarified to which Directive, Trading Entities should adhere to, as both Directive 2 and 4 refers to Trading entities and essentially both Directives have the same base.	Noted. Even though Directive 2 and 4 are applicable to trading entities, paragraph 4 of Directive 9 on <i>The Application of Standards of GRAP by Trading Entities</i> explains that the selection of either Directive 2 or 4 depends on the accounting basis applied by the entity prior to the adoption of the Standards of GRAP. For example, trading entities that applied the accrual basis of accounting (i.e. Statements of GAAP) apply the transitional provisions in Directive 2, while those that applied the modified cash basis of accounting apply the transitional provisions in Directive 4. It would therefore not be appropriate to clarify in Directive 5 which Directive trading entities should apply.