



**ANALYSIS AND RESPONSES TO WRITTEN COMMENT  
RECEIVED ON THE**

**PROPOSED STANDARD OF GRAP ON *LIVING AND  
NON-LIVING RESOURCES***

**(ED 143)**

**RESPONSES TO THE WRITTEN COMMENT RECEIVED ON THE PROPOSED STANDARD OF GRAP ON *LIVING AND NON-LIVING RESOURCES* (ED 143)**

The Accounting Standards Board (Board) approved the Exposure Draft of the proposed Standard of GRAP on *Living and Non-living Resources* (ED 143) in March 2016 for comment. A Notice was also published in the Government Gazette on the 22<sup>nd</sup> of April 2016 (Notice 39943). The comment period closed on 29 July 2016.

The Board received three comment letters from respondents as listed in the table on the next page. The results of the formal comment process are summarised below, and includes the Board's responses to the comment received.

In addition to the comment letters received, the proposed Standard of GRAP was discussed with preparers, auditors and consultants by way of workshops, roundtable discussions or meetings. The summary of comment received during these discussions is summarised in a separate analysis.

**CLASSIFICATION OF WRITTEN COMMENT RECEIVED ON THE PROPOSED STANDARD OF GRAP ON *LIVING AND NON-LIVING RESOURCES* (ED 143)**

No.	Name/Organisation	Total	Preparers	Users	Auditors	Other interested parties
1.	EY				√	
2.	Altimax		√			
3.	Free State Provincial Treasury					
	• Provincial Treasury			√		
	• Department of Education		√			
	• Department of Public Works and Infrastructure		√			
	• Department of Agriculture and Rural Development		√			
4.	Western Cape Provincial Treasury		√			
	<b>Total</b>	<b>7</b>	<b>5</b>	<b>1</b>	<b>1</b>	<b>0</b>



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<b>COMMENTS ON ED 143 PROPOSED STANDARD OF GRAP ON <i>LIVING AND NON-LIVING RESOURCES</i></b>		
<b>No.</b>	<b>Comments</b>	<b>Board's response</b>
	<b>SPECIFIC MATTERS FOR COMMENT</b>	
	<p><b>Specific Matter for Comment 1</b></p> <p><b>The proposed Standard of GRAP requires that non-living resources which meet the definition of a non-living resource, other than land, should not be recognised as assets in the entity's financial statements.</b></p> <p><b>Do you agree with this proposal in paragraph .14? If not, please explain your response.</b></p>	
<b>1.1</b>	<b>EY</b>	
1.1.1	<p>We agree with the proposal to limit the recognition of non-living resources due to the significant uncertainties in determining whether the resource is controlled by the entity.</p> <p>However, we are concerned that the approach of using the definition non-living resources to inform the scope of the Standard, by limiting it to only include <i>un-extracted</i> resources, may add unnecessary complexity / ambiguity. It seems counter-intuitive to rely on the state of extraction in defining something as a "non-living resource", and this is likely to cause confusion in practice. In our view, it would be simpler to adopt and define a more descriptive term such as "un-extracted non-living resources", and to clearly differentiate this from the term "extracted non-living resources" by establishing the principle that only un-extracted non-living resources (other than land) are not recognised, while extracted non-living resources are scoped out and treated in accordance with other relevant Standards of GRAP (i.e. GRAP 12, GRAP 16, etc).</p>	<p>Noted.</p> <p>Noted. "Un-extracted" has been included in the proposed definition of a non-living resource rather than referring to the non-living resources as "un-extracted". However, to address the comment, paragraph .09 has been amended to explain that the principles in the Standard of GRAP do not apply to land and extracted water, minerals, oils and gas and other non-regenerative resources.</p>



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1.2	<b>Altimax</b>	
1.2.1	Yes we agree that non-living resources should be disclosed.	Noted. No further action required.
<p><b>Specific Matter for Comment 2</b></p> <p><b>The proposed Standard of GRAP in paragraph .44 allows an entity to either select the cost model or the revaluation model to account for the living resources that it controls.</b></p> <p><b>Do you agree that both the models could be used to subsequently measure living resources? If not, please explain your response.</b></p>		
2.1	<b>EY</b>	
2.1.1	We believe that both models have merit. We do not believe that only one of the models should be selected / put forth in the standard as the only model to be used to account for living resources. A single model may not appropriately cater for all classes of living resources. This will also ensure alignment with the principles included in other asset-related standards of GRAP in relation to subsequent measurement.	Noted. Based on the comment received from stakeholders, the Board agreed that both models should be retained in the Standard for subsequent measurement.
2.1.2	<p><b>Other income:</b></p> <p><i>Frequency of valuation</i></p> <p>Paragraph 57 states that the frequency of the valuation could be influenced by the maturity of the living resource. Considering the requirement of paragraph 59 that if a living resource is revalued, the entire group of living resources to which the resource belongs should be revalued, this could result in extensive disaggregation of living resources based on maturity which could affect comparability and may be impractical.</p>	Noted. The Standard defines a group of resources as a grouping of living resources of a similar nature or function in an entity's operations. An entity is therefore likely to group living resources at different stages of maturity as a group, because of their different functions in the entity's operations. Therefore, the frequency of the valuation will depend on the maturity of the specific living resource, for example, the fair value of a younger age group may require more frequent valuations in comparison to the changes in



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		<p>the value for an older age group of the same living resource.</p> <p>The relevant paragraphs have been expanded to explain that the same type of living resource can be grouped into mature and immature depending on the living resource's function in an entity's operations.</p>
<b>2.2</b>	<b>Altimax</b>	
2.2.1	We agree with the inclusion of both options.	Noted. Based on the comment received from stakeholders, the Board agreed that both models should be retained in the Standard for subsequent measurement.
<b>2.3</b>	<b>Western Cape Provincial Treasury</b>	
2.3.1	We are of the opinion that the cost model for subsequent measurement would not really be applicable since living animals grow and hence their value would be different as they age.	Noted. Based on the comment received from stakeholders, the Board agreed that both models should be retained in the Standard for subsequent measurement. This will allow entities to select the most appropriate measurement model depending on their specific circumstances.



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	<p><b>Specific Matter for Comment 3</b></p> <p>Paragraph .58 provides guidance on the treatment any accumulated depreciation at the date of a revaluation. The paragraph requires that the accumulated depreciation at the date of a revaluation could be treated in one of the following ways:</p> <p>(a) Restated proportionately with the change in the gross carrying amount of the living resource, so that the carrying amount of the living resource after revaluation equals its revalued amount. This method is often used when a living resource is revalued by means of applying an index to its depreciated replacement cost.</p> <p>(b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the living resource.</p> <p>The amount of the adjustment arising on the restatement or elimination of accumulated depreciation forms part of the increase or decrease in the carrying amount that is accounted for in accordance with paragraphs .64 and .65 of the proposed Standard.</p> <p>Do you agree with the proposed treatment of the accumulated depreciation at the date of a revaluations? If not, please explain your response.</p>	
3.1	<b>EY</b>	
3.1.1	We agree with the proposed treatment options as this would align the accounting requirements with those prescribed by other asset related Standards of GRAP.	Noted. No further action required.
3.2	<b>Altimax</b>	
3.2.1	Yes we agree with the options provided.	Noted. No further action required.
3.3	<b>Western Cape Provincial Treasury</b>	
3.3.1	This question needs to be simplified and clarified before an answer can be given. Also, practical examples which explain the concepts, should be added.	Noted. No further action required.  As the accounting treatment is aligned with the principles in the Standard of GRAP on <i>Property, Plant</i>



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		<i>and Equipment</i> the comment will be submitted to the Office of the Accountant-General for its consideration.
	<p><b>Specific Matter for Comment 4</b></p> <p>The proposed disclosure requirements for non-living resources are included in paragraphs .102 to .104. Do you agree with the proposed disclosure requirements for non-living resources, and in your view, are there any other disclosure requirements for non-living resources that could provide relevant information to the users of the financial statements which should be included in the proposed Standard of GRAP?</p>	
<b>4.1</b>	<b>EY</b>	
4.1.1	<p><b>Qualitative disclosure:</b></p> <p>Paragraph 114 (a) requires that the financial statements include a description of the quantity and types of the living resources.</p> <p>Considering the nature the proposed disclosure, we suggest that the wording be amended to:  “Qualitative disclosure on the nature, quantity (if available) and type of living resources”.</p>	<p>Noted. The Board agreed that users of financial statements will find qualitative information useful for accountability and decision making purposes.</p> <p>The disclosure requirements have been amended to require the disclosure of the nature and types of resources for which the entity is responsible. The requirement to present the quantity has been deleted. In addition, the requirements have been amended to indicate that this disclosure can be made in total, individually, or for groups of living resources, to provide relevant information to the users of the financial statements for accountability and decision-making purposes.</p>
4.1.2	<p><b>Other disclosure:</b></p> <p>The financial statements should also disclose the following:</p>	<p>Noted. Even though the disclosure of judgement is already required, the disclosure requirement has been amended to also require the disclosure of key assumptions. The disclosure requirement has also</p>



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	<ul style="list-style-type: none"> <li>- Judgements applied in assessing whether the living resources are controlled.</li> <li>- Details about living resources recognised and measured as part of the land (for instance naturally occurring flora).</li> </ul>	<p>been amended to indicate that this disclosure can be made in total, individually, or for groups of living resources, to provide relevant information to the users of the financial statements for accountability and decision-making purposes.</p> <p>Noted. The Board concluded that this disclosure will not provide additional information to the users of the financial statements. No amendment was therefore made by the Board.</p>
<p><b>4.2</b></p>	<p><b>Altimax</b></p>	
<p>4.2.1</p>	<p>The requirement to disclose the quantity in paragraph 104(a) is in contradiction with BC15 which indicate that the entity is unlikely to reliably measure these non-living resources.</p> <p>As per paragraph 13 non-living resources are recognised as inventory at the point of extraction.</p>	<p>Noted. The Board agreed that users of financial statements will find qualitative information useful for accountability and decision making purposes.</p> <p>The disclosure requirements have been amended to require the disclosure of the nature and types of resources for which the entity is responsible. The requirement to present the quantity has been deleted. In addition, the requirements have been amended to indicate that this disclosure can be made in total, individually, or for groups of living resources, to provide relevant information to the users of the financial statements for accountability and decision-making purposes.</p> <p>Noted. This recommendation is outside the scope of</p>



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	It is recommended that each entity include an accounting policy which disclose what they consider the point of extraction to be in order for the users to determine when these assets are recognised.	this Standard. However, a consequential amendment has been included in GRAP 12 on <i>Inventories</i> that requires an entity to include a description of key judgements made and assumptions applied in its financial statements to explain at what point water, minerals, oils and gas and other non-regenerative resources meet the definition of inventory.
<b>4.3</b>	<b>Free State Provincial Treasury</b>	
4.3.1	The disclosures are sufficient.	Noted. No further action required.
<b>4.4</b>	<b>Western Cape Provincial Treasury</b>	
4.3.1	The 'quantity' as mentioned in ASB ED 143 paragraph 102(a) should not be that prescriptive, because the auditors might try to enforce disclosure of quantity when it is not possible to do so.	Noted. The Board agreed that users of financial statements will find qualitative information useful for accountability and decision making purposes.  The disclosure requirements have been amended to require the disclosure of the nature and types of resources for which the entity is responsible. The requirement to present the quantity has been deleted. In addition, the requirements have been amended to indicate that this disclosure can be made in total, individually, or for groups of living resources, to provide relevant information to the users of the financial statements for accountability and decision-making purposes.



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	<p><b>Specific Matter for Comment 5</b></p> <p>The proposed disclosure requirements for living resources are included in paragraphs .102, .103 and .105 to .114.</p> <p>Do you agree with the proposed disclosure requirements for living resources, and in your view, are there any other disclosures for living resources that should be included in the proposed Standard of GRAP? If not, please explain your response.</p>	
5.1	EY	
5.1.1	<p><b>Disclosure made in other public documents</b></p> <p>Paragraph 103 permits that if the information required in paragraph 1.2 is included in other public documents issued in conjunction with the financial statements, a cross reference to this documents can be included in the notes to the financial statements. This allowance can result in some challenges in identifying the information subject to audit. Especially if the required disclosure is made on the entity’s website.</p> <p>Given that the information required is fairly limited, we suggest that this allowance should be removed and require that the information should be included in the financial statements in order to avoid blurring the boundary of the general purpose financial statements.</p> <p>Par 105.e(vi) requires disclosure of decreases “due to harvest”. Is this applicable given that harvesting the resources would generally indicate an agricultural activity, which is scoped out of this Standard?</p>	<p>Noted. If an entity is required to disclose information about its custodial responsibilities, the disclosure may be a duplication of information already included in other documents, especially when the disclosure includes information from legislation or similar means.</p> <p>The Board therefore agreed that the entities should be allowed to cross-reference to other information published at the same time as the financial statements.</p> <p>Noted. Living resources that do not meet the definition of an agricultural activity can also be harvested, for maize that is used for research can be harvested. As a result, the Board is of the view that the reference to “harvest” is appropriate and should be retained.</p>



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5.1.2	<p><b>Qualitative disclosure:</b></p> <p>Paragraph 104 (a) requires that the financial statements include a description on the nature, quantity and types of non-living resources for which the entity is responsible.</p> <p>Considering the nature of non-living resources we suggest that the wording be amended to:  “Qualitative disclosure on the nature, extent and type of non-living resources for which the entity is responsible”.</p>	<p>Noted. The Board agreed that users of financial statements will find qualitative information useful for accountability and decision making purposes.</p> <p>The disclosure requirements have been amended to require the disclosure of the nature and types of resources for which the entity is responsible. The requirement to present the quantity has been deleted. In addition, the requirements have been amended to indicate that this disclosure can be made in total, individually, or for groups of living resources, to provide relevant information to the users of the financial statements for accountability and decision-making purposes.</p>
5.1.3	<p><b>Other disclosure:</b></p> <p>The financial statements should also disclose the following:</p> <ul style="list-style-type: none"> <li>- Judgements on what the entity would deem the point of extraction.</li> </ul>	<p>Noted. This recommendation is outside the scope of this Standard. However, a consequential amendment has been included in GRAP 12 on <i>Inventories</i> that requires an entity to include a description of key judgements made and assumptions applied in its financial statements to explain at what point water, minerals, oils and gas and other non-regenerative resources meet the definition of inventory.</p>
5.2	<b>Altimax</b>	
5.2.1	It is recommended that the disclosure of paragraph 114 be split into two separate disclosure	Noted. As the disclosure requirements for living



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	<p>requirements. One for living resources where the definition of an asset is not met and one for when reliable measurement is not possible. The list of disclosure requirements from (a) to (d) is not applicable to both scenarios. For example the quantity disclosure requirement in (a) might not be possible if the definition is not met, in point (b) it requires disclosure of judgement that was applied to conclude that definition is not met, this is not applicable if realisable measurement is not possible.</p>	<p>resources where the definition of an asset is not met, or where the recognition criteria in the Standard are not met are similar. To avoid duplication of similar disclosure requirements, the Board agreed that relevant paragraph should be retained and amended where appropriate.</p>
<p><b>5.3</b></p>	<p><b>Western Cape Provincial Treasury</b></p>	
<p>5.3.1</p>	<p>We are of the opinion that there is too much information required to be disclosed, and therefore could be quite onerous on the entity.</p>	<p>Noted. However, depending on whether the living resource is recognised, and depending on the subsequent measurement model that will be applied to measure the living resource or group of living resources, the disclosure requirements may not be that onerous.</p> <p>As the Board is of the view that the disclosures will provide relevant information to the users of the financial statements, it was agreed to retain all the disclosure requirements.</p>



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	<p><b>Specific Matter for Comment 6</b></p> <p><b>Are there any regulatory or other issues that exist in the South African environment that may affect the implementation of the proposed Standard of GRAP?</b></p> <p><b>If yes, please provide details of these regulatory or other issues that should be considered in finalising the proposed Standard of GRAP.</b></p>	
<b>6.1</b>	<b>EY</b>	
6.1.1	We are not aware of any regulatory or other issues that exist in the South African environment that may affect the implementation	Noted. No further action required.
<b>6.2</b>	<b>Altimax</b>	
6.2.1	None that we are currently aware of.	Noted. No further action required.
<b>6.3</b>	<b>Western Cape Provincial Treasury</b>	
6.3.1	We are of the opinion that only environmental entities can answer this question.	Noted. No further action required.



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	<p><b>Specific Matter for Comment 7</b></p> <p><b>In your view, should the National Treasury consider the development of any other implementation guidance, in addition to the GRAP Implementation Guideline that will be developed? If yes, please explain your response and indicate what practical implementation issues and challenges you foresee that should be addressed by the National Treasury.</b></p>	
7.1	<b>EY</b>	
7.1.1	<p><b>Determining fair value</b></p> <p>Paragraph 32 requires that a living resource acquired through a non-exchange transaction should be initially recognised at its fair value at the date of acquisition.</p> <p>Considering the complexities associated with the acquisition of living resources such as birth, plants growing from seeds etc. Additional guidance would need to be provided to preparers on how to measure these assets.</p>	<p>Noted. As this is a practical application issue, the Board agreed that this comment should be submitted to the Office of the Accountant-General for its consideration in developing implementation guidance.</p>
7.1.2	<p><b>Elements of cost</b></p> <p>Paragraph 35 (b) states that the cost of a living resource comprises any costs directly attributable to bringing the living resource to the location and condition necessary for it to be capable of operating in the manner intended by management.</p> <p>Specific guidance (possible examples) of how these would be identified and separated from other day-to-day cost would be useful to preparers.</p>	<p>Noted. The guidance on the elements of cost has been expanded to explain that day-to-day operating costs are costs incurred by an entity to manage the qualitative and quantitative changes of the biological transformation. Depending on its reason for holding the living resource, the entity assesses whether the costs incurred are day-to-day operating costs, or whether the costs incurred enhance the future economic benefits or service potential of the resource.</p> <p>The Board agreed to submit this comment to the Office of the Accountant-General for its consideration</p>



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		in developing implementation guidance.
<b>7.2</b>	<b>Altimax</b>	
7.2.1	<p>In our view National Treasury should consider the development of an implementation guide. They should consider the following</p> <ul style="list-style-type: none"> <li>• Transferring of assets from PPE to Living and non-living resources where assets were previously recognised, measure and disclosed in terms of GRAP 17.</li> <li>• Addressing the question of could you change from cost model in GRAP 17 to revaluation model in this proposed standard.</li> <li>• Addressing the possibility of having separate groups of assets for living resources at different stage of the life cycle with the option to carrying one group on the cost model and another group on the revaluation model.</li> </ul>	<p>Noted. Guidance on transfers to and from living resources has been included in the Standard.</p> <p>Noted. When an entity decides to change its measurement model, the principles in GRAP 3 on <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> should be applied. A consequential amendment has also been made to Directive 11 on <i>Changes in Measurement Bases following the Initial Adoption of Standards of GRAP</i>. Directive 11 allows an entity to change its accounting policy to the cost model if, on initial adoption of the Standard the entity elected the revaluation model but subsequently decides to apply the cost model.</p> <p>Noted. The guidance has been expanded to explain that the same type of living resource can be grouped between mature and immature depending on the living resource’s function in an entity’s operations.</p>
<b>7.3</b>	<b>Western Cape Provincial Treasury</b>	
7.3.1	We are of the opinion that we cannot comment on something that doesn’t exist. ASB should ensure that the implementation guideline includes practical examples and prescribed valuation	Noted. This comment will be submitted to the Office of the Accountant-General for its consideration in



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	<p>methods.</p> <p>Additional guidance on depreciation, revaluations and impairment should be provided as well as the effect of harvesting on the reporting value.</p>	<p>developing implementation guidance.</p>
<p><b>Specific Matter for Comment 8</b></p> <p><b>In your view, overall, does the application of the proposed Standard of GRAP result in financial statements that would be useful to users? Please explain your response.</b></p>		
<p><b>8.1 EY</b></p>		
8.1.1	<p>We agree overall, the proposed accounting treatment would provide users with more useful information relating to these types of resources for which an entity is responsible for. It is expected to remove some of the inconsistencies currently experienced in practice.</p>	<p>Noted. No further action required.</p>
<p><b>8.2 Altimax</b></p>		
8.2.1	<p>Yes. This proposed Standard of GRAP will provide transparency and better classification of assets.</p>	<p>Noted. No further action required.</p>
<p><b>8.3 Free State Provincial Treasury</b></p>		
8.3.1	<p>If it is limited to the custodian nature and responsibility.</p>	<p>Noted. The Board concluded that the disclosures included in the Standard would not only be useful for custodians. The Board also agreed that the disclosures will provide relevant information to a number of users of the financial statements.</p>



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<b>8.4</b>	<b>Western Cape Provincial Treasury</b>	
8.4.1	We are of the opinion that the proposed Standard provides uniformity in the manner of accounting, and thus should be more comparable from entity to entity. However, the onerous disclosure might not add value.	Noted.  As the Board is of the view that the disclosures will provide relevant information to the users of the financial statements, it was agreed that all the disclosure requirements are retained.
	<p><b>Specific Matter for Comment 9</b></p> <p><b>In your view, what are the costs and benefits of the proposals relative to the current accounting that are applied by entities in assessing when living and non-living resources should be recognised as an asset in the statement of financial position. In relation to quantitative financial costs, the ASB would be interested to understand the nature and estimated amounts of any expected incremental costs, or cost savings, of the proposals relative to the existing accounting.</b></p>	
<b>9.1</b>	<b>EY</b>	
9.1.1	No specific comment.	Noted. No further action required.
<b>9.2</b>	<b>Altimax</b>	
9.2.1	We cannot foresee any significant additional cost to the adoption of this proposed Standard of GRAP as it would be presumed that the entities did recognise and measure living resources under other asset Standards in the past. There would be additional cost if the entities change from cost model, where assets were recognised at PPE under GRAP 17, to revaluation model.	Noted. No further action required.



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<b>9.3</b>	<b>Western Cape Provincial Treasury</b>	
9.3.1	We are of the opinion that only environmental entities can answer this. Accountants may not understand the complexity of costs involved, but based on experience with heritage assets there has been exorbitant costs.	Noted. This will be considered by the Board when an effective date is proposed to the Minister of Finance.



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GENERAL MATTERS FOR COMMENT		
<b>10.1</b>	<b>EY</b>	
10.1.1	<p><b>Application of principles on living resources other than animals</b></p> <p>Currently the guidance and examples included in the standard seems to be focused mainly on animals. These should be expanded to also include other living resources such as plants. Especially in relation to elements of cost (paragraph 35-37) and the indicators of control 17-26.</p>	<p>Noted.</p> <p>The examples in the Standard have been amended to also include plants, where appropriate.</p> <p>In addition, guidance has been included to explain the consideration of ongoing maintenance on the entity's assessment of control.</p>
10.1.2	<p><b>Minerals, oils and gas and other regenerative resources</b></p> <p>The last sentence in paragraph 13 requires that should an entity undertake exploration for research purposes, the principles of GRAP on PPE should be applied to account for the non-living resource.</p> <p>However, this is inconsistent with the definition of non-living resources. If the resources is extracted, it no longer meet the definition of a non-living resource. (This further supports the comment made above with respect to adjusting the definition to be more descriptive in order to avoid this type of confusion from occurring in practice.)</p>	<p>Noted. The example in the Standard was specifically included to explain research. However, the last sentence in the example has been amended to clarify that when a non-living resource is extracted and the entity undertakes research activities, the Standard of GRAP on <i>Inventories</i> may not be appropriate to account for the resource deposit anymore, but other Standards of GRAP (for example, the Standard of GRAP on <i>Property, Plant and Equipment</i>) should be considered in accounting for the deposit based on the entity's reason for holding it.</p>



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<p>10.1.3</p>	<p><b>Assessing if a living resource is an asset</b></p> <p>Paragraph 17-26 provides guidance on how to assess whether the resource is controlled.</p> <p>The focus of paragraph .24 appears to be on whether an entity is able to control the movement of animals. However, in our view it is more appropriate to consider an entity’s intention, in addition to its ability to control the movement of animals. Limiting the consideration to ability only may be misleading in practice, as it could be argued that a reserve has the ability at any given time to take control of the animals by implementing restrictions on their movement (for example by rounding them up for culling / tagging. If management’s intent (evidenced by actions) is included as a consideration, it would allow for a more measured and objective approach to determining when an entity would be required to account for the animals.</p> <p>The guidance should furthermore be extended to include circumstances where there is a temporary loss/gaining of control. This would be relevant for rehabilitation facilities etc, where a living resource might be controlled until rehabilitated.</p>	<p>Noted. The principles in existing Standards of GRAP clarify that control of an asset is evidenced by the entity’s ability to use the resource, or direct other parties to use it, so as to benefit from the future economic benefits or service potential embodied in the resource. Intention is not in itself sufficient to identify the assets as controlled. Therefore, for an entity to demonstrate control, it must have a present ability to exercise a right.</p> <p>The Standard has been amended to explain how control will be assessed when an entity restricts or regulates the movement of a living resource, versus when the entity restricts the access or movement to a specified area.</p> <p>Noted. Guidance has been included to explain that an entity should re-assess its initial assessment of control of a living resource when the purpose for which the resource is held, changes.</p>
<p>10.1.4</p>	<p>Following on from the comments made above, par .25-.26 may also need to be refined to mitigate the practical interpretation issues that are likely to arise. In particular, we are concerned that one might argue based purely on an assessment of hypothetical “ability”, that all the animals in a reserve would be subject to the reserve’s direction as to their use and restriction of access. This may lead to unintended consequences in practice. Consideration of <i>intention</i>, in addition to ability to direct use</p>	<p>Refer to the response in comment 10.1.3 above.</p>

	<p>and restrict access, may mitigate this, and is likely to be appropriate given the degree of judgement that is required in making the assessment.</p> <p>Similarly, when applying the considerations in paragraphs .17-.26, to flora, an entity might interpret this as requiring that all flora growing within the boundaries of the park / reserve needs to be accounted for and possibly even recognised, as at least one of the indicators in par.18 is met. This further supports the need for an additional consideration / indicator (such as <i>intention</i>) to be included.</p>	
<b>10.2</b>	<b>Western Cape Provincial Treasury</b>	
10.2.1	We are of the opinion that entities will prefer prospective application.	Noted. This will be considered by the Board when the transitional provisions are developed for the initial adoption of the Standard.
10.2.2	Paragraph .24 should illustrate a more appropriate example.	Noted. The example has been amended to also include plants.
10.2.3	<p>The guidance on the identification of non-living resources is very clear as specified in paragraph .09 and .10.</p> <p>The guidance for the identification for living resources is not so clear due to a lack of examples.</p>	Noted. As examples of living and non-living resources are included in the Standard, the Board agreed that no further guidance should be included to explain the identification of living resources.
10.2.4	<p>In accordance with par .03 living resources include, for example animals and plants that are used or held for various purposes including for agricultural activities. Par .04 and .05 exclude living resources held for agricultural activities for the purposes of this standard. Par .06 and .07 relates to living resources that should be accounted for under the standard of Inventories.</p> <p>All biological assets at a Department of Agriculture are held for the purpose of animal and plant</p>	<p>Noted.</p> <p>The principles in the Standard of GRAP on <i>Agriculture</i> should be applied to account for the animals and plants if the entity intends to sell, distribute or convert the biological assets into</p>



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	<p>research purposes as well as for training of the students at an Agricultural College. The incidental produce from these assets are sold (Wool, milk and fruit) and the grapes are used at the cellar for student training. When applying the above standards it's not clear if these biological assets meet the definition of agricultural activities or does it fall under the ambits of ED 143?</p>	<p>agricultural produce or additional biological assets for sale or distribution at no or for a nominal consideration. If the intention for holding the living resources is not for the purposes as set out above, the entity should consider applying the principles in the Standard in accounting for the living resources.</p>
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