

Topic	Issues deliberated	Decisions of the Board	Status	Effective date	Next steps
Adjustments to Revenue	<i>Should the scope of the proposed IGRAP on adjustments to revenue be amended to include revenue from contractual arrangements?</i>	<p>During the public consultation process, a respondent questioned whether the principles in ED 164 on <i>Accounting for Adjustments to Revenue</i> could also be applied to revenue arising from contractual arrangements. ED 164 was only applicable to revenue arising from statutory arrangements.</p> <p>The Board agreed that the principles in ED 164 could be applied, by analogy, to account for adjustments to revenue from contracts where the fact pattern of the transaction is similar, e.g. a dispute in a contract is resolved through arbitration or a legal process such that adjustments may be required to revenue recognised in prior periods.</p>	Final IGRAP on <i>Accounting for Adjustments to Revenue</i> (IGRAP 20) approved for issue.	1 April 2020	Implementation by entities.
	<i>What factors are considered in the initial recognition of revenue using IGRAP 1 on Applying the Probability Test on Initial Recognition?</i>	<p>Based on questions from respondents about what “factors” are considered in determining the probability of future economic benefits or service potential on the initial recognition of revenue, the Board agreed the following:</p> <ul style="list-style-type: none"> Credit risk associated with the non-collection of revenue is <u>not</u> included in the initial recognition and measurement of revenue. Any non-collection of revenue as a result of an entity’s exposure to credit risk is a subsequent event, and is considered when calculating any impairment losses. Other factors, e.g. early settlement discounts and rebates, are considered on the initial recognition of revenue. 	Final amendments to IGRAP 1 approved.	1 April 2020	Implementation by entities.

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<p>Adjustments to Revenue</p>	<p><i>What is an appropriate effective date for IGRAP 20 and amendments to IGRAP 1?</i></p>	<p>Respondents indicated mixed views on the proposed effective date during the public consultation process. Some respondents were of the view that a period of time would be needed to adjust systems and processes to accommodate the consensus reached in IGRAP 20. Other respondents were of the view that it is important to ensure consistent accounting across the sector and that the IGRAP should be implemented as soon as possible.</p> <p>The Board agreed that ensuring consistent accounting is important. The Board also noted that IGRAP 20 does not introduce new principles, but rather explains the application of principles in GRAP 3 on <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> to particular transactions. The Board agreed an effective date of 1 April 2020. Early adoption is permitted.</p>			
<p>Transitional Provisions for Community Education and Training (CET) colleges</p>	<p><i>How should Standards of GRAP initially be adopted by CET colleges?</i></p>	<p>The CET colleges were established by transferring the function of adult learning from the Department of Basic Education in each province to the national Department of Higher Education and Training (DHET). At the same time, the public adult learning centres in each province were merged and brought under the control of a Community Education and Training College Administrative Centre (CETCAC), established in each province and controlled by the DHET. These two events are viewed as one transaction for accounting purposes.</p> <p>As the transfer of functions and acquisition of entities is between each of the provincial departments and a national department, this is a transfer of functions not under common control. The Board concluded that GRAP 106 on <i>Transfer of Functions Not Under Common Control</i> should be used as the starting point for the initial adoption of Standards of GRAP by the CET colleges.</p>	<p>Exposure Draft 172 issued</p>	<p>Proposed 1 April 2015</p>	<p>Comments due by 8 February 2019</p>

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Transitional Provisions for Community Education and Training (CET) colleges	<i>What relief is required?</i>	The measurement period in GRAP 106 for the recognition and measurement of identifiable assets and liabilities on acquisition date is two years. Based on work required to be done to identify historical assets and liabilities, the Board agreed to extend the measurement period from two years until 31 December 2021. The colleges will be required to fully adhere to the Standards of GRAP by this date.	Exposure Draft 172 issued	Proposed 1 April 2015	Comments due by 8 February 2019
Review of amendments to GRAP 16 <i>Investment Property</i> and GRAP 17 <i>Property, Plant and Equipment</i>	<i>What were the general findings of the review?</i>	<p>Based on the Secretariat's consultation with stakeholders and the results of the questionnaire issued, there is general support for the amendments made to GRAP 16 and GRAP 17 and that they address issues raised during the post-implementation review.</p> <p>While respondents raised particular issues, these related to the application or understanding of the Standards rather than their principles. The desktop review, along with the feedback received from stakeholders, indicated areas where the principles of the Standards may not be implemented or understood correctly.</p> <p>The results of the review, along with the planned actions, will be published in a Research Paper. The issues discussed below highlight the most significant issues and key actions – the Research Paper will provide a comprehensive outline of the issues raised and how they will be addressed.</p>	Review complete	Not applicable	Develop Research Paper and execute other agreed actions

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Review of amendments to GRAP 16 Investment Property and GRAP 17 Property, Plant and Equipment	<i>Do the amendments to GRAP 16 assist with distinguishing investment property from other assets?</i>	<p>Respondents indicated support for the amendments.</p> <p>Issues were noted about the classification of:</p> <ul style="list-style-type: none"> • Airports and stadiums as either investment property or property, plant and equipment. • Cemeteries as either property, plant and equipment or heritage assets. <p>The existing FAQs on the classification of assets will be reviewed to assess if amendments are needed. These FAQs, along with the asset decision tree, should assist entities to classify assets.</p> <p>It was also indicated that guidance is needed on what would trigger a change in use of an asset, and when the change in use should be recognised. The IASB's amendments to IAS 40 on <i>Investment Property</i> will be considered by the Board in the upcoming Improvements Project.</p>	Review complete	Not applicable	Develop Research Paper and execute other agreed actions
	<i>Has the introduction of an indicator-based assessment of a change in useful lives improve how these assessments are undertaken?</i>	<p>Respondents indicated general support for the amendment to GRAP 17.</p> <p>It was observed that there is a high prevalence of fully-depreciated assets still in use being reported in entities' financial statements. This means that entities are (a) not reviewing whether there is an indication that the useful lives of their assets have changed, and (b) information about fully depreciated assets is being disclosed even though the disclosure requirement was removed from GRAP 17.</p> <p>The Board agreed that awareness needs to be raised about the need to assess the useful lives of assets at each reporting date.</p>			

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Review of amendments to GRAP 16 Investment Property and GRAP 17 Property, Plant and Equipment	<i>Have entities used internal valuers and did this assist in reducing the cost of valuations performed?</i>	<p>Respondents supported the amendment to allow the use of internal valuers. Many respondents had not made use of an internal valuer since the amendment became effective. Concerns were raised by respondents about whether the auditors would accept valuations performed internally.</p> <p>The Board agreed that the Secretariat should discuss the use of internal valuers with the AGSA and section 4(3) auditors to understand if any specific issues were raised during the last audit cycle on the use of internal valuers.</p>	Review complete	Not applicable	Develop Research Paper and execute other agreed actions
	<i>Have entities continued to provide the information outlined in the deleted encouraged disclosures?</i>	<p>While there was support for deleting the disclosures, there is a high prevalence of entities that report fully depreciated assets still in use.</p> <p>Some stakeholders suggested requiring entities to report fully depreciated assets still in use so that users can understand when these situations arise. The Board agreed that the disclosure of fully depreciated assets still in use contradicts the principle of reviewing the useful lives of assets at each reporting date.</p>			
	<i>Does the disclosure of capital work-in-progress per class of asset, as well as whether the work is taking significantly longer to complete, been helpful for decision-making and holding entities accountable?</i>	<p>Respondents agreed that the disclosures have been helpful for users to hold entities accountable for, and make decisions about, entities' capital expenditure.</p> <p>At present, entities apply judgement in deciding how they was to present the information on capital work-in-progress that is taking significantly longer than expected to complete. Respondents indicated that the disclosures should be standardised so that it is clear how the information should be disclosed. The Board agreed that because entities' activities differ, it would be difficult to provide standardised disclosures. As the Secretariat's review focused on the 2016/17 financial statements, entities had only applied the amendments for one year. The Board agreed to review these disclosures again. The timing of the potential review will be discussed in deciding on the work programme for 2021-2023.</p>			

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<p>Review of amendments to GRAP 16 <i>Investment Property</i> and GRAP 17 <i>Property, Plant and Equipment</i></p>	<p><i>Have entities disclosed information on repairs and maintenance expenditure on investment property, property, plant and equipment, and heritage assets?</i></p>	<p>While some entities have provided these disclosures, many respondents expressed concern about the complexity of providing this information. They cited system and other issues related to the costs that should be disclosed as repairs and maintenance.</p> <p>The Board agreed that, because the Standards of GRAP do not provide a specific basis on which to calculate repairs and maintenance, entities should disclose the information they have available and explain the basis for determining repairs and maintenance. The Board agreed that the concern expressed about the need to include specific costs in repairs and maintenance may be a misunderstanding of the requirements of the Standards.</p>	<p>Review complete</p>	<p>Not applicable</p>	<p>Develop Research Paper and execute other agreed actions</p>