



# **ACCOUNTING STANDARDS BOARD**

## **DIRECTIVE 5**

### **DETERMINING THE GRAP REPORTING FRAMEWORK**

**(UPDATED OCTOBER 2017)**



**Directive 5**

**Copyright © 2018 by the Accounting Standards Board**

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted, in any form or by any means, electronic, mechanical, photocopying, recording, or otherwise, without the prior permission of the Accounting Standards Board. The approved text is published in the English language.

Permission to reproduce limited extracts from the publication will not usually be withheld.



## **DIRECTIVE 5: DETERMINING THE GRAP REPORTING FRAMEWORK**

This Directive was originally issued by the Accounting Standards Board (the Board) in March 2009. Since then the Directive has been amended by:

- The Directive on *The Application of Deemed Cost on the Adoption of Standards of GRAP* (Directive 7) which was issued by the Board in December 2009. Directive 7 has been added to the Appendix outlining the GRAP Reporting Framework for periods commencing on or after 1 April 2009.
- An Appendix prescribing the GRAP Reporting Framework for financial periods commencing on or after 1 April 2010, approved by the Board on 23 February 2010, has been added.
- Paragraph .06 has been added to the main body of the Directive explaining the approval process for the application of the GRAP Reporting Framework by Parliament. Appendix D has been added, which prescribes the standards and pronouncements applicable to Parliament for financial periods commencing on or after 1 April 2010. With the addition of Appendix D, the application of the appendices A to C has been clarified by indicating the types of entities that are required to apply them.
- Paragraph .06 and Appendix D were amended to include provincial legislatures.
- Paragraph .01 of Appendix A was amended in April 2011 to reflect the Notices issued by the Minister of Finance in the Government Gazette indicating approval of the adoption of Standards of GRAP by Parliament and the provincial legislatures.
- Appendices prescribing the GRAP Reporting Framework for financial periods commencing on or after 1 April 2011, approved by the Board on 25 February 2011, have been added to Directive 5.
- Appendices prescribing the GRAP Reporting Framework for financial periods commencing on or after 1 April 2012, approved by the Board on 27 March 2012, have been added to Directive 5. In addition, Appendices A to D have been deleted from Directive 5 as these relate to earlier reporting periods.
- An appendix prescribing the GRAP Reporting Framework for financial periods commencing on or after 1 April 2013, approved by the Board on 21 February 2013, has been added to Directive 5. In addition, Appendices E and F have been deleted from Directive 5 as these relate to earlier reporting periods. An additional Appendix has been added and outlines “Statements of GAAP” for application by Government Business Enterprises. References to the Accounting Practices Board have been deleted from the main text of Directive 5 and have been replaced with references to the Financial Reporting Standards Council (FRSC). These amendments arise from the promulgation of the new Companies Act in 2009 which establishes the FRSC.
- Paragraphs .06 and .29 and relevant appendices were amended as a result of the Directive on *The Application of Standards of GRAP by FET Colleges*.



## Directive 5

- An appendix prescribing the GRAP Reporting Framework for financial periods commencing on or after 1 April 2014, approved by the Board on 28 March 2014, has been added to Directive 5. In addition, Appendix G has been deleted from Directive 5 as this relates to earlier reporting periods. The remaining Appendices have been renumbered.
- An appendix prescribing the GRAP Reporting Framework for financial periods commencing on or after 1 April 2015, approved by the Board on 27 March 2015, has been added to Directive 5. Appendix A has been deleted as this relates to earlier reporting periods, and the remaining Appendices have been renumbered.
- An appendix prescribing the GRAP Reporting Framework for financial periods commencing on or after 1 April 2016, approved by the Board on 3 December 2015, has been added to Directive 5, and the remaining appendix on “GAAP Reporting Framework” has been renumbered. Appendix A outlining the reporting framework for 2014/15 has not been deleted. This is because the reporting period for public FET colleges is 1 January to 31 December, and they require this Appendix in preparing their financial statements for the period 1 January 2015 to 31 December 2015.
- With consequential amendments resulting from the issue of the Directive on *The Selection of an Appropriate Reporting Framework by Public Entities*.
- An appendix prescribing the GRAP Reporting Framework for financial periods commencing on or after 1 April 2017, approved by the Board on 29 September 2016, has been added to Directive 5. Appendix A outlining the reporting framework for 2014/15 has been deleted. The new and remaining appendices have been renumbered accordingly.
- Following the September 2017 Board meeting:
  - The text of Directive 5 was modified following the approval of the IPSASB’s policy on *Convergence with International Standards*.
  - An appendix prescribing the GRAP Reporting Framework for financial periods commencing on or after 1 April 2018 was added to Directive 5.
  - Appendix A outlining the reporting framework for 2015/16 was deleted, and the new and remaining appendices have been renumbered accordingly.
  - Appendix D outlining Statements of GAAP has been deleted.



## Introduction

The Accounting Standards Board (Board) is required in terms of the Public Finance Management Act, Act No. 1 of 1999, as amended (PFMA), to determine generally recognised accounting practice referred to as Standards of Generally Recognised Accounting Practice (GRAP).

The Board must determine GRAP for:

- (a) departments (including national, provincial and government components);
- (b) public entities;
- (c) trading entities (as defined in the PFMA)
- (d) constitutional institutions;
- (e) municipalities and boards, commissions, companies, corporations, funds or other entities under the ownership control of a municipality; and
- (f) Parliament and the provincial legislatures.

The above are collectively referred to as “entities”.

The Board has approved the application of International Financial Reporting Standards (IFRS<sup>®</sup> Standards) issued by the International Accounting Standards Board<sup>®</sup> for:

- (a) public entities that meet the criteria outlined in the Directive on *The Selection of an Appropriate Reporting Framework by Public Entities*; and
- (b) entities under the ownership control of any of these entities.

Section 56 of the Financial Management of Parliament Act (Act No 10 of 2009) requires that Parliament prepares its financial statements in accordance with standards of generally recognised accounting practice. “Standards of generally recognised accounting practice” in that Act means an accounting practice complying with the standards approved by the Minister of Finance on the advice of the Accounting Standards Board.

A similar definition is included in the legislation governing the financial management of each provincial legislature.

Parliament and the provincial legislatures thus apply the Standards of GRAP as issued by the Accounting Standards Board and approved by the Minister of Finance.

Section 89(1)(b) of the PFMA, requires the Board to prepare and publish directives and guidelines concerning the Standards of GRAP as set in paragraph 89(1)(a) of the PFMA. The *Preface to the Standards of GRAP* determines that directives will be used to set transitional provisions and transitional arrangements for the entities required to comply with Standards of GRAP. Directives issued by the Board in terms of section 89(1)(b) of the PFMA therefore have the same authority as the Standards of GRAP.



## **Directive 5**

Directives should be read in conjunction with the relevant Standards of GRAP or Interpretations of the Standards of GRAP, as well as the *Preface to the Directives*.



## Objective

- .01 The reporting framework comprises the Standards of GRAP, Interpretations of the Standards of GRAP, guidelines and directives issued by the Board and standards and pronouncements of other standard setters that should be applied when entities prepare and present their financial statements in accordance with Standards of GRAP, referred to as the GRAP Reporting Framework elsewhere in this Directive.
- .02 The objective of this Directive is to set out the principles in determining the GRAP Reporting Framework. The aim is to ensure consistent application of the GRAP Reporting Framework by entities that apply Standards of GRAP.

## Scope

- .03 This Directive applies to all entities that apply Standards of GRAP.

## Effective date

- .04 The Minister of Finance determines the effective dates for Standards of GRAP. This Directive shall be applied for financial periods commencing on or after 1 April 2008 taking into account the applicable effective dates of the Standards published in the relevant Government Gazette.

## GRAP Reporting Framework

- .05 The appendices list the standards and pronouncements that form the GRAP Reporting Framework. The appendices will be updated on an annual basis to recognise new Standards of GRAP that have become effective and standards and pronouncements issued by other standard setters.
- .06 The appendices prescribing the GRAP Reporting Framework for:
  - public entities, including those entities that do not meet the criteria to apply International Financial Reporting Standards (IFRS<sup>®</sup> Standards) as outlined in the Directive on *The Selection of an Appropriate Reporting Framework by Public Entities* (Directive 12);
  - constitutional institutions;
  - municipalities, municipal entities;
  - trading entities as outlined in the Directive on *The Application of Standards of GRAP to Trading Entities*; and

are amended or issued after following the Board's normal due process.

The Reporting Frameworks for Parliament, the Legislatures and public Further Education and Training colleges as outlined in the Directive on *Application of Standards of GRAP by Public*



## Directive 5

*Further Education and Training Colleges* are amended after following the Board's normal due process and, after obtaining the necessary approval from:

- (a) the Secretary to Parliament and, if relevant, the Speaker of each Legislature in the case of Parliament and the Legislatures; or
- (b) the Minister of Higher Education and Training in the case of the public FET colleges.

## Hierarchy

- .07 The GRAP Reporting Framework is based on the hierarchy outlined in paragraph .11 of the Standard of GRAP on *Accounting Policies, Changes in Accounting Estimates and Errors* (GRAP 3).
- .08 Paragraph .11 states that, in the absence of a Standard of GRAP dealing with a particular transaction or event, the accrual based pronouncements of the following standard setters should be used, in descending order, to develop an appropriate accounting policy. Note, however, that this should only be done to the extent that the requirements are not in conflict with the Standards of GRAP or the *Framework for the Preparation and Presentation of Financial Statements*<sup>1</sup>:
  - (a) International Public Sector Accounting Standards Board (IPSASB), including the *Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities*.
  - (b) International Accounting Standards Board (IASB<sup>®</sup>), including the *Conceptual Framework for Financial Reporting*.
  - (c) Financial Reporting Standards Council (FRSC).

## Pronouncements by the Board

### Standards of GRAP and Interpretations of the Standards of GRAP

- .09 Standards of GRAP for which the Minister of Finance has determined an effective date form part of the GRAP Reporting Framework.
- .10 Interpretations of the Standards of GRAP form part of the GRAP Reporting Framework based on the effective date specified in the Interpretation. An Interpretation of the Standards of GRAP is only applied if the relevant Standard of GRAP to which it relates has been adopted.
- .11 When an effective date has been determined, entities are permitted to adopt the Standards of GRAP and/or any related Interpretations of the Standards of GRAP earlier than the date specified.
- .12 Standards of GRAP that have been issued by the Board, but for which an effective date has not yet been determined by the Minister of Finance, may be applied in developing an appropriate accounting policy dealing with a particular transaction or event before applying paragraph .11 of

---

<sup>1</sup> In June 2017, the Board replaced the *Framework for the Preparation and Presentation of Financial Statements* with the *Conceptual Framework for General Purpose Financial Reporting*.





## Directive 5

GRAP 3. Interpretations of the Standards of GRAP related to Standards that are not yet effective may also be applied in developing accounting policies.

- .13 Where a Standard of GRAP that forms part of the GRAP Reporting Framework is based on a standard or pronouncement of another standard setter and that standard setter subsequently amends its standards or pronouncements, such amendments shall not form part of the GRAP Reporting Framework.

## Directives

- .14 Directives form part of the GRAP Reporting Framework.

## Guidelines

- .15 Guidelines form part of the GRAP Reporting Framework.

## Application of other pronouncements

### Pronouncements of the IPSASB and IASB

- .16 When there is no equivalent Standard of GRAP, an International Public Sector Accounting Standard (IPSAS) or IFRS Standard should be used in formulating an accounting policy, unless:
- (a) that IPSAS or IFRS Standard is in conflict with the current *ASB Framework for the Preparation and Presentation of Financial Statements*<sup>1</sup> or existing Standards of GRAP; or
  - (b) it is not applicable to entities that currently apply the Standards of GRAP.
- .17 An IPSAS or IFRS Standard, or parts thereof, are in conflict with the *ASB Framework for the Preparation and Presentation of Financial Statements*<sup>1</sup> or Standards of GRAP when they deal with an issue differently to the *ASB Framework for the Preparation and Presentation of Financial Statements*<sup>1</sup> or a Standard of GRAP.
- .18 An IFRS Standard is not applicable to an entity where its scope limits the application to specific circumstances.
- .19 An entity assesses whether an industry specific standard or other standard or pronouncement is applicable based on the transactions and events of the entity.
- .20 Where a Standard of GRAP that has been issued by the Board, but for which an effective date has not yet been determined by the Minister of Finance, is based on an IPSAS or IFRS Standard, that IPSAS or IFRS Standard does not form part of the GRAP Reporting Framework.
- .21 Where an IPSAS that forms part of the GRAP Reporting Framework is based on a standard or pronouncement of another standard setter and that standard setter subsequently amends its standards or pronouncements, such amendments shall not form part of the GRAP Reporting Framework.



## **Application of IFRS Standards**

- .22 The Board has approved the application of IFRS Standards issued by the IASB for:
- (a) public entities that meet the criteria outlined in Directive 12; and
  - (b) entities under the ownership control of any of these entities.



## APPENDIX A: 1 APRIL 2016

This appendix consists of the following three Appendices:

- Appendix A1: Public Entities, Constitutional Institutions and Public FET Colleges
- Appendix A2: Municipalities and Municipal Entities
- Appendix A3: Trading Entities, Parliament and the Provincial Legislatures

### APPENDIX A1: PUBLIC ENTITIES, CONSTITUTIONAL INSTITUTIONS AND PUBLIC FET COLLEGES

*This Appendix forms part of the Directive.*

*This Appendix lists the standards and pronouncements that are the GRAP Reporting Framework for public entities, constitutional institutions, and Public FET Colleges effective for financial periods commencing on or after 1 April 2016 and should be applied as set out in paragraphs .05 and .06 of Directive 5.*

- A1. Entities are required to apply the Standards of GRAP where the Minister has determined the effective date. The Minister has determined the effective date for the Standards of GRAP outlined below (paragraph .09 of Directive 5).

Reference	Topic
GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4	The Effects of Changes in Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associates
GRAP 8	Interests in Joint Ventures
GRAP 9	Revenue from Exchange Transactions
GRAP 10	Financial Reporting in Hyperinflationary Economies
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events After the Reporting Date

<b>Reference</b>	<b>Topic</b>
GRAP 16	Investment Property
GRAP 17	Property, Plant and Equipment
GRAP 18	Segment Reporting
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 21	Impairment of Non-cash-generating Assets
GRAP 23	Revenue from Non-exchange Transactions (Taxes and Transfers)
GRAP 24	Presentation of Budget Information in Financial Statements
GRAP 25	Employee Benefits
GRAP 26	Impairment of Cash-generating Assets
GRAP 27	Agriculture
GRAP 31	Intangible Assets
GRAP 100	Discontinued Operations
GRAP 103	Heritage Assets
GRAP 104	Financial Instruments
GRAP 105	Transfers of Functions Between Entities Under Common Control
GRAP 106	Transfers of Functions Between Entities Not Under Common Control
GRAP 107	Mergers

A2. Directives issued and effective that entities are required to apply (paragraph .14 of Directive 5):

<b>Reference</b>	<b>Topic</b>
Directive 1	Repeal of Existing Transitional Provisions in, and Consequential Amendments to, Standards of GRAP
Directive 2	Transitional Provisions for Public Entities, Trading Entities, Municipal Entities, Public Further Education and Training Colleges and Constitutional Institutions
Directive 3	Transitional Provisions for High Capacity Municipalities
Directive 4	Transitional Provisions for Medium and Low Capacity Municipalities and Trading Entities
Directive 5	Determining the GRAP Reporting Framework
Directive 6	Transitional Provisions for Revenue Collected by the South African Revenue Service (SARS)
Directive 7	The Application of Deemed Cost

<b>Reference</b>	<b>Topic</b>
Directive 8	Transitional Provisions for Parliament and the Provincial Legislatures
Directive 9	The Application of the Standards of GRAP by Trading Entities
Directive 10	Application of the Standards of GRAP by Public Further Education and Training Colleges
Directive 11	Changes in the Measurement Bases Following the Initial Adoption of the Standards of GRAP

A3. Interpretations of the Standards of GRAP approved that entities are required to apply (paragraph .10 of Directive 5):

<b>Reference</b>	<b>Topic</b>
IGRAP 1	Applying the Probability Test on Initial Recognition of Revenue
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	Consolidations – 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
IGRAP 16	Intangible Assets – Website Costs

- A4. Approved guideline of Standards of GRAP that entities are required to apply (paragraph .15 of Directive 5):

Reference	Topic
Guideline	Guideline on Accounting for Public Private Partnerships

- A5. Effective IFRS Standards and IFRIC<sup>®</sup> Interpretations<sup>2</sup> that entities may apply, to the extent that they are applicable (paragraphs .16 to .21 of Directive 5):

Reference	Topic
IFRS <sup>®</sup> 4	Insurance Contracts
IFRS <sup>®</sup> 6	Exploration for and Evaluation of Mineral Resources
IAS <sup>®</sup> 12	Income Taxes
SIC <sup>®</sup> – 25	Income Taxes – Changes in the Tax Status of an Entity or its Shareholders
SIC <sup>®</sup> – 29	Service Concession Arrangements – Disclosures
IFRIC <sup>®</sup> 12	Service Concession Arrangements
IFRIC <sup>®</sup> 20	Stripping Costs in the Production Phase of a Surface Mine
IFRIC <sup>®</sup> 21	Levies

- A6. Standards of GRAP approved, but for which the Minister of Finance has not yet determined an effective date, and Interpretations of Standards of GRAP approved not yet effective, that entities may consider in formulating an accounting policy (paragraph .12 of Directive 5):

*Standards of GRAP that may be used in developing an accounting policy:*

Reference	Topic
GRAP 32	Service Concession Arrangements: Grantor
GRAP 108	Statutory Receivables
GRAP 109	Accounting by Principals and Agents
IGRAP 17	Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset

<sup>2</sup> IFRS Standards and IFRIC Interpretations can be downloaded from <http://www.ifrs.org>



*Standards of GRAP that an entity may use to disclose information in its financial statements:*

Reference	Topic
GRAP 20	Related Party Disclosures <sup>3</sup>

A7. Directives approved by the Board, which are not yet effective, but can be early adopted:

Reference	Topic
Directive 12	The Selection of an Appropriate Reporting Framework by Public Entities

## **APPENDIX A2: MUNICIPALITIES, MUNICIPAL ENTITIES**

*This Appendix forms part of the Directive.*

*This Appendix lists the standards and pronouncements that are the GRAP Reporting Framework for municipalities and municipal entities effective for financial periods commencing on or after 1 April 2016 and should be applied as set out in paragraphs .05 and .06 of Directive 5.*

A8. Municipalities and municipal entities are required to apply the Standards and pronouncements outlined in Appendix A1, except for the application of:

- GRAP 18 *Segment Reporting*, as the Minister of Finance has not yet determined the effective date for GRAP 18 for application by municipalities and municipal entities.
- Directive 12 *The Selection of an Appropriate Reporting Framework by Public Entities*, as it only applies to public entities that are not currently applying Standards of GRAP.

## **APPENDIX A3: TRADING ENTITIES, PARLIAMENT AND THE PROVINCIAL LEGISLATURES**

*This Appendix forms part of the Directive.*

*This Appendix lists the standards and pronouncements that are the GRAP Reporting Framework effective for financial periods commencing on or after 1 April 2016 and should be applied as set out in paragraphs .05 and .06 of Directive 5.*

A9. The Financial Management of Parliament Amendment Act, Act No 34 of 2014, requires Parliament and the Provincial Legislatures to prepare their financial statements in accordance with the Standards of GRAP. Any notice published by the Minister of Finance outlining the effective dates of the Standards of GRAP should be read in conjunction with the Financial Management of Parliament Act.

<sup>3</sup> In previous reporting periods entities were required to apply IPSAS 20 on *Related Party Disclosures*. With the subsequent issue of GRAP 20 *Related Party Disclosures*, an entity may either continue to disclose this information using IPSAS 20 or, it may consider GRAP 20 in formulating these disclosures.



#### **Directive 5**

A10. Trading entities, Parliament and the Provincial Legislatures are required to apply the Standards and pronouncements outlined in Appendix A1, except for:

- GRAP 18 *Segment Reporting*
- GRAP 105 *Transfer of Functions Between Entities Under Common Control*
- GRAP 106 *Transfer of Functions Between Entities Not Under Common Control*
- GRAP 107 *Mergers*

as the Minister of Finance has not yet determined the effective date for these Standards of GRAP; and

- Directive 12 *The Selection of an Appropriate Reporting Framework by Public Entities*, as it only applies to public entities that are not currently applying Standards of GRAP.

Trading entities, Parliament and the Provincial Legislatures may consider GRAP 105, GRAP 106 and GRAP 107 in formulating an accounting policy as outlined in paragraph .12 of Directive 5.



## APPENDIX B: 1 APRIL 2017

This appendix consists of the following three Appendices:

- Appendix B1: Public Entities, Constitutional Institutions and Public FET Colleges
- Appendix B2: Municipalities and Municipal Entities
- Appendix B3: Trading Entities, Parliament and the Provincial Legislatures

### APPENDIX B1: PUBLIC ENTITIES, CONSTITUTIONAL INSTITUTIONS AND PUBLIC FET COLLEGES

*This Appendix forms part of the Directive.*

*This Appendix lists the standards and pronouncements that are the GRAP Reporting Framework for public entities, constitutional institutions, and Public FET Colleges effective for financial periods commencing on or after 1 April 2017 and should be applied as set out in paragraphs .05 and .06 of Directive 5.*

B1. Entities are required to apply the Standards of GRAP where the Minister has determined the effective date. The Minister has determined the effective date for the Standards of GRAP outlined below (paragraph .09 of Directive 5).

Reference	Topic
GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4	The Effects of Changes in Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associates
GRAP 8	Interests in Joint Ventures
GRAP 9	Revenue from Exchange Transactions
GRAP 10	Financial Reporting in Hyperinflationary Economies
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events After the Reporting Date
GRAP 16	Investment Property
GRAP 17	Property, Plant and Equipment

<b>Reference</b>	<b>Topic</b>
GRAP 18	Segment Reporting
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 21	Impairment of Non-cash-generating Assets
GRAP 23	Revenue from Non-exchange Transactions (Taxes and Transfers)
GRAP 24	Presentation of Budget Information in Financial Statements
GRAP 25	Employee Benefits
GRAP 26	Impairment of Cash-generating Assets
GRAP 27	Agriculture
GRAP 31	Intangible Assets
GRAP 100	Discontinued Operations
GRAP 103	Heritage Assets
GRAP 104	Financial Instruments
GRAP 105	Transfers of Functions Between Entities Under Common Control
GRAP 106	Transfers of Functions Between Entities Not Under Common Control
GRAP 107	Mergers

B2. Directives issued and effective that entities are required to apply (paragraph .14 of Directive 5):

<b>Reference</b>	<b>Topic</b>
Directive 1	Repeal of Existing Transitional Provisions in, and Consequential Amendments to, Standards of GRAP
Directive 2	Transitional Provisions for Public Entities, Trading Entities, Municipal Entities, Public Further Education and Training Colleges and Constitutional Institutions
Directive 3	Transitional Provisions for High Capacity Municipalities
Directive 4	Transitional Provisions for Medium and Low Capacity Municipalities and Trading Entities
Directive 5	Determining the GRAP Reporting Framework
Directive 6	Transitional Provisions for Revenue Collected by the South African Revenue Service (SARS)
Directive 7	The Application of Deemed Cost
Directive 8	Transitional Provisions for Parliament and the Provincial Legislatures
Directive 9	The Application of the Standards of GRAP by Trading Entities

<b>Reference</b>	<b>Topic</b>
Directive 10	Application of the Standards of GRAP by Public Further Education and Training Colleges
Directive 11	Changes in the Measurement Bases Following the Initial Adoption of the Standards of GRAP

- B3. Interpretations of the Standards of GRAP approved that entities are required to apply (paragraph .10 of Directive 5):

<b>Reference</b>	<b>Topic</b>
IGRAP 1	Applying the Probability Test on Initial Recognition of Revenue
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	Consolidations – 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
IGRAP 16	Intangible Assets – Website Costs

- B4. Approved guideline of Standards of GRAP that entities are required to apply (paragraph .15 of Directive 5):

<b>Reference</b>	<b>Topic</b>
Guideline	Guideline on Accounting for Public Private Partnerships

**Directive 5**

- B5. Effective IFRS Standards and IFRIC Interpretations<sup>4</sup> that entities may apply, to the extent that they are applicable (paragraphs .16 to .21 of Directive 5):

Reference	Topic
IFRS <sup>®</sup> 4	Insurance Contracts
IFRS <sup>®</sup> 6	Exploration for and Evaluation of Mineral Resources
IAS <sup>®</sup> 12	Income Taxes
SIC <sup>®</sup> – 25	Income Taxes – Changes in the Tax Status of an Entity or its Shareholders
SIC <sup>®</sup> – 29	Service Concession Arrangements – Disclosures
IFRIC <sup>®</sup> 12	Service Concession Arrangements
IFRIC <sup>®</sup> 20	Stripping Costs in the Production Phase of a Surface Mine
IFRIC <sup>®</sup> 21	Levies

- B6. Standards of GRAP approved, but for which the Minister of Finance has not yet determined an effective date, and Interpretations of Standards of GRAP that are not yet effective, that entities may consider in formulating an accounting policy (paragraph .12 of Directive 5):

*Standards of GRAP that may be used in developing an accounting policy:*

Reference	Topic
GRAP 32	Service Concession Arrangements: Grantor
GRAP 108	Statutory Receivables
GRAP 109	Accounting by Principals and Agents
IGRAP 17	Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset

*Standards of GRAP that an entity may use to disclose information in its financial statements:*

Reference	Topic
GRAP 20	Related Party Disclosures <sup>5</sup>

- B7. Directives approved by the Board, which are not yet effective, but can be early adopted:

Reference	Topic
Directive 12	The Selection of an Appropriate Reporting Framework by Public Entities

<sup>4</sup> IFRS Standards and IFRIC Interpretations can be downloaded from <http://www.ifrs.org>

<sup>5</sup> In previous reporting periods entities were required to apply IPSAS 20 on *Related Party Disclosures*. With the subsequent issue of GRAP 20 *Related Party Disclosures*, an entity may either continue to disclose this information using IPSAS 20 or, it may consider GRAP 20 in formulating these disclosures.



## APPENDIX B2: MUNICIPALITIES, MUNICIPAL ENTITIES

*This Appendix forms part of the Directive.*

*This Appendix lists the standards and pronouncements that are the GRAP Reporting Framework for municipalities and municipal entities effective for financial periods commencing on or after 1 April 2017 and should be applied as set out in paragraphs .05 and .06 of Directive 5.*

- B8. Municipalities and municipal entities are required to apply the Standards and pronouncements outlined in Appendix B1, except for the application of:
- GRAP 18 *Segment Reporting*, as the Minister of Finance has not yet determined the effective date for GRAP 18 for application by municipalities and municipal entities.
  - Directive 12 *The Selection of an Appropriate Reporting Framework by Public Entities*, as it only applies to public entities that are not currently applying Standards of GRAP.

## APPENDIX B3: TRADING ENTITIES, PARLIAMENT AND THE PROVINCIAL LEGISLATURES

*This Appendix forms part of the Directive.*

*This Appendix lists the standards and pronouncements that are the GRAP Reporting Framework effective for financial periods commencing on or after 1 April 2017 and should be applied as set out in paragraphs .05 and .06 of Directive 5.*

- B9. The Financial Management of Parliament Amendment Act, Act No 34 of 2014, requires Parliament and the Provincial Legislatures to prepare their financial statements in accordance with the Standards of GRAP. Any notice published by the Minister of Finance outlining the effective dates of the Standards of GRAP should be read in conjunction with the Financial Management of Parliament Act.
- B10. Trading entities, Parliament and the Provincial Legislatures are required to apply the Standards and pronouncements outlined in Appendix B1, except for:
- GRAP 18 *Segment Reporting*
  - GRAP 105 *Transfer of Functions Between Entities Under Common Control*
  - GRAP 106 *Transfer of Functions Between Entities Not Under Common Control*
  - GRAP 107 *Mergers*
- as the Minister of Finance has not yet determined the effective date for these Standards of GRAP; and
- Directive 12 *The Selection of an Appropriate Reporting Framework by Public Entities*, as it only applies to public entities that are not currently applying Standards of GRAP.



**Directive 5**

Trading entities, Parliament and the Provincial Legislatures may consider GRAP 105, GRAP 106 and GRAP 107 in formulating an accounting policy as outlined in paragraph .12 of Directive 5.



## APPENDIX C: 1 APRIL 2018

This appendix consists of the following three Appendices:

- Appendix C1: Public Entities, Constitutional Institutions and Public FET Colleges
- Appendix C2: Municipalities and Municipal Entities
- Appendix C3: Trading Entities, Parliament and the Provincial Legislatures

### APPENDIX C1: PUBLIC ENTITIES, CONSTITUTIONAL INSTITUTIONS AND PUBLIC FET COLLEGES

*This Appendix forms part of the Directive.*

*This Appendix lists the standards and pronouncements that are the GRAP Reporting Framework for public entities, constitutional institutions, and Public FET Colleges effective for financial periods commencing on or after 1 April 2018 and should be applied as set out in paragraphs .05 and .06 of Directive 5.*

- C1. Entities are required to apply the Standards of GRAP where the Minister has determined the effective date. The Minister has determined the effective date for the Standards of GRAP outlined below (paragraph .09 of Directive 5).

Reference	Topic
GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4	The Effects of Changes in Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associates
GRAP 8	Interests in Joint Ventures
GRAP 9	Revenue from Exchange Transactions
GRAP 10	Financial Reporting in Hyperinflationary Economies
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events After the Reporting Date

<b>Reference</b>	<b>Topic</b>
GRAP 16	Investment Property
GRAP 17	Property, Plant and Equipment
GRAP 18	Segment Reporting
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 21	Impairment of Non-cash-generating Assets
GRAP 23	Revenue from Non-exchange Transactions (Taxes and Transfers)
GRAP 24	Presentation of Budget Information in Financial Statements
GRAP 25	Employee Benefits
GRAP 26	Impairment of Cash-generating Assets
GRAP 27	Agriculture
GRAP 31	Intangible Assets
GRAP 100	Discontinued Operations
GRAP 103	Heritage Assets
GRAP 104	Financial Instruments
GRAP 105	Transfers of Functions Between Entities Under Common Control
GRAP 106	Transfers of Functions Between Entities Not Under Common Control
GRAP 107	Mergers

C2. Directives issued and effective that entities are required to apply (paragraph .14 of Directive 5):

<b>Reference</b>	<b>Topic</b>
Directive 1	Repeal of Existing Transitional Provisions in, and Consequential Amendments to, Standards of GRAP
Directive 2	Transitional Provisions for Public Entities, Trading Entities, Municipal Entities, Public Further Education and Training Colleges and Constitutional Institutions
Directive 3	Transitional Provisions for High Capacity Municipalities
Directive 4	Transitional Provisions for Medium and Low Capacity Municipalities and Trading Entities
Directive 5	Determining the GRAP Reporting Framework
Directive 6	Transitional Provisions for Revenue Collected by the South African Revenue Service (SARS)
Directive 7	The Application of Deemed Cost



Reference	Topic
Directive 8	Transitional Provisions for Parliament and the Provincial Legislatures
Directive 9	The Application of the Standards of GRAP by Trading Entities
Directive 10	Application of the Standards of GRAP by Public Further Education and Training Colleges
Directive 11	Changes in the Measurement Bases Following the Initial Adoption of the Standards of GRAP
Directive 12	The Selection of an Appropriate Reporting Framework by Public Entities

- C3. Interpretations of the Standards of GRAP approved that entities are required to apply (paragraph .10 of Directive 5):

Reference	Topic
IGRAP 1	Applying the Probability Test on Initial Recognition of Revenue
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	Consolidations – 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
IGRAP 16	Intangible Assets – Website Costs

- C4. Approved guideline of Standards of GRAP that entities are required to apply (paragraph .15 of Directive 5):

Reference	Topic
Guideline	Guideline on Accounting for Public Private Partnerships

- C5. Effective IFRS Standards and IFRIC Interpretations<sup>6</sup> that entities may apply, to the extent that they are applicable (paragraphs .12 to .21 of Directive 5):

Reference	Topic
IFRS <sup>®</sup> 4	Insurance Contracts
IFRS <sup>®</sup> 6	Exploration for and Evaluation of Mineral Resources
IAS <sup>®</sup> 12	Income Taxes
SIC <sup>®</sup> – 25	Income Taxes – Changes in the Tax Status of an Entity or its Shareholders
SIC <sup>®</sup> – 29	Service Concession Arrangements – Disclosures
IFRIC <sup>®</sup> 12	Service Concession Arrangements
IFRIC <sup>®</sup> 20	Stripping Costs in the Production Phase of a Surface Mine

- C6. Standards of GRAP approved, but for which the Minister of Finance has not yet determined an effective date, Interpretations of the Standards of GRAP not yet effective, and guidelines that entities may consider in formulating an accounting policy (paragraph .12 of Directive 5):

*Standards of GRAP that may be used in developing an accounting policy:*

Reference	Topic
GRAP 32	Service Concession Arrangements: Grantor
GRAP 108	Statutory Receivables
GRAP 109	Accounting by Principals and Agents
IGRAP 17	Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset
IGRAP 18	Recognition and Derecognition of Land
IGRAP 19	Liabilities to Pay Levies
Guideline	Accounting for Arrangements Undertaken in terms of the National Housing Programme

<sup>6</sup> IFRS Standards and IFRIC Interpretations can be downloaded from <http://www.ifrs.org>



**Directive 5**

*Standards of GRAP that an entity may use to disclose information in its financial statements:*

Reference	Topic
GRAP 20	Related Party Disclosures <sup>7</sup>

**APPENDIX C2: MUNICIPALITIES, MUNICIPAL ENTITIES**

*This Appendix forms part of the Directive.*

*This Appendix lists the standards and pronouncements that are the GRAP Reporting Framework for municipalities and municipal entities effective for financial periods commencing on or after 1 April 2018 and should be applied as set out in paragraphs .05 and .06 of Directive 5.*

- C7. Municipalities and municipal entities are required to apply the Standards and pronouncements outlined in Appendix C1, except for the application of:
- GRAP 18 *Segment Reporting*, as the Minister of Finance has not yet determined the effective date for GRAP 18 for application by municipalities and municipal entities.
  - Directive 12 *The Selection of an Appropriate Reporting Framework by Public Entities*, as it only applies to public entities that are not currently applying Standards of GRAP.

**APPENDIX C3: TRADING ENTITIES, PARLIAMENT AND THE PROVINCIAL LEGISLATURES**

*This Appendix forms part of the Directive.*

*This Appendix lists the standards and pronouncements that are the GRAP Reporting Framework effective for financial periods commencing on or after 1 April 2018 and should be applied as set out in paragraphs .05 and .06 of Directive 5.*

- C8. The Financial Management of Parliament Amendment Act, Act No 34 of 2014, requires Parliament and the Provincial Legislatures to prepare their financial statements in accordance with the Standards of GRAP. Any notice published by the Minister of Finance outlining the effective dates of the Standards of GRAP should be read in conjunction with the Financial Management of Parliament Act.
- C9. Trading entities, Parliament and the Provincial Legislatures are required to apply the Standards and pronouncements outlined in Appendix C1, except for:
- GRAP 18 *Segment Reporting*
  - GRAP 105 *Transfer of Functions Between Entities Under Common Control*
  - GRAP 106 *Transfer of Functions Between Entities Not Under Common Control*
  - GRAP 107 *Mergers*

<sup>7</sup> In previous reporting periods entities were required to apply IPSAS 20 on *Related Party Disclosures*. With the subsequent issue of GRAP 20 *Related Party Disclosures*, an entity may either continue to disclose this information using IPSAS 20 or, it may consider GRAP 20 in formulating these disclosures.



**Directive 5**

as the Minister of Finance has not yet determined the effective date for these Standards of GRAP; and

- Directive 12 *The Selection of an Appropriate Reporting Framework by Public Entities*, as it only applies to public entities that are not currently applying Standards of GRAP.

Trading entities, Parliament and the Provincial Legislatures may consider GRAP 105, GRAP 106 and GRAP 107 in formulating an accounting policy as outlined in paragraph .12 of Directive 5.