

Changes to the Reporting Framework from 2018/19 to 2019/20

This document outlines the changes to the GRAP Reporting Framework from 2018/19 to 2019/20. It also indicates the status and applicability of pronouncements of the International Public Sector Accounting Standards Board (IPSASB) and the International Accounting Standards Board (IASB®).

Standards of GRAP effective for periods commencing on or after 1 April 2019

In terms of the Public Finance Management Act, Act No. 1 of 1999 (as amended) the Minister of Finance determines the effective dates for Standards of GRAP. The Minister approved the application of a number of Standards of GRAP from 1 April 2019. These Standards, and their applicability to different entities in the public sector, are outlined below.

(a) *Effective for all entities (except trading entities)*

- GRAP 20 on *Related Party Transactions*
- GRAP 32 on *Service Concession Arrangements: Grantor*
- GRAP 108 on *Statutory Receivables*
- GRAP 109 on *Accounting by Principals and Agents*

(b) *Effective for Parliament, provincial legislatures and trading entities*

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

Interpretations of the Standards of GRAP and Guidelines effective for periods commencing on or after 1 April 2019

The following Interpretations and Guideline became effective for all entities:

- IGRAP 17 on *Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset* *
- IGRAP 18 on *Recognition and Derecognition of Land*
- IGRAP 19 on *Liabilities to Pay Levies*
- Guideline on *Accounting for Arrangements Undertaken in Terms of the National Housing Programme**

*IGRAP 17 and the Guideline are not applicable to trading entities as the Standards (i.e. GRAP 32 and GRAP 109) on which they are based are not yet effective for trading entities.

Pronouncements that are not yet effective which entities may consider in formulating an accounting policy

(a) Not effective for all entities (including trading entities)

The Board has issued a number of pronouncements, which are not yet effective, but may be considered by entities in formulating their accounting policies. These are as follows:

- GRAP 34 to 38 on *Interests in Other Entities*
- GRAP 110 on *Living and Non-living Resources*

(b) Not effective for trading entities

As some Standards of GRAP are not effective for trading entities, they may also consider the following pronouncements in formulating their accounting policies and/or disclosing information in the financial statements:

- GRAP 20 on *Related Party Transactions*
- GRAP 32 on *Service Concession Arrangements: Grantor*
- GRAP 108 on *Statutory Receivables*
- GRAP 109 on *Accounting by Principals and Agents*
- IGRAP 17 on *Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset*
- Guideline on *Accounting for Arrangements Undertaken in Terms of the National Housing Programme*

Applicability of international standards

Both the IPSASB and IASB have issued a number of standards in recent years. The table on the next page outlines the pronouncements issued and their impact on the GRAP Reporting Framework for 2019/20. The IASB issued a Practice Statement on *Making Materiality Judgements* in September 2017. Practice Statements outline non-mandatory guidance for entities that prepare their financial statements in accordance with IFRS Standards. Entities applying Standards of GRAP may find the principles in the Practice Statement useful, pending the finalisation of the Board's Guideline on the same topic.

Pronouncement	Part of GRAP Reporting Framework?	Impact on GRAP Reporting Framework
IPSAS 40 on <i>Public Sector Combinations</i>	No	GRAP 105, 106 and 107 already prescribe accounting requirements for transfers of functions and mergers.
IFRS 9 [®] on <i>Financial Instruments</i>	No	GRAP 104 on <i>Financial Instruments</i> already prescribes accounting requirements for financial instruments.
IFRS 13 [®] on <i>Fair Value Measurement</i>	No	The IPSASB has initiated a project to provide guidance on measurement in the public sector.
IFRS 14 [®] on <i>Regulatory Deferral Accounts</i>	No	Only applicable for first time adopters of IFRS Standards. Entities such as municipalities which may have “regulatory accounts” already apply Standards of GRAP.
IFRS 15 [®] on <i>Revenue from Contracts with Customers</i>	No	GRAP 9 on <i>Revenue from Exchange Transactions</i> prescribes accounting requirements for revenue.
IFRS 16 [®] on <i>Leases</i>	No	GRAP 13 on <i>Leases</i> prescribes accounting requirements for operating and finance leases.
IFRIC 22 [®] on <i>Foreign Currency Transactions and Advance Consideration</i>	Yes	Included in the list of effective IFRS Standards and Interpretations that an entity may apply to the extent that they are applicable.
IFRIC 23 [®] on <i>Uncertainty Over Income Tax Treatments</i>	Yes	Included in the list of effective IFRS Standards and Interpretations that an entity may apply to the extent that they are applicable.