



Responses due 29 January 2016

ACCOUNTING STANDARDS BOARD

PROPOSED AMENDMENTS TO THE DIRECTIVES

ED 135



Commenting on this Exposure Draft

The Accounting Standards Board (the Board) seeks comment on the Exposure Draft of the *Proposed Amendments to the Directives* (ED 135). Once approved by the Board, these amendments will be made to Directives 2, 3 and 4 containing the transitional provisions and transitional arrangements for entities required to apply Standards of GRAP.

The proposals in this Exposure Draft may be modified in the final documents in the light of comment received.

Comment should be submitted in writing so as to be received by **29 January 2016**. Email responses are preferred. Unless respondents to this Exposure Draft specifically request confidentiality, their comment is a matter of public record once the directives to the Standards of GRAP have been amended and issued. Comment should be addressed to:

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Background to amendments

The ASB proposes amendments to the existing Directives that outline the transitional provisions for the initial adoption of the Standards of GRAP. The proposed amendments remove an inconsistency between the measurement period outlined in these Directives for assets and liabilities acquired in transfers of functions, and the measurement period permitted in the Standards of GRAP on *Transfers of Functions Under Common Control, Transfers of Functions Not Under Common Control and Mergers*.

Due process and timetable

The due process followed by the Board is to receive comment on the views proposed in the Exposure Draft. These comments will be used to formulate a response to the IPSASB outlining the South African view on these issues. Inputs received as part of this process will also assist the South African member on the IPSASB during the deliberations on this topic. Comment is therefore invited from preparers, users, auditors, standard setters and other parties with an interest in public sector financial reporting.

Invitation to comment

Comment is invited by **29 January 2016** on this Exposure Draft. The comment period is earlier than the comment date of the international Exposure Draft in order to enable the Board to review and collate the comment received prior to submission to the IPSASB.

General matters for comment

As with any other Exposure Draft, comment on any other matter would be welcomed. Comment is most helpful if reference is made to a specific paragraph or group of paragraphs in your response.

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 and 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 Statements of Generally Accepted Accounting Practice (GAAP), as codified by the Accounting Practices Board and issued by the South African Institute of Chartered Accountants as at 1 April 2012, to be GRAP for:

- (a) government business enterprises (as defined in the PFMA);
- (b) any other entity, other than a municipality, whose ordinary shares, potential ordinary shares or debt are publicly tradable on the capital markets; and
- (c) entities under the ownership control of any of these entities.

The Board has approved the application of International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board to be GRAP for these entities where they are applying IFRSs.

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.

Directives should be read in conjunction with the relevant Standards and Interpretations of Standards of GRAP, as well as the *Preface to the Directives* issued by the Accounting Standards Board.

Amendments to Directives

Background to amendments

- .01 When the Standards of GRAP were initially adopted by municipalities and public entities in 2008 and 2009, they requested that relief be provided for the recognition and measurement of items acquired in transfers of functions. As there were no Standards of GRAP that dealt with transfers of functions at that time, there was no or limited guidance available on when and how to recognise and measure assets and liabilities acquired in these arrangements.
- .02 Entities indicated that they experienced the same difficulties in measuring assets and liabilities acquired in transfers of functions as with the recognition of other items on the initial adoption of the Standards. Also, because many entities were still in the process of adopting Standards of GRAP, appropriate values had often not yet been determined. As a result, the Board agreed to provide a three year relief period in the relevant Directives for assets and liabilities acquired in transfers of functions. The three year relief period was included in:
- Directive 2 on *Transitional Provisions for Public Entities, Trading Entities, Municipal Entities, Further Education and Training Colleges and Constitutional Institution.*
 - Directive 3 on *High Capacity Municipalities.*
 - Directive 4 on *Medium and Low Capacity Municipalities.*
- .03 The Board has since issued Standards of GRAP that provide guidance on transfers of functions and mergers, namely GRAP 105 on *Transfers of Functions Between Entities Under Common Control*, GRAP 106 *Transfers of Functions Between Entities Not Under Common Control*, and GRAP 107 *Mergers*. These Standards allow entities a period of two years within which to measure assets and liabilities acquired in these arrangements.
- .04 With the issue of these Standards, the relief previously provided in the Directives needs to be withdrawn. The purpose of this Exposure Draft is therefore to outline the amendments to Directives 2, 3, and 4 to withdraw the relief provided for the measurement of assets and liabilities acquired in a transfer of functions.

Structure of Exposure Draft

- .05 As the transitional provisions are similar in the Directives, the effect of the proposed amendments is not outlined for each Directive separately in this Exposure Draft. The proposed amendments are instead presented for each affected Standard.
- .06 Deleted text is struck through, while new text is underlined.

Basis of amendments

- .07 To withdraw the relief provided for transfers of functions, amendments are required to the transitional provisions in Directive 2, 3 and 4 for the following Standards of GRAP:
- Construction Contracts;
 - Inventories;

- Investment Property;
 - Property, Plant and Equipment;
 - Provisions, Contingent Liabilities and Contingent Assets;
 - Agriculture;
 - Intangible Assets; and
 - Heritage Assets.
- .08 The extent of the changes outlined in this Exposure Draft to withdraw the relief related to transfers of functions may vary for each Standard and for each Directive. When the Board included the relief for transfers of functions in the Directives, it may have been added as stand-alone text with the other transitional provisions for each Standard. In some instances, the relief was however combined with the same text that provides relief for the measurement of assets on the initial adoption of the Standards. As a result, deletion of entire paragraphs is appropriate in some instances, while in others, the wording needs to be modified to ensure that the relief related to the measurement of assets is retained.
- .09 In general, the basis used to withdraw the relief for transfers of functions is as follows:
- For Directives 2 and 3, no relief is provided for the measurement of assets on initial adoption of the Standards, with the exception of GRAP 103 on *Heritage Assets*. As a result, the relevant paragraphs related to transfers of functions are proposed for deletion, with the exception of heritage assets. For GRAP 103, some paragraphs are proposed for deletion, while others have been modified.
 - For Directive 4, relief is provided for the measurement of inventories, investment property, property, plant and equipment, assets related to agricultural activity, intangible assets and heritage assets. As a result, some of the paragraphs related to transfers of functions are proposed for deletion, while others have been modified to delete references to transfers of functions.

Construction Contracts

- .10 None of the Directives outlined relief for the measurement of assets related to construction contracts. As a result, the following paragraphs relating to GRAP 11 on *Construction Contracts* are deleted from Directives 2, 3 and 4:
- Paragraphs .28 to .32 are deleted in Directive 2.
 - Paragraphs .36 to .40 are deleted in Directive 3.
 - Paragraphs .36 to .40 are deleted in Directive 4.
- .11 The effect of the deletion of these paragraphs is illustrated below:

GRAP 11 *Construction Contracts*

Transitional provisions

- .XX All changes resulting from the application of the Standard of GRAP on Construction Contracts shall be accounted for in accordance with the requirements of the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.**
- .XX When an entity initially adopts a Standard of GRAP, the Standard of GRAP on *Accounting Policies, Changes in Accounting Estimates and Errors* requires an entity to apply the requirements of the Standard being adopted retrospectively.
- ~~.XX Where construction contracts are acquired through a transfer of functions, the entity is not required to measure the items in the construction contract for a period of three years from the effective date of the Standard or the effective date of the transfer of functions, whichever is later, subject to the provisions in paragraph .XX below.~~
- ~~.XX If the initial accounting for items in the construction contract are incomplete by the end of a reporting period in which the Standard becomes effective or the transfer occurs, whichever is later, the entity shall report in its financial statements provisional amounts for those items in the construction contracts for which the accounting is incomplete. During the measurement period, the entity shall retrospectively adjust the provisional amounts recognised to reflect information obtained about facts and circumstances that existed on the transfer date in accordance with paragraph .XX, and, if known, would have affected the measurement of the amounts recognised as of that date. During the measurement period, the entity shall also recognise additional items in the construction contract if information is obtained about the existence of those items in the construction contract at the transfer date, and, if it had been known, would have resulted in the recognition of those items at that date. The measurement period ends as soon as the entity receives the information it was seeking about facts and circumstances that existed at the transfer date or learns that no more information is obtainable. However, the measurement period shall not exceed the later of three years from the effective date of the Standard or the transfer date.~~
- ~~.XX The exemption from applying the measurement requirements of the Standard of GRAP on *Construction Contracts* implies that any associated presentation and disclosure requirements~~



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~~need not be complied with for those items in construction contracts not measured in accordance with the requirements of the Standard of GRAP on *Construction Contracts*.~~

~~**.XX Until such time as the measurement period in paragraphs .XX and .XX expires, entities need not comply with the Standards of GRAP on**~~

- ~~• ***Presentation of Financial Statements,***~~
- ~~• ***The Effects of Changes in Foreign Exchange Transactions,***~~
- ~~• ***Leases,***~~
- ~~• ***Segment Reporting, and***~~
- ~~• ***Discontinued Operations,***~~

~~**to the extent that these Standards prescribe requirements for construction contracts.**~~

~~.XX Notwithstanding the transitional provisions, entities are encouraged to comply in full with the provisions of the Standard of GRAP on *Construction Contracts* as soon as possible.~~

Inventories

.12 Directives 2 and 3 do not provide relief for the measurement of inventories on the initial adoption of the Standards of GRAP. As a result, the following paragraphs relating to GRAP 12 on *Inventories* are deleted from Directives 2 and 3:

- Paragraphs .35 to .39 are deleted in Directive 2.
- Paragraphs .43 to .47 are deleted in Directive 3.

.13 The effect of the deletion of these paragraphs is illustrated below:

GRAP 12 *Inventories*

Transitional provisions

.XX All changes resulting from the application of the Standard of GRAP on *Inventories* shall be accounted for in accordance with the requirements of the Standard of GRAP on *Accounting Policies, Changes in Accounting Estimates and Errors*.

.XX When an entity initially adopts a Standard of GRAP, the Standard of GRAP on *Accounting Policies, Changes in Accounting Estimates and Errors* requires an entity to apply the requirements of the Standard being adopted retrospectively.

~~.XX Where inventories are acquired through a transfer of functions, the entity is not required to measure those inventories for a period of three years from the effective date of the Standard or the effective date of the transfer of functions, whichever is later, subject to the provisions in paragraph .XX below.~~

~~.XX If the initial accounting for inventories is incomplete by the end of a reporting period in which the Standard becomes effective or the transfer occurs, whichever is later, the entity shall report in its financial statements provisional amounts for those inventories for which the accounting is incomplete. During the measurement period, the entity shall retrospectively adjust the provisional amounts recognised to reflect information obtained about facts and circumstances that existed on the transfer date in accordance with paragraph .XX, and, if known, would have affected the measurement of the amounts recognised as of that date. During the measurement period, the entity shall also recognise additional inventories if information is obtained about the existence of those inventories at the transfer date and, if it had been known, would have resulted in the recognition of those inventories at that date. The measurement period ends as soon as the entity receives the information it was seeking about facts and circumstances that existed at the transfer date or learns that no more information is obtainable. However, the measurement period shall not exceed the later of three years from the effective date of the Standard or the transfer date.~~

~~.XX The exemption from applying the measurement requirements of the Standard of GRAP on *Inventories* implies that any associated presentation and disclosure requirements need not be complied with for those inventories not measured in accordance with the requirements of the Standard of GRAP on *Inventories*.~~

~~.XX Until such time as the measurement period in paragraphs .XX and .XX, entities need not comply with the Standards of GRAP on~~

- ~~• Presentation of Financial Statements,~~
 - ~~• The Effects of Changes in Foreign Exchange Transactions,~~
 - ~~• Segment Reporting, and~~
 - ~~• Discontinued Operations,~~
- ~~to the extent that these Standards prescribe requirements for inventories.~~

~~.XX Notwithstanding the transitional provisions, entities are encouraged to comply in full with the provisions of the Standard of GRAP on Inventories as soon as possible.~~

.14 Directive 4 provides relief for the measurement of inventories on the initial adoption of the Standards of GRAP. The following paragraphs relating to GRAP 12 on *Inventories* are amended or deleted in Directive 4:

- Existing paragraph .44 is deleted.
- Existing paragraph numbers .43, .45 and .47 are amended.

.15 The effect of the deletion of these paragraphs is illustrated below:

GRAP 12 *Inventories*

Transitional provisions

- .41 All changes resulting from the application of the Standard of GRAP on *Inventories* shall be accounted for in accordance with the requirements of the Standard of GRAP on *Accounting Policies, Changes in Accounting Estimates and Errors*.**
- .42 When an entity initially adopts a Standard of GRAP, the Standard of GRAP on *Accounting Policies, Changes in Accounting Estimates and Errors* requires an entity to apply the requirements of the Standard being adopted retrospectively.
- .43 Entities are not required to measure inventories for reporting periods beginning on or after a date within three years following the date of initial adoption of the Standard of GRAP on *Inventories* subject to the provisions in paragraph .445 below.**
- ~~.44 Where inventories are acquired through a transfer of functions, the entity is not required to measure those inventories for a period of three years from the effective date of the Standard or the effective date of the transfer of functions, whichever is later, subject to the provisions in paragraph .45 below.~~
- .445 If the initial accounting for inventories is incomplete by the end of a reporting period in which the Standard becomes effective or the transfer occurs, whichever is later, the entity shall report in its financial statements provisional amounts for those inventories for which the accounting is incomplete. During the measurement period, the entity shall retrospectively adjust the provisional amounts recognised to reflect information obtained about facts and circumstances that existed on the effective date of the Standard in accordance with paragraph .43 or the transfer date in accordance with**

~~paragraph .44, and, if known, would have affected the measurement of the amounts recognised as of that date. During the measurement period, the entity shall also recognise additional inventories if information is obtained about the existence of those inventories at the effective date of the Standard or the transfer date, whichever is applicable, and, if known, would have resulted in the recognition of those inventories at that date. The measurement period ends as soon as the entity receives the information it was seeking about facts and circumstances that existed at the effective date of the Standard or the transfer date, whichever is applicable, or learns that no more information is obtainable. However, the measurement period shall not exceed three years from the effective date of the Standard or the transfer date, whichever is later.~~

.456 The exemption from applying the measurement requirements of the Standard of GRAP on *Inventories* implies that any associated presentation and disclosure requirements need not be complied with for inventories not measured in accordance with the requirements of the Standard of GRAP on *Inventories*.

.467 ***Until such time as the transitional provisions in paragraphs .43 and ~~to~~ .445 expires, entities need not comply with the Standards of GRAP on***

- ***Presentation of Financial Statements,***
- ***The Effects of Changes in Foreign Exchange Transactions,***
- ***Segment Reporting, and***
- ***Discontinued Operations,***

to the extent that these Standards prescribe requirements for inventories.

.478 ***Notwithstanding the transitional provisions, entities are encouraged to comply in full with the provisions of the Standard of GRAP on Inventories as soon as possible.***

Investment property

.16 Directives 2 and 3 do not provide relief for the measurement of investment properties on the initial adoption of the Standards of GRAP. The following paragraphs relating to GRAP 16 on *Investment Property* are deleted from Directives 2 and 3:

- Paragraphs .47 to .51 are deleted in Directive 2.
- Paragraphs .56 to .60 are deleted in Directive 3.

.17 The effect of the deletion of these paragraphs is illustrated below:

GRAP 16 *Investment Property*

Transitional provisions

.XX All changes resulting from the application of the Standard of GRAP on Investment Property shall be accounted for in accordance with the requirements of the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

.XX When an entity initially adopts a Standard of GRAP, the Standard of GRAP on *Accounting Policies, Changes in Accounting Estimates and Errors* requires an entity to apply the requirements of the Standard being adopted retrospectively.

~~.XX Where investment properties are acquired through a transfer of functions, the entity is not required to measure the investment properties for a period of three years from the effective date of the Standard or the effective date of the transfer of functions, whichever is later, subject to the provisions in paragraph .XX below.~~

~~.XX If the initial accounting for investment properties are incomplete by the end of a reporting period in which the Standard becomes effective or the transfer occurs, whichever is later, the entity shall report in its financial statements provisional amounts for the investment properties for which the accounting is incomplete. During the measurement period, the entity shall retrospectively adjust the provisional amounts recognised to reflect information obtained about facts and circumstances that existed on the transfer date in accordance with paragraph .XX and, if known, would have affected the measurement of the amounts recognised as of that date. During the measurement period, the entity shall also recognise additional investment properties if information is obtained about the existence of investment properties at the transfer date and, if it had been known, would have resulted in the recognition of the investment properties at that date. The measurement period ends as soon as the entity receives the information it was seeking about facts and circumstances that existed at the transfer date or learns that no more information is obtainable. However, the measurement period shall not exceed the later of three years from the effective date of the Standard or the transfer date.~~

~~.XX The exemption from applying the measurement requirements of the Standard of GRAP on *Investment Property* implies that any associated presentation and disclosure requirements need not be complied with for investment properties not measured in accordance with the requirements of the Standard of GRAP on *Investment Property*.~~

~~.XX Until such time as the measurement period in paragraphs .XX and .XX expires, entities need not comply with the Standards of GRAP on~~

- ~~• Presentation of Financial Statements,~~
- ~~• The Effects of Changes in Foreign Exchange Transactions,~~
- ~~• Leases,~~
- ~~• Segment Reporting, and~~
- ~~• Discontinued Operations,~~

~~to the extent that these Standards prescribe requirements for investment properties.~~

~~.XX Notwithstanding the transitional provisions, entities are encouraged to comply in full with the provisions of the Standard of GRAP on Investment Property as soon as possible.~~

.18 Directive 4 provides relief for the measurement of investment properties on the initial adoption of the Standards of GRAP. The following paragraphs relating to GRAP 16 on *Investment Property* are amended or deleted in Directive 4:

- Existing paragraph .58 is deleted.
- Existing paragraph numbers .57, .59 and .61 are amended.

.19 The effect of the deletion of these paragraphs is illustrated below:

GRAP 16 *Investment Property*

Transitional provisions

.55 All changes resulting from the application of the Standard of GRAP on Investment Property shall be accounted for in accordance with the requirements of the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

.56 When an entity initially adopts a Standard of GRAP, the Standard of GRAP on *Accounting Policies, Changes in Accounting Estimates and Errors* requires an entity to apply the requirements of the Standard being adopted retrospectively.

.57 Entities are not required to measure investment properties for reporting periods beginning on or after a date within three years following the date of initial adoption of the Standard of GRAP on Investment Property subject to the provisions in paragraph .589 below.

~~.58 Where investment properties are acquired through a transfer of functions, the entity is not required to measure the investment properties for a period of three years from the effective date of the Standard or the effective date of the transfer of functions, whichever is later, subject to the provisions in paragraph .59 below.~~

.5859 If the initial accounting for investment properties are incomplete by the end of a reporting period in which the Standard becomes effective or the transfer occurs, whichever is later, the entity shall report in its financial statements provisional amounts for the investment properties for which the accounting is incomplete.

During the measurement period, the entity shall retrospectively adjust the provisional amounts recognised to reflect information obtained about facts and circumstances that existed on the effective date of the Standard in accordance with paragraph .57 or the transfer date in accordance with paragraph .58, and, if known, would have affected the measurement of the amounts recognised as of that date. During the measurement period, the entity shall also recognise additional investment property if information is obtained about the existence of investment properties at the effective date of the Standard or the transfer date, whichever is applicable, and, if it had been known, would have resulted in the recognition of the investment properties at that date. The measurement period ends as soon as the entity receives the information it was seeking about facts and circumstances that existed at the effective date of the Standard or the transfer date, whichever is applicable, or learns that no more information is obtainable. However, the measurement period shall not exceed the later of three years from the effective date of the Standard or the transfer date.

.5960 The exemption from applying the measurement requirements of the Standard of GRAP on *Investment Property* implies that any associated presentation and disclosure requirements need not be complied with for investment properties not measured in accordance with the requirements of the Standard of GRAP on *Investment Property*.

.6061 *Until such time as the transitional provisions in paragraphs .57 and .58 to .59 expires, entities need not comply with the Standards of GRAP on*

- *Presentation of Financial Statements,*
- *The Effects of Changes in Foreign Exchange Transactions,*
- *Leases,*
- *Segment Reporting, and*
- *Discontinued Operations,*

to the extent that these Standards prescribe requirements for investment properties.

.6162 *Notwithstanding the transitional provisions, entities are encouraged to comply in full with the provisions of the Standard of GRAP on Investment Property as soon as possible.*

Property, Plant and Equipment

.20 Directives 2 and 3 do not provide relief for the measurement of property, plant and equipment on the initial adoption of the Standards of GRAP. The following paragraphs relating to GRAP 17 on *Property, Plant and Equipment* are deleted in Directives 2 and 3:

- Paragraphs .54 to .58 are deleted in Directive 2.
- Paragraphs .67 to 70 are deleted in Directive 3.

.21 The effect of the deletion of these paragraphs is illustrated below:

GRAP 17 *Property, Plant and Equipment*

Transitional provisions

.XX *All changes resulting from the application of the Standard of GRAP on Property, Plant and Equipment shall be accounted for in accordance with the requirements of the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.*

.XX When an entity initially adopts a Standard of GRAP, the Standard of GRAP on *Accounting Policies, Changes in Accounting Estimates and Errors* requires an entity to apply the requirements of the Standard being adopted retrospectively.

~~.XX *Where property, plant and equipment are acquired through a transfer of functions, the entity is not required to measure the property, plant and equipment for a period of three years from the effective date of the Standard or the effective date of the transfer of functions, whichever is later, subject to the provisions in paragraph .XX below.*~~

~~.XX *If the initial accounting for property, plant and equipment is incomplete by the end of a reporting period in which the Standard becomes effective or the transfer occurs, whichever is later, the entity shall report in its financial statements provisional amounts for those items of property, plant and equipment for which the accounting is incomplete. During the measurement period, the entity shall retrospectively adjust the provisional amounts recognised to reflect information obtained about facts and circumstances that existed on the transfer date in accordance with paragraph .54 and, if known, would have affected the measurement of the amounts recognised as of that date. During the measurement period, the entity shall also recognise additional items of property, plant and equipment if information is obtained about the existence of those property, plant and equipment at the transfer date and, if it had been known, would have resulted in the recognition of those property, plant and equipment at that date. The measurement period ends as soon as the entity receives the information it was seeking about facts and circumstances that existed at the transfer date or learns that no more information is obtainable. However, the measurement period shall not exceed the later of three years from the effective date of the Standard or the transfer date.*~~

~~.XX The exemption from applying the measurement requirements of the Standard of GRAP on *Property, Plant and Equipment* implies that any associated presentation and disclosure~~

~~requirements need not be complied with for property, plant and equipment not measured in accordance with the requirements of the Standard of GRAP on *Property, Plant and Equipment*.~~

~~**.XX Until such time as the measurement period in paragraphs .XX and .XX expires, entities need not comply with the Standards of GRAP on**~~

- ~~• ***Presentation of Financial Statements,***~~
- ~~• ***The Effects of Changes in Foreign Exchange Transactions,***~~
- ~~• ***Leases,***~~
- ~~• ***Segment Reporting, and***~~
- ~~• ***Discontinued Operations,***~~

~~**to the extent that these Standards prescribe requirements for property, plant and equipment.**~~

~~.XX Notwithstanding the transitional provisions, entities are encouraged to comply in full with the provisions of the Standard of GRAP on *Property, Plant and Equipment* as soon as possible.~~

.22 Directive 4 provides relief for the measurement of property, plant and equipment on the initial adoption of the Standards of GRAP. The following paragraphs relating to GRAP 17 on *Property, Plant and Equipment* are amended or deleted in Directive 4:

- Existing paragraph .69 is deleted.
- Existing paragraph numbers .68, .70 and 72 are amended.

.23 The effect of the deletion of these paragraphs is illustrated below:

GRAP 17 *Property, Plant and Equipment*

Transitional provisions

.63 All changes resulting from the application of the Standard of GRAP on *Property, Plant and Equipment* shall be accounted for in accordance with the requirements of the Standard of GRAP on *Accounting Policies, Changes in Accounting Estimates and Errors*.

.64 When an entity initially adopts a Standard of GRAP, the Standard of GRAP on *Accounting Policies, Changes in Accounting Estimates and Errors* requires an entity to apply the requirements of the Standard being adopted retrospectively.

.65 Entities that applied the transitional provisions in the Standard of GAMAP on *Property, Plant and Equipment* may continue to take advantage of those transitional provisions until they expire.

.66 The transitional provisions in the Standard of GAMAP on *Property, Plant and Equipment* allow individual entities a period of up to three years from the date of initial adoption of the Standard of GAMAP to comply in full with the recognition requirements of that Standard, for those assets that were not previously recognised. Where entities have taken advantage of

that transitional period, the period remains in force, even where entities are adopting the Standard of GRAP on *Property, Plant and Equipment* for the first time.

- .67 The exemption from the recognition requirements of the Standard of GAMAP on *Property, Plant and Equipment*, implies that the associated measurement and disclosure requirements of the Standard of GRAP do not need to be complied with in respect of those classes of assets that are not recognised under paragraph .65 of this Directive.
- .68 Notwithstanding paragraph .65, entities are not required to measure property, plant and equipment for reporting periods beginning on or after a date within three years following the date of initial adoption of the Standard of GRAP on *Property, Plant and Equipment* subject to the provisions in paragraph .719 below.**
- ~~.69 Where property, plant and equipment are acquired through a transfer of functions, the entity is not required to measure the property, plant and equipment for a period of three years from the effective date of the Standard or the effective date of the transfer of functions, whichever is later, subject to the provisions in paragraph .70 below.~~
- .6970 If the initial accounting for property, plant and equipment is incomplete by the end of a reporting period in which the Standard becomes effective or the transfer occurs, whichever is later, the entity shall report in its financial statements provisional amounts for those items of property, plant and equipment for which the accounting is incomplete. During the measurement period, the entity shall retrospectively adjust the provisional amounts recognised to reflect information obtained about facts and circumstances that existed on the effective date of the Standard in accordance with paragraph .68 or the transfer date in accordance with paragraph .69, and, if known, would have affected the measurement of the amounts recognised as of that date. During the measurement period, the entity shall also recognise additional items of property, plant and equipment if information is obtained about the existence of those property, plant and equipment at the effective date of the Standard or the transfer date, whichever is applicable, and, if it had been known, would have resulted in the recognition of those property, plant and equipment at that date. The measurement period ends as soon as the entity receives the information it was seeking about facts and circumstances that existed at the effective date of the Standard or the transfer date, whichever is applicable, or learns that no more information is obtainable. However, the measurement period shall not exceed the later of three years from the effective date of the Standard or the transfer date.**
- .7074 The exemption from applying the measurement requirements of the Standard of GRAP on *Property, Plant and Equipment* implies that any associated presentation and disclosure requirements need not be complied with for property, plant and equipment not measured in accordance with the requirements of the Standard of GRAP on *Property, Plant and Equipment*.
- .7172 Until such time as the transitional provisions in paragraphs .65 to .69-70 expires, entities need not comply with the Standards of GRAP on**

- **Presentation of Financial Statements,**



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- ***The Effects of Changes in Foreign Exchange Transactions,***
- ***Leases,***
- ***Segment Reporting, and***
- ***Discontinued Operations,***

to the extent that these Standards prescribe requirements for property, plant and equipment.

~~.7273~~ Notwithstanding the transitional provisions, entities are encouraged to comply in full with the provisions of the Standard of GRAP on *Property, Plant and Equipment* as soon as possible.

Provisions, Contingent Liabilities and Contingent Assets

.24 Directives 2 and 3 do not provide relief for the measurement of assets (with the exception of heritage assets) on initial adoption of the Standards of GRAP. As a result, there is no need to retain the relief outlined for provisions, contingent liabilities and contingent assets. The following paragraphs relating to GRAP 19 on *Provisions, Contingent Liabilities and Contingent Assets* are therefore deleted in Directive 2 and 3:

- Paragraphs .64 to .72 in Directive 2.
- Paragraphs .76 to .84 in Directive 3.

.25 The effect of the deletion of these paragraphs is illustrated below:

GRAP 19 *Provisions, Contingent Liabilities and Contingent Assets*

Transitional provisions

.XX *All changes resulting from the application of the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets shall be accounted for in accordance with the requirements of the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.*

.XX When an entity initially adopts a Standard of GRAP, the Standard of GRAP on *Accounting Policies, Changes in Accounting Estimates and Errors* requires an entity to apply the requirements of the Standard being adopted retrospectively.

~~.XX *Where provisions are acquired through a transfer of functions, the entity is not required to measure these provision for a period of three years from the effective date of the Standard or the effective date of the transfer of functions, whichever is later, subject to the provisions in paragraph .XX below.*~~

~~.XX *If the initial accounting for provisions is incomplete by the end of a reporting period in which the Standard becomes effective or the transfer occurs, whichever is later, the entity shall report in its financial statements provisional amounts for those provisions for which the accounting is incomplete. During the measurement period, the entity shall retrospectively adjust the provisional amounts recognised to reflect new information obtained about facts and circumstances that existed on the transfer date in accordance with paragraph .XX and, if known, would have affected the measurement of the amounts recognised as of that date. During the measurement period, the entity shall also recognise additional provisions if information is obtained about the existence of those provisions at the transfer date, and, if it had been known, would have resulted in the recognition of those provisions at that date. The measurement period ends as soon as the entity receives the information it is seeking about facts and circumstances that existed at the transfer date, or learns that no more information is obtainable. However, the measurement period shall not exceed the later of three years from the effective date of the Standard or the transfer date.*~~

~~.XX *Where contingent liabilities and contingent assets are assumed through a transfer of functions, the entity is not required to disclose those contingent liabilities and*~~

~~contingent assets for a period of three years from the effective date of the Standard of GRAP or the transfer of functions, whichever is later, subject to the provisions in paragraph .67 below.~~

- ~~.XX If the initial disclosure of contingent liabilities and contingent assets is incomplete by the end of a reporting period in which the Standard becomes effective or the transfer occurs, whichever is later, the entity shall disclose in its financial statements provisional amounts for those contingent liabilities and contingent assets for which the disclosure is incomplete. During the measurement period, the entity shall retrospectively adjust the provisional amounts disclosed to reflect new information obtained about facts and circumstances that existed on the transfer date in accordance with paragraph .66 and, if known, would have affected the disclosure of contingent liabilities and contingent assets as of that date. During the measurement period, the entity shall also disclose additional contingent liabilities and contingent assets if new information is obtained about facts and circumstances that existed at the transfer date and, if it had been known, would have resulted in the disclosure of those contingent liabilities and contingent assets as of that date. The measurement period ends as soon as the entity receives the information it was seeking about facts and circumstances that existed at the transfer date or learns that no more information is obtainable. However, the measurement period shall not exceed the later of three years from the effective date of the Standard or the transfer date.~~
- ~~.XX The exemption from applying the measurement requirements of the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets implies that any associated presentation and disclosure requirements need not be complied with for provisions, contingent liabilities and contingent assets not measured or disclosed in accordance with the requirements of the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets.~~
- ~~.XX Until such time as the measurement period in paragraphs .XX to .XX expires, entities need not comply with the Standards of GRAP on~~
- ~~• Presentation of Financial Statements,~~
 - ~~• The Effects of Changes in Foreign Exchange Transactions,~~
 - ~~• Segment Reporting, and~~
 - ~~• Non-current Assets Held for Sale and Discontinued Operations,~~
- ~~to the extent that these Standards prescribe requirements for provisions, contingent liabilities and contingent assets.~~
- ~~.XX Notwithstanding the transitional provisions, entities are encouraged to comply in full with the provisions of the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets as soon as possible.~~
- ~~.XX The transitional provisions in other Standards of GRAP take precedence over the requirements of the Standard of GRAP on Provisions, Contingent Liabilities and Contingent~~

~~Assets. The requirements of the Standard of GRAP on *Provisions, Contingent Liabilities and Contingent Assets* will therefore not apply to an item until the transitional provisions in the relevant Standards of GRAP expire and the item is measured in the financial statements.~~

~~.XX While entities are not required to measure provisions (which form part of the cost of an asset) in their financial statements as a result of applying the transitional provisions in other Standards of GRAP, entities are required to apply the disclosure requirements about the provisions related to those assets in accordance with the Standard of GRAP on *Provisions, Contingent Liabilities and Contingent Assets*.~~

.26 Directive 4 provides relief for the measurement of assets (particularly property, plant and equipment) on the initial adoption of the Standards of GRAP. As a result, only existing paragraphs .79 to .85 are deleted relating to GRAP 19 on *Provisions, Contingent Liabilities and Contingent Assets* in Directive 4. Existing paragraphs .86 and .87 are retained as they relate to the inclusion of certain costs in the measurement of assets, for which a three year relief period is provided.

.27 The effect of the deletion of these paragraphs is illustrated below:

GRAP 19 Provisions, Contingent Liabilities and Contingent Assets

Transitional provisions

.77 All changes resulting from the application of the Standard of GRAP on *Provisions, Contingent Liabilities and Contingent Assets* shall be accounted for in accordance with the requirements of the Standard of GRAP on *Accounting Policies, Changes in Accounting Estimates and Errors*.

.78 When an entity initially adopts a Standard of GRAP, the Standard of GRAP on *Accounting Policies, Changes in Accounting Estimates and Errors* requires an entity to apply the requirements of the Standard being adopted retrospectively.

~~**.79 Where provisions are acquired through a transfer of functions, the entity is not required to measure these provisions for a period of three years from the effective date of the Standard or the effective date of the transfer of functions, whichever is later, subject to the provisions in paragraph .80 below.**~~

~~**.80 If the initial accounting for provisions is incomplete by the end of a reporting period in which the Standard becomes effective or the transfer occurs, whichever is later, the entity shall report in its financial statements provisional amounts for those provisions for which the accounting is incomplete. During the measurement period, the entity shall retrospectively adjust the provisional amounts recognised to reflect new information obtained about facts and circumstances that existed on the transfer date in accordance with paragraph .79, and, if known, would have affected the measurement of the amounts recognised as of that date. During the measurement period, the entity shall also recognise additional provisions if information is obtained about the existence of those provisions at the transfer date, and, if it had been known, would have resulted in the recognition of those provisions at that date. The measurement period ends as soon as the entity receives the information it is seeking about facts and circumstances that existed at the transfer date, or learns that no**~~

~~more information is obtainable. However, the measurement period shall not exceed the later of three years from the effective date of the Standard or the transfer date.~~

~~.81—Where contingent liabilities and contingent assets are assumed through a transfer of functions, the entity is not required to disclose those contingent liabilities and contingent assets for a period of three years from the effective date of the Standard of GRAP or the transfer of functions, whichever is later, subject to the provisions in paragraph .82 below.~~

~~.82—If the initial disclosure of contingent liabilities and contingent assets is incomplete by the end of a reporting period in which the Standard becomes effective or the transfer occurs, whichever is later, the entity shall disclose in its financial statements provisional amounts for those contingent liabilities and contingent assets for which the disclosure is incomplete. During the measurement period, the entity shall retrospectively adjust the provisional amounts disclosed to reflect new information obtained about facts and circumstances that existed on the transfer date in accordance with paragraph .81, and, if known, would have affected the disclosure of contingent liabilities and contingent assets as of that date. During the measurement period, the entity shall also disclose additional contingent liabilities and contingent assets if new information is obtained about facts and circumstances that existed at the transfer date, and, if it had been known, would have resulted in the disclosure of those contingent liabilities and contingent assets as of that date. The measurement period ends as soon as the entity receives the information it was seeking about facts and circumstances that existed at the transfer date or learns that no more information is obtainable. The measurement period shall not exceed the later of three years from the effective date of the Standard or the transfer date.~~

~~.83—The exemption from applying the measurement requirements of the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets implies that any associated presentation and disclosure requirements need not be complied with for provisions, contingent liabilities and contingent assets not measured or disclosed in accordance with the requirements of the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets.~~

~~.84—Until such time as the measurement period in paragraphs .79 to .83 expires, entities need not comply with the Standards of GRAP on~~

- ~~•—Presentation of Financial Statements,~~
- ~~•—The Effects of Changes in Foreign Exchange Transactions,~~
- ~~•—Segment Reporting, and~~
- ~~•—Discontinued Operations,~~

~~to the extent that these Standards prescribe requirements for provisions, contingent liabilities and contingent assets.~~



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- ~~.85~~ Notwithstanding the transitional provisions, entities are encouraged to comply in full with the provisions of the Standard of GRAP on *Provisions, Contingent Liabilities and Contingent Assets* as soon as possible.
- .8679 The transitional provisions in other Standards of GRAP take precedence over the requirements of the Standard of GRAP on *Provisions, Contingent Liabilities and Contingent Assets*. The requirements of the Standard of GRAP on *Provisions, Contingent Liabilities and Contingent Assets* will therefore not apply to an item until the transitional provisions in the relevant Standards of GRAP expire and the item is recognised and/or measured in the financial statements.
- .8780 While entities are not required to recognise and/or measure provisions (which form part of the cost of an asset) in their financial statements as a result of applying the transitional provisions in other Standards of GRAP, entities are required to apply the disclosure requirements about the provisions related to those assets in accordance with the Standard of GRAP on *Provisions, Contingent Liabilities and Contingent Assets*.

Agriculture

.28 Directives 2 and 3 do not provide relief for the measurement of assets related to agricultural activity on initial adoption of the Standards of GRAP. As a result, the following paragraphs relating to GRAP 27 on *Agriculture* are deleted in Directives 2 and 3:

- Paragraphs .96 to .100 in Directive 2.
- Paragraphs .107 to .111 in Directive 3.

.29 The effect of the deletion of these paragraphs is illustrated below:

GRAP 27 *Agriculture*

Transitional provisions

.XX All changes resulting from the application of the Standard of GRAP on *Agriculture* shall be accounted for in accordance with the requirements of the Standard of GRAP on *Accounting Policies, Changes in Accounting Estimates and Errors*.

.XX When an entity initially adopts a Standard of GRAP, the Standard of GRAP on *Accounting Policies, Changes in Accounting Estimates and Errors* requires an entity to apply the requirements of the Standard being adopted retrospectively.

~~.XX Where biological assets and/or agricultural produce are acquired through a transfer of functions, the entity is not required to measure the biological assets and/or agricultural produce for a period of three years from the effective date of the Standard or the effective date of the transfer of functions, whichever is later, subject to the provisions in paragraph .XX below.~~

~~.XX If the initial accounting for biological assets and/or agricultural produce is incomplete by the end of a reporting period in which the Standard becomes effective or the transfer occurs, whichever is later, the entity shall report in its financial statements provisional amounts for those biological assets and/or agricultural produce for which the accounting is incomplete. During the measurement period, the entity shall retrospectively adjust the provisional amounts recognised to reflect information obtained about facts and circumstances that existed on the transfer date in accordance with paragraph .XX, and, if known, would have affected the measurement of the amounts recognised as of that date. During the measurement period, the entity shall also recognise additional biological assets and/or agricultural produce if information is obtained about the existence of those items at the transfer date and, if it had been known, would have resulted in the recognition of those biological assets and/or agricultural produce at that date. The measurement period ends as soon as the entity receives the information it was seeking about facts and circumstances that existed at the transfer date or learns that no more information is obtainable. However, the measurement period shall not exceed the later of three years from the effective date of the Standard or the transfer date.~~

~~.XX The exemption from applying the measurement requirements of the Standard of GRAP on *Agriculture* implies that any associated presentation and disclosure requirements need not~~

~~be complied with for biological assets and/or agricultural produce not measured in accordance with the requirements of the Standard of GRAP on Agriculture.~~

~~.XX Until such time as the measurement period in paragraphs .XX and .XX expires, entities need not comply with the Standards of GRAP on~~

- ~~• Presentation of Financial Statements,~~
- ~~• The Effects of Changes in Foreign Exchange Transactions,~~
- ~~• Leases,~~
- ~~• Segment Reporting, and~~
- ~~• Discontinued Operations,~~

~~to the extent that these Standards prescribe requirements for biological assets and/or agricultural produce.~~

~~.XX Notwithstanding the transitional provisions, entities are encouraged to comply in full with the provisions of the Standard of GRAP on Agriculture as soon as possible.~~

.30 Directive 4 provides relief for the measurement of assets related to agricultural activity on the initial adoption of the Standards of GRAP. The following paragraphs relating to GRAP 27 on Agriculture are amended or deleted in Directive 4:

- Existing paragraph .111 is deleted.
- Existing paragraph numbers .110, .112 to .114 are amended.

.31 The effect of the deletion of these paragraphs is illustrated below:

GRAP 27 Agriculture

Transitional provisions

.109 Any adjustments required to the previous carrying amounts of assets and net assets shall be recognised as an adjustment to the opening balance of accumulated surplus or deficit in the period that the Standard of GRAP on Agriculture is initially adopted. On initial adoption of the Standard, comparative information is not required to be restated.

.110 Entities are not required to recognise and/or measure biological assets and/or agricultural produce for reporting periods beginning on or after a date within three years following the date of initial adoption of the Standard of GRAP on Agriculture subject to the provisions in paragraph .112 below.

~~.111 Where biological assets and/or agricultural produce are acquired through a transfer of functions, the entity is not required to measure the biological assets and/or agricultural produce for a period of three years from the effective date of the Standard or the effective date of the transfer of functions, whichever is later, subject to the provisions in paragraph .112 below.~~

- .111~~2~~** *If the initial accounting for biological assets and/or agricultural produce is incomplete by the end of a reporting period in which the Standard becomes effective ~~or the transfer occurs, whichever is later~~, the entity shall report in its financial statements provisional amounts for those biological assets and/or agricultural produce for which the accounting is incomplete. During the measurement period, the entity shall retrospectively adjust the provisional amounts recognised to reflect information obtained about facts and circumstances that existed on the effective date of the Standard in accordance with paragraph .110 ~~or the transfer date in accordance with paragraph .111~~, and, if known, would have affected the measurement of the amounts recognised as of that date. During the measurement period, the entity shall also recognise additional biological assets and/or agricultural produce if information is obtained about the existence of those items at the effective date of the Standard ~~or the transfer date, whichever is applicable~~, and, if it had been known, would have resulted in the recognition of those biological assets and/or agricultural produce at that date. The measurement period ends as soon as the entity receives the information it was seeking about facts and circumstances that existed at the effective date of the Standard ~~or the transfer date, whichever is applicable~~, or learns that no more information is obtainable. However, the measurement period shall not exceed ~~the later of~~ three years from the effective date of the Standard ~~or the transfer date~~.*
- .112~~3~~** The exemption from applying the measurement requirements of the Standard of GRAP on *Agriculture* implies that any associated presentation and disclosure requirements need not be complied with for biological assets and/or agricultural produce not recognised and/or measured in accordance with the requirements of the Standard of GRAP on *Agriculture*.
- .113~~4~~** *Until such time as the transitional provisions in paragraphs .110 to .111~~2~~ expires, entities need not comply with the Standards of GRAP on*
- *Presentation of Financial Statements,*
 - *The Effects of Changes in Foreign Exchange Transactions,*
 - *Leases,*
 - *Segment Reporting, and*
 - *Discontinued Operations,*
- to the extent that these Standards prescribe requirements for biological assets and/or agricultural produce.*
- .114~~5~~** Notwithstanding the transitional provisions, entities are encouraged to comply in full with the provisions of the Standard of GRAP on *Agriculture* as soon as possible.

Intangible Assets

.32 Directives 2 and 3 do not provide relief for the measurement of intangible assets on initial adoption of the Standards of GRAP. The following paragraphs relating to GRAP 31 on *Intangible Assets* are deleted in Directives 2 and 3:

- Paragraphs .104 to .108 in Directive 2.
- Paragraphs .115 to .119 in Directive 3.

.33 The effect of the deletion of these paragraphs is illustrated below:

GRAP 31 *Intangible Assets*

Transitional provisions

.XX All changes from the application of the Standard of GRAP on Intangible Assets shall be accounted for in accordance with the requirements of the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

.XX When an entity initially adopts a Standard of GRAP, the Standard of GRAP on *Accounting Policies, Changes in Accounting Estimates and Errors* requires an entity to apply the requirements of the Standard being adopted retrospectively.

.XX Notwithstanding the requirements in paragraph .69 of the Standard of GRAP on *Intangible Assets*, where entities have, on initial adoption of the Standard, accumulated and retained sufficient information about costs and the future economic benefits or service potential related to intangible assets that may have been expensed previously, those intangible assets should be recognised in accordance with the Standard.

~~.XX Where intangible assets are acquired through a transfer of functions, the entity is not required to measure the intangible assets for a period of three years from the effective date of the Standard or the effective date of the transfer of functions, whichever is later, subject to the provisions in paragraph .XX below.~~

~~.XX If the initial accounting for intangible assets is incomplete by the end of a reporting period in which the Standard becomes effective or the transfer occurs, whichever is later, the entity shall report in its financial statements provisional amounts for those intangible assets for which the accounting is incomplete. During the measurement period, the entity shall retrospectively adjust the provisional amounts recognised to reflect information obtained about facts and circumstances that existed on the transfer date in accordance with paragraph .XX and, if known, would have affected the measurement of the amounts recognised as of that date. During the measurement period, the entity shall also recognise additional intangible assets if information is obtained about the existence of those items at the transfer date, and, if it had been known, would have resulted in the recognition of those intangible assets at that date. The measurement period ends as soon as the entity receives the information it was seeking about facts and circumstances that existed at the transfer date or learns that no more information is obtainable. However, the measurement~~

~~period shall not exceed the later of three years from the effective date of the Standard or the transfer date.~~

~~.XX The exemption from applying the measurement requirements of the Standard of GRAP on *Intangible Assets* implies that any associated presentation and disclosure need not be complied with for intangible assets not measured in accordance with the requirements of the Standard of GRAP on *Intangible Assets*.~~

~~.XX **Until such time as the measurement period in paragraphs .XX and .XX expires, entities need not comply with the Standards of GRAP on**~~

- ~~• **Presentation of Financial Statements,**~~
- ~~• **The Effects of Changes in Foreign Exchange Transactions,**~~
- ~~• **Leases,**~~
- ~~• **Segment Reporting, and**~~
- ~~• **Discontinued Operations,**~~

~~**to the extent that these Standards prescribe requirements for intangible assets.**~~

~~.XX Notwithstanding the transitional provisions, entities are encouraged to comply in full with the provisions of the Standard of GRAP on *Intangible Assets* as soon as possible.~~

.34 Directive 4 provides relief for the measurement of intangible assets on the initial adoption of the Standards of GRAP. The following paragraphs relating to GRAP 31 on *Intangible Assets* are amended or deleted in Directive 4:

- Existing paragraph .120 is deleted.
- Existing paragraph numbers .119, .121 and .123 are amended.

.35 The effect of the deletion of these paragraphs is illustrated below:

GRAP 31 *Intangible Assets*

Transitional provisions

.116 All changes resulting from the application of the Standard of GRAP on *Intangible Assets* shall be accounted for in accordance with the requirements of the Standard of GRAP on *Accounting Policies, Changes in Accounting Estimates and Errors*.

.117 When an entity initially adopts a Standard of GRAP, the Standard of GRAP on *Accounting Policies, Changes in Accounting Estimates and Errors* requires an entity to apply the requirements of the Standard being adopted retrospectively.

- .118 Notwithstanding the requirements in paragraph .69 in the Standard of GRAP on *Intangible Assets*, where entities have, on initial adoption of the Standard, accumulated and retained sufficient information about costs and the future economic benefits or service potential related to intangible assets that may have been expensed previously, those intangible assets shall be recognised in accordance with the Standard.
- .119 Entities are not required to measure intangible assets for reporting periods beginning on or after a date within three years following the date of initial adoption of the Standard of GRAP on *Intangible Assets* subject to the provisions in paragraph .120~~4~~ below.**
- ~~.120 Where intangible assets are acquired through a transfer of functions, the entity is not required to measure the intangible assets for a period of three years from the effective date of the Standard or the effective date of the transfer of functions, whichever is later, subject to the provisions in paragraph .121 below.~~
- .120~~4~~ If the initial accounting for intangible assets is incomplete by the end of a reporting period in which the Standard becomes effective or the transfer occurs, whichever is later, the entity shall report in its financial statements provisional amounts for those intangible assets for which the accounting is incomplete. During the measurement period, the entity shall retrospectively adjust the provisional amounts recognised to reflect information obtained about facts and circumstances that existed on the effective date of the Standard in accordance with paragraph .119 or the transfer date in accordance with paragraph .120, and, if known, would have affected the measurement of the amounts recognised as of that date. During the measurement period, the entity shall also recognise additional intangible assets if information is obtained about the existence of those items at the effective date of the Standard or the transfer date, whichever is applicable, and, if it had been known, would have resulted in the recognition of those intangible assets at that date. The measurement period ends as soon as the entity receives the information it was seeking about facts and circumstances that existed at the effective date of the Standard or the transfer date, whichever is applicable, or learns that no more information is obtainable. However, the measurement period shall not exceed the later of three years from the effective date of the Standard or the transfer date.**
- .121~~2~~ The exemption from applying the measurement requirements of the Standard of GRAP on *Intangible Assets* implies that any associated presentation and disclosure requirements need not be complied with for intangible assets not measured in accordance with the requirements of the Standard of GRAP on *Intangible Assets*.
- .122~~3~~ Until such time as the transitional provisions period in paragraphs .119 and .120 to .121 expires, entities need not comply with the Standards of GRAP on**
- **Presentation of Financial Statements,**
 - **The Effects of Changes in Foreign Exchange Transactions,**
 - **Leases,**
 - **Segment Reporting, and**



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- ***Discontinued Operations,***

to the extent that these Standards prescribe requirements for intangible assets.

.1234 Notwithstanding the transitional provisions, entities are encouraged to comply in full with the provisions of the Standard of GRAP on *Intangible Assets* as soon as possible.

Heritage Assets

- .36 Directives 2, 3 and 4 provide relief for the measurement of heritage assets on initial adoption of the Standards of GRAP. The following paragraphs relating to GRAP 103 on *Heritage Assets* are deleted in Directives 2, 3 and 4:
- Paragraph .115 is deleted, and existing paragraphs .116 and .118 are amended in Directive 2.
 - Paragraph .126 is deleted, and existing paragraphs .127 and .129 are amended in Directive 3.
 - Paragraph .131 is deleted, and existing paragraphs .132 and .134 are amended in Directive 4.
- .37 The effect of the deletion of these paragraphs is illustrated below:

GRAP 103 *Heritage Assets*

Transitional provisions

- .XX All changes resulting from the application of the Standard of GRAP on Heritage Assets shall be accounted for in accordance with the requirements of the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.**
- .XX When an entity initially adopts a Standard of GRAP, the Standard of GRAP on *Accounting Policies, Changes in Accounting Estimates and Errors* requires an entity to apply the requirements of the Standard being adopted retrospectively.
- .XX Entities are not required to measure heritage assets for reporting periods beginning on or after a date within three years following the date of initial adoption of the Standard of GRAP on Heritage Assets subject to the provisions in paragraph .XX below.**
- ~~.XX Where heritage assets are acquired through a transfer of functions, the entity is not required to measure the heritage assets for a period of three years from the effective date of the transfer of functions or the effective date of the Standard, whichever is later, subject to the provisions in paragraph .XX below.~~
- .XX If the initial accounting for heritage assets is incomplete by the end of a reporting period in which the Standard becomes effective or the transfer occurs, whichever is later, the entity shall report in its financial statements provisional amounts for those heritage assets for which the accounting is incomplete. During the measurement period, the entity shall retrospectively adjust the provisional amounts recognised to reflect information obtained about facts and circumstances that existed on the effective date of the Standard in accordance with paragraph .XX or the transfer date in accordance with paragraph .XX, and, if known, would have affected the measurement of the amounts recognised as of that date. During the measurement period, the entity shall also recognise additional heritage assets if information is obtained about the existence of those heritage assets at the effective date of the Standard or the transfer**

~~date, whichever is applicable, and, if it had been known, would have resulted in the recognition of those heritage assets at that date. The measurement period ends as soon as the entity receives the information it was seeking about facts and circumstances that existed at the effective date of the Standard or the transfer date, whichever is applicable, or learns that no more information is obtainable. However, the measurement period shall not exceed the later of three years from the effective date of the Standard or the transfer date.~~

- .XX The exemption from applying the measurement requirements of the Standard of GRAP on *Heritage Assets* implies that any associated presentation and disclosure requirements need not be complied with for heritage assets not measured in the accordance with the requirements of the Standard of GRAP on *Heritage Assets*.
- .XX Until such time as the transitional provisions in paragraphs .XX to .XXYY expires, entities need not comply with the Standards of GRAP on**
- ***Presentation of Financial Statements,***
 - ***The Effects of Changes in Foreign Exchange Transactions,***
 - ***Leases,***
 - ***Segment Reporting, and***
 - ***Discontinued Operations***
- to the extent that these Standards prescribe requirements for heritage assets.***
- .XX Notwithstanding the transitional provisions, entities are encouraged to comply in full with the provisions of the Standard of GRAP on *Heritage Assets* as soon as possible.