Responses due by 30 December 2016

ACCOUNTING STANDARDS BOARD

INVITATION TO COMMENT ON IMPROVEMENTS TO THE STANDARDS OF GRAP (2016)

(ED 152)

Issued by the
Accounting Standards Board

October 2016

ED 152

Commenting on this Exposure Draft

The Accounting Standards Board (the Board) seeks comment on the Exposure Draft on *Improvements to the Standards of GRAP* (2016) to enable the Board to improve and amend the Standards of GRAP outlined in this document.

The proposals in this Exposure Draft may be modified in the final documents in the light of comment received, before being issued as Improvements to the Standards of GRAP.

Comment should be submitted in writing so as to be received by **30 December 2016**. E-mail responses are preferred. Unless respondents to this Exposure Draft specifically request confidentiality, their comment is a matter of public record once the affected Standards of GRAP have been issued. Comment should be addressed to:

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Contents

Improvements to the Standards of Generally Recognised Accounting Practice (GRAP) (2016)

	Page
Introduction to Standards of Generally Recognised Accounting Practice	5 - 6
Background and purpose of this Exposure Draft	7 - 8
Matters considered in developing this Exposure Draft	8
Other matters	8
Due process and timetable	8
Request for comment	9
General matters for comment	9
Improvements to Standards of GRAP	10 - 61
A1. GRAP 12 – *Inventories*	11 - 13
A2. GRAP 16 – *Investment Property*	14 - 17
A3. GRAP 17 –*Property, Plant and Equipment*	18 - 25
A4. GRAP 18 – *Segment Reporting*	26 - 30
A5. GRAP 21 – *Impairment of Non-cash-generating Assets*	31 - 34
A6. GRAP 26 – *Impairment of Cash-generating Assets*	35 - 38
A7. GRAP 27 – *Agriculture*	39 - 46

A8.	GRAP 31 – *Intangible Assets*	47 - 52
A9.	GRAP 103 – *Heritage Assets*	53 – 55
A10.	GRAP 106 – *Transfer of Functions Between Entities Not Under Common Control*	56 - 61
Annexure A		62 - 82

Introduction to Standards of Generally Recognised Accounting Practice (GRAP)

The Accounting Standards Board (the 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 (IFRSs) issued by the International Accounting Standards Board for:

(a) public entities that meet the criteria outlined in Directive 12 on *The Selection of an Appropriate Reporting Framework by Public Entities;* and

(b) entities under the ownership control of any of these entities.

Financial statements should be described as complying with Standards of GRAP only if they comply with all the requirements of each applicable Standard of GRAP and any related Interpretations of the Standards of GRAP.

Any limitation of the applicability of specific Standards or Interpretations is made clear in those Standards or Interpretations of the Standards of GRAP.

Standards of GRAP and Interpretations of the Standards of GRAP should also be read in conjunction with any directives issued by the Board prescribing transitional provisions, as well as any regulations issued by the Minister of Finance regarding the effective dates of the Standards of GRAP, published in the Government Gazette.

Reference may be made to a Standard of GRAP that has not been issued at the time of issue of this Standard. This is done to avoid having to change the Standards already issued when a later Standard is subsequently issued. Paragraph .11 of the Standard of GRAP on *Accounting Policies, Changes in Accounting Estimates and Errors* provides a basis for selecting and applying accounting policies in the absence of explicit guidance.

Background and purpose of this Exposure Draft

In line with best practice internationally amongst standard setters, the Board undertakes periodic revisions of the Standards of GRAP.

The Board's improvements project comprise amendments to those Standards of GRAP that have been issued by the Board and for which the Minister of Finance has determined an effective date.

The changes made to the Standards of GRAP as part of the 2016 Improvements Project comprise three areas which can be summarised as follows:

<u>General improvements</u>

- Changes to the Standards of GRAP to ensure consistency between the Standards, or to clarify existing principles identified during consultations with local stakeholders.
- Deletion of appendices outlining illustrative examples in the Standards of GRAP as the development of implementation guidance is the responsibility of the National Treasury.

<u>IPSASB amendments</u>

- Changes to the Standards of GRAP as a result of changes made to the International Public Sector Accounting Standards (IPSASs) issued by the International Public Sector Accounting Standards Board (IPSASB) as part of its 2014 and 2015 Improvements to IPSASs and any other limited-scope amendments.

<u>IASB amendments</u>

- Changes to the Standards of GRAP as a result of changes made to the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as part of its 2010 to 2012, 2011 to 2013 and 2012 to 2014 Cycle Improvements to IFRSs and any other limited-scope amendments.

The proposed amendments to Standards of GRAP included in this Exposure Draft are:

- GRAP 12 - *Inventories*
- GRAP 16 - *Investment Property*
- GRAP 17 - *Property, Plant and Equipment*
- GRAP 18 - *Segment Reporting*
- GRAP 21 – *Impairment of Non-cash Generating Assets*
- GRAP 26 - *Impairment of Cash Generating Assets*

- GRAP 27 - *Agriculture*
- GRAP 31 - *Intangible Assets*
- GRAP 103 - *Heritage Assets*
- GRAP 106 – *Transfer of Functions Between Entities Not Under Common Control*

The Exposure Draft comprises marked-up text of the affected paragraphs in each Standard of GRAP where amendments and improvements are proposed. The proposed amendments include deleted text as struck through while additional text is underlined.

Matters considered in developing this Exposure Draft

A complete listing of the issues considered by the Board in developing this Exposure Draft, including those matters considered by the Board and not included in the scope of the 2016 Improvements Project, are included in Annexure A to this Exposure Draft for information purposes.

Other matters

Transitional provisions

The transitional provisions for each affected Standard of GRAP will be revised in the applicable Standard of GRAP under the section 'Amendments to the Standards of GRAP' to prescribe the transitional arrangements for any new amendments and improvements made to that Standard of GRAP.

Effective date

Amendments and improvements to the Standards of GRAP will become effective one year after the date of approval by the Board. An effective date of 1 April 2018 is therefore proposed for all amendments and improvements that form part of this Exposure Draft.

Due process and timetable

The due process followed by the Board in developing Standards of GRAP is for the Board to receive comment on the proposals set out in the Exposure Draft from preparers, users, auditors, standard-setters and other parties with an interest in public sector financial reporting. Accordingly, all interested parties are invited to provide comment.

Exposure Drafts will usually have a comment period of three (3) months, although shorter or longer periods may be used for certain Exposure Drafts depending on the urgency to issue the final Standard. Upon the closure of the comment period, the Board will consider the comment received on this Exposure Draft and may modify the proposed amendments to the Standards of GRAP in the light of the comment received.

Request for comment

Comment is invited by **30 December 2016** on this Exposure Draft. The Board requires that respondents express an overall opinion on whether the Exposure Draft, in general, is supported and supplement this opinion with detailed comment, whether supportive or critical, on the principles in the Exposure Draft. Respondents are also invited to provide detailed comment identifying the specific paragraphs to which it relates, explaining the issue and suggesting alternative wording, with supporting reasons, where appropriate. The basis for accepting or rejecting significant comment will be published on the website.

General matters for comment

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

ED 152

IMPROVEMENTS TO THE STANDARDS OF GRAP (2016)

A1. Amendments to the Standard of GRAP on *Inventories* (GRAP 12)

Summary of changes

Changes to the Standard of GRAP on *Inventories* resulted from inconsistencies in measurement requirements in GRAP 23 and other asset-related Standards of GRAP in relation to the treatment of transaction costs. Other changes resulted from changes made to IPSAS 12 on *Inventories* (IPSAS 12) as a result of the IPSASB's *Improvements to IPSASs 2015* issued in March 2016.

The most significant changes to the Standard of GRAP on *Inventories* are outlined below:

Type of amendment	**Paragraph reference**	**Summary of proposed amendment**
General improvements	.32, .52A, .54	To clarify the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23 (paragraph .12).
IPSASB amendments	.10, .13A, .52A, 54	To align terminology in GRAP 12 with that in IPSAS 12. The term "ammunition" in IPSAS 12 was replaced with the term "military inventories" and provides a description of what it comprises in accordance with Government Finance Statistics terminology.

Amendments to the Standard of GRAP on *Inventories*

Amended text is shown with new text underlined and deleted text struck through. The following paragraphs in GRAP 12 have been amended:

…

Inventories

.10 Inventories in the public sector may include:

(a) ~~ammunition~~ military inventories;

...

.13A Military inventories consist of single-use items, such as ammunition, missiles, rockets and bombs delivered by weapons or weapons systems. However, some types of missiles may be accounted for in accordance with the Standard of GRAP on *Property, Plant, and Equipment*, if they satisfy the criteria to be classified in that Standard. Military inventories are not limited to items held by the military and can include items held by other entities involved in public order, safety, security and law-enforcement activities.

…

Inventory acquired through a non-exchange transaction

…

.32 Inventories may be transferred to the entity by means of a non-exchange transaction. For example, an international aid agency may donate medical supplies to a public hospital in the aftermath of a natural disaster. Under such circumstances, the cost of the inventory is its fair value as at the date it is acquired. Any transaction costs incurred are recognised in accordance with the requirements of paragraphs .25 to .26.

…

Transitional provisions

…

Amendments to Standards of GRAP

…

.52A ***The following paragraphs were amended by the Improvements to the Standards of GRAP issued on Month Year. These amendments are effective for annual periods beginning on or after Day Month Year [proposed as 1 April 2018]. An entity shall apply these amendments as follows:***

- ***(a)*** ***paragraphs .10 and .13A shall be applied retrospectively in accordance with the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors; and***
- ***(b)*** ***paragraph .32 shall be applied prospectively in accordance with the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.***

Earlier application is encouraged. If an entity elects to apply these amendments earlier, it shall disclose this fact.

…

Effective date

…

~~Entities already applying Standards of GRAP~~

~~***.54***~~ ~~***An entity shall apply amendments to this Standard of GRAP for annual financial statements covering periods beginning on or after 1 April 2013. Earlier application is encouraged. If an entity applies these amendments for a period beginning before 1 April 2013, it shall disclose that fact.***~~

A2. Amendments to the Standard of GRAP on *Investment Property* (GRAP 16)

Summary of changes

Changes to the Standard of GRAP on *Investment Property* resulted from editorial changes to the original text and inconsistencies in measurement requirements in GRAP 23 and other asset-related Standards of GRAP in relation to the treatment of transaction costs. Other changes resulted from changes made to IAS 40 on *Investment Property* (IAS 40) as a result of the IASB's amendments on *Annual Improvements to IFRSs 2011 – 2013 Cycle* issued in December 2013.

The most significant changes to the Standard of GRAP on *Investment Property* are outlined below:

Type of amendment	**Paragraph reference**	**Summary of proposed amendment**
General improvements	.37, .103A, .105	To clarify the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23 (paragraph .12).
	.41, .103A, .105	To clarify the measurement principle when assets may be acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets.
IASB amendments	.24A, .103A, .105	To clarify the interrelationship between the Standards of GRAP on *Transfer of Functions Between Entities Not Under Common Control* and *Investment Property* when classifying investment property or owner-occupied property.

Amendments to the Standard of GRAP on *Investment Property*

Amended text is shown with new text underlined and deleted text struck through. The following paragraphs in GRAP 16 have been amended:

…

Property interest held by a lessee under an operating lease

.24 Judgement is needed to determine whether a property qualifies as investment property. An entity develops criteria so that it can exercise that judgement consistently in accordance with the definition of investment property and with the related guidance in paragraphs .07 to .18. Paragraph .91(c) requires an entity to disclose these criteria when classification is difficult.

.24A Judgement is also needed to determine whether the acquisition of investment property is the acquisition of an asset or a group of assets or a transfer of functions within the scope of the Standards of GRAP on *Transfer of Functions Between Entities Under Common Control* and *Transfer of Functions Between Entities Not Under Common Control*. Reference should be made to the Standards of GRAP on *Transfer of Functions Between Entities Under Common Control* and *Transfer of Functions Between Entities Not Under Common Control* to determine whether it is a transfer of functions. The discussion in paragraphs .07 to .24 of this Standard relates to whether or not property is owner-occupied property or investment property and not to determining whether or not the acquisition of property is a transfer of functions as defined in the Standards of GRAP on *Transfer of Functions Between Entities Under Common Control* and *Transfer of Functions Between Entities Not Under Common Control*. Determining whether a specific transaction meets the definition of a transfer of functions as defined in the Standards of GRAP on *Transfer of Functions Between Entities Under Common Control* and *Transfer of Functions Between Entities Not Under Common Control* and includes an investment property as defined in this Standard requires the separate application of these Standards.

…

Measurement at recognition

…

.37 An investment property may be acquired through a non-exchange transaction. For example, an entity may transfer, at no charge, a building to another entity, which then lets it out at market rent. An investment property may also be acquired through a non-exchange transaction by the exercise of powers of expropriation. In these circumstances, the cost of the property is its fair value as at the date it is acquired. Any transaction costs incurred are recognised in accordance with the requirements of paragraphs .34 to .35.

…

.41 One or more investment properties may be acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets. The following discussion refers simply to an exchange of one non-monetary asset for another, but it also applies to all exchanges described in the preceding sentence. The cost of such an investment property is measured at fair value unless the fair value of neither the asset received nor the asset given up is reliably measurable. If the acquired asset is not measured at fair value, its cost is measured at the carrying amount of the asset given up. The acquired asset is measured in this way even if an entity cannot immediately derecognise the asset given up.

…

Transitional provisions

…

Amendments to Standards of GRAP

…

.103A The following paragraphs were amended by the Improvements to the Standards of GRAP issued on Month Year. These amendments are effective for annual periods beginning on or after Day Month Year [proposed as 1 April 2018]. An entity shall apply these amendments as follows:

(a) paragraphs .24A and .37 shall be applied prospectively in accordance with the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors; and

(b) paragraph .41 shall be applied retrospectively in accordance with the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

Earlier application is encouraged. If an entity elects to apply these

amendments earlier, it shall disclose this fact.

…

Effective date

…

~~Entities already applying Standards of GRAP~~

~~.105~~ ***~~An entity shall apply amendments to this Standard of GRAP for annual financial statements covering periods beginning on or after 1 April 2013. Earlier application is encouraged. If an entity applies these amendments for a period beginning before 1 April 2013, it shall disclose that fact.~~***

A3. Amendments to the Standard of GRAP on *Property, Plant and Equipment* (GRAP 17)

Summary of changes

Changes to the Standard of GRAP on *Property, Plant and Equipment* resulted from editorial changes to the original text and inconsistencies in measurement requirements in GRAP 23 and other asset-related Standards of GRAP in relation to the treatment of transaction costs. Other changes resulted from changes made to IPSAS 17 on *Property, Plant and Equipment* (IPSAS 17) as a result of the IPSASB's *Improvements to IPSASs 2014* issued in January 2015 and *Improvements to IPSASs 2015* issued in March 2016.

The most significant changes to the Standard of GRAP on *Property, Plant and Equipment* are outlined below:

Type of amendment	**Paragraph reference**	**Summary of proposed amendment**
General improvements	.19, .100A, .102	To clarify the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23 (paragraph .12).
	.29, .100A, .102	To clarify the measurement principle when assets may be acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets.
IPSASB amendments	.40, .100A, .102	To clarify the revaluation methodology of the carrying amount and accumulated depreciation when an item of property, plant, and equipment is revalued.
	73A, .100A, .102	To clarify acceptable methods of depreciating assets.
	.03, .11, .42, .100A, .102	To align terminology in GRAP 17 with that in IPSAS 17. The term "specialist military equipment" in IPSAS 17 was replaced with the term "weapon systems" and provides a

		description of what it comprises in accordance with Government Finance Statistics terminology.
	.02, .06, .27A, .42, .100A, .102	To define a bearer plant and include bearer plants within the scope of GRAP 17, while the produce growing on bearer plants will remain within the scope of GRAP 27.

Issues considered but not included in the amended Standard of GRAP

Amendments made by the IPSASB to IPSAS 17 on Property, Plant and Equipment

Some of the key amendments made to IPSAS 17 relate to additional commentary added on the factors to be considered in determining the useful life of an asset. During 2015 the Board made changes to GRAP 17 as a result of the Post-implementation Review of GRAP 16 and GRAP 17. These changes resulted in some of the text in GRAP 17 being different to that in IPSAS 17. As such, some of the amendments to IPSAS 17, where the text is not consistent with that used by the Board, have not been considered.

Consequential amendments to the proposed Standard of GRAP on *Living and Non-living Resources*

If the amendments relating to bearer plants are approved, they will have a consequential effect on the proposed Standard of GRAP on *Living and Non-living Resources*.

Amendments to the Standard of GRAP on *Property, Plant and Equipment*

Amended text is shown with new text underlined and deleted text struck through. The following paragraphs in GRAP 17 have been amended:

Scope

…

.02 ***An entity that prepares and presents financial statements under the accrual basis of accounting shall apply this Standard in accounting for property, plant and equipment, except:***

…

(b) biological assets related to agricultural activity <u>other than bearer plants</u> (see Standard of GRAP on Agriculture). <u>This Standard applies to bearer plants but does not apply to the produce on bearer plants;</u>

…

.03 This Standard applies to property, plant and equipment including:

(a) ~~specialist military equipment~~ <u>weapons systems</u>; and

(b) infrastructure assets.

…

Definitions

.06 ***The following terms are used in this Standard with the meanings specified:***

<u>A bearer plant is a living plant that:</u>

<u>(a) is used in the production or supply of agricultural produce;</u>

<u>(b) is expected to bear produce for more than one period; and</u>

<u>(c) has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.</u>

<u>(Paragraphs .07A to .07C of the Standard of GRAP on Agriculture elaborate on this definition of a bearer plant.)</u>

…

.11 ~~Specialist military equipment~~ <u>Weapons systems</u> will normally meet the definition of property, plant and equipment and should be recognised as an asset in accordance with this Standard. Weapons systems include vehicles and other equipment, such as warships, submarines, military aircraft, tanks, missile carriers and launchers that are used continuously in the provision of defense services, even if their peacetime use is simply to provide deterrence. Some single-use items, such as certain types of ballistic missiles, may provide an ongoing service of deterrence against aggressors and, therefore, can be classified as weapons systems.

…

Measurement at recognition

…

.19 An item of property, plant and equipment may be acquired through a non-exchange transaction. For example, land may be contributed to a municipality by a developer at nil or nominal consideration, to enable the municipality to develop parks, roads and paths. An asset may also be acquired through a non-exchange transaction by the exercise of powers of expropriation. Under these circumstances the cost of the item is its fair value as at the date it is acquired. In determining the fair value of an item of property, plant and equipment acquired through a non-exchange transaction, the entity applies the principles in paragraphs .35 to .38. Any transaction costs incurred are recognised in accordance with the requirements of paragraphs .21 to .27.

…

Elements of cost

.27A Bearer plants are accounted for in the same way as self-constructed items of property, plant, and equipment before they are in the location and condition necessary to be capable of operating in the manner intended by management. Consequently, references to 'construction' in this Standard should be read as covering activities that are necessary to cultivate bearer plants before they are in the location and condition necessary to be capable of operating in the manner intended by management.

…

Measurement of cost

…

.29 One or more items of property, plant and equipment may be acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets. The following discussion refers simply to an exchange of one non-monetary asset for another, but it also applies to all exchanges described in the preceding sentence. The cost of such an item of property, plant and equipment is measured at fair value ~~if~~ unless the fair value of neither the asset received nor the asset given up is reliably measurable. If the acquired item is not measured at fair value, its cost is measured at the carrying amount of the asset given up. The acquired item is measured in this way even if an entity cannot immediately derecognise the asset given up. ~~If the acquired item is not measured at fair value, its cost is measured at the carrying amount of the asset given up.~~

…

Revaluation model

.40 When an item of property, plant and equipment is revalued, ~~any accumulated depreciation~~ the carrying amount of that asset is adjusted to the revalued amount. A~~a~~t the date of the revaluation, the asset is treated in one of the following ways:

(a) ~~restated proportionately~~ the gross carrying amount is adjusted in a manner that is consistent with the ~~change in the gross carrying amount of the asset so that~~ revaluation of the carrying amount of the asset. For example, the gross carrying amount may be restated by reference to observable market data or it may be restated proportionately to the change in the carrying amount. The accumulated depreciation at the date of the revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses ~~after revaluation equals its revalued amount. This method is often used when an asset is revalued by means of applying an index to its depreciated replacement cost~~; or

(b) the accumulated depreciation is eliminated against the gross carrying amount of the asset. ~~and the net amount restated to the revalued amount of the asset. This method is often used for buildings.~~

The amount of the adjustment ~~arising on the restatement or elimination~~ of accumulated depreciation forms part of the increase or decrease in carrying amount that is accounted for in accordance with paragraphs .44 and .45.

…

.42 A class of property, plant and equipment is a grouping of assets of a similar nature or function in an entity's operations. The following are examples of separate classes:

…;

(h) ~~specialist military equipment~~ <u>weapons systems</u>;

…

(j) furniture and fixtures; ~~and~~

(k) office equipment~~.~~<u>; and</u>

<u>(l) bearer plants.</u>

Depreciation method

…

<u>.73A</u> <u>A depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate. The revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits or service potential of the asset. For example, revenue is affected by other inputs and processes, selling activities and changes in sales volumes and prices. The price component of revenue may be affected by inflation, which has no bearing upon the way in which an asset is consumed.</u>

…

Transitional provisions

…

Amendments to Standards of GRAP

…

.100A ***<u>The following paragraphs were amended by the Improvements to the Standards of GRAP issued on Month Year. These amendments are effective for annual periods beginning on or after Day Month Year [proposed as 1 April</u>***

2018]. An entity shall apply these amendments as follows:

(a) paragraphs .19 and .73A shall be applied prospectively in accordance with the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors;

(b) paragraphs .03, .11, .29 and .42 shall be applied retrospectively in accordance with the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors;

(c) paragraph .40 shall be applied to all revaluations recognised in annual periods beginning on or after the date of initial application of the amendment and in the immediately preceding annual period; and

(d) paragraphs .02, .06, .27A and .42 shall be applied retrospectively in accordance with the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors;

(i) in the reporting period when these amendments are first applied an entity need not disclose the quantitative information required by paragraph .30(f) of the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors for the current period. However, an entity shall present the quantitative information required by paragraph .30(f) of that Standard for each prior period presented; and

(ii) an entity may elect to measure an item of bearer plants at its fair value at the beginning of the earliest period presented in the financial statements for the reporting period in which the entity first applies these amendments and use that fair value as its deemed cost at that date. Any differences between the previous carrying amount and fair value shall be recognised in opening accumulated surpluses/deficits at the beginning of the earliest period presented.

Earlier application is encouraged. If an entity elects to apply these amendments earlier, it shall disclose this fact.

…

Effective date

…

~~Entities already applying Standards of GRAP~~

~~*.102*~~ ~~***An entity shall apply amendments to this Standard of GRAP for annual financial statements covering periods beginning on or after 1 April 2016. Earlier application is encouraged. If an entity applies these amendments for a period beginning before 1 April 2016, it shall disclose that fact.***~~

A4. Amendments to the Standard of GRAP on *Segment Reporting* (GRAP 18)

Summary of changes

Changes to the Standard of GRAP on *Segment Reporting* resulted from editorial and other changes to the original text have been made to ensure consistency with other Standards of GRAP.

The most significant changes to the Standard of GRAP on *Segment Reporting* are outlined below:

Type of amendment	**Paragraph reference**	**Summary of proposed amendment**
General improvements	Appendix 1	An appendix with illustrative segment disclosures has been deleted from the Standard as the National Treasury has issued complete examples as part of its implementation guidance.

Amendments to the Standard of GRAP on *Segment Reporting*

The illustrative example on the disclosure of accounting policies has been deleted.

…

~~Appendix 1 - Illustrative segment disclosures~~

~~The appendix is illustrative only and does not form part of the Standard. The purpose of the appendix is to illustrate the application of the Standard to assist in clarifying its meaning.~~

~~Introduction~~

~~The tables and notes illustrate segment disclosures that this Standard would require for an education entity which is predominantly funded by appropriation but provides some educational services on a commercial basis to the employees of major corporations, and that has joined with a commercial venture to establish a private education foundation operating on a commercial basis. The entity has significant influence over the foundation, but does not control it.~~

~~Segment data is required for each year in which a complete set of financial statements is presented. Paragraph references are to the relevant requirements in this Standard.~~

~~General information (paragraph .20)~~

~~The entity is organised and reports to management on the basis of four major functional areas: primary, secondary, tertiary, and special educational services. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives. Segments were not aggregated for reporting purposes.~~

~~Operations of the special education services segments include provision of educational services on a commercial basis to the employees of major corporations. In providing these services to external parties the commercial services unit of the segment uses, on a fee for services basis, services provided by the primary, secondary and tertiary segments. These inter-segment transfers are eliminated on consolidation.~~

~~Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.~~

~~Information about surplus or deficits, assets and liabilities (paragraphs .21 and .23) and reconciliations (paragraph .27)~~

~~**20X2**~~ ~~R'000~~	~~Primary~~	~~Secondary~~	~~Tertiary~~	~~Special Services~~	~~Eliminations~~	~~TOTAL~~
~~**REVENUE**~~						
~~Revenue from non-exchange transactions~~	~~29~~	~~19~~	~~22~~	~~17~~		
~~Revenue from exchange transactions~~	~~3~~	~~2~~	~~-~~	~~9~~		~~14~~
~~Inter-segment transfers~~	~~6~~	~~4~~	~~6~~	~~4~~	~~(20)~~	~~-~~

~~Share of surpluses of associates~~				~~8~~		~~8~~
~~***Total segment revenue***~~	~~38~~	~~25~~	~~28~~	~~38~~	~~(20)~~	~~109~~
~~**EXPENSES**~~						
~~Salaries and wages~~	~~(23)~~	~~(16)~~	~~(13)~~	~~(15)~~		~~(67)~~
~~Depreciation and amortisation~~	~~(5)~~	~~(4)~~	~~(5)~~	~~(6)~~		~~(20)~~
~~Other expenses~~	~~(7)~~	~~(5)~~	~~(10)~~	~~(7)~~	~~20~~	~~(9)~~
~~***Total segment expenses***~~	~~(35)~~	~~(25)~~	~~(28)~~	~~(28)~~	~~20~~	~~(96)~~
~~***Total segmental surplus***~~	~~**3**~~	~~**-**~~	~~**-**~~	~~**10**~~	~~**-**~~	~~**13**~~
~~Interest revenue~~						~~**2**~~
~~Other unallocated revenue~~						~~**9**~~
~~Interest expense~~						~~**(4)**~~
~~Unallocated expenses~~						~~**(7)**~~
~~***Surplus for the period***~~	~~**3**~~	~~**-**~~	~~**-**~~	~~**10**~~	~~**-**~~	~~**13**~~
~~**ASSETS**~~						
~~Segment assets~~	~~32~~	~~22~~	~~34~~	~~20~~		~~108~~
~~Investment in associates (equity method)~~				~~32~~		~~32~~
~~Unallocated assets~~						~~35~~
~~***Total assets***~~						~~**175**~~
~~**LIABILITIES**~~						
~~Segment liabilities~~	~~15~~	~~10~~	~~8~~	~~9~~		~~42~~
~~Unallocated liabilities~~						~~40~~
~~***Total liabilities***~~						~~**82**~~
~~**OTHER INFORMATION**~~						
~~Capital expenditure~~*	~~7~~	~~5~~	~~3~~	~~7~~		
~~*Non-cash items excluding Depreciation*~~						
~~Accrued expenses~~	~~(5)~~	~~(3)~~	~~(3)~~	~~(3)~~		
~~Deferred revenue~~	~~0~~	~~0~~	~~-~~	~~1~~		

~~**20X1**~~ ~~R'000~~	~~Primary~~	~~Secondary~~	~~Tertiary~~	~~Special Services~~	~~Eliminations~~	~~TOTAL~~
~~**SEGMENT REVENUE**~~						
~~Revenue from non-exchange transactions~~	~~24~~	~~16~~	~~23~~	~~17~~		~~80~~
~~Revenue from exchange transactions~~	~~2~~	~~2~~	~~-~~	~~6~~		~~10~~
~~Inter-segment transfers~~	~~4~~	~~2~~	~~7~~	~~6~~	~~(19)~~	~~-~~
~~Share of surpluses of associates~~				~~7~~		~~7~~
~~***Total segment revenue***~~	~~30~~	~~20~~	~~30~~	~~36~~	~~19~~	~~97~~
~~**SEGMENT EXPENSE**~~						
~~Salaries and wages~~	~~(19)~~	~~(12)~~	~~(13)~~	~~(15)~~		~~(59)~~
~~Depreciation and amortisation~~	~~(4)~~	~~(3)~~	~~(7)~~	~~(4)~~		~~(18)~~

* Excluding additions to financial instruments and post-employment benefit assets

Other expenses	(7)	(4)	(9)	(7)	19	(8)
Total segment expenses	(30)	(19)	(29)	(26)	19	(85)
Interest revenue						2
Other unallocated revenue						7
Interest expense						(4)
Unallocated expenses						(7)
Surplus for the period	**-**	**1**	**1**	**10**	**-**	**10**
ASSETS	0	0				
Segment assets	30	20	30	19		99
Investment in associates (equity method)				26		26
Unallocated assets						30
Total assets						**155**
LIABILITIES						
Segment liabilities	9	6	11	9		35
Unallocated liabilities						55
Total liabilities						**90**
OTHER INFORMATION						
Capital expenditure	6	4	5	3		
Non-cash items excluding Depreciation						
Accrued expenses	(1)	(1)	(3)	(3)		
Deferred revenue	-	-	-	1		-

~~Measurement of segment surplus or deficit, assets and liabilities (paragraphs .24 to .26)~~

~~The accounting policies of the segments are the same as those described in the summary of significant accounting policies, except that pension expense for each segment is recognised and measured on the basis of cash payments to the pension plan.~~

~~Inter-segment transfers: segment revenue and segment expense include revenue and expense arising from transfers between segments. Such transfers are usually accounted for at cost and are eliminated on consolidation. The amount of these transfers was R20-million (R19-million in 20X1).~~

~~Investments in associates are accounted for using the equity method: the entity owns 40% of the shares of AfricaED Ltd, a specialist education foundation providing educational services internationally on a commercial basis under contract to multilateral lending agencies. The investment in, and the entity's share of, AfricaED's net profit are excluded from segment assets and segment revenue. It is shown separately under other services, the segment responsible for the administration of the investment in the associate.~~

~~Information about geographical areas (paragraphs .31 and .32)~~

~~The majority of the entity's operations are in the Gauteng Province except that as part of an aid programme it has established facilities in East Africa for the provision of secondary educational services. Total cost of services provided in East Africa is R5-million (R4-million in 20X1). Total~~

~~carrying amount of the educational facilities in East Africa are R3-million (R6.5-million in 20X1). There were no outlays on the acquisition of capital assets in East Africa during 20X2 or 20X1. Revenues are not allocated per geographical area.~~

~~The table below indicate the expenditure incurred in the different regional areas after eliminating inter segmental transfers.~~

~~**R'000**~~	~~**20x2**~~	~~**20X1**~~
~~*Gauteng Province*~~		
~~Region A~~	~~44~~	~~41~~
~~Region B~~	~~19~~	~~16~~
~~Region C~~	~~28~~	~~24~~
~~*Sub total*~~	~~91~~	~~81~~
~~*Foreign expenditure* – East Africa~~	~~5~~	4
~~*Total segment expenditure*~~	~~96~~	~~85~~

A5. Amendments to the Standard of GRAP on *Impairment of Non-cash-generating Assets* (GRAP 21)

Summary of changes

Changes to the Standard of GRAP on *Impairment of Non-cash Generating Assets* resulted from changes made to IPSAS 21 on *Impairment of Non-Cash-Generating Assets* (IPSAS 21) as a result of the IPSASB's *Impairment of Revalued Assets* issued in March 2016.

The most significant changes to the Standard of GRAP on *Impairment of Non-cash-generating Assets* are outlined below:

Type of amendment	Paragraph reference	Summary of proposed amendment
IPSASB's amendments	BC10A. Comparison with IPSAS	To update the Basis of conclusions and Comparison with IPSASs to reflect the IPSASB's recent decision on the impairment of revalued assets.

ED 152

Amendments to the Standard of GRAP on *Impairment of Non-cash-generating Assets*

Amended text is shown with new text underlined and deleted text struck through. The following paragraphs in GRAP 21 have been amended:

Basis for conclusions

Scope

Inclusion of property, plant and equipment carried at revalued amounts

BC3. Property, plant and equipment carried at revalued amounts in accordance with the revaluation model are within the scope of the International Accounting Standard on *Impairment of Assets* (IAS 36).

BC4. The scope of IPSAS 21, however, excludes non-cash-generating property, plant and equipment carried at revalued amounts in accordance with the revaluation model in the International Public Sector Accounting Standard on *Property, Plant and Equipment* (IPSAS 17). The basis for conclusions in IPSAS 21 states that the IPSASB is of the view that assets carried at revalued amounts in accordance with the revaluation model in IPSAS 17 will be revalued with sufficient regularity to ensure that they are carried at an amount that is not materially different from their fair value at the reporting date. Impairment will therefore be taken into account in that valuation.

BC5. A similar scope exclusion for cash-generating property, plant and equipment carried at revalued amounts was included in the International Public Sector Accounting Standard on *Impairment of Cash-generating Assets* (IPSAS 26). The IPSASB concluded that it would be onerous to impose a requirement to test for impairment in addition to the existing requirement in IPSAS 17 that requires assets to be revalued with sufficient regularity to ensure that they are carried at an amount that is not materially different from their fair value at the reporting date. Therefore, on balance, the IPSASB concluded that IPSAS 26 should be consistent with the conclusion in IPSAS 21.

BC6. In its argument to exclude property, plant and equipment carried at revalued amounts from the scope of IPSAS 21 and IPSAS 26, the IPSASB noted that in IAS 36 the maximum amount of an impairment loss is the disposal costs. This is particularly relevant in cases where the fair value of an item of property, plant and equipment is its market value. The IPSASB is of the view that, in most cases, these will not be material and, from a practical point of view, it is not necessary to measure an asset's recoverable service amount and to recognise an impairment loss for the disposal costs of the asset.

BC7. The Board, however, agrees with the scope inclusion of property, plant and equipment carried at revalued amounts as in IAS 36. The Board is the view that it will not be too onerous to assess at each reporting date whether there is an indication that an asset may be impaired, or that an impairment loss recognised in prior periods for the asset may no longer exist.

BC8. The Board is also of the view that entities may not revalue their assets with "sufficient regularity", as the cost of revaluing certain public sector assets may initially be quite expensive. The disposal costs of certain specialised assets in the public sector therefore may well be significant. The scope exclusion for non-cash-generating property, plant and equipment carried at revalued amounts is therefore not included in this Standard.

Inclusion of intangible assets carried at revalued amounts

BC9. For similar reasons as those expressed for the scope exclusion of non-cash-generating property, plant and equipment carried at revalued amounts, the IPSASB also scoped out the impairment of cash-generating intangible assets carried at revalued amounts. IAS 36, however, includes the impairment of such intangible assets in the scope of the Standard.

BC10. The Board, for similar reasons as those expressed in the scope inclusion of non-cash-generating property, plant and equipment carried at revalued amounts, agrees with the scope inclusion of impairment of non-cash-generating intangible assets carried at revalued amounts as in IAS 36. The scope exclusion for the impairment of non-cash-generating intangible assets carried at revalued amounts is therefore not included in this Standard.

BC10A <u>During 2015 the IPSASB revisited the original decision to exclude revalued property, plant and equipment and intangible assets from the scope of IPSAS 21. As a result, the general principle in this Standard of GRAP is now consistent with that found in the revised IPSAS 21. However, with regards to the recognition and measurement of impairments and reversals for revalued assets, the boards follow different approaches. The IPSASB recognises the impairment losses and reversals in the revaluation reserve for the class of assets while the Board recognises these for the same asset. The Board considered the IPSASB's approach as part of the Improvements to Standards of GRAP (2016) but agreed that it would be inappropriate to align its approach to the IPSASB's as the</u>

approach in GRAP 21 is consistent with the principle in the Standard of GRAP on *Property, Plant and Equipment* that requires that revaluation increases or decreases are applied to the revaluation surplus of the same asset.

…

Comparison with the International Public Sector Accounting Standard on *Impairment of Non-Cash-Generating Assets* (February 2007)

The Standard of GRAP on *Impairment of Non-cash-generating Assets* is drawn primarily from the International Public Sector Accounting Standard on *Impairment of Non-Cash-Generating Assets* (IPSAS 21). The main differences between this Standard and IPSAS 21 are as follows:

- This Standard uses different terminology, in certain instances, from IPSAS 21. The most significant example is the use of the term "net assets" in this Standard. The equivalent term in IPSAS 21 is "net assets/equity".
- The scope of the Standard of GRAP is different in that biological assets related to agricultural activities that are measured at fair value less costs to sell are excluded from the scope of this Standard. IPSAS 21 has no such scope exclusions.
- ~~Non-cash generating property, plant and equipment that is measured at revalued amounts, and intangible assets that are measured at revalued amounts have not been scoped out of this Standard. Additional guidance on the treatment of impairment losses for assets measured at revalued amounts, and additional disclosures relating to such assets, were also included in this Standard. Assets measured at revaluated amounts are scoped out from IPSAS 21. Accordingly, guidance on the treatment of impairment losses related to such assets is also not included in IPSAS 21.~~
- GRAP 21 recognises impairment losses and reversals for assets measured at revalued amounts in the revaluation surplus for the same asset, while IPSAS 21 recognises them in the revaluation reserve for the class of assets.
- Transitional provisions applicable to this Standard of GRAP are dealt with differently than in IPSAS 21.
- A flow chart is included as an appendix to assist entities in assessing whether a non-cash-generating asset is impaired and to determine the recoverable service amount when one of the impairment indicators have been triggered.
- The appendices with illustrative examples on indications of impairment and measurement of impairment loss have been deleted from this Standard.

A6. Amendments to the Standard of GRAP on *Impairment of Cash-generating Assets* (GRAP 26)

Summary of changes

Changes to the Standard of GRAP on *Impairment of Cash Generating Assets* resulted from changes made to IPSAS 26 on *Impairment of Cash-Generating Assets* (IPSAS 26) as a result of the IPSASB's *Impairment of Revalued Assets* issued in March 2016.

The most significant changes to the Standard of GRAP on *Impairment of Cash-generating Assets* are outlined below:

Type of amendment	Paragraph reference	Summary of proposed amendment
IPSASB's amendments	BC10A. Comparison with IPSAS	To update the Basis of conclusions and Comparison with IPSASs to reflect the IPSASB's recent decision on the impairment of revalued assets.

ED 152

Amendments to the Standard of GRAP on *Impairment of Cash-generating Assets*

Amended text is shown with new text underlined and deleted text struck through. The following paragraphs in GRAP 26 have been amended:

Basis for conclusions

Scope

Inclusion of property, plant and equipment carried at revalued amounts

BC3. Property, plant and equipment carried at revalued amounts in accordance with the revaluation model are within the scope of the International Accounting Standard on *Impairment of Assets* (IAS 36).

BC4. The scope of IPSAS 21, however, excludes non-cash-generating property, plant and equipment carried at revalued amounts in accordance with the revaluation model in the International Public Sector Accounting Standard on *Property, Plant and Equipment* (IPSAS 17). The basis for conclusions in IPSAS 21 states that the IPSASB is of the view that assets carried at revalued amounts in accordance with the revaluation model in IPSAS 17 will be revalued with sufficient regularity to ensure that they are carried at an amount that is not materially different from their fair value at the reporting date. Impairment will therefore be taken into account in that valuation.

BC5. A similar scope exclusion for cash-generating property, plant and equipment carried at revalued amounts was included in the IPSAS 26. The IPSASB concluded that it would be onerous to impose a requirement to test for impairment in addition to the existing requirement in IPSAS 17 that requires assets to be revalued with sufficient regularity to ensure that they are carried at an amount that is not materially different from their fair value at the reporting date. Therefore, on balance, the IPSASB concluded that IPSAS 26 should be consistent with the conclusion in IPSAS 21.

BC6. In its argument to exclude property, plant and equipment carried at revalued amounts from the scope of IPSAS 26, the IPSASB noted that in IAS 36 the maximum amount of an impairment loss is the disposal costs. This is particularly relevant in cases where the fair value of an item of property, plant and equipment is its market value. The IPSASB is of the view that, in most cases, these will not be material and, from a practical point of view, it is not necessary to measure an asset's recoverable service amount and to recognise an impairment loss for the disposal costs of the asset.

BC7. The Board, however, agrees with the scope inclusion of property, plant and equipment carried at revalued amounts as in IAS 36. The Board is the view that it will not be too onerous to assess at each reporting date whether there is an indication that an asset may be impaired, or that an impairment loss recognised in prior periods for the asset may no longer exist.

BC8. The Board is also of the view that entities may not revalue their assets with "sufficient regularity", as the cost of revaluing certain public sector assets may initially be quite expensive. The disposal costs of certain specialised assets in the public sector therefore may well be significant. The scope exclusion for non-cash-generating property, plant and equipment carried at revalued amounts is therefore not included in this Standard.

Inclusion of intangible assets carried at revalued amounts

BC9. For similar reasons as those expressed for the scope exclusion of non-cash-generating property, plant and equipment carried at revalued amounts, the IPSASB also scoped out the impairment of cash-generating intangible assets carried at revalued amounts. IAS 36, however, includes the impairment of such intangible assets in the scope of the Standard.

BC10. The Board, for similar reasons as those expressed in the scope inclusion of non-cash-generating property, plant and equipment carried at revalued amounts, agrees with the scope inclusion of impairment of non-cash-generating intangible assets carried at revalued amounts as in IAS 36. The scope exclusion for the impairment of non-cash-generating intangible assets carried at revalued amounts is therefore not included in this Standard.

<u>BC10A.</u> <u>During 2015 the IPSASB revisited the original decision to exclude revalued property, plant and equipment and intangible assets from the scope of IPSAS 26. As a result, the general principle in this Standard of GRAP is now consistent with that found in the revised IPSAS 26. However, with regards to the recognition and measurement of impairments and reversals for revalued assets, the boards follow different approaches. The IPSASB recognises the impairment losses and reversals in the revaluation reserve for the class of assets while the Board recognises these for the same asset. The Board considered the IPSASB's approach as part of the Improvements to Standards of GRAP (2016) but agreed that it would be inappropriate to align its approach to the IPSASB's as the approach in GRAP 26 is consistent with the principle in the Standard of GRAP on *Property, Plant and Equipment* that requires that revaluation increases or</u>

decreases are applied to the revaluation surplus of the same asset.

…

Comparison with the International Public Sector Accounting Standard on *Impairment of Cash-Generating Assets* (January 2008)

The Standard of GRAP on *Impairment of Cash-generating Assets* is drawn primarily from the International Public Sector Accounting Standard on *Impairment of Cash-Generating Assets* (IPSAS 26). The main differences between this Standard and IPSAS 26 are as follows:

- This Standard of GRAP uses different terminology, in certain instances, from IPSAS 26. The most significant example is the use of the term "net assets" in this Standard. The equivalent term in IPSAS 21 is "net assets/equity".
- ~~Cash-generating property, plant and equipment that is measured at revalued amounts, and intangible assets that are measured at revalued amounts have not been scoped out of this Standard. Additional guidance on the treatment of impairment losses for assets measured at revalued amounts, and additional disclosures relating to such assets, were also included in this Standard. Assets measured at revalued amounts are scoped out from IPSAS 26. Accordingly, guidance on the treatment of impairment losses related to such assets is also not included in IPSAS 26.~~
- GRAP 26 recognises impairment losses and reversals for assets measured at revalued amounts in the revaluation surplus for the same asset, while IPSAS 26 recognises them in the revaluation reserve for the class of assets.
- The guidance in this Standard has been aligned with the guidance in the Standard of GRAP on *Impairment of Non-cash-generating Assets* (GRAP 21).
- Transitional provisions applicable to this Standard of GRAP are dealt with differently than in IPSAS 26.
- A flow chart is included as an appendix to assist entities in assessing whether a cash-generating asset or cash-generating unit is impaired and to determine the recoverable amount when one of the impairment indicators have been triggered.
- The appendices with illustrative examples on using present value techniques to measure value in use and illustrative guidance have been deleted in this Standard.

A7. Amendments to the Standard of GRAP on *Agriculture* (GRAP 27)

Summary of changes

Changes to the Standard of GRAP on *Agriculture* resulted from changes made to IPSAS 27 on *Agriculture* (IPSAS 27) as a result of the IPSASB's *Improvements to IPSASs 2015* issued in March 2016.

The most significant changes to the Standard of GRAP on *Agriculture* are outlined below:

Type of amendment	**Paragraph reference**	**Summary of proposed amendment**
IPSASB's amendments	.02, .03, .05, .06, .07, .07A, .07B, .07C, .26, .38. .55A, .57	To define a bearer plant and include bearer plants within the scope of GRAP 17, while the produce growing on bearer plants will remain within the scope of GRAP 27.

Amendments to the Standard of GRAP on *Agriculture*

Amended text is shown with new text underlined and deleted text struck through. The following paragraphs in GRAP 27 have been amended:

Scope

…

.02 An entity that prepares and presents financial statements under the accrual basis of accounting shall apply this Standard to account for the following when they relate to agricultural activity:

(a) biological assets<u>, except for bearer plants</u>; and

(b) agricultural produce at the point of harvest.

.03 This Standard does not apply to:

(a) land related to agricultural activity (see the Standards of GRAP on *Property, Plant and Equipment* and *Investment Property*);

<u>(aA)bearer plants related to agricultural activity (see the Standard of GRAP on *Property, Plant and Equipment*). However, this Standard applies to the produce on those bearer plants;</u>

…

…

.05 This Standard is applied to agricultural produce, which is the harvested ~~product~~ <u>produce</u> of the entity's biological assets, ~~only~~ at the point of harvest. Thereafter, the Standard of GRAP on *Inventories* or another applicable Standard of GRAP is applied. Accordingly, this Standard does not deal with the processing of agricultural produce after harvest; for example, the processing of grapes into wine by a vintner that has grown the grapes. While such processing may be a logical and natural extension of agricultural activity, and the events taking place may bear some similarity to biological transformation, such processing is not included within the definition of agricultural activity in this Standard.

.06 The table below provides examples of biological assets, agricultural produce, and products that are the result of processing after harvest:

Biological assets	**Agricultural produce**	**Products that are the result of processing after harvest**
Sheep	Wool	Yarn, carpet
Trees in a timber plantation ~~forest~~	Felled trees	Logs, Timber
~~Plants~~	~~Cotton~~	~~Thread, clothing~~
	~~Harvested cane~~	~~Sugar~~
Dairy cattle	Milk	Cheese
Pigs	Carcass	Sausages, cured hams
Cotton plants	Harvested cotton	Thread, clothing
Sugarcane	Harvested cane	Sugar
Tobacco plants ~~Bushes~~	Picked leaves ~~Leaf~~	~~Tea,~~ ~~c~~Cured tobacco
Tea bushes	Picked leaves	Tea
Grape ~~V~~vines	Picked ~~G~~grapes	Wine
Fruit trees	Picked fruit	Processed fruit
Oil palms	Picked fruit	Palm oil
Rubber trees	Harvested latex	Rubber products

Some plants, for example, tea bushes, grape vines, oil palms and rubber trees, usually meet the definition of a bearer plant and are within the scope of Standard of GRAP on *Property, Plant and Equipment*. However, the produce growing on bearer plants, for example, tea leaves, grapes, oil palm fruit and latex, is within the scope of this Standard.

…

Definitions

.07 ***The following terms are used in this Standard with the meanings specified:***

***Agricultural produce** is the harvested ~~product~~ produce of the entity's biological assets.*

A bearer plant is a living plant that:

(a) is used in the production or supply of agricultural produce;

(b) is expected to bear produce for more than one period; and

(c) has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.

.07A The following are not bearer plants:

(a) plants cultivated to be harvested as agricultural produce (for example, trees grown for use as lumber);

(b) plants cultivated to produce agricultural produce when there is more than a remote likelihood that the entity will also harvest and sell the plant as agricultural produce, other than as incidental scrap sales (for example, trees that are cultivated for their fruit and their lumber); and

(c) annual crops (for example, maize and wheat).

.07B When bearer plants are no longer used to bear produce they might be cut down and sold as scrap, for example, for use as firewood. Such incidental scrap sales would not prevent the plant from satisfying the definition of a bearer plant.

.07C Produce growing on bearer plants is a biological asset.

…

Recognition and measurement

…

.26 Cost may sometimes approximate fair value, particularly when:

(a) little biological transformation has taken place since initial cost incurrence (for example, for ~~fruit tree~~ seedlings planted immediately prior to reporting date or newly acquired livestock); or

(b) the impact of the biological transformation on price is not expected to be material (for example, for the initial growth in a 30-year pine plantation production cycle).

…

Disclosure

General

…

.38 Consumable biological assets are those that are held for harvest as agricultural produce or for sale or distribution through a non-exchange transaction as biological assets. Examples of consumable biological assets are animals and plants for one-time use, such as livestock intended for the production of meat, livestock held for sale, fish in farms, crops such as maize and wheat, produce on a bearer plant and trees being grown for timber. Bearer biological assets are those biological assets that are used repeatedly or continuously for more than one year in an agricultural activity. Bearer biological assets are not agricultural produce but, rather, are held to bear produce ~~self-regenerating~~. Examples of types of animals that are bearer biological assets include breeding stock (including fish and poultry), livestock from which milk is produced, and sheep or other animals used for wool production. Examples of types of plants that are bearer biological assets include trees from which fruit is harvested, vines and shrubs cultivated for the harvest of fruits, nuts, sap, resin, bark and leaf products ~~and trees form which firewood is harvested while the tree remains~~.

…

Transitional provisions

…

Amendments to Standards of GRAP

…

.55A ***The following paragraphs were amended by the Improvements to the Standards of GRAP issued on Month Year. These amendments are effective***

for annual periods beginning on or after Day Month Year [proposed as 1 April 2018]. An entity shall apply these amendments as follows:

(a) paragraphs .02, .03, .05, .06, .07, 07A, .07B, .07C, .26 and .38 shall be applied retrospectively in accordance with the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors; and

(b) in the reporting period when these amendments are first applied an entity need not disclose the quantitative information required by paragraph .30(f) of the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors for the current period. However, an entity shall present the quantitative information required by paragraph .30(f) of that Standard for each prior period presented.

Earlier application is encouraged. If an entity elects to apply these amendments earlier, it shall disclose this fact.

…

Effective date

…

~~Entities already applying Standards of GRAP~~

.57 ***~~An entity shall apply amendments to this Standard of GRAP for annual financial statements covering periods beginning on or after 1 April 2013. Earlier application is encouraged. If an entity applies these amendments for a period beginning before 1 April 2013, it shall disclose that fact.~~***

Consequential amendments to other Standards of GRAP

The following amendments to the Standards of GRAP on *Leases*, *Investment Property* and *Impairment of Cash-generating Assets* are as a result of the amendments proposed to the Standard of GRAP on *Agriculture*.

Standard of GRAP on *Leases* (GRAP 13)

Amended text is shown with new text underlined and deleted text struck through. The following paragraphs in GRAP 13 have been amended:

Scope

…

.02 …

However, this Standard shall not be applied as the basis of measurement for:

(a) ***property held by lessees that is accounted for as investment property (see the Standard of GRAP on Investment Property);***

(b) ***investment property provided by lessors under operating leases (see the Standard of GRAP on Investment Property);***

(c) ***biological assets <u>within the scope of the Standard of GRAP on Agriculture</u> held by lessees under finance leases (~~see the Standard of GRAP on Agriculture)~~; or***

(d) ***biological assets <u>within the scope of the Standard of GRAP on Agriculture</u> provided by lessors under operating leases ~~(see the Standard of GRAP on Agriculture)~~.***

…

Standard of GRAP on *Investment Property* (GRAP 16)

Amended text is shown with new text underlined and deleted text struck through. The following paragraphs in GRAP 16 have been amended:

Scope

…

.04 This Standard does not apply to:

(a) biological assets related to agricultural activity (see the Standards of GRAP on *Agriculture* and *Property, Plant and Equipment*);

(b) …

…

Standard of GRAP on *Impairment of Cash-generating Assets* (GRAP 26)

Amended text is shown with new text underlined and deleted text struck through. The following paragraphs in GRAP 26 have been amended:

Scope

…

.02 An entity that prepares and presents financial statements under the accrual basis of accounting shall apply this Standard in accounting for the impairment of cash-generating assets, except for:

(a) …

(g) biological assets related to agricultural activity within the scope of the Standard of GRAP on Agriculture that are measured at fair value less costs to sell ~~(see the Standard of GRAP on Agriculture~~;

…

A8. Amendments to the Standard of GRAP on *Intangible Assets* (GRAP 31)

Summary of changes

Changes to the Standard of GRAP on *Intangible Assets* resulted from inconsistencies in measurement requirements in GRAP 23 and other asset-related Standards of GRAP in relation to the treatment of transaction costs. Other changes resulted from changes made to IPSAS 31 on *Intangible Assets* (IPSAS 31) as a result of the IPSASB's *Improvements to IPSASs 2014* issued in January 2015.

The most significant changes to the Standard of GRAP on *Intangible Assets* are outlined below:

Type of amendment	**Paragraph reference**	**Summary of proposed amendment**
General improvements	.38A, .132A, .134	To add the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23 (paragraph .12).
	.41, .132A, .134	To clarify the measurement principle when assets may be acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets.
IPSASB amendments	.79,.132A, .134	To clarify the revaluation methodology of the carrying amount and accumulated depreciation when an item of intangible assets is revalued.
	.92, .98A, .98B, .98C, .132A, .134	To clarify acceptable methods of depreciating assets.

Amendments to the Standard of GRAP on *Intangible Assets*

Amended text is shown with new text underlined and deleted text struck through. The following paragraphs in GRAP 31 have been amended:

Intangible assets acquired through non-exchange transactions

…

.38A Under these circumstances the cost of the item is its fair value at the date it is acquired. Any transaction costs incurred are recognised in accordance with the requirements of paragraphs .30 to .34. For purposes of this Standard, the measurement at recognition of an intangible asset acquired through a non-exchange transaction, at its fair value consistent with the requirements of paragraph .74, does not constitute a revaluation. Accordingly, the revaluation requirements in paragraph .74, and the supporting commentary in paragraphs .75 to .87 only apply when an entity elects to revalue an intangible item in subsequent reporting periods. Any transaction costs incurred are recognised in accordance with the requirements of paragraphs .30 to .34.

…

Exchanges of assets

.41 One or more intangible assets may be acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets. The following discussion refers simply to an exchange of one non-monetary asset for another, but it also applies to all exchanges described in the preceding sentence. The cost of such an intangible asset is measured at fair value unless the fair value of neither the asset received nor the asset given up is reliably measurable. If the acquired asset is not measured at fair value, its cost is measured at the carrying amount of the asset given up. The acquired asset is measured in this way even if an entity cannot immediately derecognise the asset given up. ~~If the acquired asset is not measured at fair value, its cost is measured at the carrying amount of the asset given up.~~ If the ~~fair~~ transaction is in substance a non-exchange transaction, then it should be recognised in accordance with the Standard of GRAP on *Revenue from Non-exchange Transactions (Taxes and Transfers).*

…

Revaluation model

…

.79 When ~~If~~ an intangible asset is revalued, any ~~accumulated amortisation~~ the carrying amount of that asset is adjusted to the revalued amount. A~~a~~t the date of the revaluation, the asset is ~~either~~ treated in one of the following ways:

(a) ~~restated proportionately~~ the gross carrying amount is adjusted in a manner that is consistent with the revaluation of ~~change in the gross carrying amount of the asset so that~~ the carrying amount of the asset. For example, the gross carrying amount may be restated by reference to observable market data or it may be restated proportionately to the change in the carrying amount. The accumulated amortisation at the date of the revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses ~~after revaluation equals its revalued amount~~; or

(b) the accumulated amortisation is eliminated against the gross carrying amount of the asset. ~~and the net amount restated to the revalued amount of the asset~~.

The amount of the adjustment ~~arising on the restatement or elimination~~ of accumulated amortisation forms part of the increase or decrease in carrying amount that is accounted for in accordance with paragraphs .84 and .85.

…

Useful life

…

.92 Given the history of rapid changes in technology, computer software and many other intangible assets are susceptible to technological obsolescence. Therefore, it ~~is likely~~ will often be the case that their useful life is short. Expected future reductions in the selling price of an item that was produced using an intangible asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits or service potential embodied in the asset.

Amortisation period and amortisation method

…

.98 A variety of amortisation methods can be used to allocate the depreciable amount of an asset on a systematic basis over its useful life. These methods include the straight line method, the diminishing balance method and the unit of production method. The method used is selected on the basis of the expected pattern of consumption of the expected future economic benefits or service potential embodied in the asset and is applied consistently from period to period, unless there is a change in the expected pattern of consumption of those future economic benefits or service potential.

.98A There is a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate. The revenue generated by an activity that includes the use of an intangible asset typically reflects factors that are not directly linked to the consumption of the economic benefits or service potential embodied in the intangible asset. For example, revenue is affected by other inputs and processes, selling activities and changes in sales volumes and prices. The price component of revenue may be affected by inflation, which has no bearing upon the way in which an asset is consumed. This presumption can be overcome only in the limited circumstances:

(a) in which the intangible asset is expressed as a measure of revenue, as described in paragraph .98C; or

(b) when it can be demonstrated that revenue and the consumption of the economic benefits or service potential of the intangible asset are highly correlated.

.98B In choosing an appropriate amortisation method in accordance with paragraph .97, an entity could determine the predominant limiting factor that is inherent in the intangible asset. For example, the contract that sets out the entity's rights over its use of an intangible asset might specify the entity's use of the intangible asset as a predetermined number of years (i.e., time), as a number of units produced or as a fixed total amount of revenue to be generated. Identification of such a predominant limiting factor could serve as the starting point for the identification of the appropriate basis of amortisation, but another basis may be applied if it more closely reflects the expected pattern of consumption of economic benefits or service potential.

.98C In the circumstance in which the predominant limiting factor that is inherent in an intangible asset is the achievement of a revenue threshold, the revenue to be generated can be an appropriate basis for amortisation. For example, the right to operate a toll road could be based on a fixed total amount of revenue to be generated from cumulative tolls charged (for example, a contract could allow operation of the toll road until the cumulative amount of tolls generated from operating the road reaches R100 million). In the case in which revenue has been established as the predominant limiting factor in the contract for the use of the intangible asset, the revenue that is to be generated might be an appropriate basis for amortising the intangible asset, provided that the contract specifies a fixed total amount of revenue to be generated on which amortisation is to be determined.

…

Transitional provisions

…

Amendments to Standards of GRAP

…

.132A The following paragraphs were amended by the Improvements to the Standards of GRAP issued on Month Year. These amendments are effective for annual periods beginning on or after Day Month Year [proposed as 1 April 2018]. An entity shall apply these amendments as follows:

- ***(a) paragraphs .38A, .92, .98A, .98B and .98C shall be applied prospectively in accordance with the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors;***
- ***(b) paragraph .41 shall be applied retrospectively in accordance with the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors; and***
- ***(c) paragraph .79 shall be applied to all revaluations recognised in annual periods beginning on or after the date of initial application of the amendment and in the immediately preceding annual period.***

Earlier application is encouraged. If an entity elects to apply these amendments earlier, it shall disclose this fact.

…

Effective date

…

~~Entities already applying Standards of GRAP~~

~~*.134*~~ ~~***An entity shall apply amendments to this Standard of GRAP for annual financial statements covering periods beginning on or after 1 April 2016. Earlier application is encouraged. If an entity applies these amendments for a period beginning before 1 April 2016, it shall disclose that fact.***~~

A9. Amendments to the Standard of GRAP on *Heritage Assets* (GRAP 103)

Summary of changes

Changes to the Standard of GRAP on *Heritage Assets* resulted from inconsistencies in measurement requirements in GRAP 23 and other asset-related Standards of GRAP in relation to the treatment of transaction costs. Other changes resulted from editorial changes to the original text.

The most significant changes to the Standard of GRAP on *Heritage Assets* are outlined below:

Type of amendment	**Paragraph reference**	**Summary of proposed amendment**
General improvements	.26, .106A, .108	To clarify the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23 (paragraph .12).
	.33, .106A, .108	To clarify the measurement principle when assets may be acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets.

Amendments to the Standard of GRAP on *Heritage Assets*

Amended text is shown with new text underlined and deleted text struck through. The following paragraphs in GRAP 103 have been amended:

Measurement at recognition

…

.26 A heritage asset may be acquired through a non-exchange transaction. For example, a museum may receive a valuable art collection from an estate benefactor. Under these circumstances, the cost of the heritage asset is its fair value as at the date of acquisition. In determining the fair value of a heritage asset acquired through a non-exchange transaction, the entity should apply the principles in paragraphs .38 to .48. Any transaction costs incurred are recognised in accordance with the requirements of paragraphs .28 to .30.

…

Measurement of cost

…

.33 One or more items of heritage assets may be acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets. The following discussion refers simply to an exchange of one non-monetary asset for another, but it also applies to all exchanges described in the preceding sentence. The cost of such an item of heritage assets is measured at fair value ~~if~~ unless the fair value of neither the asset received nor the asset given up is reliably measurable. If the acquired item is not measured at fair value, its cost is measured at the carrying amount of the asset given up. The acquired item is measured in this way even if an entity cannot immediately derecognise the asset given up. ~~If the acquired item is not measured at fair value, its cost is measured at the carrying amount of the asset given up.~~

…

Transitional provisions

…

Amendments to Standards of GRAP

…

.106A The following paragraphs were amended by the Improvements to the Standards of GRAP issued on Month Year. These amendments are effective for annual periods beginning on or after Day Month Year [proposed as 1 April 2018]. An entity shall apply these amendments as follows:

(a) paragraph .26 shall be applied prospectively in accordance with the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors; and

(b) paragraph .33 shall be applied retrospectively in accordance with the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

Earlier application is encouraged. If an entity elects to apply these amendments earlier, it shall disclose this fact.

…

Effective date

…

~~Entities already applying Standards of GRAP~~

~~.108 An entity shall apply amendments to this Standard of GRAP for annual financial statements covering periods beginning on or after 1 April 2016. Earlier application is encouraged. If an entity applies these amendments for a period beginning before 1 April 2016, it shall disclose that fact.~~

A10. Amendments to the Standard of GRAP on *Transfer of Functions Between Entities Not Under Common Control* (GRAP 106)

Summary of changes

Changes to the Standard of GRAP on *Transfer of Functions Between Entities Not Under Common Control* resulted from changes made to IFRS 3 on *Business Combinations* (IFRS 3) as a result of the IASB's amendments on *Annual Improvements to IFRSs 2010 – 2012 Cycle* issued in December 2013.

The most significant changes to the Standard of GRAP on *Transfer of Functions Between Entities Not Under Common Control* are outlined below:

Type of amendment	**Paragraph reference**	**Summary of proposed amendment**
IASB's amendments	.68, .88, .98A, .99	To require contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting period.

Amendments to the Standard of GRAP on *Transfer of Functions Between Entities Not Under Common Control*

Amended text is shown with new text underlined and deleted text struck through. The following paragraphs in GRAP 106 have been amended:

Contingent consideration

...

.68 The acquirer shall classify an obligation to pay contingent consideration that meets the definition of a financial instrument as a financial liability or as net assets on the basis of the definitions of a residual interest and a financial liability in the Standard of GRAP on *Financial Instruments*~~, or other applicable Standard of GRAP~~. The acquirer shall classify as an asset a right to the return of previously transferred consideration if specified conditions are met. Paragraph .88 provides guidance on the subsequent accounting for contingent consideration.

Contingent consideration

.88 Some changes in the fair value of contingent consideration that the acquirer recognises after the acquisition date may be the result of additional information that the acquirer obtained after that date about facts and circumstances that existed at the acquisition date. However, changes resulting from events after the acquisition date, such as meeting a performance target, or reaching a milestone on a research and development project, are not measurement period adjustments. The acquirer shall account for changes in the fair value of contingent consideration that are not measurement period adjustments as follows:

(a) Contingent consideration classified as net assets shall not be remeasured and its subsequent settlement shall be accounted for within net assets.

(b) Other ~~C~~contingent consideration ~~classified as an asset or a liability~~ that:

(i) ~~is a financial instrument and~~ is within the scope of the Standard of GRAP on *Financial Instruments* shall be measured at fair value at each reporting period~~, with any resulting gain or loss~~ and changes in fair value shall be recognised in surplus or deficit in accordance with that Standard of GRAP.

(ii) is not within the scope of the Standard of GRAP on *Financial Instruments* shall be ~~accounted for in accordance with the Standard of GRAP on *Provisions, Contingent Liabilities and Contingent Assets* or other Standards of GRAP as appropriate~~ <u>measured at fair value at each reporting period and changes in fair value shall be recognised in surplus or deficit</u>.

…

Transitional provisions

…

<u>Amendments to Standards of GRAP</u>

<u>.98A Paragraphs .68 and .88 were amended by the Improvements to the Standards of GRAP issued on Month Year. An entity shall apply these amendments prospectively to transfer of functions between entities not under common control for which the acquisition date is on or after Day Month Year [proposed as 1 April 2018]. Earlier application is encouraged. If an entity elects to apply these amendments earlier, it shall disclose this fact.</u>

Effective date

<u>Initial adoption of the Standards of GRAP</u>

.99 An entity shall apply this Standard of GRAP for annual financial statements covering periods beginning on or after a date to be determined by the Minister of Finance in a regulation to be published in accordance with section 91(1)(b) of the Public Finance Management Act No. 1 of 1999 as amended.

Consequential amendments to other Standards of GRAP

The following amendments to the Standards of GRAP on *Provisions, Contingent Liabilities and Contingent Assets* and *Financial Instruments* are as a result of the amendments proposed to the Standard of GRAP on *Transfer of Functions Between Entities Not Under Common Control*.

Amendment to the Standard of GRAP on *Provisions, Contingent Liabilities and Contingent Asset* (GRAP 19)

Amended text is shown with new text underlined and deleted text struck through. The following paragraphs in GRAP 19 have been amended:

Other exclusions from the scope of the Standard

…

.13 Where another Standard of GRAP deals with a specific type of provision, contingent liability or contingent asset, an entity applies that Standard instead of this Standard. Certain types of provisions are addressed in Standards of GRAP on:

(a) construction contracts (see the Standard of GRAP on *Construction Contracts*);

(b) income taxes (see the International Accounting Standard on *Income Taxes);*

(c) leases (see the Standard of GRAP on *Leases*), however, as the Standard of GRAP on *Leases* contains no specific requirements to deal with operating leases that have become onerous, this Standard applies to such cases;

(d) employee benefits (see the Standard of GRAP on *Employee Benefits)*; and

(e) insurance contracts (see the International Financial Reporting Standard on *Insurance Contracts*)~~.~~<u>; and</u>

<u>(eA) contingent consideration of an acquirer in a transfer of functions between entities not under common control (see the Standard of GRAP on *Transfer of Functions Between Entities Not Under Common Control*).</u>

…

Transitional provisions

…

Amendments to Standards of GRAP

.113A ***Paragraph .13 was amended by the Improvements to the Standards of GRAP issued on Month Year, as a consequential amendment derived from the amendment to the Standard of GRAP on Transfer of Functions Between Entities Not Under Common Control. An entity shall apply this amendment prospectively to transfer of functions between entities not under common control to which the amendment to that Standard applies. Earlier application is encouraged. If an entity elects to apply this amendment earlier, it shall disclose this fact.***

Effective date

…

~~Entities already applying Standards of GRAP~~

…

~~***.115***~~ ~~***An entity shall apply amendments to this Standard of GRAP for annual financial statements covering periods beginning on or after 1 April 2015. Earlier application is encouraged. If an entity applies this amendment for a period beginning before 1 April 2015, it shall disclose that fact.***~~

Amendment to the Standard of GRAP on *Financial Instruments* (GRAP 104)

Amended text is shown with new text underlined and deleted text struck through. The following paragraphs in GRAP 104 have been amended:

Definitions

…

.14 ***The following categories of financial instruments are defined and used in this Standard with the meanings specified:***

…

Financial instruments at fair value comprise financial assets or financial liabilities that are:

(a) …
(aA) contingent consideration of an acquirer in a transfer of functions between entities not under common control to which the Standard of GRAP on Transfer of Functions Between Entities Not Under Common Control applies;
(b) …

…

Transitional provisions

…

Amendments to Standards of GRAP

.135A ***Paragraph .14 was amended by the Improvements to the Standards of GRAP issued on Month Year, as a consequential amendment derived from the amendment to the Standard of GRAP on Transfer of Functions Between Entities Not Under Common Control. An entity shall apply this amendment prospectively to transfer of functions between entities not under common control to which the amendment to that Standard applies. Earlier application is encouraged. If an entity elects to apply this amendment earlier, it shall disclose this fact.***

Effective date

…

~~Entities already applying Standards of GRAP~~

~~.115~~ ***~~An entity shall apply amendments to this Standard of GRAP for annual financial statements covering periods beginning on or after 1 April 2015. Earlier application is encouraged. If an entity applies this amendment for a~~***

~~period beginning before 1 April 2015, it shall disclose that fact.~~

…

ANNEXURE A

MATTTERS CONSIDERED BY THE BOARD IN DEVELOPING THE EXPOSURE DRAFT

Part A: General Improvements to Standards of GRAP

General improvements to the Standards of GRAP include amendments to be made to Standards of GRAP to ensure consistency between the Standards, or to clarify existing principles identified during consultations with local stakeholders. They also include the removal of appendices outlining illustrative examples in the Standards of GRAP.

(a) Improvements to clarify existing principles or to ensure consistency of Standards of GRAP

Amendments identified by stakeholders

The table below sets out those possible amendments identified by stakeholders and issues identified by the Secretariat of the ASB.

Table A: List of possible amendments identified by stakeholders

No.	Standard	Possible Amendment	Recommendation
1	GRAP 17, *Property, Plant and Equipment*	GRAP 17 requires the review of useful lives at every reporting date. Some entities prepare interim financial statements, and note that they may not comply with the Standards as they cannot undertake a review more than once a year. “We have prepared interim financial statements for the first time in the current financial period. However, Par 55 of GRAP 17 state that the useful lives should be reviewed at every reporting date. With the previous improvements we have clarified in par 56 that annual estimates will only change if there are changes in circumstances, etc. The problem is if we were to prepare interim financial statements, there is no way that we can comply with GRAP as we will not be able to do a	Matter not considered as part of the Improvements Project for 2016. The Board has not yet developed a Standard of GRAP dealing with interim financial reporting. The Board has added a project on interim financial reporting to its work programme for 2017. These amendments will be considered as part of that project.

No.	Standard	Possible Amendment	Recommendation
		review more than once a year (every time a set of AFSs are prepared)."	
2	GRAP 17, *Property, Plant and Equipment*	Stakeholders have indicated that the wording in paragraph .29 is not clear when compared to the equivalent paragraph in IPSAS 17. *"…The cost of such an item of property, plant and equipment is measured at fair value if the fair value of neither the asset received nor the asset given up is reliably measurable…"* It was suggested that the wording in this paragraph should be reconsidered.	**The equivalent paragraph in IPSAS 17 indicates that the "if" should instead be "unless". The Board believes there is merit in amending the wording in paragraph .29. The Board also agreed that ordering of the sentences should be changed to improve the understandability of the paragraph. This proposed amendment is included in the Improvements Project for 2016.** *[Refer to sections A2, A3, A8 and A9 in the Exposure Draft]*
3	GRAP 20, *Related Party Disclosures*	Paragraph .32 states that entities are exempt from providing *"all the disclosure requirements in paragraph .27"* while paragraph .34 requires entities that have applied the exemption to *"disclose narrative information… referred to in paragraph .27*". Stakeholders requested the Board to revisit the wording, as paragraph .34 contradicts the exemption in paragraph .32	Matter not considered as part of the Improvements Project for 2016. The Board agrees that the amendment is relevant as the requirements of the paragraphs are contradictory, however since GRAP 20 is not yet effective, the amendment will be considered in the next cycle of improvements.
4	GRAP 1, *Preparation and Presentation of Financial Statements* GRAP 9, *Revenue from Exchange Transactions* GRAP 23, *Revenue from Non-exchange Transaction*,	It was noted that the disclosures of revenues and receivables, particularly the separation between exchange/non-exchange, and contractual/statutory, is sometimes required on the face of financial statements, while other times it is required in the notes to financial	Matter not considered as part of the Improvements Project for 2016. The Board agrees that the requirements may be inconsistent and supports the recommendation to review the disclosure requirements. The Board has agreed to delay the

No.	Standard	Possible Amendment	Recommendation
	GRAP 104, *Financial Instruments* GRAP 108, *Statutory Receivables*	statements. Stakeholders requested the Board to consider reviewing the disclosure requirements in GRAP 1, GRAP 9, GRAP 23, GRAP 104 and GRAP 108 and standardising them.	review until the IPSASB has finalised its Revenue project and until GRAP 108 is effective.
5	GRAP 103, *Heritage Assets*	Issue 1: Stakeholders raised concerns about the classification of heritage assets, used for administrative purposes, as property, plant and equipment and not as heritage assets. In particular, concerns were raised about the measurement of these assets, including the fact that depreciation cannot be recognised in many instances as the assets are held for an indefinite period, and are also well maintained. It was also noted that entities publish documents indicating that they have heritage assets (because they have been determined to be heritage assets as per legislation), but then for accounting purposes they are instead classified as property, plant and equipment – this has caused concerns amongst users. Issue 2: Examples of butterflies and other "animals" should be clear that they are no longer living to clarify scope.	Issue 1: Matter not considered as part of the Improvements Project for 2016. The Board notes that the classification of heritage assets used for administrative purposes as property, plant and equipment is based on the premise that some assets have future economic benefits or service potential other than their heritage value. As such, the consumption of heritage assets used in an entity's operations must be reflected in accordance with GRAP 17 rather than GRAP 103. The Board notes that paragraph .94 requires the disclosure of information about the alternative use and value of assets that have a dual-purpose. The Board believes that this requirement addresses this concern. Issue 2: Matter not considered as part of the Improvements Project for 2016. Paragraph .05 can be clarified to make it clear that living plants and animals are not heritage assets, as indicated in the Basis

No.	Standard	Possible Amendment	Recommendation
			for conclusions. The examples in paragraph .05 can also be modified to make it clear that conservation areas are limited to the land and not the animals and plants found on the land. The Board supports the amendment but believes that the amendment should be made as consequential amendments arising from the Standard of GRAP on *Living and Non-living Resources*.

(b) Amendments arising from other projects

The Board added a project to its work programme to assess the treatment of transaction costs when assets are acquired in a non-exchange transaction. This project arose as the IPSASB had identified inconsistencies in measurement requirements in IPSAS 23 and other asset-related IPSASs in relation to transaction costs.

As similar inconsistencies exist in Standards of GRAP, the Board undertook an analysis on the interaction of GRAP 23 with other Standards of GRAP that deal with the recognition and measurement of assets.

The Board considered whether the initial cost of an asset acquired in a non-exchange transaction comprises the purchase price, i.e. excluding transaction costs (Approach 1); or cost (which comprises the purchase price plus directly attributable costs paid to bring the asset to its current location and condition), i.e. including transaction costs (Approach 2).

Using the principle in paragraph .11 of GRAP 23, the Board agreed that the initial cost of the asset is the equivalent of the purchase price and that transaction costs should be added to the fair value to determine the cost of asset. This view was consistent with that of the IPSASB.

At its meeting held on 19 November 2013, the Board agreed in principle that the asset-related Standards of GRAP should be amended.

The amendment will affect the following Standards of GRAP:

- GRAP 12 on *Inventories*
- GRAP 16 on *Investment Property*
- GRAP 17 on *Property, Plant and Equipment*
- GRAP 31 on *Intangible Assets*
- GRAP 103 on *Heritage Assets*

[Refer to sections A1, A2, A3, A8 and A9 in the Exposure Draft]

(c) Deletion of appendices outlining illustrative examples

The Board agreed to delete the appendices in the effective Standards of GRAP in line with previous decisions. The only newly effective Standard of GRAP that includes an appendix is GRAP 18 on *Segment Reporting*. The appendix has been proposed for deletion.

[Refer to section A4 in the Exposure Draft]

Part B: IPSASB Amendments

This part of the improvements considers amendments made by the IPSASB in its improvements to IPSASs project, and any other limited-scope amendments to IPSASs. In particular, the Board agreed to consider the amendments made to IPSAS 21 and IPSAS 26 as part of this Improvements Project, as the effect of the changes to the equivalent Standards of GRAP is minimal.

(a) Improvements to IPSASs 2014

The possible amendments below are based on the IPSASB's *Improvements to IPSASs 2014* issued in 2015. Table B below sets out the rationale for excluding any amendments and notes those which will be included in the Improvements Project (2016).

Table B: List of possible amendments from *Improvements to IPSASs 2014*

No.	Standard	Possible Amendment	Recommendation
1	IPSAS 1, *Presentation of Financial Statements*	Revision of IPSAS 1 as a result of IASB's *Annual Improvements to IFRSs 2009-2011 Cycle* issued in May 2012. Amendments made to the requirements related to comparative information.	The Board considered and approved this amendment as part of the IASB amendments in the Improvements Project (2013).
2	IPSAS 17, *Property, Plant and Equipment*	Revision of IPSAS 17 as a result of IASB's *Annual Improvements to IFRSs 2009-2011 Cycle* issued in May 2012. Amendments made to clarify wording in the standard to interpret when servicing equipment is considered property, plant and equipment or inventory.	The Board considered and approved this amendment as part of the IASB amendments in the Improvements Project (2013).
3		Revision to clarify the revaluation methodology of the carrying amount and accumulated depreciation when an item of property, plant, and equipment is revalued, as a result of the *Annual Improvements to IFRSs 2010-2012 Cycle* (issued in May 2012 by the IASB).	**This proposed amendment is recommended for GRAP 17 and is included in the proposed Exposure Draft.** *[Refer to section A3 in the Exposure Draft]*

4		Revision of IPSAS 17 as a result of IASB's narrow scope amendments on *Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38 issued in May 2014).* Amendments made to clarify acceptable methods of depreciating and amortising tangible and intangible assets.	**This proposed amendment is recommended for GRAP 17 and is included in the proposed Exposure Draft.** *[Refer to section A3 in the Exposure Draft]*
5	IPSAS 28, *Financial Instruments: Presentation*	Revision of IPSAS 28 as a result of IASB's *Annual Improvements to IFRSs 2009-2011 Cycle* issued in May 2012. Amendments made to clarify the tax effect of distributions to holders of equity instruments.	The Board considered and approved this amendment as part of the IASB amendments in the Improvements Project (2013).
6	IPSAS 31, *Intangible Assets*	Amendments to clarify the revaluation methodology of the carrying amount and accumulated amortisation when an intangible asset is revalued, as a result of the *Annual Improvements to IFRSs 2010-2012 Cycle* (issued in May 2012 by the IASB).	**This proposed amendment is recommended for GRAP 31 and is included in the proposed Exposure Draft.** *[Refer to section A8 in the Exposure Draft]*
7		Revision of IPSAS 31 as a result of IASB's narrow scope amendments on *Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38 issued in May 2014).* Amendments made to clarify acceptable methods of depreciating and amortising tangible and intangible assets.	**This proposed amendment is recommended for GRAP 31 and is included in the proposed Exposure Draft.** *[Refer to section A8 in the Exposure Draft]*

(b) Improvements to IPSASs 2015

The possible amendments below are based on the IPSASB's *Improvements to IPSASs 2015* issued in 2016. Table C below sets out the rationale for excluding any amendments and notes those which will be included in the Improvements Project (2016).

Table C: List of possible amendments from *Improvements to IPSASs 2015*

No.	Standard	Possible Amendment	Recommendation
1	Several IPSASs	Consequential amendments arising from Chapters 1 to 4 of the Conceptual Framework.	Matter not considered as part of the Improvements Project for 2016. The Board has not yet finalised the revision of its Conceptual Framework to align it with the IPSASB's Conceptual Framework. These amendments will only be considered once the Conceptual Framework is issued in 2017.
2	IPSAS 14, *Events after the Reporting Date;* IPSAS 19, *Provisions, Contingent Liabilities and Contingent Assets;* IPSAS 26, *Impairment of Cash-Generating Assets*; IPSAS 27, *Agriculture;* IPSAS 31, *Intangible Assets*	Amendments made to remove references to the relevant international or national accounting standard dealing with non-current assets held for sale and discontinued operations.	Matter not considered as part of the Improvements Project for 2016. The amendments are not relevant to Standards of GRAP as the Standards do not make reference to non-current held assets held for sale, and the Board has developed its own Standard of GRAP that deals with discontinued operations.
3	IPSAS 32, *Service Concession Arrangements*	Amendments made to address a conflict between IPSAS 32 and IPSAS 17 over dissimilar assets being accounted for as a class of assets.	Matter not considered as part of the Improvements Project for 2016. The amendments are relevant, but because

No.	Standard	Possible Amendment	Recommendation
			GRAP 32 is not yet effective, the amendments will be considered in the next cycle of improvements.
4	IPSAS 12, *Inventories*	Amendments made to align terminology in IPSASs with Government Finance Statistics terminology. The term "ammunition" in IPSAS 12 has been replaced with the term "military inventories" and provides a description of what it comprises.	**This proposed amendment is recommended for GRAP 12 and included in the proposed Exposure Draft.** *[Refer to section A1 in the Exposure Draft]*
5	IPSAS 17, *Property, Plant and Equipment*	Amendments made to align terminology in IPSASs with Government Finance Statistics terminology. The term "specialist military equipment" has been replaced with the term "weapons systems" and provides a description of what it comprises.	**This proposed amendment is recommended for GRAP 17 and included in the proposed Exposure Draft.** *[Refer to section A3 in the Exposure Draft]*
6		Revision of IPSAS 17 as a result of IASB's narrow scope amendments on *Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41 issued in June 2014).* Amendments made to define a bearer plan and include bearer plants within the scope of IPSAS 17, while the produce growing on bearer plants will remain within the scope of IPSAS 27.	**This proposed amendment is recommended for GRAP 17 and included in the proposed Exposure Draft.** *[Refer to section A3 in the Exposure Draft]*
7	IPSAS 27, *Agriculture*	Revision of IPSAS 27 as a result of IASB's narrow scope amendments on *Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41 issued in June 2014).* Amendments made to define a bearer plant and include bearer plants within the scope of IPSAS 17, while the produce growing on bearer plants will remain within the scope of IPSAS 27.	**This proposed amendment is recommended for GRAP 27 and included in the proposed Exposure Draft.** *[Refer to section A7 in the Exposure Draft]*

(c) Amendments to IPSAS 21 and IPSAS 26

The IPSASB revised IPSAS 21 and IPSAS 26 to include assets measured at revalued amounts (in accordance with the revaluation model in IPSAS 17 and IPSAS 31) in the scope of IPSAS 21 and IPSAS 26. The Standards of GRAP on *Impairment of Non-Cash-Generating Assets* (GRAP 21) and *Impairment of Cash-generating Assets* (GRAP 26) already include property, plant and equipment and intangible assets measured at revalued amounts within their scope.

While the principle in GRAP 21 and GRAP 26 mirrors that in the revised IPSAS 21 and IPSAS 26, the boards still follow a different approach on the recognition and measurement of impairment losses and their reversals. The IPSASB recognises impairment losses and reversals on revalued assets in the revaluation reserve for that "class of assets" while the Board recognise these for the "same asset".

The Board believes it is inappropriate to align GRAP 21 and GRAP 26 to their equivalent IPSASs as the amendments would require a change to the Standard of GRAP on *Property, Plant and Equipment*.

While no amendments are proposed to the principles in GRAP 21 and GRAP 26, the Board has proposed an update to the Basis of conclusions and the Comparison with IPSASs to reflect the boards' recent decisions.

[Refer to sections A5 and A6 in the Exposure Draft]

Part C: IASB Amendments

The IASB has two processes to issue minor amendments to standards i.e. improvements and narrow-scope amendments to IFRSs.

The Board considers both types of amendments as part of its Improvements Project.

(a) Improvements to IFRSs

The following improvements have been approved since the Board's last Improvements Project (2013):

- *Annual Improvements to IFRSs 2010 – 2012 Cycle (issued in December 2013)*
- *Annual Improvements to IFRSs 2011 – 2013 Cycle (issued in December 2013)*
- *Annual Improvements to IFRSs 2012 – 2014 Cycle (issued in September 2014)*

No amendments were approved for the 2013 – 2015 cycle as the IASB decided to *Annual Improvements to IFRSs 2010 – 2012 Cycle*

Table D below sets out amendments from the IASB's *Annual Improvements to IFRSs 2010 – 2012 Cycle* issued in December 2013. The table sets out the rationale for excluding any amendments and notes those which will be included in the Improvements Project (2016).

Table D: List of possible amendments from Annual Improvements to IFRSs 2010 – 2012 Cycle

No.	Standard	Possible Amendment	Recommendation
1	IFRS 2, *Share-based Payment*	Amendment made to the definitions of "vesting condition" and "market condition and adds definitions for "performance condition" and service condition".	Matter not considered as part of the Improvements Project for 2016. The amendment is not relevant as there is no equivalent Standard of GRAP.
2	IFRS 3, *Business Combinations*	Amendment made to require contingent consideration that is classified as an asset or a liability to be measured at fair value through profit or loss at each reporting date.	**The IPSASB included the amendment in its Exposure Draft of the proposed IPSAS dealing with public sector combinations.** **As the IPSASB's project on public sector combinations is not**

No.	Standard	Possible Amendment	Recommendation
			finalised, and the Board decided not to undertake a project to revise GRAP 105 to GRAP 107 in the next three years, the amendment has been proposed to GRAP 106. *[Refer to section A10 in the Exposure Draft]*
3	IFRS 8, *Operating Segments*	Amendment made to require disclosure of the judgements made by management in applying the aggregation criteria to operating segments.	Matter not considered as part of the Improvements Project for 2016. GRAP 18 is drawn from IFRS 8. As GRAP 18 is converged with IFRS 8 in some respects, these improvements are considered relevant. However as a result of informal queries raised by stakeholders in the current year, the Board believes that amendments relating to GRAP 18 should be considered holistically in a separate review.
4		Amendment made to clarify that reconciliations of segments assets only required if segment assets are reported regularly.	
5	IFRS 13, *Fair Value Measurement*	Amendment made to clarify that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis.	Matter not considered as part of the Improvements Project for 2016. The amendment is not relevant as there is no equivalent Standard of GRAP.
6	IAS 16, *Property, Plant and Equipment*	Amendment made to clarify that the gross amount of property, plant and equipment is adjusted in a manner consistent with a revaluation of the carrying amount.	Similar amendments have been made by the IPSASB as part of its *Improvements to IPSASs 2014* project. The proposed changes are included in the proposed Exposure Draft as part of the IPSASB's Improvements in

No.	Standard	Possible Amendment	Recommendation
			Table B above.
7	IAS 24, *Related Party Disclosures*	Amendment made to clarify how payments to entities providing management services are to be disclosed.	Matter not considered as part of the Improvements Project for 2016. The amendments are relevant, however since GRAP 20 is not yet effective, the amendments will be considered in the next cycle of improvements.
8	IAS 38 *Intangible Assets*	Amendment made to clarify that the gross amount of intangible assets is adjusted in a manner consistent with a revaluation of the carrying amount.	Similar amendments have been made by the IPSASB as part of its *Improvements to IPSASs 2014* project. The proposed changes are included in the proposed Exposure Draft as part of the IPSASB's Improvements in Table B above.

Annual Improvements to IFRSs 2011 – 2013 Cycle

Table E below sets out amendments from the IASB's *Annual Improvements to IFRSs 2011 – 2013 Cycle* issued in December 2013. The table sets out the rationale for excluding any amendments and notes those which will be included in the Improvements Project (2016).

Table E: List of possible amendments from Annual Improvements to IFRSs 2011 – 2013 Cycle

No.	Standard	Possible Amendment	Recommendation
1	IFRS 1, *First-time Adoption of International Financial Reporting Standards*	Amendment made to clarify which versions of IFRSs can be used on initial adoption.	Matter not considered as part of the Improvements Project for 2016. The amendment will be used as a basis in developing an FAQ that explains which version of the Standards of GRAP should be used for a particular reporting period.
2	IFRS 3 *Business Combinations*	Amendment made to clarify that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.	Matter not considered as part of the Improvements Project for 2016. The IPSASB included the amendment in its Exposure Draft of the proposed IPSAS dealing with public sector combinations. The Board will consider the impact of this amendment once the Proposed Standard of GRAP on *Joint Arrangements* (GRAP 37) has been approved.
3	IFRS 13 *Fair Value Measurement*	Amendment made to clarify the scope of the portfolio exception paragraph 52.	Matter not considered as part of the Improvements Project for 2016. The amendment is not relevant as there is no equivalent Standard of GRAP.

No.	Standard	Possible Amendment	Recommendation
4	IAS 40 *Investment Property*	Amendment made to clarify the interrelationship between IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property.	**The IPSASB included the amendment in its Exposure Draft of the proposed IPSAS dealing with public sector combinations.** **As the IPSASB's project on public sector combinations is not finalised, and the Board decided not to undertake a project to revise GRAP 105 to GRAP 107 in the next three years, the amendment has been proposed to GRAP 16.** *[Refer to section A2 in the Exposure Draft]*

Annual Improvements to IFRSs 2012 – 2014 Cycle

Table F below sets out amendments from the IASB's *Annual Improvements to IFRSs 2012 – 2014 Cycle* issued in September 2014. The table sets out the rationale for excluding any amendments and notes those which will be included in the Improvements Project (2016).

Table F: List of possible amendments from Annual Improvements to IFRSs 2012 – 2014 Cycle

No.	Standard	Possible Amendment	Recommendation
1	IFRS 5 *Non-current Assets Held for Sale* *and Discontinued Operations*	Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.	Matter not considered as part of the Improvements Project for 2016. There are no requirements for non-current assets held for sale in the Standards of GRAP.
2	IFRS 7 *Financial Instruments:*	Additional guidance to clarify whether a servicing contract is continuing	Matter not considered as

3	*Disclosures*	involvement in a transferred asset. Clarification on offsetting disclosures in condensed interim financial statements.	part of the Improvements Project for 2016. The Board has agreed to undertake a project to review GRAP 104 in 2017 and these amendments will be considered as part of that project.
4	IAS 19 *Employee Benefits*	Clarify that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid.	Matter not considered as part of the Improvements Project for 2016. The IPSASB did not consider this amendment in its revisions to IPSAS 25 as the wording of IPSAS 25 is not consistent with the wording related to the amendments to IAS 19. Since the Board has also agreed to undertake a project to review GRAP 25 in 2019/20, these amendments will be considered as part of that project.
5	IAS 34 *Interim Financial Reporting*	Clarify the meaning of “elsewhere in the interim report” and require a cross-reference.	Matter not considered as part of the Improvements Project for 2016. No equivalent Standard of GRAP. These amendments will be considered by the Board in its project on interim financial reporting.

(b) Narrow-scope amendments to IFRSs

Table G below outlines narrow-scope amendments that will be included in the Improvements Project (2016), and the rationale for excluding any amendments.

Table G: List of possible amendments from the *Narrow-scope Amendments to IFRSs*

No.	Standard	Possible Amendment	Recommendation
1	*Offsetting Financial Assets and Financial Liabilities* (Amendments to IAS 32 issued December 2011)	Amendments made to clarify certain aspects due to diversity in application of offsetting requirements.	Matter not considered as part of the Improvements Project for 2016. The Board will consider these amendments in its review of GRAP 104.
2	*Investment Entities* (Amendments to IFRS 10, 12 and IAS 27 issued October 2012)	Amendments made to provide investment entities an exemption from the consolidation of particular subsidiaries.	Matter not considered as part of the Improvements Project for 2016. The IPSASB included these amendments in IPSAS 35 on *Consolidated Financial Statements.* As a result the amendments are also included in the Exposure Draft of the Proposed Standard of GRAP on *Consolidated Financial Statements* (GRAP 35).
3	*Recoverable Amount Disclosures for Non-financial Assets* (Amendments to IAS 36 issued May 2013).	Amendments made to required disclosures for discount rates for recoverable amounts when testing for impairment of assets.	Matter not considered as part of the Improvements Project for 2016. The IPSASB did not consider these amendments in its improvements project as the wording in IPSAS 26 is not consistent with that found in IAS 36. Since the amendments were also made to maintain alignment with IFRS 13 on Fair Value Measurement, these amendments are not appropriate for inclusion in GRAP 26.

No.	Standard	Possible Amendment	Recommendation
4	*Novation of Derivatives and Continuation of Hedge Accounting* (Amendments to IAS 39 issued June 2013).	Amendments made to provide relief from discontinuing hedge accounting when novation of a derivative designated for hedging meets certain criteria.	Matter not considered as part of the Improvements Project for 2016. The Board will consider this as part of its project to revise GRAP 104.
5	*IFRS 9 Financial Instruments Hedge Accounting (*Amendments to IFRS 9, IFRS 7 and IAS 39 issued November 2013)	Various updates related to hedge accounting.	Matter not considered as part of the Improvements Project for 2016. The Board will consider this as part of its project to revise GRAP 104.
6	*Defined Benefit Plans: Employee Contributions* (Amendments to IAS 19 issued November 2013).	Amendments made to clarify the accounting requirements for contributions from employees or third parties to a defined benefit plan.	The IPSASB included these amendments in its revisions to IPSAS 25. The Board will consider the impact of the revisions on GRAP 25 when it is revised.
7	*Clarification of Acceptable Methods of Depreciation and Amortisation* (Amendments to IAS 16 and IAS 38 issued May 2014).	Amendments made to clarify that a depreciation method that is based on revenue generated by an activity includes use of an asset is not appropriate.	Similar amendments have been made by the IPSASB as part of its *Improvements to IPSASs 2014* project. The proposed changes are included in the proposed Exposure Draft as part of the IPSASB's Improvements in Table B above.
8	*Accounting for Acquisitions of Interests in Joint Operations* (Amendments to IFRS 11 issued May 2014).	Amendments made to require an acquirer of an interest in a joint operation when the activities are a business.	Matter not considered as part of the Improvements Project for 2016. The IPSASB has not included these amendments in IPSAS 37 on *Joint Arrangements.* The Board included the amendments in its Exposure Draft of the Proposed Standard of GRAP on *Joint Arrangements* (GRAP 37).

No.	Standard	Possible Amendment	Recommendation
9	*Agriculture: Bearer Plants* (Amendments to IAS 16 and IAS 41 issued June 2014).	Amendments made to define a bearer plant and include bearer plants within the scope of IAS 16 rather than IAS 41, while the produce growing on bearer plants will remain within the scope of IAS 41.	Similar amendments have been made by the IPSASB as part of its *Improvements to IPSASs 2014* project. The proposed changes are included in the proposed Exposure Draft as part of the IPSASB's Improvements in Table B above.
10	*Equity Method in Separate Financial Statements* (Amendments to IAS 27 issued August 2014)	Amendments made to permit investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.	Matter not considered as part of the Improvements Project for 2016. The IPSASB included these amendments in IPSAS 34 on *Separate Financial Statements.* As a result, the amendments are also included in the Exposure Draft of the Proposed Standard of GRAP on *Separate Financial Statements* (GRAP 34).
11	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments to IFRS 10 and IAS 28 issued September 2014).	Amendments made to clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture.	Matter not considered as part of the Improvements Project for 2016. The IASB deferred the effective date of these amendments indefinitely. As a result, the IPSASB, and the Board, did not include these amendments when developing the IPSASs dealing with interests in other entities.
12	*Investment Entities: Applying the Consolidation Exception* (Amendments to IFRS 10, 12 and IAS 28 issued December 2014)	Amendments made to clarify the application of the consolidation exemption for investment entities.	Matter not considered as part of the Improvements Project for 2016. The IPSASB included these amendments in IPSAS 35 on *Consolidated Financial Statements.* As a result the amendments are also included in the Exposure Draft of the

No.	Standard	Possible Amendment	Recommendation
			Proposed Standard of GRAP on *Consolidated Financial Statements* (GRAP 35).
13	*Disclosure Initiative* (Amendments to IAS 1 issued December 2014).	Various amendments to IAS 1, related to the IASB's ongoing disclosure initiative project.	Matter not considered as part of the Improvements Project for 2016. The IPSASB agreed not to include these amendments in its 2015 Improvements project as they may be considered as part of a wider project to consider presentation in the financial statements as a result of issuing the Conceptual Framework.
14	*Disclosure Initiative* (Amendments to IAS 7 issued January 2016).	Amendment made to clarify that entities should provide disclosures that enable the evaluation of changes in liabilities from financing activities.	Matter not considered as part of the Improvements Project for 2016. Since the Board has agreed to undertake a project to review GRAP 2 in 2019/2020, these amendments will be considered as part of that project.
15	*Recognition of Deferred Tax Assets for Unrealised Losses* (Amendments to IAS 12 issued January 2016)	Various amendments to IAS 12, related to deferred tax assets.	Matter not considered as part of the Improvements Project for 2016. The amendment is not relevant as there is no equivalent Standard of GRAP.