


# Standards of GRAP – An evolutionary landscape





# Disclaimer

***The views and opinions expressed in this presentation are those of the individual. Official positions of the ASB on accounting matters are determined only after extensive due process and deliberation.***





# **The development and evolution of Standards of GRAP**



**Phase 1- Develop  
Standards of GRAP.**

**Based on IPSASs, IFRSs, or  
develop own Standard.**

**Phase 2 – Preparing for adoption.**

**Propose an  
effective date.  
Develop transitional  
Provisions.  
Feed into MSCOA  
process.**

**Development  
and evolution of  
Standards**

**Phase 4 – Reflection.**

**Post-implementation reviews of  
selected Standards.**

**Phase 3 – Implementation of  
Standards.**

**Facilitate implementation &  
receive feedback through ASB  
Accounting Forum, FAQs and  
other engagements.**

# Feedback is key

- Feedback during initial adoption and on an ongoing basis critical to development of Standards.
- Post-implementation reviews
  - Agreed by Board.
  - Focus on certain Standards.
  - Users, preparers and others.
- Last review in 2014 of asset-related Standards.



# **Update of Post- implementation Review of GRAP 16 and GRAP 17**






# Objective and results

- Objective to consult users and preparers on the information in the financial statements.
- Results considered by the Board in March 2014.
- Analysis of comments and actions on ASB's website.





# Common areas of concern observed

- Accounting for land – control versus legal title.
  - Accounting for housing schemes.
  - Differentiation between PPE and Investment Property.
  - Impairment of assets – cash versus non-cash, impairment versus repair/change in useful lives.
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# Common areas of concern observed

- Presentation of WIP.
- More detailed information on asset management, capital projects and use of capital grants.
- Use of external valuers.
- Encouraged disclosures.



# Common areas of concern observed

- Capitalisation or expensing of subsequent costs.
- Standardisation of components (what components, and proportion of assets), useful lives, and costs for DRC calculations.

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# Common areas of concern observed

- Subsequent measurement bases used.
- Education of users.
- Alignment of reporting.





# Key actions of ASB

- New FAQs published by the Secretariat.
  - Three new projects on work programme.
  - Widened scope of existing project.
  - Recommendations made to the National Treasury.
  - Joint projects of the trilateral parties.
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# Three new projects

- Interpretation: Land – control versus legal title.
- Guideline: Housing schemes.
- Review of GRAP 16 and 17: Distinction between PPE and Investment Property, indicator based review of useful lives, use of valuers, encouraged disclosures, capital WIP (ED 126 & 127).

# Widened scope of existing project

- Impairment of assets – cash versus non-cash, impairment versus repair/change in useful lives → Review of GRAP 21 and GRAP 26.



# Recommendations to the OAG

- Need for standardised guidance –  
Work commenced on development.



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# Projects of the trilateral parties

- Alignment of reporting.
- Education of users.





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# Linkages with existing projects

- Discussion Paper 9 on Materiality – Reducing Complexity and Improving Reporting.





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