



Accounting Standards Board

EXECUTIVE SUMMARY

**IMPROVEMENTS TO THE STANDARDS OF GRAP
(2013)**

AND

**AMENDMENTS TO THE STANDARD OF GRAP ON
REVENUE FROM NON-EXCHANGE TRANSACTIONS
(TAXES AND TRANSFERS)**



EXECUTIVE SUMMARY

IMPROVEMENTS TO THE STANDARDS OF GRAP (2013) AND AMENDMENTS TO THE STANDARD OF GRAP ON REVENUE FROM NON-EXCHANGE TRANSACTIONS (TAXES AND TRANSFERS)

The Accounting Standards Board (Board) approved amendments to certain Standards of GRAP in November 2013 as part of its third biannual Improvements Project. The Board also approved amendments to the Standard of GRAP on *Revenue from Non-exchange Transactions (Taxes and Transfers)*.

Amendments resulting from the third Improvements Project arose from:

- Changes made to the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as part its Improvements to IFRSs (2009 to 2011 Cycle).
- Changes made to the International Public Sector Accounting Standards (IPSASs) issued by the International Public Sector Accounting Standards Board (IPSASB) as part its 2011 Improvements to IPSASs.
- Changes to the Standards of GRAP identified during consultations with stakeholders to ensure consistency between the Standards, or to clarify any existing principles.
- Deletion of all appendices outlining illustrative examples in the Standards of GRAP as the development of implementation guidance is the responsibility of the National Treasury.

Table A highlights the significant changes made to the Standards of GRAP as part of the third Improvements projects. Editorial, terminology and format changes are not reflected in this summary. As a result, readers are encouraged to read the full text of each amended Standard of GRAP, as well as the Glossary of Defined Terms, which are available on the Board's website www.asb.co.za.

As the amendments to the Standard of GRAP on *Revenue from Non-exchange Transactions (Taxes and Transfers)* (GRAP 23) comprised more than minor, non-urgent changes, these amendments were excluded from the scope of the Improvements Project and issued as a separate Exposure Draft. Table B highlights the amendments made to GRAP 23.

These improvements to the Standards of GRAP and amendments to GRAP 23 are effective for reporting periods commencing on or after 1 April 2015 for those entities where the Minister of Finance has determined that they should apply the relevant Standards of GRAP.



TABLE A
IMPROVEMENTS TO THE STANDARDS OF (2013)

Amendments	Transitional provisions
GRAP 1 – Presentation of Financial Statements	
Editorial and other changes to the original text have been made to ensure consistency with other Standards of GRAP.	Amendments applied retrospectively.
Additional commentary has been added to clarify the requirements of presenting comparative information in respect of the preceding period.	
An appendix with illustrative examples of financial statement structure has been deleted from the Standard as the National Treasury has issued complete examples as part of its implementation guidance.	
GRAP 2 – Cash Flow Statements	
An appendix with an illustrative example of the cash flow statement (for an entity other than a financial institution) has been deleted from the Standard as the National Treasury has issued complete examples as part of its implementation guidance.	No transitional provisions.
GRAP 3 – Accounting Policies, Changes in Accounting Estimates and Errors	
Appendices with illustrative examples on errors and prospective application of a change in accounting policy when retrospective application is not practicable, have been deleted from the Standard as the National Treasury has issued complete examples as part of its implementation guidance.	No transitional provisions.
GRAP 7 – Investments in Associates	
Appendices with illustrative examples have been deleted from the Standard as the National Treasury has issued complete examples as part of its implementation guidance.	No change to the authoritative text of the Standard therefore no transitional provisions.
GRAP 10 – Financial Reporting in Hyperinflationary Economies	
Editorial and other changes to the original text have been made to ensure consistency with other Standards of GRAP.	No transitional provisions.
General definitions have been deleted as these definitions are not essential to the understanding of the Standard. A paragraph has been included to explain that terms defined in other Standards of GRAP are used with the same meaning as in those other Standards of GRAP.	



Amendments	Transitional provisions
Commentary has been added to explain the objective the Standard.	
The appendix with an example on restatement of financial statements has been deleted from the Standard as the National Treasury has issued complete examples as part of its implementation guidance.	
GRAP 11 – Construction Contracts	
Appendices with examples on disclosure of accounting policies, the determination of contract revenue and expenses and contract disclosures have been deleted from the Standard as the National Treasury has issued complete examples as part of its implementation guidance.	No change to the authoritative text of the Standard therefore no transitional provisions.
GRAP 13 - Leases	
Appendices with examples on calculating the interest rate implicit in a finance lease have been deleted from the Standard as the National Treasury has issued complete examples as part of its implementation guidance.	No change to the authoritative text of the Standard therefore no transitional provisions.
GRAP 17 - Property, Plant and Equipment	
Editorial and other changes to the original text have been made to ensure consistency with other Standards of GRAP.	Amendments applied retrospectively.
General definitions have been deleted as these definitions are not essential to the understanding of the Standard. A paragraph has been included to explain that terms defined in other Standards of GRAP are used with the same meaning as in those other Standards of GRAP.	
Commentary has been added to clarify the classification of stand-by equipment.	
GRAP 19 - Provisions, Contingent Liabilities and Contingent Assets	
Appendices with illustrative examples on recognition, disclosures and present value of a provision have been deleted from the Standard as the National Treasury has issued complete examples as part of its implementation guidance.	No change to the authoritative text of the Standard therefore no transitional provisions.
GRAP 21 - Impairment of Non-cash-generating Assets	
Editorial and other changes to the original text have been made to ensure consistency with other Standards of GRAP.	Amendments applied prospectively.
General definitions have been deleted as these definitions are not essential to the understanding of the Standard. A paragraph has been included to explain	



Amendments	Transitional provisions
that terms defined in other Standards of GRAP are used with the same meaning as in those other Standards of GRAP.	
Additional commentary has been added to clarify the objective of cash-generating assets and non-cash-generating assets, and consequential amendments made to the definition of cash generating assets.	
<p>The indicators of internal sources of information were amended to include obsolescence as an indication that an asset may be impaired.</p> <p>In line with the amendments made to IPSAS 21 on <i>Impairment of Non-cash-generating Assets</i> (IPSAS 21) in 2011, an amendment has been made to include another indicator of impairment i.e., where an asset's useful life has been reassessed as finite rather than indefinite.</p>	
Where the recoverable service amount is value in use, disclosure requirements have been added about whether an independent valuer is used to determine value in use together with the methods and significant assumptions applied in determining the value in use have been added to the disclosure requirements.	
Appendices with illustrative examples of indications of impairment and measurement of impairment losses have been deleted from the Standard as the National Treasury has issued complete examples as part of its implementation guidance.	
GRAP 24 - Presentation of Budget Information in Financial Statements	
Editorial and other changes to the original text have been made to ensure consistency with other Standards of GRAP.	No transitional provisions.
General definitions have been deleted as these definitions are not essential to the understanding of the Standard. A paragraph has been included to explain that terms defined in other Standards of GRAP are used with the same meaning as in those other Standards of GRAP.	
Commentary has been added to explain that professional judgement should be applied in determining the extent of the comparison of budget and actual amounts in the financial statements.	
An appendix with illustrative examples has been deleted from the Standard as the National Treasury has issued complete examples as part of its implementation guidance.	
GRAP 25 - Employee Benefits	
Editorial and other changes to the original text have been made to ensure consistency with other Standards of GRAP.	Amendments applied

Amendments	Transitional provisions
<p>General definitions have been deleted as these definitions are not essential to the understanding of the Standard. A paragraph has been included to explain that terms defined in other Standards of GRAP are used with the same meaning as in those other Standards of GRAP.</p>	<p>retrospectively.</p>
<p>The Standard has been amended to reflect consequential amendments arising from the Standards of GRAP on <i>Transfer of Functions Between Entities Under Common Control</i>, <i>Transfer of Functions Between Entities Not Under Common Control</i> and <i>Mergers</i> which were not included in the consequential amendments when those Standards were issued.</p>	
<p>Appendices with illustrative examples on funded defined benefit plans, illustrative disclosures and illustration of the effect of minimum funding requirements have been deleted from the Standard as the National Treasury has issued complete examples as part of its implementation guidance.</p>	
<p>GRAP 26 - Impairment of Cash-generating Assets</p>	
<p>Editorial and other changes to the original text have been made to ensure consistency with other Standards of GRAP as identified during consultations with local stakeholders.</p>	<p>Amendments applied prospectively.</p>
<p>General definitions have been deleted as these definitions are not essential to the understanding of the Standard. A paragraph has been included to explain that terms defined in other Standards of GRAP are used with the same meaning as in those other Standards of GRAP.</p>	
<p>Additional commentary has been added to clarify the objective of cash-generating assets and non-cash-generating assets, and consequential amendments made to the definition of cash generating assets and cash-generating unit.</p>	
<p>In line with the amendments made to IPSAS 26 on Impairment of <i>Non-cash-generating Assets</i> (IPSAS 26) in 2010, an amendment has been made to include another indicator of impairment in relation to the internal sources of information.</p>	
<p>Where the recoverable amount is value in use, disclosure requirements have been added about whether an independent valuer is used to determine value in use together with the methods and significant assumptions applied in determining the value in use have been added to the disclosure requirements.</p>	
<p>Appendices with illustrative examples on using present value techniques to measure value in use and illustrative guidance have been deleted from the Standard as the National Treasury has issued complete examples as part of its implementation guidance.</p>	



Amendments	Transitional provisions
GRAP 31 - Intangible Assets	
Editorial and other changes to the original text have been made to ensure consistency with other Standards of GRAP as identified during consultations with local stakeholders.	Amendments applied retrospectively.
An appendix with illustrative examples has been deleted from the Standard as the National Treasury has issued complete examples as part of its implementation guidance.	
GRAP 103 - Heritage Assets	
Editorial and other changes to the original text have been made to ensure consistency with other Standards of GRAP.	Amendments applied retrospectively.
General definitions have been deleted as these definitions are not essential to the understanding of the Standard. A paragraph has been included to explain that terms defined in other Standards of GRAP are used with the same meaning as in those other Standards of GRAP.	
The scope paragraph has been amended to clarify the treatment of biological assets.	
The Standard has been amended to include the measurement requirements when heritage assets are acquired in exchange for other assets.	
GRAP 104 - Financial Instruments	
Editorial and other changes to the original text have been made to ensure consistency with other Standards of GRAP.	Amendments applied retrospectively.
In line with the amendments made to IAS 32 on <i>Financial Instruments: Presentation</i> by the IASB, additional commentary has been added relating to the tax effects of distribution to holders of residual interests.	
An appendix with illustrative guidance and examples has been deleted from the Standard as the National Treasury has issued complete examples as part of its implementation guidance.	



TABLE B

AMENDMENTS TO THE STANDARD OF GRAP ON REVENUE FROM NON-EXCHANGE TRANSACTIONS (TAXES AND TRANSFERS)

Amendments	Transitional provisions
GRAP 23 – Revenue from Non-exchange Transactions (Taxes and Transfers)	
Editorial and other changes to the original text have been made to ensure consistency with other Standards of GRAP.	Amendments applied prospectively.
The scope paragraph has been amended to exclude non-exchange revenue from construction contracts from this Standard.	
Commentary has been added to clarify that discounts, volume rebates or other reductions in the quoted price of assets are exchange transactions that should be treated in accordance with the Standard of GRAP on <i>Revenue from Exchange Transactions</i> .	
The Standard was amended to make it mandatory for entities to recognise services in-kind to the extent that the services in-kind are significant to an entity's operations and/or service delivery objectives and to the extent that the recognition criteria have been met.	
Commentary has been added to clarify that services in-kind are not limited to the provision of services by individuals but also include the right to use assets. Examples have been added to illustrate this amendment.	
The appendix with illustrative examples has been deleted from the Standard as the National Treasury has issued complete examples as part of its implementation guidance.	