

EXPOSURE DRAFT – ED 169 *PROPOSED AMENDMENTS TO THE STANDARD OF GRAP ON PRESENTATION OF STATEMENTS*

<p>This Exposure Draft outlines the proposed amendments to the Standard of GRAP on <i>Presentation of Financial Statements</i></p>	Overview	<p>This Executive Summary outlines the proposed amendments to the Standard of GRAP on <i>Presentation of Financial Statements</i> issued by the Board in July 2018.</p>
	Project objectives	<p>Based on developments internationally to improve financial reporting disclosures and to reduce clutter in the financial statements, the Board agreed to propose amendments to GRAP 1, which are based on the Disclosure Initiative (Amendments to IAS 1[®]) issued by the International Accounting Standards Board (IASB[®]) in December 2014.</p>
	Comment deadline	<p>The comment deadline is 7 December 2018.</p>
	Next steps	<p>The comments on ED 169 will be analysed in the first quarter of 2019 and the proposals in ED 169 will be modified in the final document in the light of comment received from respondents during the comment process.</p>



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Why did the Board propose these amendments?

Development of the proposed amendments

Stakeholders had frequently questioned the role of materiality in applying the Standards of GRAP to the preparation of financial statements. They indicated that the complexity of the Standards is increased if materiality is not applied in developing accounting policies and deciding what information to disclose and how to present it. The Board also observed that there is a strong culture of “ticking all the boxes” rather than providing information that is relevant to the users in assessing accountability and making decisions. To respond to the concerns raised, the Board issued Discussion Paper 9 on *Materiality – Reducing Complexity and Improving Reporting* (DP 9) in July 2014. The objective of the DP 9 was to stimulate debate about the role of materiality in the preparation of financial statements.

As an outcome of DP 9, the Board agreed to develop guidance for preparers on how to apply the concept of materiality. This guidance was issued by the Board as an Exposure Draft of the Proposed Guideline on *The Application of Materiality to Financial Statements* (ED 168) in July 2018, along with ED 169.

The Board’s project on materiality is consistent with initiatives by other standard-setters and regulatory bodies including local regulators, to explore ways to improve disclosure effectiveness by undertaking projects on “disclosure overload” and “cutting clutter” in the financial statements. Consequently, the Board has considered the IASB’s *Disclosure Initiative* (Amendments to IAS 1) issued in December 2014 in developing the proposed amendments. These narrow-focus amendments to IAS 1 on *Presentation of Financial Statements* address concerns about the presentation and disclosure requirements in IFRS Standards, and to ensure entities are able to use judgement when applying IAS 1.

The proposed amendments respond to similar concerns raised by respondents to DP 9 about whether materiality considerations apply to the minimum disclosures set out in the Standards of GRAP.

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What are the proposed amendments?	
Materiality and aggregation	<ul style="list-style-type: none"> • These amendments clarify that materiality considerations apply to all parts of the financial statements and entities should not reduce the understandability of the financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures of functions. [See paragraph .37A] • The amendments also clarify that when a Standard of GRAP requires specific disclosures, materiality considerations apply. This means that entities do not have to provide disclosures that are not material – even if they are a minimum requirement of a Standard. [See paragraphs .38, .79 and .96]
Information presented in the statements of financial position and financial performance	<ul style="list-style-type: none"> • The amendments clarify that specific line items in the statement of financial position and statement of financial performance may be disaggregated. [See paragraphs .80 and .98] • A requirement is added guiding how additional subtotals should be presented in the statement of financial position and statement of financial performance. These are subtotals in addition to those already required in the Standards. The amendment notes that subtotals must: <ul style="list-style-type: none"> - comprise of line items made up of amounts recognised and measured in accordance with the Standards; - be presented and labelled in a manner that makes the line items that constitute the subtotal clear and understandable; - be consistent from period to period; - not be displayed with more prominence than the subtotals and totals currently required in the Standards for the statement of financial position or the statement of financial performance. <p>An entity is also required to present the line items that reconcile any such subtotals with the subtotals or totals currently required in the Standards for the statement of financial position or the statement of financial performance. [See paragraphs .80A, .98A and .98B]</p>
Structure	<ul style="list-style-type: none"> • The amendments clarify that entities have flexibility as to the order in which they present the notes to financial statements, but also emphasise that understandability and comparability should be considered by an entity when deciding that order. [See paragraph .123]

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	<ul style="list-style-type: none"> • Examples of possible ways of ordering the notes are added: <ul style="list-style-type: none"> - giving prominence to the areas of its activities that the entity considers to be most relevant to an understanding of its financial performance and financial position, such as grouping together information about particular operating activities; - grouping together information about items measured similarly, such as assets measured at fair value; or - following the order of the line items in the statement of financial position and the statement of financial performance. <p>[See paragraph .124]</p>
<p>Disclosure of accounting policies</p>	<ul style="list-style-type: none"> • The amendments remove guidance and examples with regard to the identification of significant policies that were perceived as being unhelpful. [See paragraph .11, .124, .127, .129, .130 and .132.]

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What are the transitional provisions and effective date?

Transitional provisions and effective date

The Board will determine the effective date of the proposed amendments to GRAP 1 after considering the comments to ED 168 and ED 169.

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