

IMFO Audit Indaba

Update and Consultation on Standards of GRAP

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Accounting Standards Board





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.





Overview

- GRAP Reporting frameworks -
 - 2014/2015 and 2015/2016
- Newly effective Standards of GRAP
- Current projects





Reporting Framework



Snapshot - Reporting framework

	30 June 2015	30 June 2016
GRAP	<p>Report in terms of new Standards: GRAP 5,100</p>	<p>Report in terms of new Standards: GRAP 1, 2, 3, 10, 11, 13, 17, 19, 21, 23, 24, 25, 26, 31, 103,104, 105, 106, 107 Directive 11</p>
IFRS/IPSAS	No change	IFRIC 21
Not yet effective	<p>Accounting policy:</p> <ul style="list-style-type: none"> •GRAP 32, 105, 106, 107, 108 •IGRAP 17 <p>Disclosure:</p> <ul style="list-style-type: none"> •GRAP 20 or IPSAS 20 <p>Early adopt:</p> <ul style="list-style-type: none"> •GRAP 1, 2, 3, 10, 11, 13, 17, 19, 21, 23, 24, 25, 26, 31, 103,104 •Directive 11 	<p>Accounting policy:</p> <ul style="list-style-type: none"> •GRAP 32, 108 •IGRAP 17 <p>Disclosure:</p> <ul style="list-style-type: none"> •GRAP 20 or IPSAS 20
Not	GRAP 18	GRAP 18



Newly effective Standards of GRAP





GRAP 105 – GRAP 107

Transfer of Functions & Mergers



Transfer of Functions Between Entities Under Common Control (GRAP 105)



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Transfer of Functions Between Entities Not Under Common Control (GRAP 106)




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Mergers (GRAP 107)





Directive 11

Changes in Measurement Bases following Initial Adoption of Standards






Directive 11

- Based on feedback from preparers
- Issue addressed by Directive:
 - Incorrect accounting policy choice at initial adoption
 - Difficulties changing from revaluation / fair value model → cost model






Directive 11

- Once off change of measurement basis selected on the adoption of Standards
 - Change in accounting policy → apply retrospectively as per GRAP3
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Directive 11

- Applied within 3 years following later of:
 - the expiry of transitional provisions on the initial adoption of the Standards of GRAP, or
 - effective date of Directive i.e. 1 April 2015
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Improvements to Standards of GRAP





Background

- Minor non-urgent revisions of Standards of GRAP on a bi-annual basis
 - Includes amendments to effective Standards of GRAP
 - Issues and amendments considered:
 - IFRS changes issued by IASB
 - IPSAS changes issued by IPSASB
 - Other changes
 - Transitional provisions → retrospective except for GRAP 21, 26
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Standards affected by improvements project

	GRAP Standard	Affected paragraphs
GRAP 1	<i>Presentation of Financial Statements</i>	11, 44, 44A-44D, 46, 48, Appendix
GRAP 2	<i>Cash Flow Statements</i>	Appendix
GRAP 3	<i>Accounting Policies, Changes in Accounting Estimates & Errors</i>	Appendix
GRAP 7	<i>Investments in Associates</i>	Appendix
GRAP 10	<i>Financial Reporting in Hyperinflationary Economies</i>	01, 06, Appendix
GRAP 11	<i>Construction Contracts</i>	Appendix
GRAP 13	<i>Leases</i>	Appendix
GRAP 17	<i>Property, Plant and Equipment</i>	06, 08, 29
GRAP 19	<i>Provisions, Contingent Liabilities & Contingent Assets</i>	Appendix

Standards affected by improvements project

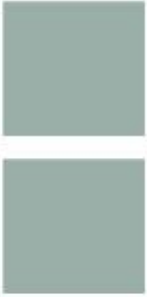
GRAP Standard		Affected paragraphs
GRAP 21	<i>Impairment of Non-cash-generating Assets</i>	09, 09A, .10 -14, 17, 21, 22, 32, 76, 77, Appendix
GRAP 24	<i>Presentation of Budget Information in Financial Statements</i>	06, 22, Appendix
GRAP 25	<i>Employee Benefits</i>	08, 53, 123, Appendix
GRAP 26	<i>Impairment of Cash-generating Assets</i>	10, 10A, 11-15, 22, 25, 27, 79, 99, 119, Appendix
GRAP 31	<i>Intangible Assets</i>	73, 78, 85, 85A, 111, Appendix
GRAP 103	<i>Heritage Assets</i>	02, 03, 11, 16, 26, 27, 32A-B, 35, 53, 54, 55, 80-82
GRAP 104	<i>Financial Instruments</i>	84, 84A, 86, 88, Appendix



Amendments to GRAP 1

- Changes based on IAS 1 changes
 - clarify requirements of comparative information
- Appendix A deleted





Amendments to GRAP 2, 7, 11, 13, 19

- No significant changes were made other than the deletion of the appendices in these Standards
 - GRAP 13 → only appendix 5 and 6 deleted
 - GRAP 19 → only appendix C, D and E deleted






Amendments to GRAP 3

- No significant changes made other than the deletion of the appendices
- A separate project dealing with clarification of principle in GRAP 3 par .13(b) led to development of Directive 11
 - explain when and how entities should approach changes in accounting policies





Amendments to GRAP 10

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- General definitions deleted and included in Glossary of Defined Terms
 - Changes based on IPSAS 10 changes
 - objective paragraph added
 - Appendix deleted





Amendments to GRAP 17

- General definitions deleted and included in Glossary of Defined Terms
- Changes based on IAS 16 changes
 - clarify the classification of stand-by equipment



Amendments to GRAP 21 and GRAP 26


- General definitions deleted and included in Glossary of Defined Terms
 - amended the definition of cash-generating assets (CGA) and non-cash-generating assets (NCGA)
- Changes based on IPSAS 21 and 26 changes
 - added another impairment indicator

Amendments to GRAP 21 and GRAP 26

- Changes based on feedback from stakeholders
 - distinction between CGA and NCGA is problematic in practice
 - clarify the difference and objective of CGA and NCGA
 - additional disclosure requirements relating to external professional valuers
- Appendix B and C (GRAP 21) and Appendix B and D (GRAP 26) deleted




Amendments to GRAP 24

- General definitions deleted and included in Glossary of Defined Terms
 - Change to clarify that professional judgement should be applied in determining extent of comparisons of budget and actual amounts
 - Appendix A deleted
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Amendments to GRAP 25

- General definitions deleted and included in Glossary of Defined Terms
 - Change to reflect the consequential amendments arising from GRAP 105, 106 and 107
 - Appendix A, B and C deleted
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Amendments to GRAP 31

- No significant changes other than
 - editorial and other changes to ensure consistency with other Standards of GRAP
- Appendix A deleted





Amendments to GRAP 103

- General definitions deleted and included in Glossary of Defined Terms
 - Changes
 - editorial and other changes to ensure consistency with other Standards of GRAP
 - clarify treatment of biological assets in scope paragraph
 - include measurement requirements for exchange transactions (align other GRAPs)
 - Appendix A, B and C deleted
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Amendments to GRAP 104

- Change made based on IAS 32 change
 - commentary added relating to tax effects of distribution to holders of residual interests
- Appendix B deleted






Improvements to GRAP 23






Background

- Amendments to GRAP 23 based on
 - feedback from local stakeholders about services in-kind
 - Minor non-urgent revisions similar to improvements made to other GRAPs
 - Not part of improvements project as amendments result in significant change
 - Transitional provisions → prospective
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Amendments to GRAP 23

- Changes based on feedback from stakeholders
 - scope out non-exchange revenue from construction contracts
 - clarify that discounts & volume rebates are exchange transactions i.t.o GRAP 9
 - recognition of services in-kind is mandatory when the services received are **significant** to entity's **operations and/or service delivery objectives** and **recognition criteria** is met
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Amendments to GRAP 23

- clarify that services in-kind are not limited to services provided by individuals but include right to use assets
 - disclosure requirement reflect changes made to recognition requirements
 - Appendix A deleted
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Current Projects





Current Projects

- ED 129 *Accounting by Principals and Agents*
 - DP 9 *Materiality – Reducing Complexity and Improving Financial Reporting*
 - DP 10 – *Accounting for Living and Non-living Resources*
 - IGRAP on *Recognition and Derecognition of Land*
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Current Projects

- Guideline on Accounting for Housing Schemes
- Amendments to GRAP 16 & 17
- Amendments to GRAP 21 & 26





THANK YOU





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