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**TO: MEMBERS OF THE TECHNICAL COMMITTEE**  
**FROM: JEANINE POGGIOLINI**  
**SUBJECT: GRAP REPORTING FRAMEWORK 2020/2021**  
**DATE: 1 AUGUST 2019**  
**FILE REF: Attachment 5**

**1. BACKGROUND AND PURPOSE**

The Board approves the Standards of GRAP and other pronouncements that comprise the GRAP Reporting Framework on an annual basis. The Board needs to approve the GRAP Reporting Framework for financial periods commencing on or after 1 April 2020.

This memorandum outlines the amendments to the previous reporting framework, as well as potential changes to the way in which the Reporting Framework is presented.

**2. CHANGES TO THE REPORTING FRAMEWORK**

*Changes based on newly effective or newly issued pronouncements*

A number of changes are required to the Reporting Framework to reflect newly effective and/or newly issued pronouncements. These changes are as follows:

Additions	Deletions
<b>Effective Standards of GRAP</b>	
GRAP 18 Segment Reporting (now effective for municipalities and municipal entities)	Deletion of appendix C2 outlining exceptions for municipalities and municipal entities.
GRAP 34 Separate Financial Statements	GRAP 6 Consolidated and Separate Financial Statements
GRAP 35 Consolidated Financial Statements	GRAP 7 Investments in Associates
GRAP 36 Investments in Associates and Joint Ventures	GRAP 8 Interests in Joint Ventures
GRAP 37 Joint Arrangements	
GRAP 38 Disclosure of Interests in Other Entities	
GRAP 110 Living and Non-living Resources	

Board Members: Mr V Ngobese (chair), Ms F Abba, Ms L Bodewig, Mr C Braxton, Mr K Hoosain, Ms I Lubbe,  
 Mr K Makwetu, Ms P Moalusi, Ms Z Mxunyelwa, Ms N Themba,  
 Alternate: Ms M Sedikela  
 Chief Executive Officer: Ms E Swart, Technical Director: Ms J Poggiolini



<b>Effective Interpretations of the Standards of GRAP</b>	
IGRAP 20 Adjustments to Revenue	IGRAP 11 Consolidations – Special Purpose Entities
	IGRAP 12 Jointly Controlled Entities – Non-monetary Contributions by Venturers
<b>Effective Directives</b>	
Transitional Provisions for the Adoption of Standards of GRAP by Community Education and Training Colleges	
<b>Guidelines that may be used in formulating an accounting policy</b>	
Accounting for Landfill Sites	
<b>Voluntary Guidelines</b>	
The Application of Materiality to Financial Statements	

### *Changes in the manner of presenting amendments*

Historically, the GRAP Reporting Framework has been outlined in an Appendix to Directive 5 on *Determining the GRAP Reporting Framework*. Three versions of the appendices have been published with Directive 5:

- Prior reporting period (for entities in the higher education sector).
- Current reporting period.
- Future reporting period.

During the consultation on the Board's work programme, stakeholders observed that the Appendices are long and repetitive. They suggested publishing only the amendments to the Reporting Framework in the Appendices to Directive 5. The full Reporting Framework can be made available on the ASB's website.

The Secretariat has also observed that stakeholders are also generally only interested in what has changed. The Secretariat has published a separate document outlining these changes in the last two reporting periods. If the Appendix is revised as suggested, this additional document may no longer be needed.

Based on the feedback received, the revised Appendix C which outlines the Reporting Framework for financial periods commencing on or after 1 April 2020, will merely include the changes from the Reporting Framework for 2019. The revised Appendix C will be added to Directive 5 once the Reporting Framework is approved by the Board. This is outlined in Annexure A to this memorandum.

The complete listing of Standards and other pronouncements will be published on the website. This is outlined in Annexure B to this memorandum.

### **ACTION REQUESTED**

**The Technical Committee is requested to:**

- NOTE the contents of this memorandum.**
- REVIEW the proposed changes to the Reporting Framework to reflect newly effective pronouncements for financial periods commencing on or after 1 April 2020.**

**(c) INDICATE if there is support for the change in presenting the Reporting Framework.**

## Annexure A

### APPENDIX C: 1 APRIL 2020 [to be added to directive 5]

This appendix outlines the GRAP Reporting Framework for financial periods commencing on or after 1 April 2020.

The Appendix consists of the following:

- Appendix C1: Public Entities, Constitutional Institutions, Parliament and the Provincial Legislatures, and Public TVET Colleges
- Appendix C2: Trading Entities

Appendix C only outlines the amendments to the reporting framework as previously published. Additions to the reporting framework are underlined, while deletions are struck-through. The complete GRAP Reporting Framework can be accessed on the website.

#### APPENDIX C1: PUBLIC ENTITIES, CONSTITUTIONAL INSTITUTIONS, PARLIAMENT AND THE PROVINCIAL LEGISLATURES, AND PUBLIC TVET COLLEGES

*This appendix forms part of this Directive.*

*This appendix lists the standards and pronouncements that are the GRAP Reporting Framework for public entities, constitutional institutions, Parliament and the Provincial Legislatures, and Public TVET Colleges effective for financial periods commencing on or after 1 April 2020 and should be applied as set out in paragraphs .05 and .06 of this Directive.*

C1. Entities are required to apply the Standards of GRAP where the Minister has determined the effective date. The Financial Management of Parliament Amendment Act, Act No. 34 of 2014, requires Parliament and the Provincial Legislatures to prepare their financial statements in accordance with the Standards of GRAP. Any notice published by the Minister of Finance outlining the effective dates of the Standards of GRAP should be read in conjunction with the Financial Management of Parliament Amendment Act. The Minister has determined the effective date for the Standards of GRAP outlined below (paragraph .09 of this Directive).

Reference	Topic
<del>GRAP 6</del>	<del>Consolidated and Separate Financial Statements</del>
<del>GRAP 7</del>	<del>Investments in Associates</del>
<del>GRAP 8</del>	<del>Interests in Joint Ventures</del>
<u>GRAP 34</u>	<u>Separate Financial Statements</u>
<u>GRAP 35</u>	<u>Consolidated Financial Statements</u>
<u>GRAP 36</u>	<u>Investments in Associates and Joint Ventures</u>
<u>GRAP 37</u>	<u>Joint Arrangements</u>
<u>GRAP 38</u>	<u>Disclosure of Interests in Other Entities</u>

Reference	Topic
<u>GRAP 110</u>	<u>Living and Non-living Resources</u>

- C2. Directives issued and effective that entities are required to apply (paragraph .14 of this Directive):

Reference	Topic
<u>Directive 13</u>	<u>Transitional Provisions for the Adoption of Standards of GRAP by Community Education and Training Colleges</u>

- C3. Interpretations of the Standards of GRAP approved that entities are required to apply (paragraph .10 of this Directive):

Reference	Topic
<u>IGRAP 11</u>	<u>Consolidations—Special Purpose Entities</u>
<u>IGRAP 12</u>	<u>Jointly Controlled Entities—Non-monetary Contributions by Venturers</u>
<u>IGRAP 20</u>	<u>Accounting for Adjustments to Revenue</u>

- C4. Approved guideline of Standards of GRAP that entities are required to apply (paragraph .15 of this Directive):

No change.

- C5. Effective IFRS Standards and IFRIC Interpretations<sup>1</sup> that entities may apply, to the extent that they are applicable (paragraphs .12 to .21 of this Directive):

No change.

- C6. Standards of GRAP approved which are not yet effective, or for which the Minister of Finance has not yet determined an effective date, that entities may consider in formulating an accounting policy (paragraph .12 of this Directive):

*Standards of GRAP that may be used in developing an accounting policy:*

Reference	Topic
<u>Guideline</u>	<u>Accounting for Landfill Sites</u>

- C7. Guidelines which are not authoritative and may voluntarily be applied by entities in preparing their financial statements:

Reference	Topic
<u>Guideline</u>	<u>The Application of Materiality to Financial Statements</u>

<sup>1</sup> IFRS Standards and IFRIC Interpretations can be downloaded from <http://www.ifrs.org>

## **APPENDIX C2: MUNICIPALITIES, MUNICIPAL ENTITIES**

*This appendix forms part of this Directive.*

*This appendix lists the standards and pronouncements that are the GRAP Reporting Framework for municipalities and municipal entities effective for financial periods commencing on or after 1 April 2019 and should be applied as set out in paragraphs .05 and .06 of this Directive.*

~~C7. Municipalities and municipal entities are required to apply the Standards and pronouncements outlined in Appendix C1, except for the application of GRAP 18. This Standard is only effective for financial years commencing on or after 1 April 2020 for municipalities and municipal entities.~~

## **APPENDIX C32: TRADING ENTITIES**

No change.

## Annexure B

### APPENDIX C: 1 APRIL 2020 [to be added to website]

The Appendix consists of the following:

- Appendix C1: Public Entities, Constitutional Institutions, Parliament and the Provincial Legislatures, and Public TVET Colleges
- Appendix C2: Trading Entities

#### APPENDIX C1: PUBLIC ENTITIES, CONSTITUTIONAL INSTITUTIONS, PARLIAMENT AND THE PROVINCIAL LEGISLATURES, AND PUBLIC TVET COLLEGES

*This appendix forms part of this Directive.*

*This appendix lists the standards and pronouncements that are the GRAP Reporting Framework for public entities, constitutional institutions, Parliament and the Provincial Legislatures, and Public TVET Colleges effective for financial periods commencing on or after 1 April 2020 and should be applied as set out in paragraphs .05 and .06 of this Directive.*

- C1. Entities are required to apply the Standards of GRAP where the Minister has determined the effective date. The Financial Management of Parliament Amendment Act, Act No. 34 of 2014, requires Parliament and the Provincial Legislatures to prepare their financial statements in accordance with the Standards of GRAP. Any notice published by the Minister of Finance outlining the effective dates of the Standards of GRAP should be read in conjunction with the Financial Management of Parliament Amendment Act. The Minister has determined the effective date for the Standards of GRAP outlined below (paragraph .09 of this Directive).

Reference	Topic
GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4	The Effects of Changes in Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 9	Revenue from Exchange Transactions
GRAP 10	Financial Reporting in Hyperinflationary Economies
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events After the Reporting Date
GRAP 16	Investment Property
GRAP 17	Property, Plant and Equipment

<b>Reference</b>	<b>Topic</b>
GRAP 18	Segment Reporting
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 20	Related Party Disclosures
GRAP 21	Impairment of Non-cash-generating Assets
GRAP 23	Revenue from Non-exchange Transactions (Taxes and Transfers)
GRAP 24	Presentation of Budget Information in Financial Statements
GRAP 25	Employee Benefits
GRAP 26	Impairment of Cash-generating Assets
GRAP 27	Agriculture
GRAP 31	Intangible Assets
GRAP 32	Service Concession Arrangements: Grantor
GRAP 34	Separate Financial Statements
GRAP 35	Consolidated Financial Statements
GRAP 36	Investments in Associates and Joint Ventures
GRAP 37	Joint Arrangements
GRAP 38	Disclosure of Interests in Other Entities
GRAP 100	Discontinued Operations
GRAP 103	Heritage Assets
GRAP 104	Financial Instruments
GRAP 105	Transfer of Functions Between Entities Under Common Control
GRAP 106	Transfer of Functions Between Entities Not Under Common Control
GRAP 107	Mergers
GRAP 108	Statutory Receivables
GRAP 109	Accounting by Principals and Agents
GRAP 110	Living and Non-living Resources

C2. Directives issued and effective that entities are required to apply (paragraph .14 of this Directive):

<b>Reference</b>	<b>Topic</b>
Directive 1	Repeal of Existing Transitional Provisions in, and Consequential Amendments to, Standards of GRAP
Directive 2	Transitional Provisions for Public Entities, Trading Entities, Municipal Entities, Public Technical and Vocational Education and Training Colleges and Constitutional Institutions
Directive 3	Transitional Provisions for High Capacity Municipalities



<b>Reference</b>	<b>Topic</b>
Directive 4	Transitional Provisions for Medium and Low Capacity Municipalities and Trading Entities
Directive 5	Determining the GRAP Reporting Framework
Directive 6	Transitional Provisions for Revenue Collected by the South African Revenue Service (SARS)
Directive 7	The Application of Deemed Cost
Directive 8	Transitional Provisions for Parliament and the Provincial Legislatures
Directive 9	The Application of the Standards of GRAP by Trading Entities
Directive 10	Application of the Standards of GRAP by Public Technical and Vocational Education and Training Colleges
Directive 11	Changes in the Measurement Bases Following the Initial Adoption of the Standards of GRAP
Directive 12	The Selection of an Appropriate Reporting Framework by Public Entities
Directive 13	Transitional Provisions for the Adoption of Standards of GRAP by Community Education and Training Colleges

- C3. Interpretations of the Standards of GRAP approved that entities are required to apply (paragraph .10 of this Directive):

<b>Reference</b>	<b>Topic</b>
IGRAP 1	Applying the Probability Test on Initial Recognition of Revenue
IGRAP 2	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IGRAP 3	Determining whether an Arrangement Contains a Lease
IGRAP 4	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IGRAP 5	Applying the Restatement Approach under the Standard of GRAP on Financial Reporting in Hyperinflationary Economies
IGRAP 6	Loyalty Programmes
IGRAP 7	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IGRAP 8	Agreements for the Construction of Assets from Exchange Transactions
IGRAP 9	Distributions of Non-cash Assets to Owners
IGRAP 10	Assets Received from Customers
IGRAP 13	Operating Leases – Incentives
IGRAP 14	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
IGRAP 15	Revenue – Barter Transactions Involving Advertising Services
IGRAP 16	Intangible Assets – Website Costs

Reference	Topic
IGRAP 17	Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset
IGRAP 18	Recognition and Derecognition of Land
IGRAP 19	Liabilities to Pay Levies
IGRAP 20	Accounting for Adjustments to Revenue

- C4. Approved guideline of Standards of GRAP that entities are required to apply (paragraph .15 of this Directive):

Reference	Topic
Guideline	Accounting for Arrangements Undertaken in terms of the National Housing Programme

- C5. Effective IFRS Standards and IFRIC Interpretations<sup>2</sup> that entities may apply, to the extent that they are applicable (paragraphs .12 to .21 of this Directive):

Reference	Topic
IFRS <sup>®</sup> 4	Insurance Contracts
IFRS <sup>®</sup> 6	Exploration for and Evaluation of Mineral Resources
IAS <sup>®</sup> 12	Income Taxes
SIC <sup>®</sup> – 25	Income Taxes – Changes in the Tax Status of an Entity or its Shareholders
SIC <sup>®</sup> – 29	Service Concession Arrangements – Disclosures
IFRIC <sup>®</sup> 12	Service Concession Arrangements
IFRIC <sup>®</sup> 20	Stripping Costs in the Production Phase of a Surface Mine
IFRIC <sup>®</sup> 22	Foreign Currency Transactions and Advance Consideration
IFRIC <sup>®</sup> 23	Uncertainty Over Income Tax Treatments

- C6. Standards of GRAP approved which are not yet effective, or for which the Minister of Finance has not yet determined an effective date, that entities may consider in formulating an accounting policy (paragraph .12 of this Directive):

*Standards of GRAP that may be used in developing an accounting policy:*

Reference	Topic
Guideline	Accounting for Landfill Sites

<sup>2</sup> IFRS Standards and IFRIC Interpretations can be downloaded from <http://www.ifrs.org>

C7. Guidelines which are not authoritative and may voluntarily be applied by entities in preparing their financial statements:

Reference	Topic
Guideline	The Application of Materiality to Financial Statements

## APPENDIX C2: TRADING ENTITIES

*This appendix forms part of this Directive.*

*This appendix lists the standards and pronouncements that are the GRAP Reporting Framework effective for financial periods commencing on or after 1 April 2020 and should be applied as set out in paragraphs .05 and .06 of this Directive.*

C8. Trading entities are required to apply the Standards and pronouncements outlined in Appendix C1, C3 and C4, except for:

- GRAP 20
- GRAP 32
- GRAP 108
- GRAP 109
- GRAP 110

as the Minister of Finance has not yet determined the effective date for these Standards of GRAP.

C9. As the Minister has not determined an effective date for GRAP 32, GRAP 109 and GRAP 110 trading entities are also not required to apply IGRAP 17 or the Guideline on *Accounting for Arrangements Undertaken in Terms of the National Housing Programme*.

C10. Trading entities may consider the pronouncements in C8 (except GRAP 20) and C9 in formulating an accounting policy as outlined in paragraph .12 of this Directive, and may use GRAP 20 to disclose information in their financial statements.