

Background

This document outlines the changes to the GRAP Reporting Framework from 2017/18 to 2018/19. It also indicates the status and applicability of pronouncements of the International Public Sector Accounting Standards Board (IPSASB) and the International Accounting Standards Board (IASB).

Changes to the Reporting Framework from 2017/18 to 2018/19

Standards of GRAP effective for periods commencing on or after 1 April 2018

There were no new Standards of GRAP that became effective for the period. However, the *Improvements to the Standards of GRAP* (2016) are effective from 1 April 2018, and so are the Amendments to GRAP 21 *Impairment of Non-cash-generating Assets* and GRAP 26 *Impairment of Cash-generating Assets*. A comprehensive outline of the amendments is available on the ASB's website.

Directives issued and effective

Directive 12 on *The Selection of an Appropriate Reporting Framework by Public Entities* is effective from 1 April 2018. Public entities, other than those that already apply Standards of GRAP, should apply this Directive in determining whether they should apply International Financial Reporting Standards (IFRSs) or Standards of GRAP. Appendix D, which outlined what constituted "Statements of GAAP" in previous periods, has been deleted.

Pronouncements that entities consider in formulating an accounting policy

The Board has issued a number of pronouncements in the last year, which means that there are two new Interpretations and one Guideline that should be considered by entities in formulating their accounting policies. These are as follows:

- IGRAP 18 on *Recognition and Derecognition of Land*.
- IGRAP 19 on *Liabilities to Pay Levies*.
- Guideline on *Accounting for Arrangements Undertaken in terms of the National Housing Programme*.

The Standards of GRAP on *Living and Non-living Resources* (GRAP 110) and *Interests in Other Entities* (GRAP 34 to 38) are not included in the list of pronouncements to consider in formulating an accounting policy as the transitional provisions have not yet been finalised.

Applicability of international standards

Both the IPSASB and IASB have issued a number of standards in recent years. The table below outlines the pronouncements issued and their impact on the GRAP Reporting Framework for 2018/2019.

Pronouncement	Part of GRAP Reporting Framework?	Impact on GRAP Reporting Framework
IPSAS 40 on <i>Public Sector Combinations</i>	No	GRAP 105, 106 and 107 already prescribe accounting requirements for transfers of functions and mergers.
IFRS 9 on <i>Financial Instruments</i>	No	GRAP 104 on <i>Financial Instruments</i> already prescribes accounting requirements for financial instruments.
IFRS 13 on <i>Fair Value Measurement</i>	No	The IPSASB has initiated a project to provide guidance on measurement in the public sector.
IFRS 14 on <i>Regulatory Deferral Accounts</i>	No	Only applicable for first time adopters of IFRSs. Entities such as municipalities which may have “regulatory accounts” already apply Standards of GRAP.
IFRS 15 on <i>Revenue from Contracts with Customers</i>	No	GRAP 9 on <i>Revenue from Exchange Transactions</i> prescribes accounting requirements for revenue.
IFRS 16 on <i>Leases</i>	No	GRAP 13 on <i>Leases</i> prescribes accounting requirements for operating and finance leases.
IFRIC 22 on <i>Foreign Currency Transactions and Advance Consideration</i>	No	Board will assess whether a project should be added to the work programme.
IFRIC 23 on <i>Uncertainty Over Income Tax Treatments</i>	No	IFRIC 23 is only effective from 1 January 2019.

The IASB issued a Practice Statement on *Making Materiality Judgements* in September 2017. Practice Statements outline non-mandatory guidance for entities that prepare their financial statements in accordance with IFRSs. Entities applying Standards of GRAP may find the principles in the Practice Statement useful, pending the finalisation of the Board’s Guideline on the same topic.