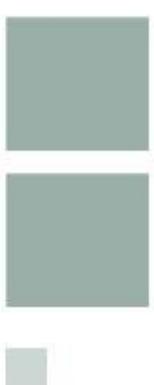


# ED 168 & ED 169 MATERIALITY





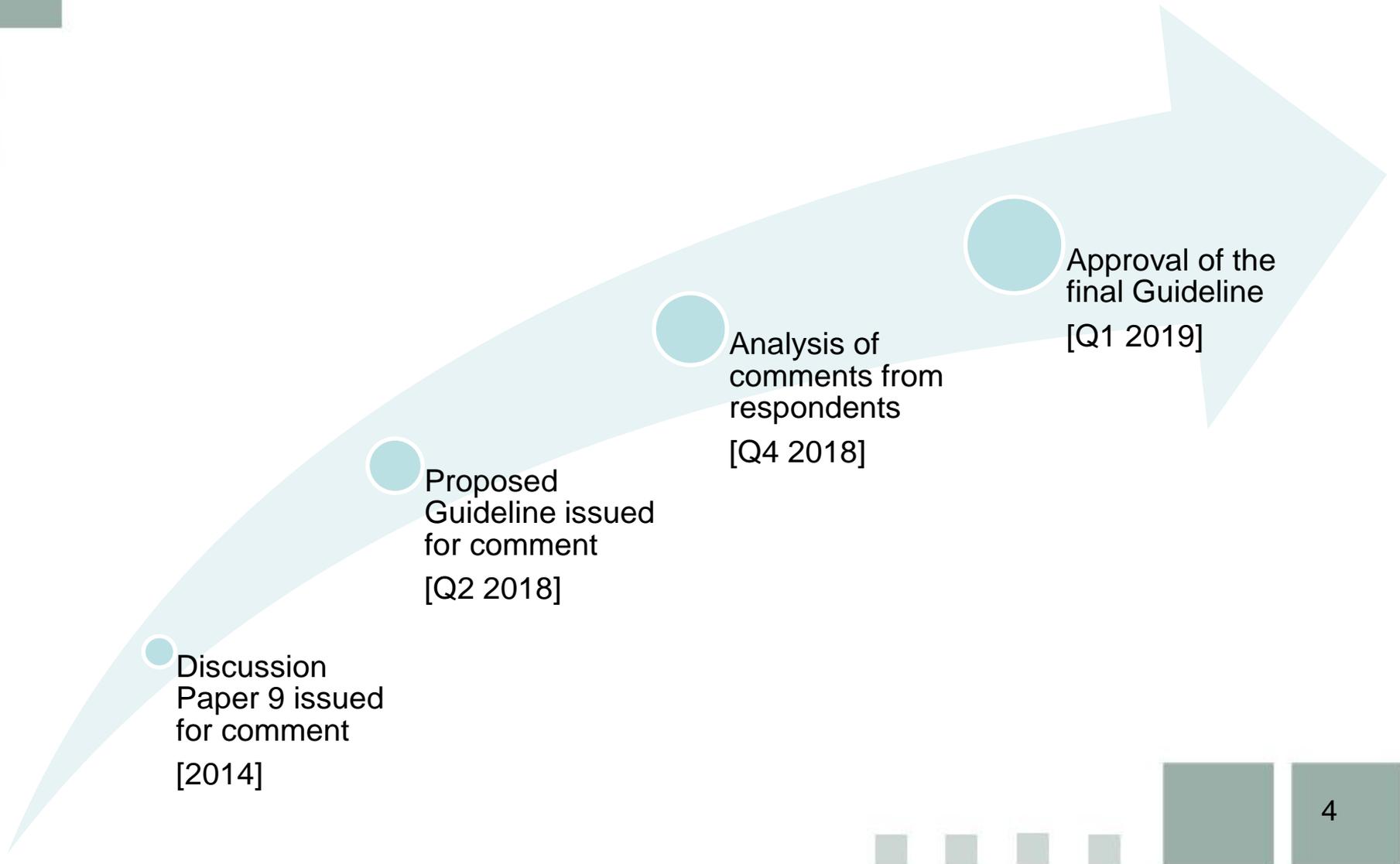
# Disclaimer

***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.***



**ED 168:**  
**Proposed Guideline**  
**Application of Materiality to**  
**Financial Statements**

# History of the project





# Why the Board issued DP 9?

- Feedback from constituents that uncertainty over role of materiality when preparing F/S.
- Board observed increasing ‘ticking all boxes’ approach by preparers, auditors & consultants
- This compliance culture results in:
  - The application of Standards of GRAP to immaterial transactions.
  - Volumes of unnecessary information disclosed.

# Why the Board issued DP 9?

- Global dialogue about cutting clutter in the F/S emerged.
- Compliance culture caused by the inability to appropriately exercise judgement and:
  - Poor understanding of the objective of financial reporting.
  - Lack of guidance on how to consider an apply materiality.
  - Lack of skills and expertise, especially in exercising judgement.



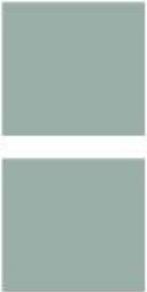
# Why the Board issued DP 9?

- DP 9 was issued to stimulate debate about the role of materiality in the preparation of F/S.
- DP 9 explained how various parties (ASB, preparers & auditors) consider materiality.



# Development of ED

- Feedback from DP 9 indicated a need for guidance on the application of materiality by preparers.
- Board and OAG agreed that the guidance should be developed.
- Guidance aimed at assisting preparers when applying the concept of materiality.
- Guideline introduces a process that may followed by preparers based on DP 9.



# Development of ED

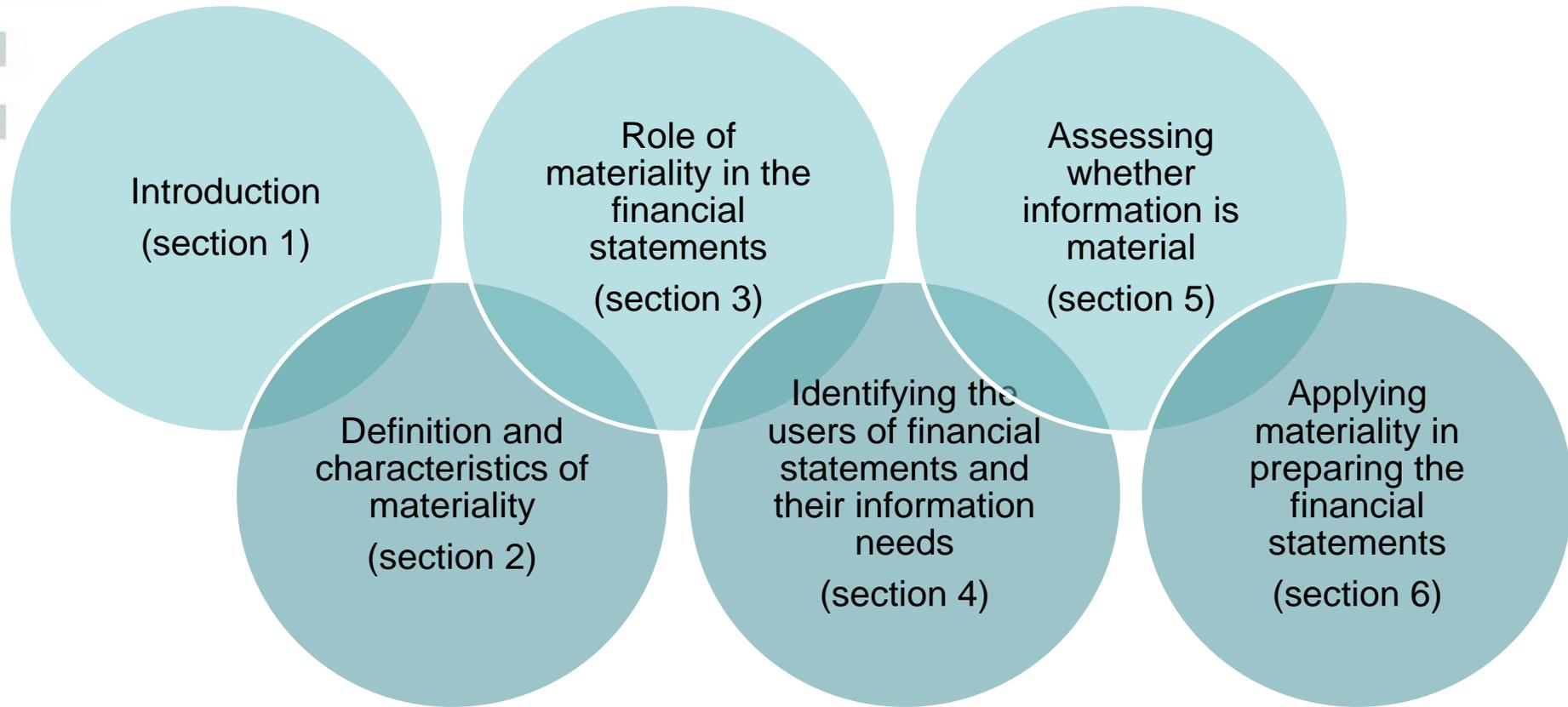
- Board seeks feedback on the proposals in ED 168.
- Deadline for comment 7 Dec 2018.
- Board to analyse feedback received and consider further options.



# Overview of the Guideline



# Overview of the Guideline





# Authority and scope of the Guideline





# Authority of the Guideline

- Guideline clarifies existing principles about materiality in the Standards of GRAP.
- It does not replace or amend any of the existing principles.



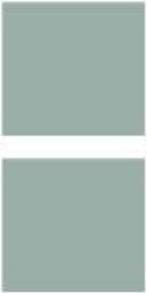
# Scope of the Guideline

- Guideline applies to materiality in the context of F/S
  - It may be applied, by analogy, to information included in general purpose financial reports (GPFRs).



# What is materiality?





# What is materiality?

- Users of F/S need information to make decisions and for accountability.
- Information is material if its omission or misstatement *could influence* user's decisions.
- Materiality depends on how the nature, size or both, of the information *could reasonably influence* those decisions.





# What is materiality?

- The Conceptual Framework describes materiality as an entity-specific aspect of the QC *relevance*.
  - *Relevance* is a key characteristic of information underlying the preparation of F/S.
- Information is only relevant if user's needs are met.
- Relevance of information affected by its nature and materiality.



# **What is the role of materiality in the financial statements?**



# When should materiality be considered?

- It is considered throughout the financial reporting cycle i.e. not only @ Y/E
- Materiality is key in deciding how to apply the Standards when preparing F/S
  - What items, transactions or events should be recognised.
  - What amount they should be recognised.
  - How they should be presented in F/S.
  - What information should be disclosed in F/S.
  - How omissions, misstatements and errors are assessed.

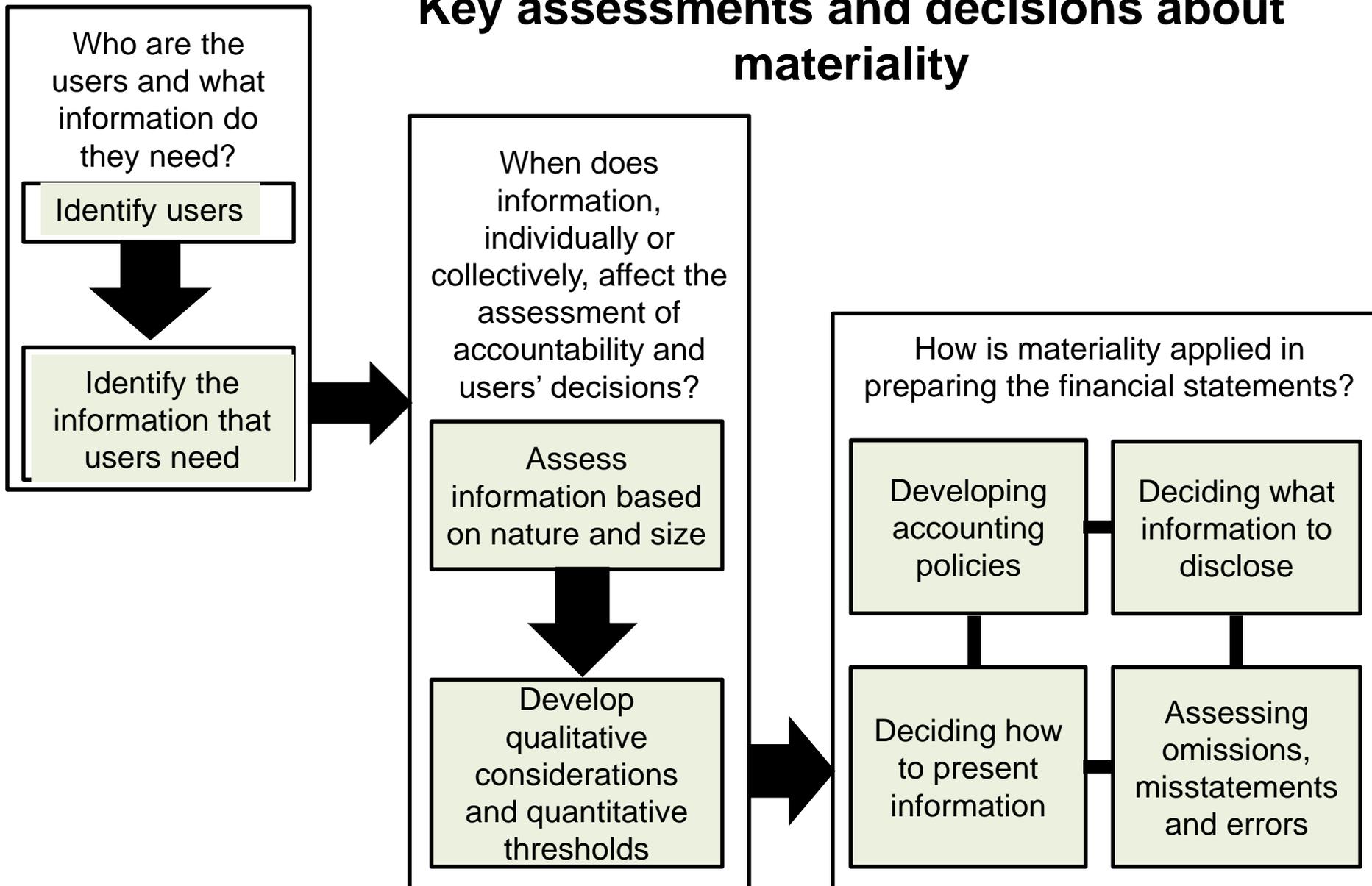
# Who should be involved in making assessments?

- Materiality is not an easy concept to apply it requires professional judgement
  - Judgement is a significant challenge for preparers
- It should be made by those who have all facts and circumstances and understanding of *how info could reasonably influence* users
  - Management and relevant governance structures

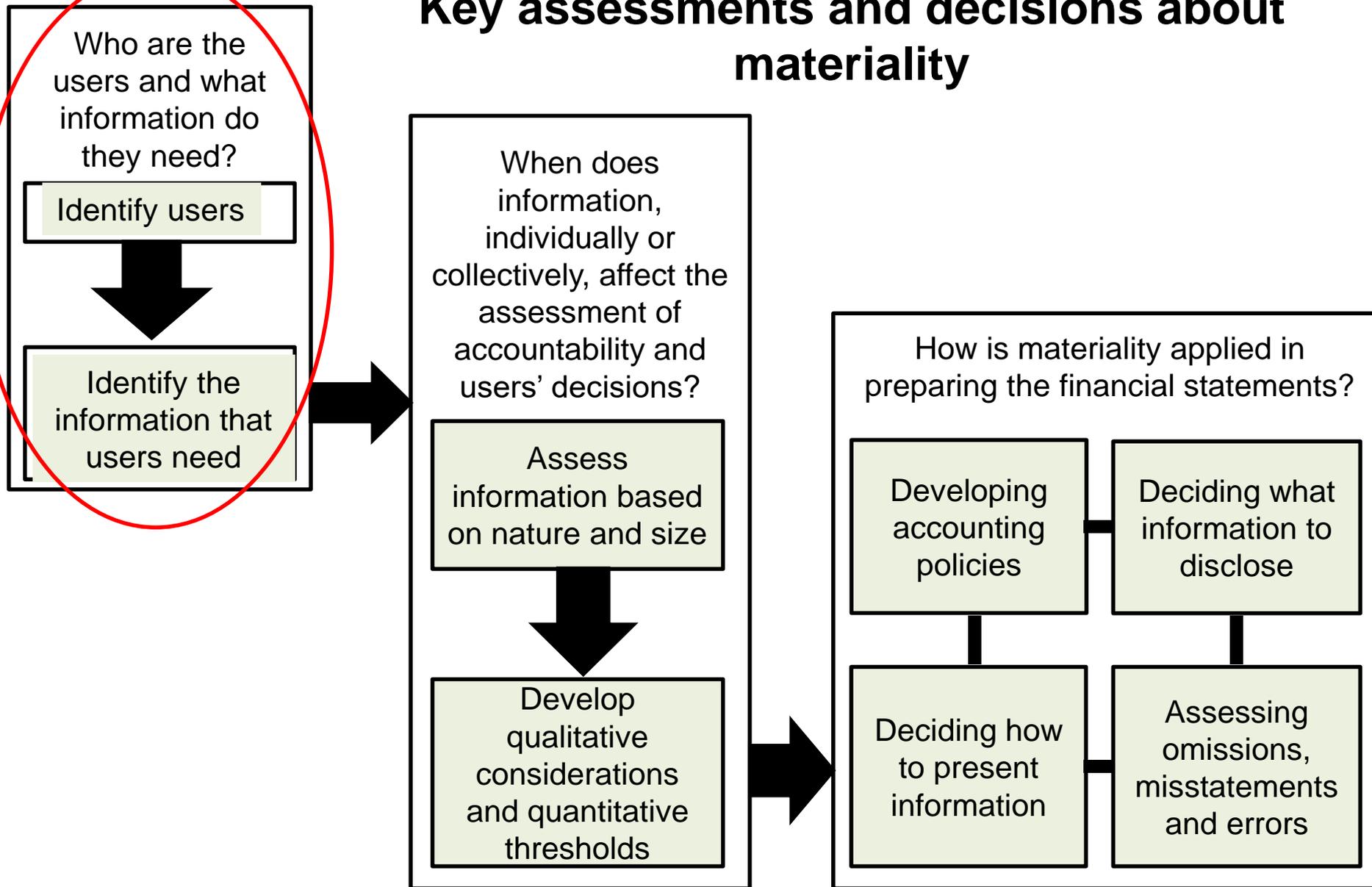


**What are the key  
assessments and  
decisions about  
materiality?**

# Key assessments and decisions about materiality



# Key assessments and decisions about materiality





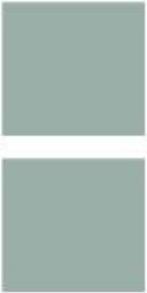
**Who are the users?**





# Who are the users?

- Identify primary users based on:
    - resource providers and representatives → how and from whom entity receives funding
    - service recipients and representative → type of goods/services provided and its beneficiaries
    - nature of operations.
  - Assume users have necessary knowledge to evaluate F/S
- 



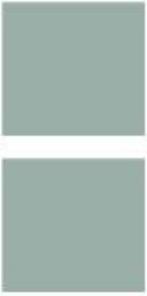
# E.g. 2 – Identifying relevant users

## Background

An entity is responsible for constructing low cost housing for beneficiaries.

The entity is wholly owned by government and funded by grants and a transfer payment from the national Department of Human Settlements.

It operates a single transactional bank account, a CPD account to invest its surplus funds, a fleet of construction vehicles, equipment, machinery and buildings.



# E.g. 2 – Identifying relevant users

- Relevant users are:
  - Resource providers and their representatives
    - Government (i.e. national Department of Human Settlements, the relevant treasury, Parliament and the oversight committees).
    - Taxpayers
    - Suppliers, creditors and employees
  - Service recipients and their representatives
    - Beneficiaries (or their representatives)
- Financial institution unlikely to be relevant user



**What information do users  
need?**





# What information do users need?

- Users need info to hold entities accountable for resources entrusted to them and to make decisions about:
  - Operating results.
  - Ability to meet obligations.
  - Ability to continue to provide goods/services in the future.

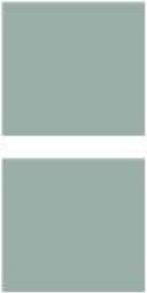




# What information do users need?

- Identify users' info needs based on those
  - Common to broad range of users, and not
  - Specific only to that user.
- F/S cannot provide all info needed by users but should aim to satisfy the common info needs
- common info needs =
  - Info needs of resource providers + info needs of service recipients





# E.g. 3 – Identifying users' information needs

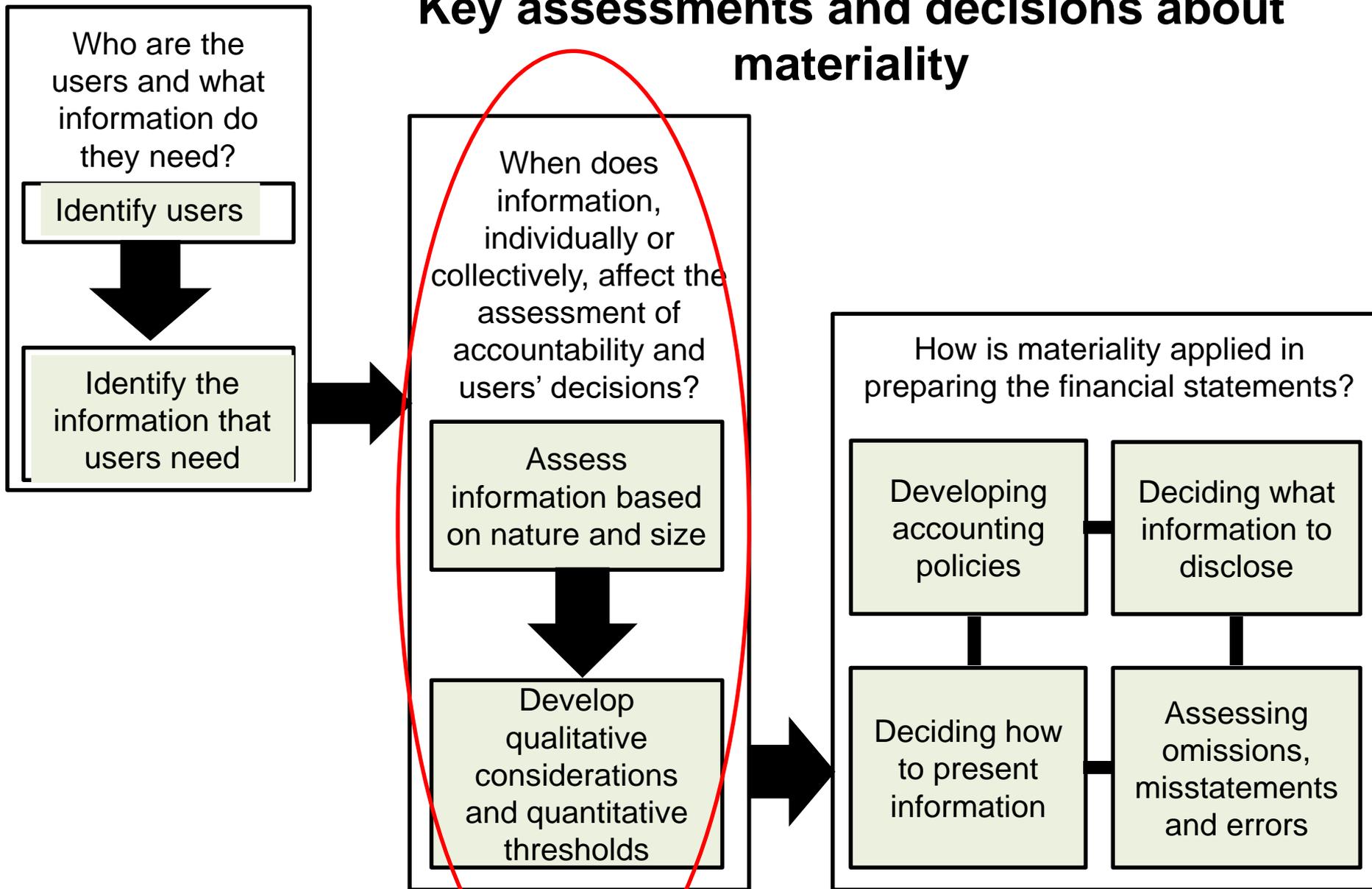
- Users identified in the previous e.g. are likely to require info on:
  - amount of government or grant funding received and utilised or unutilised
  - whether unutilised portion must be repaid, conditions to be satisfied (if conditional grant) and what cash is held to either refund or utilised.
  - amount of contract revenue recognised.
  - methods used and significant judgements made to determine contract revenue and the stage of completion of contracts in progress.



## **E.g. 3 – Identifying users' information needs**

- nature & type of expenses incurred to fulfil entity's objectives.
- amount invested in PPE.
- amount of depreciation, recognised in surplus or deficit or as part of the costs of other assets.
- amount incurred to repair and maintain PPE.
- amount of contractual commitments to acquire PPE.

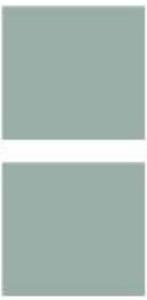
# Key assessments and decisions about materiality





# **How to assess whether information is material?**

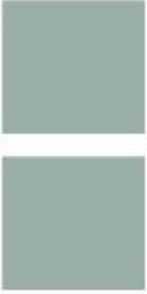




# How to assess whether information is material?

- 
- Users' decisions could be influenced if nature or size or both is material
  - Nature → qualitative aspects
  - Size → quantitative aspects
  - Consider both and in context of other available information.





# How to assess whether information is material?

## Nature:

- Inherent characteristics, or circumstances in which an item is undertaken.
  - Examples:
    - Legal or regulatory implications (e.g. breach of Act).
    - Identification of parties with whom entity transacts (e.g.).
    - Events occurring post reporting date (e.g. discovery of fraud).
    - Commencement of a new activity (i.e. introduction of a new programme).
    - Degree of estimation in valuations (i.e. complex financial instruments).
- 



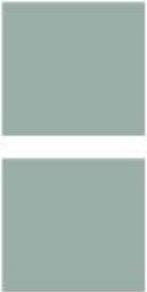
# How to assess whether information is material?



## Size:

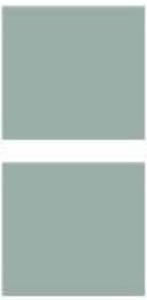
- Monetary value (Rand amount) of items that could influence users' decisions.
- It could relate to
  - Class of transactions
  - Specific line item in F/S
  - Aggregation of specific line items in F/S
  - Overall assessment of F/S as a whole





# How to assess whether information is material?

- Thresholds are developed to assess materiality of items when preparing F/S.
  - Qualitative considerations
    - Identify certain criteria or characteristics
    - Used to decide if item is material based on its nature
  - Quantitative thresholds
    - Apply a specific margin (%) to a specific basis (benchmark)
    - Used to decide if item is material based on its size
- 



# How to assess whether information is material?

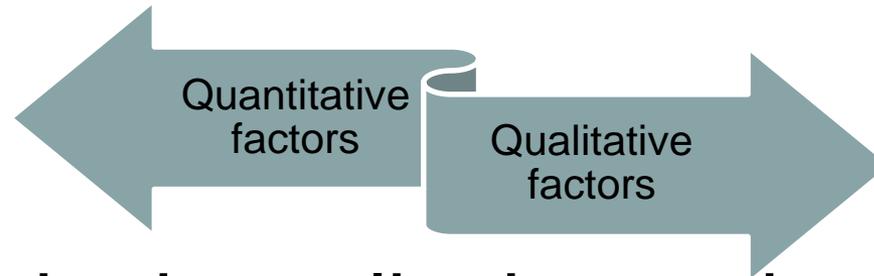


Thresholds can be used to:

- Make decisions about the reporting of information (i.e. how to recognise, measure, present & disclose items).
- Provide margin of error or framework within which to assess misstatements and errors.



# How to assess whether information is material?



- Consider both qualitative and quantitative factors when assessing whether an item is material
- Insufficient to conclude an item is material based on quantitative assessment
  - Should also assess the presence of qualitative factors



# E.g. 4 – Assessing materiality

## Background

Legal action has been instituted against a municipality for breach of an environmental law in a protected area but it is unclear whether any damage was caused to the environment.

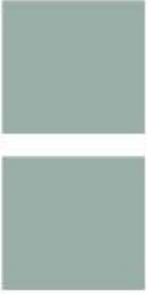
According to the entity's legal advisors, the possibility of an outflow of economic benefits in settlement is remote.

GRAP 19 states that contingent liabilities are not required to be disclosed in the financial statements if the possibility of an outflow of economic benefits is remote.



# E.g. 4 – Assessing materiality

- Municipality assesses whether information related to the lawsuit is material to the F/S and required to be disclosed, notwithstanding the requirement in GRAP 19 that it should not disclose the contingent liability if the possibility of any outflows is remote. It concludes:
  - That information about the lawsuit is qualitatively material as the potential breach occurred in a protected area.
  - Therefore, information about the existence of the lawsuit was assessed as material and disclosed in the entity's financial statements.



# Is info assessed as material individually or collectively?

- 
- Assessments should be done both on an individual and collective basis
  - If item is not material individually → continue to assess individually immaterial items in together



# **E.g. 5 – Individual and collective assessment of items**

## **Background**

An entity is a development agency that invests in various businesses.

The entity acquired controlling interests in a number of smaller entities in the current period.

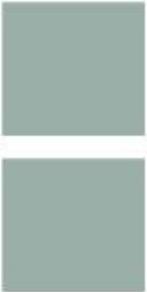
The entity considers whether it should consolidate all the controlled entities.

# E.g. 5 – Individual and collective assessment of items

The entity assesses that

- the acquisition of the individual interests is immaterial, but
- needs to reassess those controlled entities collectively, to determine if the acquisitions are immaterial in aggregate.

It is insufficient for each controlling entity to be individually assessed to be immaterial.

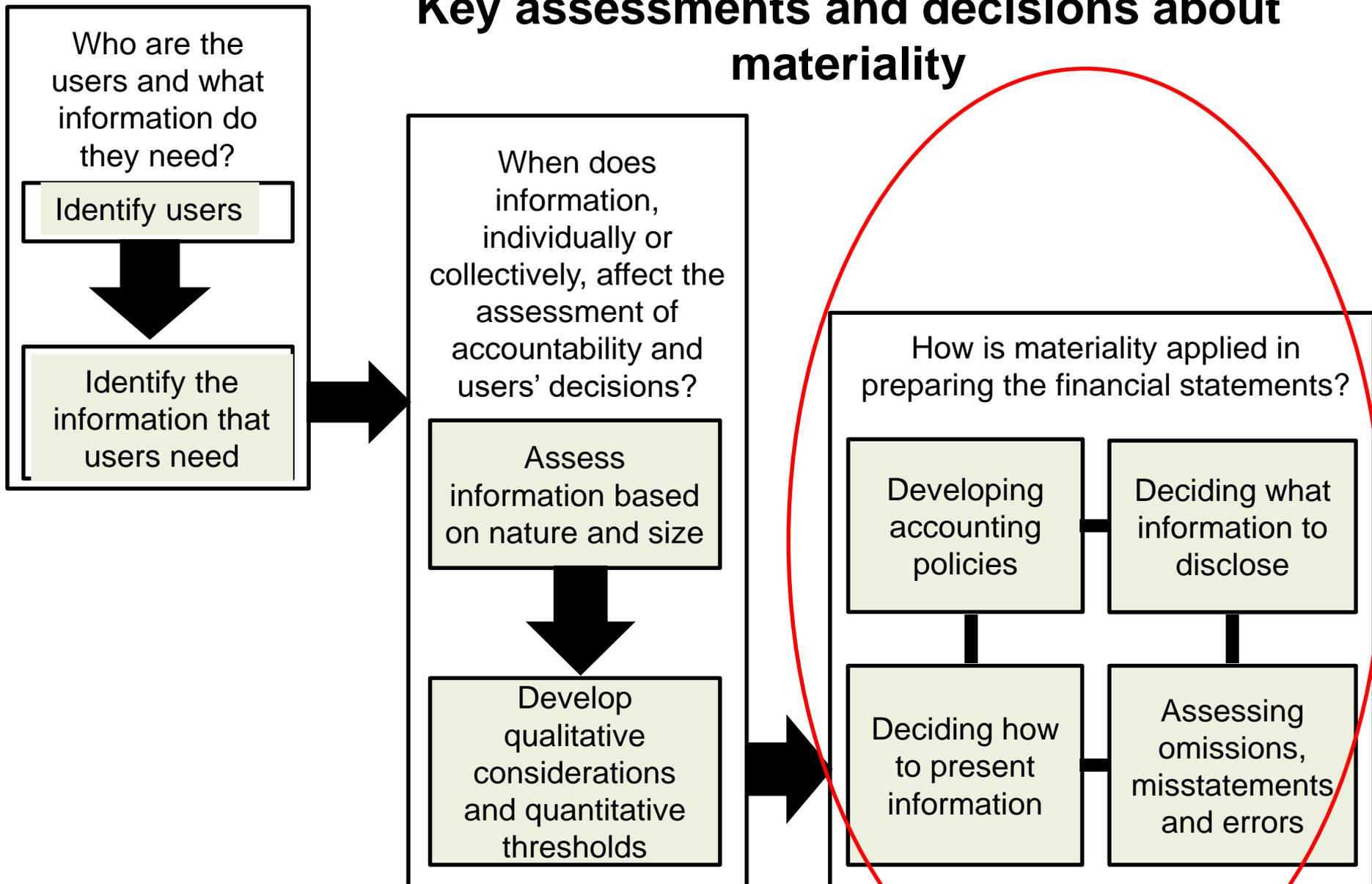


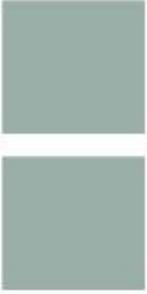
# Should immaterial info be included in F/S?

- Consider excluding immaterial information from F/S
- So that immaterial information does not obscure relevant information



# Key assessments and decisions about materiality

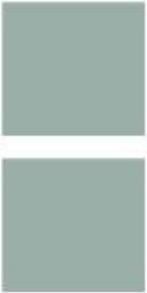




# How is materiality applied in preparing F/S?

- Materiality is a key consideration in deciding how to apply the Standards of GRAP in preparing F/S.
- Qualitative & quantitative thresholds developed guide preparers decisions in preparing F/S.





# How is materiality applied in preparing F/S?

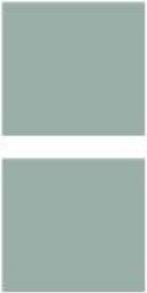
- Materiality considered in:
  - Developing accounting policies.
  - Deciding what information to disclose and how to present information.
  - Assessing the effect of omissions, errors & misstatements.





**How should accounting policies be developed?**

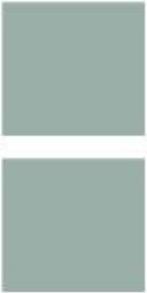




# How should accounting policies be developed?

- Recognition, measurement, presentation and disclosure requirements of Standards of GRAP, apply to material items
- If item is immaterial:
  - Requirements of a particular Standard need not be adhered to, but
  - Item must still be recorded in F/S
  - Particular acc. policy is then developed without following requirements of Standard





# How should accounting policies be developed?

- When particular acc. policy is developed without following requirements of Standard, for immaterial items:
    - Should ensure applying particular acc. policy has not material effect on F/S by considering
      - Individual or aggregate transactions, AND
      - cumulative effect of particular acc. policies on St. of FinPos, St. of Changes and notes.
    - Assessment based on the impact on current or future periods.
    - Assessment considers both qualitative and quantitative factors.
- 

# How should accounting policies be developed?

In developing accounting policies, this does not mean that an entity can:

- (a) Depart from the requirements of the Standards for material items.
- (b) Disclose, rather than recognise and measure material items.
- (c) Depart from the requirements of the Standards for material items:
  - And develop its own accounting policies, or
  - Does so to achieve a particular presentation of an entity's financial performance, position and cash flows.



# How should accounting policies be developed

- 
- (d) Select an inappropriate accounting policy for a material item, and
    - Disclose the inappropriate accounting policy and/or
    - Provide disclosures about the accounting for the item in the notes to the financial statements.





**What information should  
be disclosed in F/S and  
how should it be  
presented?**



# What should be disclosed and presented?

- When item is assessed as material, need to decide on:
  - What information should be presented and disclosed in F/S?
  - Where to present and disclose information in F/S?
  - How to organise that information in F/S?
- Judgement should be applied in making these decisions
- Each entity to tell its “own story” to users in the F/S

# What should be presented and disclosed?

## Selecting information

- Informed by requirements in the Standards where particular Standard applies
  - Consider whether info resulting from those presentation and disclosure requirements in the will be material?
  - If immaterial → need not present and/or disclose the information
- May provide additional information not specified by the Standards if
  - information is necessary for the users to understand the impact

# E.g. 6 – Materiality and specific disclosures

## Background

An entity that is service-orientated with no significant amounts of PP&E presents PP&E as a separate line item in its statement of financial position.

# E.g. 6 – Materiality and specific disclosures

GRAP 17 sets out specific disclosure requirements for PP&E, including the disclosure of contractual commitments and repairs and maintenance.

Entity assesses whether disclosures specified in GRAP 17 provide material information.

Even if PP&E is presented as a separate line item in F/S, not all disclosures specified in GRAP 17 will automatically be required.

# E.g. 6 – Materiality and specific disclosures

If there are no qualitative considerations present and amount of contractual commitments for the acquisition of PP&E, and expenditure incurred on repairs and maintenance is not material, the entity is not required to disclose this information



# Where to present and disclose information?

## Location of information

- Informed by requirements in the Standards where particular Standard applies.
  - CF refers to info for display and disclosure
    - Display in F/S: communicate comprehensive financial picture
    - Disclosure in notes: additional and supplementary information
  - Materiality applies equally to information presented in F/S or disclosed in notes
- 

# E.g. 7 – Use of boilerplates, templates

**Scenario 1**: This accounting policy was developed *without tailoring* the information to an entity's own circumstances:

Accounting policies

*Revenue from non-exchange transactions*

Municipality X collects non-exchange revenue from taxes and fines. Tax revenue is recognised when the taxable event occurs. Fines are recognised when they are measurable. Taxes and fines are measured at fair value.

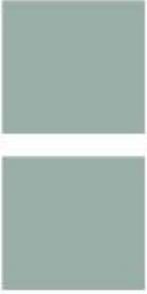
# E.g. 7 – Use of boilerplates, templates

**Scenario 2:** This accounting policy was developed *tailoring* the information to an entity's own circumstances:

Municipality X collects non-exchange revenue from taxes and fines. Taxes consist of property rates levied on individual and commercial properties. Fines consist of traffic fines.

Property taxes are recognised at the start of each financial year, for each rateable property for the year, in accordance with the Municipal Property Rates Act. Property taxes are collected over the year in 11 equal instalments. Property taxes are measured at fair value. Fair value is determined based on the valuation roll effective on (date) and by applying the tax rate approved by the Council. Interest is levied on outstanding amounts at X%.

Traffic fines are recognised when the offence occurs and the fine is issued. Traffic fines are measured at fair value, which is based on the value of the fines issued, excluding the value of any early settlement discounts that are likely to be taken up by motorists. For the period under review, this was 15% of the value of the fines. Interest is not levied on overdue amounts.



# How to present and disclose information?

## Organisation of information

- Material information should be organised so that information is clearly and concisely communicated:
  - Emphasise material matters
  - Material information should not be obscured by immaterial information
  - Tailor information to tell entity's own story
  - Avoid/minimise duplication





# What should be disclosed?

## Laws and regulations

- Where legislation requires disclosure, materiality considerations may not necessarily apply to those disclosures
- Information provided cannot be less than what the Standards require, even if legislation permits otherwise



# E.g. 8 – Materiality vs. laws and regulations

## Background

An entity is required by legislation to report to its relevant treasury, the acquisition or disposal of significant assets.

Based on legislation, the acquisition or disposal is significant when the cost of the asset acquired or disposed of exceeds a specified percentage of the total cost of assets of an entity.

In the current year, the entity sold land. The cost of the land is below the legislated threshold.

# E.g. 8 – Materiality vs. laws and regulations

Entity concludes that the disposal could reasonably be expected to influence users' decisions and assessed the item to be quantitatively material in the financial statements.

Entity will disclose the information in the financial statements as required by GRAP 1.102 even though the amount is below the legislated threshold, and does not need to report the acquisition to the relevant treasury.

# E.g. 9 – Materiality vs. laws and regulations

## Background

An entity discovered and confirmed incidents of unauthorised, irregular and fruitless and wasteful expenditure in the current period.

# **E.g. 9 – Materiality vs. laws and regulations**

Legislation requires entities to disclose all unauthorised, irregular and fruitless and wasteful expenditure in the notes to the annual financial statements.

To comply with the legislative requirement, an entity is required to disclose the amounts in the notes even though it may assess, in the absence of qualitative considerations, that the expenditure is not material to the financial statements.

# What should be disclosed?

## Publicly available information

- Users consider information from other sources and not just F/S e.g. annual report, media release
- Information in F/S is still assessed for materiality even if that information is publicly available from another source
- Entity still have an obligation to make material information available in F/S even if available from other sources

# E.g. 10 – Materiality vs. publicly available information

## Background

Following a directive by the Municipal Demarcation Board, municipality A does not meet all the legislative requirements to be a stand-alone municipality and its functions are transferred to municipality B in the current reporting period.

On the acquisition date, municipality B issued a public statement providing an extensive explanation of the primary reasons for the transfer of functions and a description of how it obtained control over the acquiree, together with other information related to the transfer of functions.

# E.g. 10 – Materiality vs. publicly available information

Municipality B first considered the disclosure requirements in GRAP 106:

- GRAP 106 requires an entity to disclose, for each transfer of functions that occurs during the reporting period, *‘the primary reasons for the transfer of functions and a description of how the acquirer obtained control of the acquiree’*.

Municipality B concludes that information about the transfer of functions is material because the acquisition is expected to have a significant impact on the entity’s operations.

In these circumstances, even though information relating to the primary reasons for the transfer of functions and the description of how it obtained control is already included in a public statement, the entity needs to provide the information in its financial statements as it could reasonably be expected to influence decisions made by the primary users of municipality B’s financial statements.



# What should be disclosed?

## Prior period information

- Materiality assessment in current year F/S include prior period information
- Should present prior period's information for all amounts reported in current period, unless Standards require otherwise



# What should be disclosed?

- If prior period information is assessed as material for current F/S → may provide more information than was provided previously
- Should provide prior period even if not previously provided if necessary to understand current F/S
- No need to reproduce prior period information in current F/S → can summarise and retain

# **E.g. 11 – Prior period information not previously provided**

## **Background**

In the prior period, an entity had a very small amount of debt outstanding. Information about this debt was appropriately assessed as immaterial in the prior period, and so the entity did not disclose any maturity analysis showing the remaining contractual maturities or other information that would otherwise be required by paragraph .131(a) GRAP 104.

In the current period, the entity issued a large amount of debt.

The entity concluded that information about debt maturity was material information and disclosed it, in the form of a table, in the current period financial statements.

# **E.g. 11 – Prior period information not previously provided**

Although, the debt maturity analysis was not presented in the prior year's financial statements, the entity might conclude that including a prior period debt maturity analysis in the financial statements would be necessary for primary users to understand the change in trend from low to high borrowing in the current period financial statements.

In these circumstances, a narrative description of the maturity of the prior period balances of the outstanding debt might be sufficient.

# E.g. 12 – Summarising prior period information

## Background

An entity disclosed, in the prior period financial statements, details of a legal dispute which led to the recognition, in that period, of a provision. In accordance with GRAP 19 the entity disclosed in the prior period financial statements a detailed description of uncertainties about the amount and timing of possible cash outflows, in respect of the dispute, together with the major assumptions made concerning future events.

Most of the uncertainties have been resolved in the current period, and, even though the liability has not been settled, a court pronouncement confirmed the amount already recognised in the financial statements by the entity.

The entity considered the relevant local laws, regulations and other reporting requirements and concluded that there were no locally prescribed obligations relating to the inclusion of prior period information in the current period financial statements.

# E.g. 12 – Summarising prior period information

In these circumstances, on the basis of the requirements in the Standards, the entity may not need to reproduce in the current period financial statements all of the information about the legal dispute provided in the prior period financial statements:

- Because most of the uncertainties have been resolved, users of the financial statements for the current period may no longer need detailed information about those uncertainties.
- Instead, information about those uncertainties might be summarised and updated to reflect the current period events and circumstances and the resolution of previously reported uncertainties.



# **How to assess the effect of omissions, misstatements and errors?**



# How to assess omissions, misstatement & errors?

- Assess individually and collectively
  - If material → correct all
  - If immaterial → need to consider effect
- Assess if cumulative errors are material
  - Consider if entity's circumstances have changed that led to different materiality assessment in current period or if it is further accumulation of error or cumulative error
  - Correct cumulative errors in current period if they have become material based on GRAP 3

# How to assess omissions, misstatement & errors?

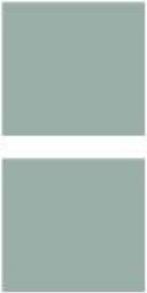
- Aggregation of individually immaterial misstatements/omissions:
  - Single immaterial misstatement or omission may not have an effect on a particular line item or F/S as a whole.
  - When considered with other immaterial misstatements or omissions, aggregation of these may mean the F/S are materially misstated.



# How to assess omissions, misstatement & errors?

Should bear in mind the following in assessing the effect of immaterial errors:

- Inappropriate to leave uncorrected immaterial errors in order to achieve a particular presentation of an entity's financial performance, financial position and cash flows.



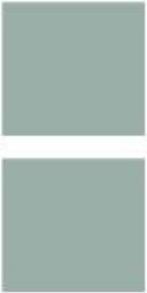
# E.g. 13 – Assessing cumulative errors

## Background

An entity, three years ago, purchased a plant. The plant has a useful life of 50 years and a residual value amounting to 20% of the plant cost. The entity started to use the plant three years ago, but has not recognised any depreciation for it (cumulative error).

In each prior period, the entity assessed the error of not depreciating its plant as being individually and cumulatively immaterial to the financial statements for that period. There is no indication that the materiality assessments of prior periods were wrong. In the current period, the entity started depreciating the plant.

In the same period, the entity experienced a significant reduction in its budgeted expenditure (the type of circumstance referred to in paragraph 6.39(a) of the Guide.

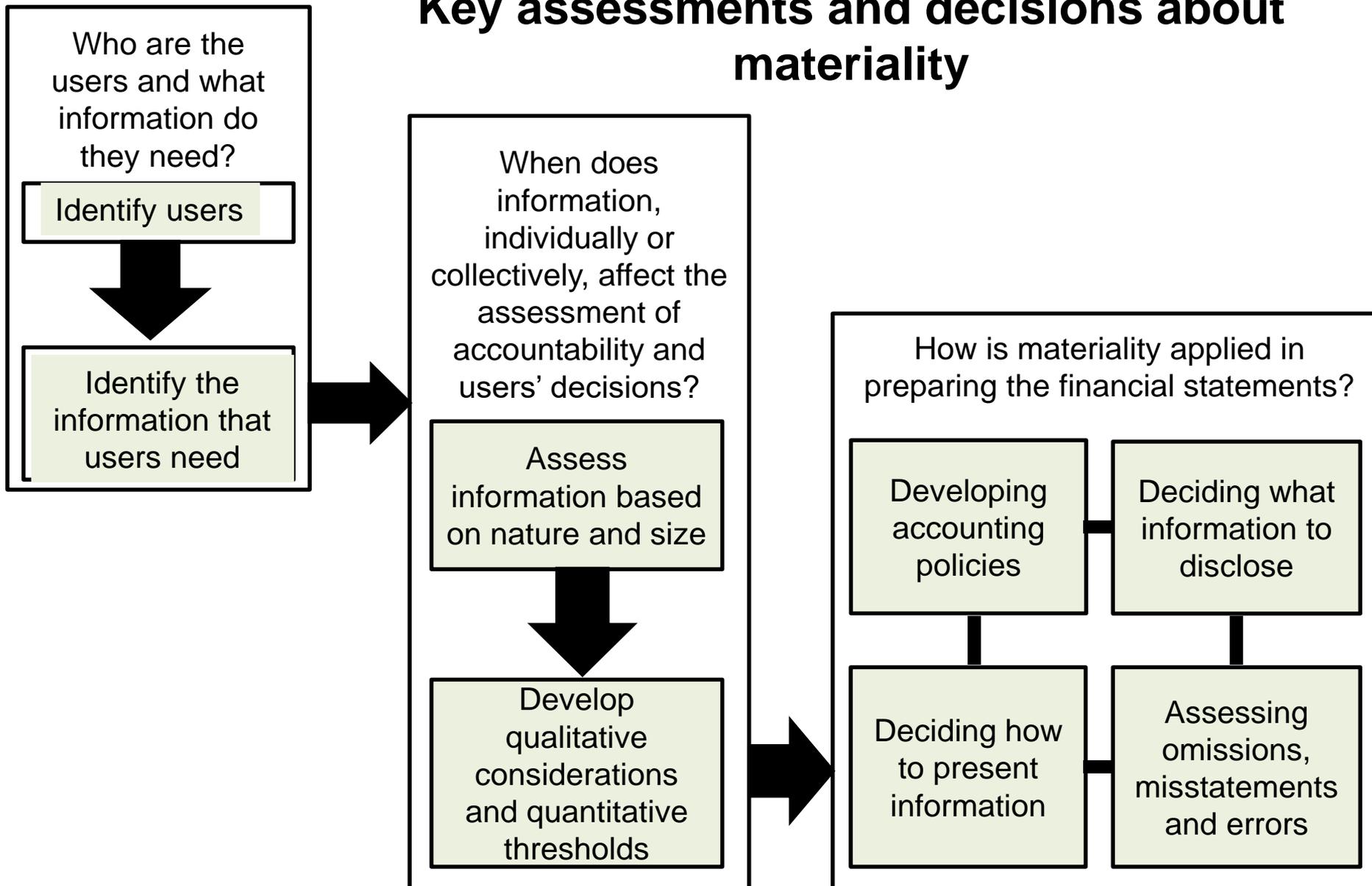


# E.g. 13 – Assessing cumulative errors

When making its materiality judgements in the current period financial statements:

- Entity concluded that the cumulative error was material to the current period financial statements.
- Entity does not need to revisit the materiality assessments it made in prior periods.
- However, because in the current period the cumulative error has become material to the current period financial statements, the entity must apply the requirements in GRAP 3 to correct it.

# Key assessments and decisions about materiality





**Should judgements applied  
in assessing materiality be  
disclosed?**



# Specific matter for comment

- Suggestion to Board to introduce disclosure requirement in GRAP 1
  - about what materiality considerations were made; what management considered to be material and how those considerations affected the F/S.
- Board considered the existing disclosure requirements in GRAP 1.132 that requires entities to disclose the judgements made by management

# Specific matter for comment

- Board believes that no new requirement should be added, but information can be provided as part of GRAP 1.132
  - High degree of judgement and subjectivity
  - Disclosures enable decision makers to understand key judgements about materiality

## **Background**

Entity A is a regulatory entity. It is fully funded by a transfer payment from a national Department. The entity has a transactional bank account and no other financial instruments. The operations of the entity are not asset intensive and the only assets are furniture and office equipment used to perform its administrative duties.

The majority of its expenses relate to compensation paid to employees (80%). The remaining expenses comprise depreciation (5%), office rental (10%) and other expenses (5%)

The entity has assessed, based on the nature of its operations, that revenue and employee benefits are its main activities. While the entity has applied all the relevant accounting policies in the preparation of its financial statements, it concludes based on its assessment of materiality that it should not disclose its accounting policies on financial instruments, operating lease and property, plant and equipment in the financial statements as these are not considered significant. However, these have been published on the entity's website.

# Application

The entity provides the following disclosures in its notes to the financial statements about its materiality considerations in its significant accounting policies:

## *Significant accounting policies*

The significant accounting policies applied in the preparation and presentation of these financial statements are set out below. These policies were consistently applied for the years presented. The significant accounting policies relate to the entity's revenue and employment benefits, which are the main activities of the entity...

# Specific matter for comment

Do you agree with the proposal not to introduce a new requirement about the judgements that management has made about materiality but that the disclosures can be made as part of GRAP1.132?

[see paragraph 3.6 of the proposed Guideline]



# **ED 169: Proposed Amendments to GRAP 1**

# Why the Board issued ED 169?

- Based on amendments made by IASB to IAS 1
- Narrow scope amendments deal with:
  - Materiality and aggregation (#1)
  - Information presented in the statements of financial position and financial performance (#2)
  - Structure (#3)
  - Disclosure of accounting policies (#4)



# Proposed amendments #1

- Clarify that materiality considerations apply to all parts of F/S
  - should not reduce the understandability of the F/S by obscuring material information with immaterial information or
  - by aggregating material items that have different natures of functions.

[See paragraph .37A]



# Proposed amendments (#1)

- Clarify that when a Standard requires specific disclosures, materiality considerations apply
  - No need to provide disclosures that are not material – even if they are a “minimum requirement”

[See paragraphs .38, .79 and .96 ]



# Proposed amendments (#2)

- Clarify that specific line items in the statement of financial position and statement of financial performance may be disaggregated

[See paragraphs .80 and .98]

- New requirement added to guide how additional subtotals should be presented in the statement of financial position and statement of financial performance

# Proposed amendments (#2)

- These are subtotals in addition to those already required in the Standards. The amendment notes that subtotals must:
  - comprise of line items made up of amounts recognised and measured as per the Standards;
  - be presented and labelled so that line items that constitute the subtotal are 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
  - required to present the line items that reconcile any such subtotals with the subtotals or totals currently required in the Standards

[See paragraphs .80A, .98A and .98B]

# Proposed amendments (#3)

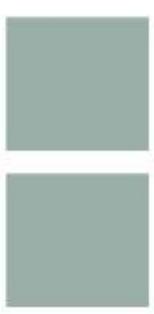
- Clarify that entities have flexibility as to the F/S,
  - but emphasise that understandability and comparability should be considered by an entity when deciding that order

[See paragraph .123]

# Proposed amendments (#3)

- Examples of ways of ordering the notes added:
  - 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.

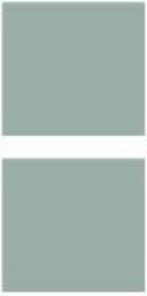
[See paragraph .124]



# Proposed amendments (#4)

- Remove guidance and examples with regard to the identification of significant policies perceived as being unhelpful

[See paragraph .11, .124, .127, .129, .130 and .132.]



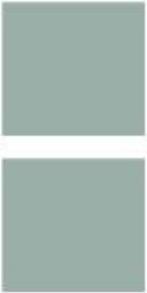
# Effective date & transitional provisions

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



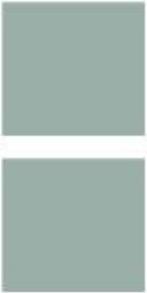
# Stakeholder outreach and communication





# Outreach activities

- Continuous promotion of GRAP by improving outreach to stakeholders (workshops, meetings, seminars, SAICA webinars)
- Stakeholders should liaise with ASB when requiring any engagements
- Newsletters & Meeting Highlights
- Social media
- Handbook (order form available on website or on request)



# Translation

- Standards translated into isiZulu, Sesotho and Afrikaans
- The official version is the English language version
- Available on website



# Website

- Overview of changes made to Standards with effect from 1 April 2018
- Three set of Standards:
  - Those entities with a December year-end
  - The Standards applicable for the current year
  - The Standards applicable for the next financial year
- Please register on website if you want to be advised of changes:

<http://www.asb.co.za/GRAP/Subscribe-to-email-alerts>



# Submitting comments

Visit our website for more information  
on these Exposure Drafts

[www.asb.co.za](http://www.asb.co.za)

Submit your comments to

[info@asb.co.za](mailto:info@asb.co.za)



**THANK YOU**





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