Are you ready for the new ASB pronouncements that are effective from 1 April 2019?

The table below outlines a summary of the key pronouncements effective from 1 April 2019 and should be used in preparing the financial statements for periods ending 31 March 2020 and 30 June 2020.

Standard	Overview	Examples	Entities' past practice	Potential impact	Transitional provisions
GRAP 20 *Related Party Disclosures*	The purpose of GRAP 20 is to identify related party relationships, and transactions and balances between the reporting entity and its related parties that require disclosure. Requirements are outlined for when information should be disclosed, and what should be disclosed.	Typical examples of related parties include management, and entities within an economic entity, and entities or others where significant influence or joint control can be exercised over the reporting entity.	Entities had a choice of using IPSAS 20 *Related Party Disclosures* or GRAP 20.	Changes to an entity's related party disclosures may be minimal depending on whether GRAP 20 or IPSAS 20 was applied in previous reporting periods. Differences between the current disclosures and those required by GRAP 20 should be identified and processes put in place to gather the relevant information.	GRAP 20 should be applied retrospectively, with some exceptions.
GRAP 32 *Service Concession Arrangements: Grantor* [IGRAP 17 *Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset* becomes effective on the same date as the Standard]	A service concession arrangement is an arrangement (SCA): • between a grantor (public sector entity) and an operator (public or private sector entity); • where the operator uses the service concession asset (typically either an existing asset or new asset of the grantor); • to provide a mandated function on behalf of the grantor for a specified period of time; and • the operator is compensated for its services over the period of the arrangement. Principles are outlined for when or how assets of the grantor are	Typical examples of SCAs include toll roads, hospitals, prisons and other arrangements between different spheres of government or a public sector entity to provide services.	Entities should have applied the Guideline on *Accounting for Public-Private Partnerships.*	The Guideline on *Accounting for PPP Arrangements* has been withdrawn. The principles in GRAP 32 are similar to the Guideline. However, GRAP 32 does not only apply to PPP arrangements undertaken in terms of legislation and formally approved as PPPs. It applies to arrangements that have the characteristics of service concession arrangements, i.e. an operator using service concession assets to perform a mandated function on behalf of the grantor for a period of time. Existing arrangements should be assessed to determine if they demonstrate the characteristics of a service concession arrangement.	GRAP 32 should be applied retrospectively.

	recognised, along with the compensation (in cash or otherwise) that is due to the operator.				
GRAP 108 *Statutory Receivables*	Statutory receivables are receivables that: (a) arise from legislation, supporting regulations or similar means (e.g. by-laws); and (b) are settled in cash or another financial asset. Guidance is outlined on when to recognise statutory receivables, at what amount they should be measured, and what information should be disclosed.	Examples of statutory receivables include receivables related to taxes, fines (usually for breach of a law) and some levies or fees prescribed in legislation, supporting regulations and by-laws.	As there was no specific guidance in the Standards of GRAP on statutory receivables, entities would have developed their own accounting policies for statutory receivables.	Entities account for statutory receivables separately from contractual receivables (i.e. financial instruments). Statutory receivables are accounted for initially in accordance with GRAP 9 on *Revenue from Exchange Transactions* or GRAP 23 on *Revenue from Non-exchange Transactions (Taxes and Transfers)* and subsequently at cost less impairment using GRAP 108. Separate disclosure is required for statutory and other receivables in the notes to the financial statements. The current accounting policies would need to be reviewed and revised based on the principles in GRAP 108.	GRAP 108 is applied retrospectively, but entities have three years from the date of adopting the Standard to change their accounting policies for classification and measurement. The derecognition and impairment requirements are applied prospectively.
GRAP 109 *Accounting by Principals and Agents*	Entities in the public sector work together to achieve common objectives. It is therefore often difficult to know what transactions and balances should be reported by entities. GRAP 109 provides guidance on: • Whether an arrangement of the reporting entity is a 'principal-agent arrangement', i.e. where one entity (an agent), undertakes transactions with third parties on behalf, and for	Entities often undertake activities on behalf of other entities. Examples include, some housing activities undertake by municipalities in the National Housing Programme, and the collection of licence fees or taxes by entities for departments or revenue funds.	Limited guidance included on revenue in GRAP 9 and GRAP 23.	Entities should assess whether arrangements are principal-agent arrangements on initial recognition, and if yes, whether they are the principal or the agent in the arrangement. Because agents act on behalf of other entities, they do not reflect the transactions for agency activities in their financial statements (other than revenue they earn or costs they incur to provide the service).	GRAP 109 should be applied retrospectively. GRAP 109 need not be applied for completed contracts at the date of adoption.

	the benefit of, another entity (the principal). • When an entity is a principal or an agent based on certain criteria. • How revenue, expenses, assets and/or liabilities should be recognised by the principal or agent.				
IGRAP 18 *Recognition and Derecognition of Land*	IGRAP 18 provides guidance on the recognition of land based on "control". Control includes, but is not limited to, legal title to land. Other rights are also considered in assessing whether land is controlled, including whether an entity is a custodian in legislation.	Land, specifically: • Land owned by the reporting entity (i.e. it has legal title). • Land used by the reporting entity as a result of a binding arrangement with another party. • Land which the reporting entity owns but is used by another party in terms of a binding arrangement. • Land used by the entity where the relevant Department of Public Works is the custodian. IGRAP 18 does not deal with the accounting for structures on land.	Existing Standards of GRAP for land (e.g. GRAP 12 on *Inventories,* GRAP 16 on *Investment Property,* GRAP 17 on *Property, Plant and Equipment,* and GRAP 103 on *Heritage Assets).*	Entities will need to assess whether land should be recognised in, or derecognised from, the statement of financial position based on control. Practice to date may have been that entities only recognise and derecognise land based solely on the existence of legal title.	IGRAP 18 is applied prospectively for all land that is controlled on the date of adopting the Interpretation. This means that the comparative information in the year of adoption need not be restated.
IGRAP 19 *Liabilities to Pay Levies*	IGRAP 19 provides guidance on when to recognise liabilities to pay levies, i.e. when the activity that	Taxes, levies and fees paid by a reporting entity to another level of government	Entities would have developed their own accounting policy based on	Entities need to review payments made to other levels of government to assess whether they are in the scope of IGRAP	IGRAP 19 should be applied retrospectively.

	triggers the payment of a liability occurs. A levy is a non-exchange transaction that is imposed by government (local, provincial or national) on entities in accordance with legislation or similar means (with some exceptions).	(e.g. licences for communication activities/devices, water service levies, etc.). IGRAP 19 does not apply to amounts paid for employees that are dealt with in GRAP 25 on *Employee Benefits,* nor VAT or income tax paid by an entity.	GRAP 19 on *Provisions, Contingent Liabilities and Contingent Assets* or other Standards of GRAP.	19, and if the payments are recognised correctly in the financial statements in accordance with the principles of the Interpretation.	
Guideline *Accounting for Housing Arrangements Undertaken in terms of the National Housing Programme*	The Guideline indicates how municipalities should account for the activities they undertake for the department of Human Settlements in terms of the National Housing Programme. Municipalities typically act as either the project manager and/or the contractor in an arrangement, with different accounting consequences.	Houses constructed as part of the National Housing Programme of the Department of Human Settlements. The Guideline does not deal with social housing, housing funds, or other housing schemes operated by entities.	Entities would have developed their own accounting policies based on existing Standards of GRAP.	The terms and conditions of existing arrangements and accounting policies should be revisited and aligned with the principles in the Guideline.	If existing accounting policies are different to the principles in the Guideline, GRAP 3 on *Accounting Policies, Changes in Accounting Estimates and Errors* should be applied.

Note: Trading entities, Parliament and the provincial legislatures also need to apply the following Standards from 1 April 2019:

- GRAP 18 on *Segment Reporting*
- GRAP 105 on *Transfer of Functions Between Entities Under Common Control*
- GRAP 106 on *Transfer of Functions Between Entities Not Under Common Control*
- GRAP 107 on *Mergers*