

| Topic | Issues deliberated | Decisions of the Board | Status | Effective date | Next steps |
|--|--|--|-----------------------|-----------------------|------------------------------------|
| <p>Proposed Standard of GRAP on Social Benefits</p> | <p><i>Should IPSAS 42 on Social Benefits be adopted in South Africa?</i></p> | <p>The Board's Due Process Handbook explains the ASB's policy on convergence. It indicates that the Board will use an IPSAS to develop a Standard of GRAP where this is consistent with the ASB's mandate and strategic objectives.</p> <p>The ASB's mandate – as prescribed in the PFMA – is to promote transparent reporting of revenue, expenses, assets and liabilities. Entities that provide state benefits based their accounting policies on IFRS 4 on <i>Insurance Contracts</i>, GRAP 19 on <i>Provisions, Contingent Liabilities and Contingent Assets</i>, another appropriate Standard, or the Conceptual Framework. These accounting policies generally resulted in comprehensive liabilities being recognised in the Statement of Financial Position. As IPSAS 42 results in a limited recognition of liabilities, the Board is of the view that IPSAS 42 is inappropriate as users locally would be deprived of relevant information.</p> <p>The Board also considered the types of social benefits locally and whether applying IPSAS 42 would result in relevant information for users of the financial statements. The Board agreed that applying a single accounting treatment for all social benefits locally is inappropriate as a range of social benefits with different characteristics is provided.</p> <p>The Board agreed that converging with IPSAS 42 is inappropriate. IPSAS 42 is a useful starting point, but</p> | <p>Exposure Draft</p> | <p>Not applicable</p> | <p>Comment by 17 November 2023</p> |

| Topic | Issues deliberated | Decisions of the Board | Status | Effective date | Next steps |
|---|---|--|--------|----------------|------------|
| | | significant amendment would be needed for local circumstances. | | | |
| Proposed Standard of GRAP on Social Benefits | <i>How should social benefits be defined?</i> | <p>The Board agreed that the definition of social benefits in IPSAS 42 is appropriate locally. However, two changes were made in developing the ED:</p> <ul style="list-style-type: none"> • The definition of social benefits includes in-kind benefits. Stakeholders locally agreed that the social benefits locally includes both cash and in-kind benefits. • Guidance is provided on how to interpret the concept of a 'social risk'. <p>The Board agreed the following definition: <u>Social benefits</u> are cash transfers and in-kind benefits provided to:</p> <p>(a) specific individuals and/or households who meet eligibility criteria;</p> <p>(b) mitigate the effect of social risks; and</p> <p>(c) address the needs of society as a whole.</p> | | | |
| | <i>Should the accounting treatment be the same for all social benefits?</i> | A key part of the early stages of the project was to identify the entities that potentially provide social benefits and the types of state support provided – whether in cash or in-kind. | | | |

| Topic | Issues deliberated | Decisions of the Board | Status | Effective date | Next steps |
|-------|--|---|----------------|----------------|-----------------------------|
| | | Based on this work, the Board agreed that the characteristics of the benefits meant that different accounting is appropriate. | | | |
| | <i>Should the accounting treatment be the same for all social benefits? (cont.)</i> | <p>The Board agreed that there are broadly two types of social benefits provided in cash:</p> <p><u>Social assistance benefits</u> are social benefits other than social security insurance benefits.</p> <p><u>Social security insurance benefits</u> are social benefits that are managed in a manner similar to insurance contracts. Social benefits are managed in a manner similar to insurance contracts when a social risk is transferred to the provider of the social benefits in return for contributions by, or on behalf of, the individuals and/or households who participate in activities that give rise to the social risk.</p> | Exposure Draft | Not applicable | Comment by 17 November 2023 |
| | <i>What is the past event that gives rise to a social benefit?</i> | Social benefits are provided to alleviate a social risk. The Board agreed that the past event that gives rise to an obligation for a social benefit, is the occurrence of the event related to the social risk. | | | |
| | <i>Can all social benefits be recognised when the event related to the social risk occurs?</i> | <p>The Board agreed that while the same past event exists for all social benefits, not all social benefit liabilities can be recognised at this point.</p> <p>Social security insurance benefits are managed similarly to insurance contracts, i.e. contributions are exchanged (directly or indirectly) to fully or partially mitigate a risk. The nature of these benefits and how they are managed</p> | | | |

| Topic | Issues deliberated | Decisions of the Board | Status | Effective date | Next steps |
|--|--|---|--------------------|----------------|---|
| | | means that entities have credible relevant information about an entity's potential obligations when the event related to the social risk occurs. Liabilities for social security insurance benefits are recognised when the event related to the social risk occurs. | | | |
| | | <p>Social assistance benefits are managed in the same way as government's operational expenses. This means that the information about these benefits is only credible and relevant when a beneficiary submits an application to receive the benefit. This is when social assistance benefit liabilities are recognised.</p> <p>The characteristics of the benefits, along with how the benefits are managed, also means that users of the financial statements have different information needs to hold entities accountable and to make decisions.</p> | Exposure Draft | Not applicable | Comment by 17 November 2023 |
| | <i>What will the effective date and/or transitional arrangements be for the implementation of the proposed Standard?</i> | The Board will discuss the proposed effective date and/or transitional arrangements once the Exposure Draft is approved as a Standard of GRAP. However, stakeholders are urged to provide any feedback about potential application and implementation issues when commenting on this Exposure Draft. | | | |
| Phase I – Post-implementation Review of GRAP 108 on Statutory Receivables | <i>What key issues were identified from Phase I of the Post-implementation Review?</i> | <p>Phase I of the post-implementation review was a desktop review of entities' financial statements to identify preliminary issues with the application of GRAP 108. Some of the key issues identified are:</p> <ul style="list-style-type: none"> Lack of awareness of GRAP 108. | Phase I completed. | Not applicable | A consultation document will be discussed by the Board in December 2023. The public |

| Topic | Issues deliberated | Decisions of the Board | Status | Effective date | Next steps |
|-------|--------------------|---|--------|----------------|---|
| | | <ul style="list-style-type: none"> • The classification of receivables as contractual or statutory. • No separate presentation of statutory receivables in the financial statements. • Boilerplate accounting policies, presentation and disclosure. | | | consultation process will commence in 2024. |