

Topic	Issues deliberated	Decisions of the Board	Status	Effective date	Next steps
<b>Revised Standards of GRAP on Transfer of Functions and Mergers</b>	<i>What were the results of the comparison between IPSAS 40 on Public Sector Combinations and the equivalent Standards of GRAP?</i>	<p>IPSAS 40 was compared to GRAP 105, 106 and 107 on transfer of functions and mergers. Although IPSAS 40 deals with combinations that are acquisitions and amalgamations, the accounting effect of the transactions is similar.</p> <p>Transfer of functions under common control and mergers are similar in accounting treatment to amalgamations. Transfer of functions not under common control are similar in treatment to acquisitions.</p> <p>As the overall accounting treatment is similar, the Board agreed to retain the Standards of GRAP rather than issue an equivalent of IPSAS 40. This was largely driven by the fact that stakeholders locally understand the three Standards of GRAP, and no significant application issues have been raised in practice. The Board agreed that the Standards of GRAP should be updated for relevant guidance from IPSAS 40.</p>	Issued as Exposure Draft 204.	Not applicable.	Comment deadline 15 July 2023.
	<i>Were there any new developments from the IFRS Accounting Standard 3 on Business Combinations that could affect the accounting for transfer of functions and mergers?</i>	<p>When the Standards of GRAP were developed, IFRS 3 was used to develop parts of the Standards. IFRS 3 was updated with new guidance on how to assess whether an acquisition is an “business. The equivalent term in the Standards of GRAP is a “function”. Stakeholders in the public sector also require guidance on distinguishing the acquisition of assets (and/or liabilities) and a function.</p> <p>Two new areas of guidance were added:</p> <ul style="list-style-type: none"> <li>• A “concentration test” which assesses the relative value of assets in relation to the total value of assets acquired (and/or liabilities assumed).</li> </ul>			

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		<ul style="list-style-type: none"> <li>An business (function in GRAP) typically has inputs, processes and outputs. Guidance was added on whether an acquisition could be a function if it does not have outputs.</li> </ul>	Issued as Exposure Draft 204.	Not applicable.	Comment deadline 15 July 2023.
	<i>Is the treatment of goodwill in Standards of GRAP still appropriate?</i>	<p>The Board agreed that goodwill as a concept is not appropriate for the public sector, as an “overpayment” for assets acquired (and/or liabilities) is likely to be for public policy reasons. As a result, any payments made above the value of the net assets is recognised in surplus or deficit.</p> <p>IPSAS 40 allows the recognition of goodwill for acquisitions (typically those that are not under common control). The Board’s view was unchanged, and the approach to not recognise goodwill in the Standards of GRAP was confirmed.</p>			
	<i>Is the measurement period in the Standards of GRAP appropriate?</i>	<p>Transfer of functions and mergers involve the acquisition of assets and the assumption of liabilities. There may be a large volume of items and their measurement can be complex. As a result, a measurement period of two years is allowed in the Standards of GRAP to allow entities to determine reliable values for items that are part of the transaction. IPSAS 40 only allows a one year measurement period.</p> <p>The Board agreed that two years remains appropriate as some entities in the public sector do not apply accrual accounting. Identifying and determining the values of assets and liabilities may be more complex locally.</p>			
	<i>What are the transitional provisions for the revised Standards?</i>	The revised Standards are applied prospectively for new transfer of functions and mergers.			

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<b>Enhancing the Application of the Standards of GRAP</b>	<i>What is the purpose of this project?</i>	<p>The purpose of the project is to improve how the Standards of GRAP are applied, and how the information prepared using Standards of GRAP is improved.</p> <p>The project targets both preparers and users of the financial statements.</p>	Ongoing project.	Project will commence 1 April 2023.	Content to be developed by the Secretariat of the ASB.
	<i>What key activities will be undertaken over the next year?</i>	<p>The Secretariat will produce more content than prior years to educate preparers and users. The content will be available on YouTube, and will include topical subjects on assets, and how to use the financial statements.</p> <p>Fact Sheets may also be issued for new projects more frequently, and Executive Summaries will be issued with each new or revised pronouncement. More activities and topics may be identified as the project progresses.</p>			