

Topic	Issues deliberated	Decisions of the Board	Status	Effective date	Next steps
<p>Responding to comments received on proposed Improvements to the Standards of GRAP (2020)</p>	<p><i>How should management services be defined in GRAP 20?</i></p>	<p>The Exposure Draft proposed an amendment to GRAP 20 on <i>Related Party Disclosures</i>. The change amended the definition of a related party as well as the related party disclosures to include “management services”. The amendments were needed to align GRAP 20 with IAS 24 on <i>Related Party Disclosures</i>. The IASB made these amendments to IAS 24 to provide clarity on whether the fees for “management services” should be classified as remuneration to management or another expense.</p> <p><u>Change to related party definition</u></p> <p>An entity is a related party to the reporting entity if it, or any member of a group of which it is part, provides management services to the reporting entity or to the controlling entity of the reporting entity. [Note: By definition, entities in the same economic entity (group) are already related parties. The ‘entity’ in this scenario includes a party outside of the economic entity]</p> <p><u>What are management services?</u></p> <p>The Exposure Draft indicated that “management services” are those services where employees of the management entity participate in the strategic direction and financial and operational policy decision-making of an entity. Respondents made varied suggestions on how to improve the description of management services. The Board agreed to align the description with the definition of “management” as outlined in GRAP 20.</p>	<p>Approved as final Improvements to the Standards.</p>	<p>To be approved.</p>	<p>Submission to the Minister of Finance to approve effective date of amendments.</p>

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Responding to comments received on proposed Improvements to the Standards of GRAP (2020)	<i>Should the disclosure of certain related party transactions be retained?</i>	<p>GRAP 20 provided relief from certain disclosures where related parties transact with one another in a normal client/supplier relationship, or those that are undertaken within established parameters. In these instances, entities were only required to disclose the nature of the relationship as well as the outstanding balances. The Exposure Draft proposed providing further relief and deleting the requirement to present outstanding balances.</p> <p>Respondents to ED 176 did not support this deletion. They were of the view that this information is relevant to users' decisions. Based on the feedback received, the Board agreed to re-instate this disclosure.</p>	<p>Approved as final Improvements to the Standards.</p>	<p>To be approved.</p>	<p>Submission to the Minister of Finance to approve effective date of amendments.</p>
	<i>What should the transitional arrangements be for the amendments to GRAP 16 on Investment Property and GRAP 17 on Property, Plant and Equipment?</i>	<p><u>Investment property</u></p> <p>The criteria for transferring land and/or buildings into or out of investment property were amended. The Exposure Draft allowed entities to apply the change retrospectively, but only if this is done without applying hindsight. Respondents to ED 176 indicated that the option to restate comparative information should be deleted. The elimination of options simplifies the requirements of the Standard and ensures that entities do not incorrectly apply hindsight. The Board agreed to amend the transitional provisions for GRAP 16 accordingly.</p>			

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Responding to comments received on proposed Improvements to the Standards of GRAP (2020)	<i>What should the transitional arrangements be for the amendments to GRAP 16 on Investment Property and GRAP 17 on Property, Plant and Equipment?</i>	<p><u>Property, plant and equipment</u></p> <p>GRAP 17 previously indicated that land used in quarries and landfills could be exceptions to the principle that land has an unlimited useful life. The Exposure Draft proposed deleting these examples based on conclusions reached in developing the Guideline on <i>Accounting for Landfill Sites</i>. Respondents to ED 176 questioned whether any change in depreciation should be treated as an error or a change in accounting policy. As the change results from an amendment to the Standard, the Board agreed that these should be treated as a change in accounting policy. The transitional provisions were amended to reflect this fact, along with guidance that impairment should be assessed prospectively.</p>	Approved as final Improvements to the Standards.	To be approved.	Submission to the Minister of Finance to approve effective date of amendments.
Responding to comments received on the Proposed Transitional Provisions for GRAP 104 on Financial Instruments (Revised in 2019)	<i>What does retrospective application without retrospective restatement mean?</i>	<p>The Exposure Draft proposed applying the amendments to GRAP 104 retrospectively, and certain disclosures did not require retrospective restatement. Entities could elect to restate comparative information, but only if hindsight is not applied.</p> <p>Respondents to ED 177 had differing views about what retrospective application without retrospective restatement meant, specifically for assessing impairment losses. To clarify this, the Board agreed that expected credit losses should be assessed, for all financial instruments, on the date of adoption. The Board also agreed to delete the option to restate comparative information to simplify the requirements.</p>	Approved as final transitional provisions.	To be approved.	Submission to the Minister of Finance to approve effective date of revisions to GRAP 104.

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<p>Responding to comments received on the Proposed Transitional Provisions for GRAP 104 on <i>Financial Instruments</i> (Revised in 2019)</p>	<p><i>Should the Board provide a three-year transitional relief period or delay the effective date?</i></p>	<p>The changes to GRAP 104 are complex, particularly the replacement of the ‘incurred loss model’ with an ‘expected credit loss’ impairment model. Given this complexity, the Board proposed delaying the effective date of the revisions. The proposed effective date outlined in the Exposure Draft was 1 April 2024.</p> <p>Respondents to ED 177 were generally supportive of the proposal. Questions were however raised about whether the Standard could be early adopted. Early adoption is permissible, but the whole Standard needs to be early adopted.</p> <p>In debating the comments, some stakeholders indicated that they wanted to be able to early adopt the requirements of the Standard on a piecemeal basis, e.g. by applying the requirements to specific transaction types, and then applying lessons learnt to other areas. They advocated for the Board to provide a three-year transitional relief period within which entities can decide how to apply the changes to their transactions. Other stakeholders were concerned about how the revisions could be applied to some but not all transactions and noted concerns with the accounting treatment that would be applied to transactions that occur within the three-year period.</p>	<p>Approved as final transitional provisions.</p>	<p>To be approved.</p>	<p>Submission to the Minister of Finance to approve effective date of revisions to GRAP 104.</p>

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<p>Responding to comments received on the Proposed Transitional Provisions for GRAP 104 on <i>Financial Instruments</i> (Revised in 2019)</p>	<p><i>Should the Board provide a three-year transitional relief period or delay the effective date?</i></p>	<p>The Board agreed to continue to delay the effective date. The Board's decision to not allow the three-year relief period was based on the following considerations:</p> <ul style="list-style-type: none"> As entities could decide how to adopt the revisions to GRAP 104, the information could vary from entity to entity. The lack of comparability in the market would not be helpful to users of the financial statements. The mixture of accounting based on old and new policies could also be difficult for users to understand given the complexity of the transactions. Underlying policies, particularly in the area of local government budgets, may need to be revised to align with the principles in GRAP 104. The delayed effective date will ensure that sufficient time is taken to make the necessary policy changes. The selective change in policy, and how this is managed during the three-year period, is often a source of disagreements between auditors and preparers. Past practice has indicated that preparers wait until the end of the three-year period to adopt the changes. 	<p>Approved as final transitional provisions.</p>	<p>To be approved.</p>	<p>Submission to the Minister of Finance to approve effective date of revisions to GRAP 104.</p>

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<p>Responding to comments received on the Proposed Transitional Provisions for GRAP 104 on <i>Financial Instruments</i> (Revised in 2019)</p>	<p><i>What implementation support should be provided?</i></p>	<p>Respondents to ED 177 indicated a need for extensive implementation support. Proposals included ‘piloting’ the requirements of the Standard, developing a detailed GRAP Guideline on GRAP 104 as well as other implementation tools like an ‘expected credit loss model’ for use by entities.</p> <p>The Board agreed to establish a ‘reference group’ comprised of the trilateral parties (ASB, AGSA and National Treasury), preparers, auditors, and other interested parties. Leading up to the effective date of the Standard, the purpose of the reference group would be to discuss how the revised principles in GRAP 104 could be applied to common transactions in the sector.</p> <p>The other suggestions for implementation support have been shared with the National Treasury.</p>	<p>Approved as final transitional provisions.</p>	<p>To be approved.</p>	<p>Submission to the Minister of Finance to approve effective date of revisions to GRAP 104.</p>