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Disclosure of newly effective Standards of GRAP

GRAP 3 *Accounting Policies, Changes in Accounting Estimates and Errors* requires entities to make certain disclosures related to Standards of GRAP that are issued but not yet effective. Two issues have arisen recently regarding these disclosures.

Issue #1 – Quality of the required disclosures

GRAP 3 requires entities to disclose (a) the existence of issued but not yet effective Standards of GRAP, and (b) known or reasonably estimable information relevant to assessing the possible impact of the application of the new Standard of GRAP on the entity's financial statements in the period of application (Note: "Standards of GRAP" includes all pronouncements issued by the Board)

It has been observed that entities generally only comply with part (a). A list of issued but not yet effective Standards is provided in the financial statements, but the impact of the requirements is not often provided. It is insufficient to merely list the Standards. Entities should consider what the potential impact of the new Standard would be. This means both qualitative (e.g. what transactions might be affected, how different the old and new accounting policies could be regarding recognition, measurement etc.) and quantitative information (e.g. if determinable, an estimate of the potential Rand-value of the impact).

The provision of this information in the financial statements serves two purposes:

- Preparers are able to assess the implications of new Standards early. This helps to ensure that accounting policies, systems and processes are changed in time to accommodate new accounting requirements.
- Users are provided with predictive information that is useful for planning and making decisions. It also ensures users can adequately understand the new requirements and assess entities' readiness.

Issue #2 – Extent of the required disclosures

Directive 5 *Determining the GRAP Reporting Framework* is issued in September each year. The Annexures outline the Standards issued but not yet effective. It is possible that the Board issues new Standards of GRAP after the update of Directive 5, i.e. there may be more issued but not yet effective Standards compared to the list included in the Annexures to the Directive when an entity prepares its financial statements. Questions have been raised about whether only the list in Directive 5 should be applied, or whether the disclosure applies to all issued but not yet effective Standards.

As Directive 5 is formally approved by the Board, the list included in the Annexures is authoritative and outlines the minimum disclosures required in the financial statements. Entities may voluntarily provide information on other issued but not yet effective Standards not yet included in the Annexures to Directive 5. Entities should however provide the disclosures outlined in (a) and (b) above.

Coming up

The Board will consider the following documents at its July 2019 Board meeting:

- Analysis of, and responses to, comments received on ED 171 on *Identifying Projects to Prioritise on the ASB's Work Programme for the Period 1 April 2020 to 31 March 2023*.
- Proposed Improvements to the Standards of GRAP (2019).
- Proposed transitional provisions for the adoption of the amendments to GRAP 104 on *Financial Instruments* approved in March 2019.

Open for comment

The following Exposure Drafts are open for comment:

Topic	Comment deadline
ED 174 - Proposed Directive on <i>The Application of Standards of GRAP by Public Entities that Apply IFRS® Standards</i>	31 July 2019
ED 175 – IPSASB's Consultation Paper on <i>Measurement</i>	13 September 2019

Planned events

The Secretariat of the ASB will be hosting roundtable discussions to discuss ED 174 and ED 175 in the next quarter. If you are interested in joining these discussions, please email the staff member listed below:

Event	Date	Target audience
Proposed Directive on <i>The Application of Standards of GRAP by Public Entities that Apply IFRS Standards</i> e-mail: amandab@asb.co.za		
Roundtable discussion	2 July 2019	Firms, professional bodies and other interested parties
Roundtable discussion	16 July 2019	Preparers of entities applying IFRS Standards in accordance with Directive 12
Roundtable discussion	16 July 2019	Auditors of entities applying IFRS Standards in accordance with Directive 12
IPSASB's Consultation Paper on <i>Measurement</i> e-mail: tsholot@asb.co.za		
Roundtable discussion	10 July 2019	Preparers of financial statements, users, and consultants
Roundtable discussion	20 August 2019	Firms, professional bodies and other interested parties
Roundtable discussion	21 August 2019	Public entities

News from the IPSASB

The IPSASB will meet again in June 2019. The agenda and papers can be accessed by following this link: <https://www.ipsasb.org/meetings/ipsasb-meeting-24>. The key issues being debated at this meeting relate to the recognition of revenue from performance obligations (sales of goods, services, some transfers), revenue without performance obligations (taxes, fines and some transfers), and the recognition of expenses related to grants and transfers.

Proposals will be also be discussed on how to progress projects on leases and heritage.

General

Next ASB meeting

The next Board meeting is scheduled for the 4th of July 2019. As always, observers are welcome to attend these meetings, but it should be noted that space is limited. In order to accommodate observers at meetings, interested parties are asked to complete the registration form available on the website.

Accessing documents issued by the ASB

Persons and organisations interested in the activities of the ASB should monitor the website, www.asb.co.za, or contact info@asb.co.za, for the release of the latest Exposure Drafts for public comment.

A GRAP Handbook with the latest amendments to the Standards of GRAP as well as other pronouncements issued by the Board is available from Juta. Click the [link](#) for more information.

The latest versions of the Standards of GRAP, and translations of the Standards into isiZulu, Sesotho and Afrikaans are available on the ASB's website.

For ongoing information please visit us on our Facebook page, <https://www.facebook.com/AccountingStandardsBoard>, and "LIKE" us, and follow us on LinkedIn at <http://www.linkedin.com/company/accounting-standards-board>. And be sure to do the same on our Twitter account at [@ASB_SA](https://twitter.com/ASB_SA).



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