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## Are you ready for the Standards of GRAP effective from 1 April 2019?

A number of Standards of GRAP are effective from 1 April 2019. This means that entities should be ready to apply them, in accordance with their specific transitional provisions, in the financial statements prepared for financial years ending on 31 March 2020 or 30 June 2020.

The table below outlines the Standards that are effective and for which entities.

Standard	Entity
GRAP 18 <i>Segment Reporting</i>	Trading Entities, Parliament and Provincial Legislatures  (Already effective for other entities)
GRAP 20 <i>Related Party Disclosures</i>	Public entities, constitutional institutions, Parliament and Provincial Legislatures, municipalities and municipal entities
GRAP 32 <i>Service Concession Arrangements: Grantor</i> [IGRAP 17 <i>Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset</i> becomes effective on the same date as the Standard]	Public entities, constitutional institutions, Parliament and Provincial Legislatures, municipalities and municipal entities
GRAP 105 <i>Transfers of Functions Between Entities Under Common Control</i>	Trading Entities, Parliament and Provincial Legislatures  (Already effective for other entities)

GRAP 106 <i>Transfers of Functions Between Entities Not Under Common Control</i>	Trading Entities, Parliament and Provincial Legislatures (Already effective for other entities)
GRAP 107 <i>Mergers</i>	Trading Entities, Parliament and Provincial Legislatures (Already effective for other entities)
GRAP 108 <i>Statutory Receivables</i>	Public entities, constitutional institutions, Parliament and Provincial Legislatures, municipalities and municipal entities
GRAP 109 <i>Accounting by Principals and Agents</i>	Public entities, constitutional institutions, Parliament and Provincial Legislatures, municipalities and municipal entities

The Secretariat of the ASB has prepared a detailed document outlining the key objectives of the Standards and the potential impacts of these Standards. This document can be accessed by following this link: <http://www.asb.co.za/wp-content/uploads/2019/09/Are-you-ready-for-the-new-ASB-pronouncements-that-are-effective-from-1-April-2019.pdf>

Given the potential impact of the changes, it is important for entities to prepare in advance of the upcoming year end to apply these Standards. In preparing for the changes, entities need to:

- Identify differences between their current practice and the new requirements.
- Understand how the new information will be collected, or how existing information will need to be modified.
- Understand what other units, other than finance, are potentially affected by the changes, e.g. asset management, debtor management, legal units, etc. and engage with them.
- What changes need to be made to policies, processes and systems.
- Involve oversight structures such as the Audit Committee in reviewing new accounting policies and processes, as well as oversight over changes to IT systems.

Waiting until March or June 2020 is too late!

## New FAQs

The Board completed a review of the amendments to the Standards of GRAP on *Investment Property* (GRAP 16) and *Property, Plant and Equipment* (GRAP 17) at the end of 2018. The Board will consider a Research Paper outlining the findings of the review at its meeting in September 2019.

The purpose of the review was to assess whether the amendments made to GRAP 16 and GRAP 17 achieved their objective. While there was broad support for the amendments, issues were raised by preparers that need to be addressed. Some of these issues can be addressed by amending

existing FAQs or issuing new FAQs, while others will be addressed through other actions. A comprehensive list of the actions will be outlined in the Research Paper.

The FAQs will be issued during September and are outlined below:

1. The following FAQs have been amended:
  - What is the treatment of fully depreciated assets still in use?
  - What does it mean to analyse expenditure by nature or function?
  - Are statues, sculptures, monuments, similar structures and replicas classified as heritage assets?
  - What amount should be disclosed for projects that are taking significantly longer to complete than expected and what does “significantly longer” mean?
2. The new FAQs are as follows:
  - What is the role of materiality in the reporting of information in the financial statements?
  - Are changes to useful lives, residual values and depreciation methods changes in an accounting policy or a change in an accounting estimate?
  - How should entities determine the amount of expenditure incurred on repairs and maintenance?

## Coming up

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

- Proposed GRAP Reporting Framework for 2020/2021.
- Initial discussions on the preparation of combined financial statements, i.e. where financial statements of different entities are combined but control is not the principle used for combination.
- Invitation to Participate in the Post-implementation Review of GRAP 103 on *Heritage Assets*.
- Research Paper on results of the review of the amendments to GRAP 16 on *Investment Property* and GRAP 17 on *Property, Plant and Equipment*.

## Open for comment

The following Exposure Drafts are open for comment:

Topic	Comment deadline
ED 175 – IPSASB’s Consultation Paper on <i>Measurement</i>	13 September 2019
ED 176 – Proposed <i>Improvements to the Standards of GRAP (2019)</i>	31 October 2019

ED 177 – Proposed <i>Transitional Provisions for the Standard of GRAP on Financial Instruments (Revised 2019)</i>	29 November 2019
ED 178 – Proposed <i>Improvements to IPSAS, 2019</i>	20 September 2019
ED 179 - <i>Public Sector Specific Financial Instruments: Amendments to IPSAS 41, Financial Instruments</i>	17 December 2019

## Planned events

The Secretariat of the ASB will be hosting roundtable discussions to discuss the Exposure Drafts open for comment. If you are interested in joining these discussions, please email the staff member listed below:

Event	Date	Target audience
<b>IPSASB's Proposed Improvements to IPSAS, 2019</b> e-mail: <a href="mailto:jeaninep@asb.co.za">jeaninep@asb.co.za</a>		
Roundtable discussion	26 September 2019	Firms, professional bodies and other interested parties
<b>Proposed Improvements to Standards of GRAP, 2019</b> e-mail: <a href="mailto:amandab@asb.co.za">amandab@asb.co.za</a>		
Roundtable discussion	21 October 2019	Preparers, professional bodies and other interested parties
Roundtable discussion	23 October 2019	Firms, auditors and other interested parties

## News from the IPSASB

The IPSASB has published the following documents:

- (a) Exposure Draft 68: *Proposed Improvements to IPSAS, 2019*. The comment deadline is 30 September 2019. The Exposure Draft has been issued locally for comment as ED 178 with an earlier comment deadline to allow time to prepare a comment letter to the IPSASB.
- (b) Exposure Draft 69: *Public Sector Specific Financial Instruments: Amendments to IPSAS 41, Financial Instruments*. The Exposure Draft has been issued locally for comment as an ED with an earlier comment deadline to allow time to prepare a comment letter to the IPSASB.

The next IPSASB meeting will be held from 24 to 27 September 2019 in Portugal.

## General

### Next ASB meeting

The next Board meeting is scheduled for the 19<sup>th</sup> of September 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](http://www.asb.co.za), or contact [info@asb.co.za](mailto: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](#).

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](#).



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Accounting Standards Board

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