### Revisions to GRAP 25 on Employee Benefits

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| Should GRAP 25 be aligned with IPSAS 39 on Employee Benefits? | IPSAS 39 is based on IAS 19 on Employee Benefits which was substantially revised in 2011 with various amendments since. As employee benefits are “sector neutral”, i.e. the nature of the transactions is the same in both the public and private sectors, it is important to maintain alignment with both IFRS and IPSAS. The Board agreed to revise GRAP 25 to align it with IPSAS 39. There are however two key exceptions:  
  - Remeasurement gains and losses, which includes actuarial gains and losses on defined benefit liabilities (assets), are recognised in surplus or deficit rather than in net assets/equity.  
  - Additional disclosure requirements have been added for termination and other long-term benefits. | Exposure Draft issued for comment. Proposed as financial years commencing on or after 1 April 2023. | Comment deadline closes 30 November 2020. |

What should the transitional provisions and effective date be?  
While there are a number of changes that have been made to GRAP 25, many of them relate to the classification of items in the statement of financial performance or position. On this basis, the Board agreed that the changes should be applied retrospectively with some exceptions.  
The proposed effective date – based on the Board’s policy - is that the revised Standard should be applied for financial years commencing on or after 1 April 2023. The Minister of Finance will need to approve the new effective date.
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| Review of GRAP 3 on Accounting Policies, Changes in Accounting Estimates and Errors | What is the impact of past materiality decisions on future financial statements? | GRAP 3 indicates that the Standards of GRAP apply to material items. Entities may develop alternative accounting treatments for immaterial items. When the Board finalised the Guideline on *The Application of Materiality to Financial Statements* it agreed to review GRAP 3. The purpose of the review is to assess whether, or how, the application of these alternative accounting treatments based on materiality in previous reporting periods affect future financial statements. The outcome of the Board’s review is as follows:  
- Assessments of materiality are made at a particular reporting date based on relevant facts and circumstances that exist at that time. The Board concluded that past assessments of materiality will not affect future reporting periods unless the past assessments were made in error.  
- If items are immaterial, an entity may apply an accounting treatment that is not based on the Standards. The Board considered whether in subsequent reporting periods, the application of an accounting policy based on Standards of GRAP would be a change in an accounting policy. GRAP 3 indicates that the application of an accounting policy based on Standards of GRAP for items that were previously immaterial is not a change in accounting policy. The change is the adoption of a GRAP accounting policy for the first time. | Issues paper | Not applicable. | Develop proposed Interpretation and related changes. |
Review of GRAP 3 on Accounting Policies, Changes in Accounting Estimates and Errors (continued) | What guidance should be provided on past materiality decisions? | The Board agreed that an Interpretation should be issued, along with a minor amendment to GRAP 3. The Guideline will also be reviewed to identify potential changes. |