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TO: MEMBERS OF THE BOARD
FROM: JEANINE POGGIOLINI
SUBJECT: GRAP REPORTING FRAMEWORK 2021/2022
DATE: 14 SEPTEMBER 2020
FILE REF: Attachment 6

BACKGROUND AND PURPOSE

The Board issues the GRAP reporting framework for the upcoming financial year in September of each year. A new Appendix is included in Directive 5 on *Determining the GRAP Reporting Framework*. The Technical Committee reviewed the changes and recommend the GRAP reporting framework for 2021/22 to the Board for its approval.

CHANGES TO THE REPORTING FRAMEWORK

Format of changes

Based on feedback received during the consultation on the work programme for 2021-2023, the Board agreed to only publish changes to the previous year's reporting framework in the Appendix to Directive 5. Appendix C of Directive 5 is included as Annexure A of this memorandum and will be published as an amendment to Directive 5.

The full GRAP Reporting Framework is included as Annexure B of this memorandum and will be published on the website for information purposes only.

Summary of changes

The changes to the reporting framework from the prior year are as follows:

- The Minister of Finance approved the outstanding Standards of GRAP for Trading Entities for application from 1 April 2021. This means that there is only one list of effective pronouncements which is applicable to all entities. In the prior year there was a separate list for trading entities.
- Directive 14 on *The Application of Standards of GRAP by Public Entities that Apply IFRS® Standards* is effective from 1 April 2021.

Board Members: Mr V Ngobese (chair), Ms F Abba, Mr C Braxton, Mr K Hoosain,
Ms I Lubbe, Ms K Maree, Ms P Moalusi, Ms N Themba, Ms M Sedikela
Chief Executive Officer: Ms E Swart, Technical Director: Ms J Poggiolini

Standards of GRAP that are approved but not yet effective are usually listed in paragraph C6. Entities may consider these in formulating their accounting policies. The only Standard of GRAP that is approved and not yet effective is the revised GRAP 104 on *Financial Instruments*. A submission was made to the Minister of Finance in April 2020 to approve an effective date of 1 April 2024. Feedback is still awaited. As entities would be required to adopt the entire Standard, either on 1 April 2024 or earlier if they wish to do so, the Standard has not been listed in paragraph C6.

There are no new IPSAS, IFRS Standards or IFRICs that should be applied.

ACTIONS REQUESTED

The Board is requested to:

- (a) NOTE the contents of this memorandum; and**
- (b) If considered appropriate, APPROVE the amendments to Directive 5 for publication.**

Annexure A – Amendments to be published to Directive 5

APPENDIX C: 1 APRIL 2021

This appendix outlines the GRAP Reporting Framework for financial periods commencing on or after 1 April 2021.

Appendix C only outlines the amendments to the reporting framework as previously published. Additions to the reporting framework are underlined, while deletions are struck-through. The complete GRAP Reporting Framework can be accessed on the website.

~~APPENDIX C1:~~ PUBLIC ENTITIES, CONSTITUTIONAL INSTITUTIONS, PARLIAMENT AND THE PROVINCIAL LEGISLATURES, MUNICIPALITIES AND MUNICIPAL ENTITIES, TRADING ENTITIES AND PUBLIC TVET COLLEGES

This appendix forms part of this Directive.

This appendix lists the standards and pronouncements that are the GRAP Reporting Framework for public entities, constitutional institutions, Parliament and the Provincial Legislatures, Municipalities and Municipal Entities, Trading Entities and Public TVET Colleges effective for financial periods commencing on or after 1 April 2021 and should be applied as set out in paragraphs .05 and .06 of this Directive.

C1. Entities are required to apply the Standards of GRAP where the Minister has determined the effective date. The Financial Management of Parliament Amendment Act, Act No. 34 of 2014, requires Parliament and the Provincial Legislatures to prepare their financial statements in accordance with the Standards of GRAP. Any notice published by the Minister of Finance outlining the effective dates of the Standards of GRAP should be read in conjunction with the Financial Management of Parliament Amendment Act. The Minister has determined the effective date for the Standards of GRAP outlined below (paragraph .09 of this Directive).

No change.

C2. Directives issued and effective that entities are required to apply (paragraph .14 of this Directive):

Reference	Topic
<u>Directive 14</u>	<u>The Application of Standards of GRAP by Public Entities that Apply IFRS® Standards</u>

C3. Interpretations of the Standards of GRAP approved that entities are required to apply (paragraph .10 of this Directive):

No change.

C4. Approved guidelines of Standards of GRAP that entities are required to apply (paragraph .15 of this Directive):

No change.

C5. Effective IFRS Standards and IFRIC Interpretations¹ that entities may apply, to the extent that they are applicable (paragraphs .12 to .21 of this Directive):

No change.

C6. Standards of GRAP approved which are not yet effective, or for which the Minister of Finance has not yet determined an effective date, that entities may consider in formulating an accounting policy (paragraph .12 of this Directive):

No change².

C7. Guidelines which are not authoritative where entities are encouraged to apply the Guideline when preparing their financial statements:

No change.

APPENDIX C2: TRADING ENTITIES

~~This appendix forms part of this Directive.~~

~~This appendix lists the standards and pronouncements that are the GRAP Reporting Framework effective for financial periods commencing on or after 1 April 2019 and should be applied as set out in paragraphs .05 and .06 of this Directive.~~

~~C8. Trading entities are required to apply the Standards and pronouncements outlined in Appendix C1, C3 and C4, except for:~~

- ~~• GRAP 20~~
- ~~• GRAP 32~~
- ~~• GRAP 108~~
- ~~• GRAP 109~~

~~as the Minister of Finance has not yet determined the effective date for these Standards of GRAP.~~

~~C9. As the Minister has not determined an effective date for GRAP 32 and GRAP 109, trading entities are also not required to apply IGRAP 17 or the Guideline on Accounting for Arrangements Undertaken in Terms of the National Housing Programme.~~

~~C10. Trading entities may consider the pronouncements in B8 (except GRAP 20) and B9 in formulating an accounting policy as outlined in paragraph .12 of this Directive, and may use GRAP 20 to disclose information in their financial statements.~~

¹ IFRS Standards and IFRIC Interpretations can be downloaded from <http://www.ifrs.org>.

² GRAP 104 on *Financial Instruments* was revised in 2019. The effective date of the Standard is yet to be determined by the Minister of Finance. The transitional provisions require adoption of the revised Standard taken as a whole. Partial or incremental adoption is not permitted.

Annexure B – Full GRAP Reporting Framework for 2021/22 for the website (for information purposes)

APPENDIX C: 1 APRIL 2021

PUBLIC ENTITIES, CONSTITUTIONAL INSTITUTIONS, PARLIAMENT AND THE PROVINCIAL LEGISLATURES, MUNICIPALITIES AND MUNICIPAL ENTITIES, TRADING ENTITIES AND PUBLIC TVET COLLEGES

This appendix forms part of this Directive.

This appendix lists the standards and pronouncements that are the GRAP Reporting Framework for public entities, constitutional institutions, Parliament and the Provincial Legislatures, Municipalities and Municipal Entities, Trading Entities and Public TVET Colleges effective for financial periods commencing on or after 1 April 2021 and should be applied as set out in paragraphs .05 and .06 of this Directive.

- C1. Entities are required to apply the Standards of GRAP where the Minister has determined the effective date. The Financial Management of Parliament Amendment Act, Act No. 34 of 2014, requires Parliament and the Provincial Legislatures to prepare their financial statements in accordance with the Standards of GRAP. Any notice published by the Minister of Finance outlining the effective dates of the Standards of GRAP should be read in conjunction with the Financial Management of Parliament Amendment Act. The Minister has determined the effective date for the Standards of GRAP outlined below (paragraph .09 of this Directive).

Reference	Topic
GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4	The Effects of Changes in Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 9	Revenue from Exchange Transactions
GRAP 10	Financial Reporting in Hyperinflationary Economies
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events After the Reporting Date
GRAP 16	Investment Property
GRAP 17	Property, Plant and Equipment
GRAP 18	Segment Reporting
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets

Reference	Topic
GRAP 20	Related Party Disclosures
GRAP 21	Impairment of Non-cash-generating Assets
GRAP 23	Revenue from Non-exchange Transactions (Taxes and Transfers)
GRAP 24	Presentation of Budget Information in Financial Statements
GRAP 25	Employee Benefits
GRAP 26	Impairment of Cash-generating Assets
GRAP 27	Agriculture
GRAP 31	Intangible Assets
GRAP 32	Service Concession Arrangements: Grantor
GRAP 34	Separate Financial Statements
GRAP 35	Consolidated Financial Statements
GRAP 36	Investments in Associates and Joint Ventures
GRAP 37	Joint Arrangements
GRAP 38	Disclosure of Interests in Other Entities
GRAP 100	Discontinued Operations
GRAP 103	Heritage Assets
GRAP 104	Financial Instruments
GRAP 105	Transfer of Functions Between Entities Under Common Control
GRAP 106	Transfer of Functions Between Entities Not Under Common Control
GRAP 107	Mergers
GRAP 108	Statutory Receivables
GRAP 109	Accounting by Principals and Agents
GRAP 110	Living and Non-living Resources

C2. Directives issued and effective that entities are required to apply (paragraph .14 of this Directive):

Reference	Topic
Directive 1	Repeal of Existing Transitional Provisions in, and Consequential Amendments to, Standards of GRAP
Directive 2	Transitional Provisions for Public Entities, Trading Entities, Municipal Entities, Public Technical and Vocational Education and Training Colleges and Constitutional Institutions
Directive 3	Transitional Provisions for High Capacity Municipalities
Directive 4	Transitional Provisions for Medium and Low Capacity Municipalities and Trading Entities

Reference	Topic
Directive 5	Determining the GRAP Reporting Framework
Directive 6	Transitional Provisions for Revenue Collected by the South African Revenue Service (SARS)
Directive 7	The Application of Deemed Cost
Directive 8	Transitional Provisions for Parliament and the Provincial Legislatures
Directive 9	The Application of the Standards of GRAP by Trading Entities
Directive 10	Application of the Standards of GRAP by Public Technical and Vocational Education and Training Colleges
Directive 11	Changes in the Measurement Bases Following the Initial Adoption of the Standards of GRAP
Directive 12	The Selection of an Appropriate Reporting Framework by Public Entities
Directive 13	Transitional Provisions for the Adoption of Standards of GRAP by Community Education and Training Colleges
Directive 14	The Application of Standards of GRAP by Public Entities that Apply IFRS® Standards

- C3. Interpretations of the Standards of GRAP approved that entities are required to apply (paragraph .10 of this Directive):

Reference	Topic
IGRAP 1	Applying the Probability Test on Initial Recognition of Revenue
IGRAP 2	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IGRAP 3	Determining whether an Arrangement Contains a Lease
IGRAP 4	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IGRAP 5	Applying the Restatement Approach under the Standard of GRAP on Financial Reporting in Hyperinflationary Economies
IGRAP 6	Loyalty Programmes
IGRAP 7	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IGRAP 8	Agreements for the Construction of Assets from Exchange Transactions
IGRAP 9	Distributions of Non-cash Assets to Owners
IGRAP 10	Assets Received from Customers
IGRAP 13	Operating Leases – Incentives
IGRAP 14	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
IGRAP 15	Revenue – Barter Transactions Involving Advertising Services
IGRAP 16	Intangible Assets – Website Costs

Reference	Topic
IGRAP 17	Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset
IGRAP 18	Recognition and Derecognition of Land
IGRAP 19	Liabilities to Pay Levies
IGRAP 20	Accounting for Adjustments to Revenue

- C4. Approved guideline of Standards of GRAP that entities are required to apply (paragraph .15 of this Directive):

Reference	Topic
Guideline	Accounting for Arrangements Undertaken in terms of the National Housing Programme

- C5. Effective IFRS Standards and IFRIC Interpretations³ that entities may apply, to the extent that they are applicable (paragraphs .12 to .21 of this Directive):

Reference	Topic
IFRS [®] 4	Insurance Contracts
IFRS [®] 6	Exploration for and Evaluation of Mineral Resources
IAS [®] 12	Income Taxes
SIC [®] – 25	Income Taxes – Changes in the Tax Status of an Entity or its Shareholders
SIC [®] – 29	Service Concession Arrangements – Disclosures
IFRIC [®] 12	Service Concession Arrangements
IFRIC [®] 20	Stripping Costs in the Production Phase of a Surface Mine
IFRIC [®] 22	Foreign Currency Transactions and Advance Consideration
IFRIC [®] 23	Uncertainty Over Income Tax Treatments

- C6. Standards of GRAP approved which are not yet effective, or for which the Minister of Finance has not yet determined an effective date, that entities may consider in formulating an accounting policy (paragraph .12 of this Directive):

Standards of GRAP that may be used in developing an accounting policy⁴:

Reference	Topic
Guideline	Accounting for Landfill Sites

- C7. Guidelines which are not authoritative where entities are encouraged to apply the Guideline when preparing their financial statements:

³ IFRS Standards and IFRIC Interpretations can be downloaded from <http://www.ifrs.org>

⁴ GRAP 104 on *Financial Instruments* was revised in 2019. The effective date of the Standard is yet to be determined by the Minister of Finance. The transitional provisions require adoption of the revised Standard taken as a whole. Partial or incremental adoption is not permitted.

Reference	Topic
Guideline	The Application of Materiality to Financial Statements