



ACCOUNTING STANDARDS BOARD

DIRECTIVE

REPEAL OF EXISTING TRANSITIONAL PROVISIONS IN, AND CONSEQUENTIAL AMENDMENTS TO, STANDARDS OF GRAP (DIRECTIVE 1)



Directive 1

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Directive 1

Introduction

Directive

The Accounting Standards Board (Board) is required in terms of the Public Finance Management Act, Act No. 1 of 1999, as amended (PFMA), to determine generally recognised accounting practice referred to as Standards of Generally Recognised Accounting Practice (GRAP).

The Board must determine GRAP for:

- (a) departments (including national, provincial and government components);
- (b) public entities;
- (c) trading entities (as defined in the PFMA);
- (d) constitutional institutions;
- (e) municipalities and boards, commissions, companies, corporations, funds or other entities under the ownership control of a municipality; and
- (f) Parliament and the provincial legislatures.

The above are collectively referred to as “entities” in Standards of GRAP.

The Board has approved the application of International Financial Reporting Standards (IFRS® Standards) issued by the International Accounting Standards Board® for:

- (a) public entities that meet the criteria outlined in the Directive on *The Selection of an Appropriate Reporting Framework by Public Entities*; and
- (b) entities under the ownership control of any of these entities.

Section 89(1)(b) of the PFMA requires the Board to prepare and publish directives and guidelines concerning the Standards of GRAP as set out in section 89(1)(a) of the PFMA. The *Preface to the Standards of GRAP* determines that directives will be used to set transitional provisions and transitional arrangements for the entities required to comply with Standards of GRAP. Directives issued by the Board in terms of section 89(1)(b) of the PFMA therefore have the same authority as the Standards of GRAP.

Directives should be read in conjunction with the applicable Standards of GRAP and Interpretations of the Standards of GRAP, as well as the *Preface to the Directives*.



Withdrawal of existing transitional provisions in, and consequential amendments to, Standards of GRAP

- .01 During the transition by entities from other bases of accounting or financial reporting frameworks to Standards of GRAP, it may be difficult to prescribe uniform transitional provisions that will adequately address the specific transitional arrangements required by a wide range of entities, often with varying levels of skill and capacity.
- .02 As a result, the Board will issue transitional provisions, by way of directive(s), for individual Standards of GRAP for different categories of entities that are required in terms of legislation to apply Standards of GRAP.
- .03 The transitional provisions currently included in the Standards of GRAP will be replaced with a generic paragraph stating that transitional provisions, to be applied by entities on initial adoption of a Standard of GRAP, are prescribed by way of a directive(s) issued by the Board.
- .04 Directives may also deal individually with the repeal of existing transitional provisions from Standards of GRAP.
- .05 Due to the withdrawal and replacement of existing transitional provisions in the Standards of GRAP with those prescribed by way of a directive(s), certain consequential amendments are required to be made to those Standards.

Withdrawal and replacement of existing transitional provisions in Standards of GRAP

- .06 ***Any existing transitional provisions in the Standards of GRAP are withdrawn, and shall be replaced with the following paragraph:***

Transitional provisions

The transitional provisions to be applied by entities on the initial adoption of this Standard are prescribed in a directive(s). The provisions of this Standard should be read in conjunction with each applicable directive.

Consequential amendments to the Standards of GRAP

- .07 ***As a result of issuing transitional provisions by way of directive, the following paragraphs shall be deleted from the text of the existing Standards of GRAP, and replaced with the paragraph in .08 below:***

GRAP 6 Consolidated and Separate Financial Statements

Comparison with the International Public Sector Accounting Standard on Consolidated Financial Statements and Accounting for Controlled Entities (May 2000)



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- ~~Additional transitional provisions have been included in this Standard to facilitate the transition from previously applied accounting frameworks to this Standard, in particular from Standards of GAMAP to Standards of GRAP.~~

GRAP 7 *Investments in Associates*

Comparison with the International Public Sector Accounting Standard on *Accounting for Investments in Associates* (May 2000)

- ~~Additional transitional provisions have been included in this Standard to facilitate the transition from previously applied accounting frameworks to this Standard in particular from Standards of GAMAP to Standards of GRAP.~~

GRAP 8 *Interests in Joint Ventures*

Comparison with the International Public Sector Accounting Standard on *Financial Reporting of Interests in Joint Ventures* (May 2000)

- ~~Additional transitional provisions have been included in this Standard to facilitate the transition of entities from previously applied accounting frameworks, for example, Standards of GAMAP to this Standard of GRAP.~~

GRAP 9 *Revenue from Exchange Transactions*

Comparison with the International Public Sector Accounting Standard on *Revenue from Exchange Transactions* (July 2001)

- ~~Transitional provisions have been included in this Standard to facilitate the transition from previously applied accounting frameworks to Standards of GRAP.~~

GRAP 11 *Construction Contracts*

Comparison with the International Public Sector Accounting Standard on *Construction Contracts* (July 2001)

- ~~Transitional provisions have been included in this Standard to facilitate the transition from previously applied accounting frameworks to Standards of GRAP.~~

GRAP 12 *Inventories*

Comparison with the International Public Sector Accounting Standard on *Inventories* (July 2001)

- ~~This Standard contains transitional provisions on the first time adoption of accrual accounting, on the first time implementation of this Standard where an~~



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~~entity is already on accrual accounting, and a transitional provision that allows an entity to recognise existing land at the time of first time adoption in accordance with the Standard of GRAP on *Investment Property* until such time as the purpose of having or acquiring the land has been determined. IPSAS 12 does not include such transitional provisions.~~

GRAP 13 Leases

Comparison with the International Public Sector Accounting Standard on *Leases* (December 2001)

- ~~• Additional transitional provisions have been included in this Standard.~~

GRAP 16 *Investment Property*

Comparison with the International Public Sector Accounting Standard on *Investment Property* (December 2001)

- ~~• This Standard contains additional transitional provisions on the first time adoption of accrual accounting, on the first time implementation of this Standard, where an entity is already on accrual accounting, and a transitional provision that allows an entity to recognise existing land at the time of the first time adoption in accordance with this Standard until such time as the purpose of having or acquiring the land has been determined. IPSAS 16 does not include this transitional provision.~~

GRAP 17 *Property, Plant and Equipment*

Comparison with the International Public Sector Accounting Standard on *Property, Plant and Equipment* (December 2001)

- ~~• This Standard contains additional transitional provisions on the first time adoption of accrual accounting, on the first time implementation of this Standard where an entity is already on accrual accounting, and a transitional provision that allows an entity to recognise existing land at the time of first time adoption in accordance with the Standard of GRAP on *Investment Property* until such time as the purpose of having or acquiring the land has been determined. IPSAS 17 does not include this transitional provision.~~

GRAP 101 *Agriculture*

Comparison with the International Accounting Standard on *Agriculture* (February 2004)



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- ~~• This Standard contains transitional provisions on the first time adoption of accrual accounting. IAS 41 does not include such transitional provisions.~~

GRAP 102 *Intangible Assets*

Comparison with the International Accounting Standard on *Intangible Assets* (June 2004)

- ~~• Transitional provisions have been included in this Standard to facilitate the transition from previously applied accounting frameworks to Standards of GRAP.~~

.08 *These paragraphs should be replaced with the following text in the comparison of each of the affected Standards of GRAP listed above:*

Transitional provisions applicable to this Standard are prescribed in the Directives on *Transitional Provisions for Public Entities, Trading Entities, Municipal Entities, Public Technical and Vocational Education and Training Colleges, and Constitutional Institutions, Transitional Provisions for High Capacity Municipalities, and Transitional Provisions for Medium and Low Capacity Municipalities and Trading Entities* issued by the Board, and are not included in the text of the Standard.