



## **ACCOUNTING STANDARDS BOARD**

### **AMENDMENTS TO THE STANDARD OF GENERALLY RECOGNISED ACCOUNTING PRACTICE**

### **PRESENTATION OF FINANCIAL STATEMENTS (GRAP 1)**



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## Introduction

All paragraphs in this pronouncement have equal authority. The status and authority of appendices are dealt with in the preamble to each appendix. This pronouncement should be read in the context of its objective, its basis for conclusions and/or the basis for conclusions of its international equivalent, if applicable, the *Preface to the Standards of GRAP* and the *Framework for the Preparation and Presentation of Financial Statements*<sup>1</sup>.

Standards of GRAP and Interpretations of the Standards of GRAP should also be read in conjunction with any directives issued by the Board prescribing transitional provisions, as well as any regulations issued by the Minister of Finance regarding the effective dates of the Standards, published in the Government Gazette.

Directives should be read in conjunction with the applicable Standards of GRAP and Interpretations of the Standards of GRAP.

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<sup>1</sup> In June 2017, the Board replaced the *Framework for the Preparation and Presentation of Financial Statements* with the *Conceptual Framework for General Purpose Financial Reporting*.



## **A - Amendments to Standard of GRAP on Presentation of Financial Statements**

The amendments to GRAP 1 are outlined below. New text is underlined, deleted text is struck through, and text that has been relocated is indicated with a double underline

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### **Components of financial statements**

**.11 A complete set of financial statements comprises:**

- (a) a statement of financial position;**
- (b) a statement of financial performance;**
- (c) a statement of changes in net assets;**
- (d) a cash flow statement;**
- (e) a comparison of budget and actual amounts either as a separate additional financial statement or as a budget column in the financial statements, when the entity makes its approved budget publicly available;**
- (f) notes, comprising ~~a summary~~ of significant accounting policies and other explanatory notes; and**
- (g) comparative information in respect of the preceding period as specified in paragraphs .44 and .45.**

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### **Materiality and aggregation**

**.36 Each material class of similar items shall be presented separately in the financial statements. Items of a dissimilar nature or function shall be presented separately unless they are immaterial.**

**.37** Financial statements result from processing large numbers of transactions or other events that are aggregated into classes according to their nature or function. The final stage in the process of aggregation and classification is the presentation of condensed and classified data which form line items on the face of the statement of financial position, statement of financial performance, statement of changes in net assets and cash flow statement, or in the notes. If a line item is not individually material, it is aggregated with other items either on the face of those statements or in the notes. An item that is not sufficiently material to warrant separate presentation on the face of those statements may nevertheless be sufficiently material for it to be presented separately in the notes.

**.37A** When applying this and other Standards of GRAP an entity shall decide, taking into consideration all relevant facts and circumstances, how it aggregates information in



the financial statements, which includes the notes. An entity shall not reduce the understandability of its financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures or functions.

- .38 Some Standards of GRAP specify information that is required to be included in the financial statements, which include the notes. Applying the concept of materiality means that a specific disclosure requirement in a Standard of GRAP need not be satisfied if the information resulting from that disclosure is not material. This is the case even if a Standard of GRAP contains a list of specific requirements or describes them as minimum requirements. An entity shall also consider whether to provide additional disclosures when compliance with the specific requirements in a Standard of GRAP is insufficient to enable the users of financial statements to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

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### **Information to be presented on the face of the statement of financial position**

- .79 ***In accordance with paragraph .38 As a minimum, the face of the statement of financial position shall include line items that present the following amounts:***
- (a) property, plant and equipment;***
  - (b) investment property;***
  - (c) intangible assets;***
  - (d) heritage assets;***
  - (e) financial assets (excluding amounts shown under (f), (i), (j) and (k));***
  - (f) investments accounted for using the equity method;***
  - (g) inventories;***
  - (h) biological assets that form part of an agricultural activity;***
  - (i) receivables from non-exchange transactions (taxes and transfers);***
  - (j) receivables from exchange transactions;***
  - (k) cash and cash equivalents;***
  - (l) taxes and transfers payable;***
  - (m) payables from exchange transactions;***
  - (n) provisions;***
  - (o) liabilities and assets for current and deferred tax, where applicable (as defined in the International Accounting Standard® on Income Taxes);***
  - (p) financial liabilities (excluding amounts shown under (k), (l) and (m));***



- (q) *non-controlling interest, presented within net assets; and*
- (r) *net assets (comprising contributed capital and reserves) attributable to owners of the controlling entity.*

**.80** *Additional line items (including disaggregating the line items listed in paragraph .79), headings and sub-totals shall be presented on the face of the statement of financial position when such presentation is relevant to an understanding of the entity's financial position.*

**.80A** *When an entity presents sub-totals in accordance with paragraph .80, those sub-totals shall:*

- (a) *be comprised of line items made up of amounts recognised and measured in accordance with Standards of GRAP;*
- (b) *be presented and labelled in a manner that makes the line items that constitute the sub-total clear and understandable;*
- (c) *be consistent from period to period, in accordance with paragraph .33; and*
- (d) *not be displayed with more prominence than the sub-totals and totals required in Standards of GRAP for the statement of financial position.*

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## **Information to be presented on the face of the statement of financial performance**

**.96** *In accordance with paragraph .38 As a minimum, the face of the statement of financial performance shall include line items that present the following amounts for the period:*

- (a) *revenue;*
- (b) *finance costs;*
- (c) *share of the surpluses or deficits of associates and joint ventures accounted for using the equity method;*
- (d) *tax expense (where applicable);*
- (e) *a single amount comprising:*
  - (i) *the post-tax surplus or deficit of discontinued operations and*
  - (ii) *the post-tax gain or loss recognised on the measurement to fair value less costs to sell or on the disposal of the assets or disposal group(s) constituting the discontinued operation; and*
- (f) *surplus or deficit.*

**.97** *The following items shall be disclosed on the face of the statement of financial performance as allocations of surplus or deficit for the period:*

- (a) *surplus or deficit attributable to non-controlling interest; and*
- (b) *surplus or deficit attributable to owners of the controlling entity.*

**.98** *Additional line items (including disaggregating the line items listed in paragraph .96), headings and sub-totals shall be presented on the face of the statement of financial performance when such presentation is relevant to an understanding of the entity's financial performance.*

**.98A** When an entity presents sub-totals in accordance with paragraph .98, those sub-totals shall:

- (a) be comprised of line items made up of amounts recognised and measured in accordance with Standards of GRAP;
- (b) be presented and labelled in a manner that makes the line items that constitute the sub-total clear and understandable;
- (c) be consistent from period to period, in accordance with paragraph .33; and
- (d) not be displayed with more prominence than the sub-totals and totals required in Standards of GRAP for the statement of financial performance.

**.98B** An entity shall present the line items in the statement of financial performance ~~statement(s) presenting profit or loss and other comprehensive income that reconcile any sub-totals presented in accordance with paragraph .98~~ with the sub-totals or totals required in Standards of GRAP ~~IFRS~~ for ~~such~~ the ~~statement(s)~~ of financial performance.

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## Structure

**.122** *The notes shall:*

- (a) *present information about the basis of preparation of the financial statements and the specific accounting policies used in accordance with paragraphs .127 to .134;*
- (b) *disclose the information required by Standards of GRAP that is not presented on the face of the statement of financial position, statement of financial performance, statement of changes in net assets, cash flow statement or statement of comparison of budget and actual amounts; and*
- (c) *provide additional information that is not presented on the face of the statement of financial position, statement of financial performance, statement of changes in net assets, cash flow statement or statement of comparison of budget and actual amounts, but is relevant to an understanding of any of them.*

**.123** *Notes shall, as far as practicable, be presented in a systematic manner. In determining a systematic manner, the entity shall consider the effect on the*

**understandability and comparability of its financial statements. Each item on the face of the statement of financial position, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts shall be cross-referenced to any related information in the notes.**

- .124 ~~Notes are normally presented in the following order, which assists users in understanding the financial statements and comparing them with financial statements of other entities: Examples of systematic ordering or grouping of the notes include:~~
- ~~(a) giving prominence to the areas of its activities that the entity considers to be most relevant to an understanding of its financial performance and financial position, such as grouping together information about particular operating activities;~~
  - ~~(b) grouping together information about items measured similarly such as assets measured at fair value; or~~
  - ~~(c) following the order of the line items in the statement of financial performance and the statement of financial position, such as:~~
    - ~~(a)(i) a statement of compliance with Standards of GRAP (see paragraph .18);~~
    - ~~(b)(ii) a summary of significant accounting policies applied (see paragraph .127);~~
    - ~~(c)(iii) supporting information for items presented on the face of the statement of financial position, statement of financial performance, statement of changes in net assets, cash flow statement or statement of comparison of budget and actual amounts in the order in which each line item and each financial statement is presented; and~~
    - ~~(d)(iv) other disclosures, including:
 
      - ~~(i)(1) contingent liabilities (see GRAP 19) and unrecognised contractual commitments; and~~
      - ~~(ii)(2) non-financial disclosures, e.g. the entity's financial risk management objectives and policies (see GRAP 104).~~~~
- .125 ~~[Deleted]In some circumstances, it may be necessary or desirable to vary the ordering of specific items within the notes. For example, information on changes in fair value recognised in surplus or deficit may be combined with information on maturities of financial instruments although the former disclosures relate to the statement of financial performance and the latter relate to the statement of financial position. Nevertheless, a systematic structure for the notes is retained as far as practicable.~~
- .126 Notes provide information about the basis of preparation of the financial statements and specific accounting policies may be presented as a separate component of the financial statements.



## Disclosure of accounting policies

- .127** *An entity shall disclose ~~in the summary of~~ its significant accounting policies comprising:*
- (a) the measurement basis (or bases) used in preparing the financial statements;*
  - (b) the extent to which the entity has applied any transitional provisions of the Standards of GRAP; and*
  - (c) the other accounting policies that are relevant to an understanding of the financial statements.*
- .128** It is important for users to be informed of the measurement basis (or bases) used in the financial statements (for example, historical cost, current replacement cost, realisable value, fair value, recoverable amount or recoverable service amount) because the basis on which the financial statements are prepared significantly affects their analysis. When more than one measurement basis is used in the financial statements, for example when particular classes of assets are revalued, it is sufficient to provide an indication of the categories of assets and liabilities to which each measurement basis is applied.
- .129** In deciding whether a particular accounting policy should be disclosed, management considers whether disclosure would assist users in understanding how transactions, other events and conditions are reflected in the reported financial performance and financial position. Each entity considers the nature of its operations and the policies that the users of its financial statements would expect to be disclosed for that type of entity. Disclosure of particular accounting policies is especially useful to users when those policies are selected from alternatives allowed in the Standards of GRAP. An example is disclosure of whether a venturer recognises its interest in a jointly controlled entity using proportionate consolidation or the equity method (see the Standard of GRAP on *Interests in Joint Ventures*). Some Standards of GRAP specifically require disclosure of particular accounting policies, including choices made by management between different policies they allow. For example, GRAP 17 requires disclosure of the measurement bases used for classes of property, plant and equipment.
- .130** ~~[Deleted] Each entity considers the nature of its operations and the policies that the users of its financial statements would expect to be disclosed for that type of entity. For example, entities would be expected to disclose an accounting policy for recognition of taxes, donations and other forms of non-exchange revenue. When an entity has significant foreign operations or transactions in foreign currencies, disclosure of accounting policies for the recognition of foreign exchange gains and losses would be expected. When entity combinations have occurred, the policies used for measuring goodwill and non-controlling interest are disclosed.~~
- .131** An accounting policy may be significant because of the nature of the entity's operations even if amounts for current and prior periods are not material. It is also



appropriate to disclose each significant accounting policy that is not specifically required by the Standards of GRAP, but is selected and applied in accordance with GRAP 3.

- .132** *An entity shall disclose, ~~in the summary of~~ along with its significant accounting policies or other notes, the judgements, apart from those involving estimations (see paragraph .135), management has made in the process of applying the entity's accounting policies that have the most significant effect on the amounts recognised in the financial statements.*

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## Transitional provisions

### Initial adoption of the Standards of GRAP

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### Amendments to Standards of GRAP

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- .148A** Paragraphs .11, .38, .79, .80, .96, .98, .123, .124, .127, .129 and .132 were amended, paragraphs .37A, .80A, .98A and .98B were added and paragraphs .125 and .130 were deleted by the Amendments to the Standard of GRAP on Presentation of Financial Statements (2018) issued in April 2019. An entity shall apply these amendments in accordance with GRAP 3. Entities are not required to disclose the information required by paragraphs .30 to .32 of GRAP 3 in relation to these amendments.

## Effective date

### Initial adoption of the Standards of GRAP

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### Entities already applying Standards of GRAP

- .150** *An entity shall apply amendments to this Standard for annual financial statements covering periods beginning on or after 1 April 2023. Earlier application is encouraged. If an entity applies these amendments for a period beginning before 1 April 2023, it shall disclose that fact.*

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## Comparison with the International Public Sector Accounting Standard on *Presentation of Financial Statements* (December 2006)

This Standard is drawn primarily from the International Public Sector Accounting Standard on *Presentation of Financial Statements* (IPSAS 1). The main differences between this Standard and IPSAS 1 are as follows:

- This Standard includes amendments made to the International Accounting Standard® on *Presentation of Financial Statements* by the International Accounting Standards Board® as part of its 2010 *Improvements to IFRS Standards*. ~~It further includes and~~ amendments made to IPSAS 1 as part of the IPSASBs 2010 *Improvements to IPSASs*. It further includes the *Disclosure Initiative (Amendments to IAS 1)* issued by the IASB in December 2014.
- IPSAS 1 describes the residual of total assets after deducting total liabilities as “net assets/equity” whereas this Standard refers to “net assets”.
- Whereas this Standard describes the period of foreseeable future in terms of going concern as 12 months from reporting date, IPSAS 1 refers to the same as 12 months from the approval of the financial statements. This change has been made in accordance with local requirements.
- Paragraphs included in IPSAS 1 have been transferred to the *Framework for the Preparation and Presentation of Financial Statements* and have been deleted from this Standard, for instance, paragraphs that covered the purpose of financial statements and the responsibility for the preparation and presentation of such statements in IPSAS 1.
- The term “management” has been introduced in this Standard to describe those persons that are charged with the responsibility for planning, directing, controlling and exercising-governance over an entity.
- This Standard requires the separate disclosure of expenditure incurred to repair and maintain assets.
- Transitional provisions to this Standard are dealt with differently than in IPSAS 1.
- The appendix with illustrative examples on financial statement structure has been deleted from this Standard.



## **B - Consequential amendments to other Standards of GRAP**

*The purpose of this appendix is to identify the consequential amendments to other Standards of GRAP resulting from the issue of this Standard.*

Amended text is shown with new text underlined and deleted text struck through.

### **B1. GRAP 104 *Financial Instruments***

Amend the following paragraph in GRAP 104:

#### **Accounting policies**

**.103** *In accordance with paragraph .127 of GRAP 1, an entity discloses, ~~in the summary~~ of its significant accounting policies, the measurement basis (or bases) used in preparing the financial statements and the other accounting policies used that are relevant to an understanding of the financial statements.*

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#### **Transitional provisions**

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#### **Amendments to Standards of GRAP**

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Insert the following paragraph after paragraph .135A:

**.135B** *Paragraphs .103 and AG154. were amended by the Amendments to the Standard of GRAP on Presentation of Financial Statements (2018) issued in April 2019. These amendments are effective for annual periods beginning on or after 1 April 2023. Earlier application of these amendments is permitted.*

## **Appendix A - Application guidance**

Amend the following paragraph in the Application Guidance:

### **Accounting policies (paragraph .103)**

**AG154.** *Paragraph .103 requires disclosure of the measurement basis (or bases) used in preparing the financial statements and the other accounting policies used that are relevant to an understanding of the financial statements. For financial instruments, such disclosure may include:*

*(a)...*

*Paragraph .132 of GRAP 1 also requires entities to disclose, ~~in the summary~~*



*of along with its significant accounting policies or other notes, the judgements, apart from those involving estimations, that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.*

## **B2. GRAP 21 *Impairment of Non-cash-generating Assets***

Amend the following paragraph in GRAP 21:

### **Disclosure**

*.74 An entity shall disclose in ~~the summary of~~ its significant accounting policies, the judgements management has made in applying the criteria to designate assets as non-cash-generating assets or cash-generating assets.*

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### **Transitional provisions**

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### **Amendments to Standards of GRAP**

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Insert the following paragraph after paragraph .83B:

**.83C Paragraph .74 was amended by the Amendments to the Standard of GRAP on Presentation of Financial Statements (2018) issued in April 2019. These amendments are effective for annual periods beginning on or after 1 April 2023. Earlier application of these amendments is permitted.**

## **B3. GRAP 26 *Impairment of Cash-generating Assets***

Amend the following paragraph in GRAP 26:

### **Disclosure**

*.116 An entity shall disclose in ~~the summary of~~ its significant accounting policies, the judgements management has made in applying the criteria to designate assets as cash-generating assets or non-cash-generating assets.*

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### **Transitional provisions**

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### **Amendments to Standards of GRAP**



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Insert the following paragraph after paragraph .128B:

**.128C** **Paragraph .116 was amended by the Amendments to the Standard of GRAP on Presentation of Financial Statements (2018) issued in April 2019. These amendments are effective for annual periods beginning on or after 1 April 2023. Earlier application of these amendments is permitted.**