



**ANALYSIS AND RESPONSES TO VERBAL
COMMENT RECEIVED ON
EXPOSURE DRAFT ON AMENDMENTS TO THE
DIRECTIVE ON DETERMINING THE GRAP
REPORTING FRAMEWORK (DIRECTIVE 5)
(ED 208)**



ED 208

RESPONSES TO THE VERBAL COMMENT RECEIVED ON *EXPOSURE DRAFT ON AMENDMENTS TO THE DIRECTIVE ON DETERMINING THE GRAP REPORTING FRAMEWORK (DIRECTIVE 5)* (ED 208)

The Accounting Standards Board (Board) approved an Exposure Draft on *Amendments to the Directive on Determining the GRAP Reporting Framework* (ED 208) in September 2023. A Notice was published in the Government Gazette 50645 on 10 May 2024. The comment period closed on 30 June 2024.

The Exposure Draft was discussed with preparers, auditors, technical specialists and other interested parties by way of roundtable and other discussions. The results of the formal comment process are summarised in this document. The comments have been analysed based on the questions outlined in the Invitation to Comment published by the Board, along with any general comments noted by respondents.

The summary of written comment received on ED 208 is included in a separate analysis.

ANALYSIS OF VERBAL RESPONSES ON ED 208 EXPOSURE DRAFT ON AMENDMENTS TO THE DIRECTIVE ON DETERMINING THE GRAP REPORTING FRAMEWORK (DIRECTIVE 5)

VERBAL COMMENT RECEIVED ON EXPOSURE DRAFT ON AMENDMENTS TO THE DIRECTIVE ON DETERMINING THE GRAP REPORTING FRAMEWORK (DIRECTIVE 5) (ED 208)

No.	Name/Organisation	Preparers	Users	Auditors	Other interested parties
1.	Roundtable with auditors and technical specialists			X	
2.	Public Sector Accounting Forum	X		X	X
3.	Roundtable with Preparers and Treasuries	X			
4.	Office of the Accountant General		X		
5.	Eastern Cape Preparers (GRAP update)	X			
6.	Western Cape Accounting Working committee	X			
7.	National Home Builders Registration Council (NHBRC)	X			

**SUMMARY AND ANALYSIS OF VERBAL COMMENT RECEIVED ON THE EXPOSURE DRAFT
ON AMENDMENTS TO THE DIRECTIVE ON DETERMINING THE GRAP
REPORTING FRAMEWORK (DIRECTIVE 5)**

ANALYSIS OF VERBAL RESPONSES ON ED 208 EXPOSURE DRAFT ON AMENDMENTS TO THE DIRECTIVE ON DETERMINING THE GRAP REPORTING FRAMEWORK (DIRECTIVE 5)

NO.	COMMENT	BOARD'S RESPONSE
<p>General matter for comment</p> <p>Comment on the proposed amendments to Directive 5, as contained in this Exposure Draft, would be welcomed. Particularly, comment is sought on whether the proposed amendments clarify the existing principles in Directive 5. The Board will only consider comment on the proposed amendments. Comment on other paragraphs contained in Directive 5 will not be considered through this Exposure Draft.</p> <p>Comment is most helpful if reference is made to a specific paragraph or group of paragraphs containing the proposed amendments.</p>		
1.1	Roundtable with auditors and technical specialists	
1.1.1	<p>Entities should be allowed to use Amendments to Standards of GRAP to develop accounting policies before the Minister of Finance determines an effective date. Amendments to Standards of GRAP approved by the Board are guidance that the Board has made available to preparers and therefore preparers should be permitted to use the guidance in the preparation of financial statements. It is unclear why the Board is delaying the use of Amendments to Standards of GRAP.</p>	<p>The Standards of GRAP are secondary legislation, and the Minister of Finance is responsible for approving the implementation of this legislation. The Minister of Finance is the authorised body for approving the implementation of both the Standards of GRAP and any amendments to the Standards. Consequently, entities should not use requirements that have not yet been approved by the Minister of Finance to amend existing accounting policies.</p> <p>The definitions were retained and a basis for conclusions paragraph was added to the Directive to explain the Board's conclusion (refer to paragraph BC9.).</p>
1.1.2	<p>It is unclear why entities are not permitted to use the Standard of GRAP on <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> (GRAP 3) to develop accounting policies using Standards of other standard setters.</p>	<p>While management is permitted to develop accounting policies in the absence of a Standard of GRAP dealing with a particular transaction or event, this is provided they do not conflict with the <i>Conceptual Framework</i> and Standards of GRAP.</p> <p>The Board reviews the status of pronouncements issued by the IPSASB and IASB annually to determine pronouncements that form part of the GRAP Reporting Framework. The Board's approach is based on the assessment of the maturity of the environment and responds to stakeholder requests for specific direction from the Board on the pronouncements that should be applied. The pronouncements in the Annexures to the Directive are suitable for the local environment and meet the requirements in GRAP 3 to develop accounting policies.</p> <p>A basis for conclusion paragraph was added to explain the Board's rationale (refer to paragraph BC10.).</p>
1.1.3	<p>In some cases, amendments to a Standard of GRAP are minor, while in other cases, such as the revised Standard of GRAP on <i>Financial Instrument</i> (GRAP 104), there are substantial changes. It might be useful to distinguish between minor and significant amendments and assess the implications of each.</p>	<p>The Board does not distinguish between minor and significant changes to Standards of GRAP; all changes to existing requirements are considered to meet the definition of "Amendments to Standards of GRAP". Amendments do not provide guidance on a transaction or event for which there was previously no requirements.</p>

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NO.	COMMENT	BOARD'S RESPONSE
		A basis for conclusion paragraph was added to explain the Board's rational (refer to paragraph BC9.).
1.1.4	Where a new Standard of GRAP is awaiting ministerial approval, it may be used to develop accounting policies, but no guidance is given on whether to apply the transitional provisions resulting from the use of the new Standard or not.	Management is permitted to use a new Standard to develop accounting policies before the Minister of Finance determines an effective date. Without an effective date approved by the Minister, management cannot adopt the Standard. Transitional provisions apply when initially adopting a Standard.
1.2	Public Sector Accounting Forum	
	None	N/A
1.3	AGSA Technical Audit Support Unit	
	None	N/A
1.4	Roundtable with preparers	
	None	N/A
1.5	EC Preparers (GRAP update)	
	None	N/A
1.6	Western Cape Accounting Working committee	
1.6.1	It is unclear why entities are not allowed to use Amendments to Standards of GRAP (as defined) to develop accounting policies as they are considered guidance made available by the Board for financial statement preparation.	<p>The Standards of GRAP are secondary legislation, and the Minister of Finance is responsible for approving the implementation of the Standards. The Minister of Finance is the authorised body for approving the implementation of both the Standards of GRAP and any amendments to the Standards. Consequently, entities should not use requirements which the implementation has not yet been approved by the Minister of Finance to amend existing accounting policies that are based on approved Standards.</p> <p>A basis for conclusion paragraph was added to explain the Board's rational (refer to paragraph BC9.).</p>
1.6.2	It is unclear why Amendments to Standards of GRAP that affect a significant number of requirements are not regarded as New Standards.	The Board does not distinguish between minor and significant changes to Standards of GRAP. Whether significant or not, amendments do not provide guidance on a transaction or event for which there was previously no

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NO.	COMMENT	BOARD'S RESPONSE
		<p>requirements. Therefore all changes to existing requirements meet the definition of "Amendments to Standards of GRAP".</p> <p>A basis for conclusion paragraph was added to explain the Board's rational (refer to paragraph BC9.).</p>
1.7	NHBRC	
	None	N/A