



240 Madiba Street
Pretoria
0002
Tel. 011 697 0660
Fax. 011 697 0666
www.asb.co.za

TO: MEMBERS OF THE TECHNICAL COMMITTEE

FROM: NABEELA IMAM SHAH

SUBJECT: IMPROVEMENTS TO THE STANDARDS OF GRAP
IGRAP ON FOREIGN CURRENCY TRANSACTIONS AND ADVANCE
CONSIDERATION

DATE: 31 JULY 2023

FILE REF: ATTACHMENT 3(a)

BACKGROUND TO THE PROJECT

1. The Accounting Standards Board (Board) approved the Exposure Drafts (EDs) on the proposed *Improvements to the Standards of GRAP* (ED 201) and the proposed IGRAP on *Foreign Currency Transactions and Advance Consideration* (ED 202) in November 2022. Comment on the EDs closed on 28 April 2023.
2. The analyses of comment and the proposed changes to the EDs were discussed at two project group meetings that were held during June 2023. Project group members supported the proposed actions. The final minutes of the meetings are included as attachments 3(b) and 3(c).

PURPOSE OF THIS MEMORANDUM

3. The purpose of this memorandum is to outline the consultation process followed, and for the Technical Committee to:
 - (a) consider the comment received on ED 201 and ED 202 and the Secretariat's proposed responses thereto, including the issues raised and the amendments proposed to address these. An analyses of the written and verbal comments received are included as attachments 3(d) and 3(e) for ED 201 and attachments 3(g) and 3(h) for ED 202; and
 - (b) recommend the final versions of the proposed *Improvements to the Standards of GRAP* and the proposed IGRAP on *Foreign Currency Transactions and Advance Consideration* to the Board for its consideration. The proposed revisions to ED 201 and ED 202 are included in marked-up text in attachment 3(f) and attachment 3(i), respectively.

Board Members: Ms P Moalusi (Chair), Mr A van der Burgh (Deputy Chair), Mr C Braxton, Ms W de Jager,
Mr D Dlamini, Mr S Khan, Ms A Muller, Ms N Themba
Chief Executive Officer: Ms J Poggiolini Technical Director: Ms E van der Westhuizen

OVERVIEW OF THE CONSULTATION PROCESS

How did the Secretariat raise awareness about ED 201 and ED 202?

4. A Notice was published in the Government Gazette on 23 December 2022 (Notice 47789) outlining a request to comment on the EDs.
5. The Secretariat scheduled three sessions to discuss the EDs with preparers, auditors, consultants and other interested parties by way of virtual engagements. The proposed amendments were also discussed with CIGFARO members and stakeholders from the Western Cape Accounting Working Committee at two other sessions. Awareness of the EDs was created by the Secretariat using various ASB social media platforms.
6. The Board received two comment letters on both EDs from the Office of the Accountant-General and the Office of the Provincial Accountant-General: Free State Provincial Treasury. The Secretariat also received written comment on ED 201 from Swartland Municipality.

Were all the key stakeholders consulted?

7. The Secretariat is of the view that sufficient awareness of the EDs was raised, and that stakeholders, as identified in the project brief, were given sufficient opportunity to participate in the comment process.

AMENDMENTS TO THE EXPOSURE DRAFTS

Improvements to the Standards of GRAP

8. Stakeholders were supportive of the ED. The comment received was minor. Amendments to the ED based on comment from stakeholders are marked-up in attachment 3(f).

Proposed effective date

9. Based on the principles set out in the Board's Due Process Handbook, new or revised requirements should be in the public domain at least a year before they become effective. 1 April 2025 is therefore the earliest proposed effective date that can be recommended to the Minister. This date is based on an approval of the effective date being made by the Minister by 31 March 2024. If that is not the case, the date would need to be extended by a year. This will ensure that entities are aware of the improvements to the Standards of GRAP and have at least a year to implement the changes.

ACTION REQUESTED #1

The Technical Committee is requested to:

- (a) REVIEW the analysis of written and verbal comment and the Secretariat's proposed responses thereto;**
- (b) REVIEW the amendments to ED 201, and if deemed appropriate, RECOMMEND the final amendments to the Board for its consideration; and**
- (c) CONFIRM that a date of 1 April 2025 be recommended to the Board as the effective date for the *Improvements to the Standards of GRAP* to be submitted to the Minister of Finance.**

IGRAP on Foreign Currency Transactions and Advance Consideration

10. Stakeholders were supportive of the ED. There are no proposed revisions to the ED based on the comment received. The proposed final IGRAP is included as attachment 3(i).

Proposed effective date

11. Based on the principles set out in the Board's Due Process Handbook, new or revised requirements should be in the public domain at least a year before they become effective. 1 April 2025 is therefore the earliest possible effective date that can be recommended to the Board.

ACTION REQUESTED #2

The Technical Committee is requested to:

- (a) REVIEW the analysis of written and verbal comment and the Secretariat's proposed responses thereto;**
- (b) If deemed appropriate, RECOMMEND the final IGRAP to the Board for its consideration; and**
- (c) CONFIRM that a date of 1 April 2025 be recommended to the Board as the effective date for the IGRAP.**

NEXT STEPS

12. If the proposed amendments are recommended by the Technical Committee, the Board will consider the final *Improvements to the Standards of GRAP* and the final IGRAP on *Foreign Currency Transactions and Advance Consideration* at its September 2023 meeting.
13. Following the approval of the final amendments by the Board, a recommendation will be made to the Minister of Finance to determine the effective date for the *Improvements to Standards of GRAP*.