ACCOUNTING STANDARDS BOARD

IMPROVEMENTS TO STANDARDS OF GRAP (2026)

Issued by the
Accounting Standards Board

xx 2026

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*[1].

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.

[1] 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*.

Contents

Improvements to Standards of Generally Recognised Accounting Practice (GRAP) (2026)

A1. Improvements to the Standard of GRAP on *Presentation of Financial Statements*

The amendments to the Standard of GRAP on *Presentation of Financial Statements* (GRAP 1) are:

Type of amendment	**Paragraph reference**	**Summary of proposed amendment**
General Improvements	Added paragraph .38A	Included a paragraph requiring entities to disclose materiality judgements made in preparing financial statements (in accordance with paragraph .132).
Classification of liabilities as current or non-current (Amendments to IAS 1 *Presentation of Financial Statements*) (issued in January 2020) Non-current liabilities with covenants (Amendments to IAS 1) (issued in October 2022)	Amend paragraphs: .62, .71 to .78 Added paragraphs: .74A, .74B, .77A, .78A to .78C	The amendments clarify the principles related to: • the right to defer settlement for at least twelve months (with or without covenants); and • the meaning of "settlement" when a liability is rolled over under an existing loan facility.

ACCOUNTING STANDARDS BOARD

Amendments to the Standard of GRAP on *Presentation of Financial Statements*

Amended text is shown with new text underlined and deleted text struck through. The following paragraphs in the Standard of GRAP on *Presentation of Financial Statements* (GRAP 1) are amended:

Materiality and aggregation

…

.38A An entity should disclose the materiality judgements made in preparing the financial statements, in accordance with paragraph .132. An entity should disclose the nature of those judgements and how they were applied in determining the information presented in the financial statements.

…

Statement of financial position

Current/non-current distinction

.62 An entity shall present current and non-current assets, and current and non-current liabilities, as separate classifications on the face of its statement financial position in accordance with paragraphs .68 to .78C except when a presentation based on liquidity provides information that is reliable and more relevant. When that exception applies, all assets and liabilities shall be presented broadly in order of their liquidity.

Current liabilities

.71 A liability shall be classified as current when it satisfies any of the following criteria:

(a) it is expected to be settled in the entity's normal operating cycle;

(b) it is held primarily for the purpose of being traded;

(c) it is due to be settled within twelve months after the reporting date; or

(d) the entity ~~it~~ does not have ~~an unconditional~~ the right at the reporting date to defer settlement of the liability for at least twelve months after the reporting date ~~(see paragraph .75). Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification~~.

All other liabilities shall be classified as non-current.

Normal operating cycle (paragraph .71 (a))

.72 Some current liabilities, such as government transfers payable and accruals for employee and other operating costs, are part of the working capital used in the normal operating cycle of the entity. Such operating items are classified as current liabilities even if they are due to be settled more than twelve months after the reporting date. The same normal operating cycle applies to the classification of an entity's assets and liabilities. When the entity's normal operating cycle is not clearly identifiable, its duration is assumed to be twelve months.

Held primarily for the purpose of trading (paragraph .71(b) or due to be settled within twelve months (paragraph .71(c))

.73 Other current liabilities are not settled as part of the normal operating cycle, but are due for settlement within twelve months after the reporting date or held primarily for the purpose of being traded. Examples are some financial liabilities that meet the definition of held for trading in GRAP 104, bank overdrafts, and the current portion of non-current financial liabilities, dividends or similar distributions payable, income taxes and other non-trade payables. Financial liabilities that provide financing on a long-term basis (i.e. are not part of the working capital used in the entity's normal operating cycle) and are not due for settlement within twelve months after the reporting date, are non-current liabilities, subject to paragraphs ~~.76 and .77~~ .74A to .77.

.74 An entity classifies its financial liabilities as current when they are due to be settled within twelve months after the reporting date, even if:

(a) the original term was for a period of longer than twelve months; and

(b) an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting date and before the financial statements are authorised for issue.

Right to defer settlement for at least twelve months (paragraph .71(d))

.74A An entity's right to defer settlement of a liability for at least twelve months after the reporting date must have substance and, as illustrated in paragraphs .74B to .77, must exist at the reporting date.

.74B An entity's right to defer settlement of a liability arising from a loan arrangement for at least twelve months after the reporting date may be subject to the entity complying with conditions specified in that loan agreement (hereafter referred to as "covenants"). For the purposes of applying paragraph .71(d), such covenants:

(a) Affect whether that right exists at the reporting date - as illustrated in paragraphs .76 to .77, if an entity is required to comply with the covenant on or before the reporting date. Such a covenant affects whether the right exists at the reporting date, even if compliance with the covenant is assessed only after the reporting date (for example, a covenant based on the entity's financial position at the reporting date but assessed for compliance only after the reporting date).

(b) Do not affect whether that right exists at the reporting date if an entity is required to comply with the covenant only after the reporting date (for example, a covenant based on the entity's financial position six months after the reporting date).

.75 If an entity ~~expects, and~~ has the ~~discretion~~ right, at the reporting date, to ~~refinance or~~ roll over an obligation for at least twelve months after the reporting date under an existing loan facility, it classifies the obligation as non-current even if it would otherwise be due within a shorter period. ~~However, when refinancing or rolling over the obligation is not at the discretion of the entity (for example there is no agreement to refinance)~~. If the entity has no such right, the entity does not consider the potential to refinance ~~is not considered~~ and classifies the obligation ~~is classified~~ as current.

.76 When an entity breaches ~~an undertaking or~~ a covenant ~~under~~ of a long-term loan agreement on or before the reporting date with the effect that the liability becomes payable on demand, the liability is classified as current, even if the lender has agreed, after the reporting date and before the authorisation of the financial statements for issue, not to demand payment as a consequence of the breach. The liability is classified as current because, at the reporting date, the entity does not have ~~an unconditional~~ the right to defer its settlement for at least twelve months after that date.

.77 However, the liability is classified as non-current if the lender agreed by the reporting date to provide a period of grace ending at least twelve months after the reporting date, within which the entity can rectify a breach and during which the lender cannot demand immediate repayment.

.77A Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least twelve months after the reporting date. If a liability meets the criteria in paragraph .71 for classification as non-current, it is classified as non-current even if management intends or expects the entity to settle the liability within twelve months after the reporting date, or even if the entity settles the liability between the reporting date and the date the financial statements are authorised for issue. However, in either of those circumstances, the entity may need to disclose information about the timing of settlement to enable users of financial statements to understand the impact of the liability on the entity's financial position (see paragraphs .19(c) and.78 (d)).

.78 ~~In respect of loans classified as current liabilities, if~~ If the following events occur between the reporting date and the date the financial statements are authorised for issue, those events qualify for disclosure as non-adjusting events in accordance with the Standard of GRAP on *Events After the Reporting Date*:

(a) refinancing on a long-term basis~~;~~ of a liability classified as current (see paragraph .74);

(b) rectification of a breach of a long-term loan agreement classified as current (see paragraph .76); ~~and~~

(c) the receipt from the lender of a period of grace to rectify a breach of a long-term loan agreement classified as current (see paragraph .77); and ~~ending at least twelve months after the reporting date.~~

(d) settlement of a liability classified as non–current (see paragraph .77A).

.78A In applying paragraphs .71 to .77, an entity might classify liabilities arising from loan arrangements as non-current when the entity's right to defer settlement of those liabilities is subject to the entity complying with covenants within twelve months after the reporting date (see paragraph .74B(b)). In such situations, the entity shall disclose information in the notes that enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period, including:

(a) Information about the covenants (including the nature of the covenants and when the entity is required to comply with them) and the carrying amount of related liabilities.

(b) Facts and circumstances, if any, that indicate the entity may have difficulty complying with covenants, for example, the entity having acted during or after the reporting date to avoid or mitigate a potential breach. Such facts and circumstances could also include the fact that the entity would not have complied with the covenants if they were to be assessed for compliance based on the entity's circumstances at the reporting date.

Settlement (paragraphs .71(a), .71(c) and .71(d))

.78B For the purpose of classifying a liability as current or non-current, settlement refers to a transfer to the counterparty that results in the extinguishment of the liability. The transfer could be of:

(a) cash or other resources (for example, goods or services); or

(b) the entity's own equity instruments, unless paragraph .78C applies.

.78C Terms of a liability that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments do not affect its classification as current or non-current if, applying the Standard of GRAP on *Financial Instruments*, the entity classifies the option as an equity instrument, recognising it separately from the liability as an equity component of a compound financial instrument.

…

Effective date

…

Entities already applying Standards of GRAP

.150F ***Paragraph .38A was added by the Improvements to the Standards of GRAP issued [Month Year]. An entity shall apply this amendment retrospectively for annual financial periods beginning on or after [proposed as 1 April 2028]. Earlier application is permitted. If an entity elects to apply this amendment earlier, it shall disclose this fact.***

.150G ***Paragraphs .78A to .78C were added and paragraphs .62, .71, .73, .75, .76 and .78 were amended by the Improvements to the Standards of GRAP issued [Month Year]. An entity shall apply these amendments retrospectively for annual financial periods beginning on or after [proposed as 1 April 2028]. Earlier application is permitted. If an entity elects to apply these amendments earlier, it shall disclose this fact.***

…

Basis for conclusions

This basis for conclusions gives the Accounting Standards Board's (the Board's) reasons for accepting or rejecting certain proposals related to the presentation of financial statements. This basis for conclusions accompanies, but is not part of, this Standard.

BC1. As part of the *Improvements to the Standards of GRAP (2026)*, the Board considered that while paragraph .132 already requires the disclosure of judgements used in preparing financial statements, entities were not consistently disclosing how materiality-related judgements were made. The Board noted that the Guideline on *The Application of Materiality to Financial Statements* was not well applied in practice and made the amendment to emphasise the application of paragraph .132.

A2. Improvements to the Standard of GRAP on *Accounting Policies, Changes in Accounting Estimates and Errors*

The amendments to the Standard of GRAP on *Accounting Policies, Changes in Accounting Estimates and Errors* (GRAP 3) are:

Type of amendment	Paragraph reference	Summary of proposed amendment
General Improvements	Amended: paragraphs .30, .32 and .33	Clarify that the requirements in paragraphs .30, .32 and .33 of GRAP 3 apply to new and amended Standards of GRAP as defined in the Directive on *Determining the GRAP Reporting Framework* (Directive 5).

Amendments to the Standard of GRAP on *Accounting Policies, Changes in Accounting Estimates and Errors*

Amended text is shown with new text underlined and deleted text struck through. The following paragraphs in the Standard of GRAP on *Accounting Policies, Changes in Accounting Estimates and Errors* (GRAP 3) are amended:

Disclosure

.30 ***When initial application of a new or amended Standard of GRAP[2] has an effect on the current period or any prior period, would have such an effect except that it is impracticable to determine the amount of the adjustment, or might have an effect on future periods, an entity shall disclose:***

- ***(a) the title of the Standard;***
- ***(b) when applicable, that the change in accounting policy is made in accordance with its transitional provisions;***
- ***(c) the nature of the change in accounting policy;***
- ***(d) when applicable, a description of the transitional provisions;***
- ***(e) when applicable, the transitional provisions that might have an effect on future periods;***
- ***(f) for the current period and each prior period presented, to the extent practicable, the amount of the adjustment for each financial statement line item affected;***
- ***(g) the amount of the adjustment relating to periods before those presented, to the extent practicable; and***
- ***(h) if retrospective application required by paragraph .21(a) or (b) is impracticable for a particular prior period, or for periods before those presented, the circumstances that led to the existence of that condition and a description of how and from when the change in accounting policy has been applied.***

Financial statements of subsequent periods need not repeat these disclosures.

.32 ***When an entity has not applied a new or amended Standard of GRAP[2], that has been issued but is not yet effective, the entity shall disclose:***

(a) this fact; and

[2] New or amended Standard of GRAP as defined in the Directive on *Determining the GRAP Reporting Framework* (Directive 5).

(b) known or reasonably estimable information relevant to assessing the possible impact that application of the new or amended Standard will have on the entity's financial statements in the period of initial application.

.33 In complying with paragraph .32, an entity considers disclosing:

(a) the title of the new or amended Standard[2];

(b) the nature of the impending change or changes in accounting policy;

…

Effective date

…

Entities already applying Standards of GRAP

…

.57B Paragraphs .30, .32 and .33 were amended by the Improvements to the Standards of GRAP issued [Month Year]. An entity shall apply these amendments retrospectively for annual financial periods beginning on or after [proposed as 1 April 2028]. Earlier application is permitted. If an entity elects to apply these amendments earlier, it shall disclose this fact.

Basis for conclusions

…

Improvement to Standards of GRAP (2026)

BC3. As part of the amendments to the Directive on *Determining the GRAP Reporting Framework* (Directive 5), updated September 2024, definitions were introduced for "new Standards of GRAP" and "amended Standards of GRAP". These definitions refer only to the Standards of GRAP. The Board noted that this may result in inconsistencies in how the term "Standards of GRAP" is interpreted, as the definition of "Standards of GRAP" in the Standard of GRAP on *Presentation of Financial Statements* (GRAP 1) and this Standard refers to Standards of GRAP, Interpretations of the Standards of GRAP and Directives. To address this issue, the Board amended paragraphs .30, .32 and .33 of this Standard to clarify that, in that context, the term "Standards of GRAP" refers to the definitions in Directive 5.

A3. Improvements to the Standard of GRAP on *The Effects of Changes in Foreign Exchange Rates*

The amendments to the Standard of GRAP on *The Effects of Changes in Foreign Exchange Rates* (GRAP 4) are:

Type of amendment	**Paragraph reference**	**Summary of proposed amendment**
Lack of Exchangeability (Amendments to IAS 21)	Added paragraphs: .07A, .07B, .19A, .62A, .62B, .66C and Appendix A Amended paragraphs: .07 and .27	Amendments define the exchangeability into another currency and provide guidance on estimating the spot exchange rate when exchangeability is lacking.

Amendments to the Standard of GRAP on *The Effects of Changes in Foreign Exchange Rates*

Amended text is shown with new text underlined and deleted text struck through. The following paragraphs in the Standard of GRAP on *The Effects of Changes in Foreign Exchange Rates* (GRAP 4) are amended:

…

Definitions

.07 The following terms are used in this Standard with the meanings specified:

…

A currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

Exchangeable (see Appendix A paragraphs AG2. to AG10.)

.07A An entity assesses whether a currency is exchangeable into another currency:

(a) at a measurement date; and

(b) for a specified purpose.

.07B If an entity is able to obtain no more than an insignificant amount of the other currency at the measurement date for the specified purpose, the currency is not exchangeable into the other currency.

…

Estimating the spot exchange rate when a currency is not exchangeable (see Appendix A paragraphs AG11. to AG17.)

.19A An entity shall estimate the spot exchange rate at a measurement date when a currency is not exchangeable into another currency (as described in paragraphs .07, .07A to .07B and Appendix A paragraphs AG2. to AG10.) at that date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions.

Reporting foreign currency transactions in the functional currency

…

Reporting at subsequent reporting dates

…

.27 When several exchange rates are available, the rate used is that at which the future cash flows represented by the transaction or balance could have been settled if those cash flows had occurred at the measurement date. ~~If exchangeability between two currencies is temporarily lacking, the rate used is the first subsequent rate at which exchanges could be made.~~

…

Disclosure

…

.62A When an entity estimates a spot exchange rate because a currency is not exchangeable into another currency (see paragraph .19A), the entity shall disclose information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows. To achieve this objective, an entity shall disclose information about:

- ***(a) the nature and financial effects of the currency not being exchangeable into the other currency;***
- ***(b) the spot exchange rate(s) used;***
- ***(c) the estimation process; and***
- ***(d) the risks to which the entity is exposed because of the currency not being exchangeable into the other currency.***

.62B Appendix A paragraphs AG18. to AG20. specify how an entity applies paragraph .62A.

…

Effective date

…

Entities already applying Standards of GRAP

…

.66C ***Paragraphs .07A, .07B, .19A, .27A, .62A, .62B and Appendix A paragraph AG1. were added, and paragraphs .07 and .27 were amended by the Improvements to the Standards of GRAP issued [Month Year]. An entity shall apply these amendments for annual financial periods beginning on or after [proposed as 1 April 2028]. Earlier application is permitted. If an entity elects to apply these amendments earlier, it shall disclose this fact.***

.66D ***In applying the Improvements to the Standards of GRAP (2026), an entity shall not restate comparative information. Instead:***

(a) when the entity reports foreign currency transactions in its functional currency, and, at the date of initial application, concludes that its functional currency is not exchangeable into the foreign currency or, if applicable, concludes that the foreign currency is not exchangeable into its functional currency, the entity shall, at the date of initial application:

(i) translate affected foreign currency monetary items, and non-monetary items measured at fair value in a foreign currency, using the estimated spot exchange rate at that date; and

(ii) recognise any effect of initially applying the amendments as an adjustment to the opening balance of accumulated surplus/deficit.

(b) when the entity uses a presentation currency other than its functional currency, or translates the results and financial position of a foreign operation, and, at the date of initial application, concludes that its functional currency (or the foreign operation's functional currency) is not exchangeable into its presentation currency or, if applicable, concludes that its presentation currency is not exchangeable into its functional currency (or the foreign operation's functional currency), the entity shall, at the date of initial application:

(i) translate affected assets and liabilities using the estimated spot exchange rate at that date;

(ii) translate affected items in net assets using the estimated spot exchange rate at that date if the entity's functional currency is hyperinflationary; and

(iii) recognise any effect of initially applying the amendments as an adjustment to the cumulative amount of exchange differences — accumulated in a separate component of net assets.

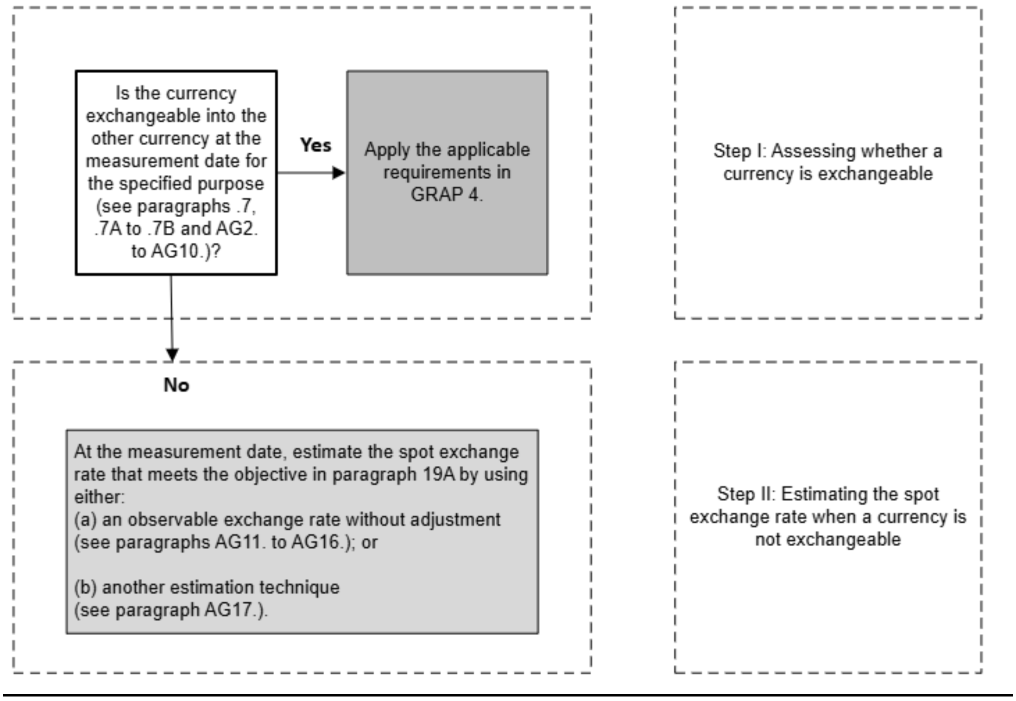
…

Appendix A - Application guidance

This appendix is an integral part of this Standard.

Exchangeability

AG1. The purpose of the following diagram is to help entities assess whether a currency is exchangeable and estimate the spot exchange rate when a currency is not exchangeable.



Step I: Assessing whether a currency is exchangeable (paragraphs .07 and .07A to .07B)

AG2. Paragraphs AG3. to AG10. set out application guidance to help an entity assess whether a currency is exchangeable into another currency. An entity might determine that a currency is not exchangeable into another currency, even though that other currency might be exchangeable in the other direction. For example, an entity might determine that currency PC is not exchangeable into currency LC, even though currency LC is exchangeable into currency PC.

Time frame

AG3. Paragraph .07 defines a spot exchange rate as the exchange rate for immediate delivery. However, an exchange transaction might not always complete instantaneously because of legal or regulatory requirements, or for practical reasons such as public holidays. A normal administrative delay in obtaining the other currency does not preclude a currency from being exchangeable into that other currency. What constitutes a normal administrative delay depends on facts and circumstances.

Ability to obtain the other currency

AG4. In assessing whether a currency is exchangeable into another currency, an entity shall consider its ability to obtain the other currency, rather than its intention or decision to do so. Subject to the other requirements in paragraphs AG2. to AG10., a currency is exchangeable into another currency if an entity is able to obtain the other currency — either directly or indirectly — even if it intends or decides not to do so. For example, subject to the other requirements in paragraphs AG2. to AG10., regardless of whether the entity intends or decides to obtain PC, currency LC is exchangeable into currency PC if an entity is able to either exchange LC for PC, or exchange LC for another currency (FC) and then exchange FC for PC.

Markets or exchange mechanisms

AG5. In assessing whether a currency is exchangeable into another currency, an entity shall consider only markets or exchange mechanisms in which a transaction to exchange the currency for the other currency would create enforceable rights and obligations. Enforceability is a matter of law. Whether an exchange transaction in a market or exchange mechanism would create enforceable rights and obligations depends on facts and circumstances.

Purpose of obtaining the other currency

AG6. Different exchange rates might be available for different uses of a currency. For example, a foreign jurisdiction facing pressure on its balance of payments might wish to deter capital remittances (such as dividend payments or similar distributions) to other jurisdictions (such as South Africa) but encourage imports of specific goods from those jurisdictions. In such circumstances, the foreign jurisdiction might:

(a) set a preferential exchange rate for imports of those goods and a "penalty" exchange rate for capital remittances to other jurisdictions (such as South

Africa), thus resulting in different exchange rates applying to different exchange transactions; or

(b) make the foreign currency available only to pay for imports of those goods and not for capital remittances to other jurisdictions (such as South Africa).

AG7. Accordingly, whether a currency is exchangeable into another currency could depend on the purpose for which the entity obtains (or hypothetically might need to obtain) the other currency. In assessing exchangeability:

(a) When an entity reports foreign currency transactions in its functional currency (see paragraphs .20 to .38), the entity shall assume its purpose in obtaining the other currency is to realise or settle individual foreign currency transactions, assets or liabilities.

(b) When an entity uses a presentation currency other than its functional currency (see paragraphs .39 to .45), the entity shall assume its purpose in obtaining the other currency is to realise or settle its net assets or net liabilities.

(c) When an entity translates the results and financial position of a foreign operation into the presentation currency (see paragraphs .46 to .52), the entity shall assume its purpose in obtaining the other currency is to realise or settle its net investment in the foreign operation.

AG8. An entity's net assets or net investment in a foreign operation might be realised by, for example:

(a) the distribution of a financial return to the entity's owners;

(b) the receipt of a financial return from the entity's foreign operation; or

(c) the recovery of the investment by the entity or the entity's owners, such as through disposal of the investment.

AG9. An entity shall assess whether a currency is exchangeable into another currency separately for each purpose specified in paragraph AG7. For example, an entity shall assess exchangeability for the purpose of reporting foreign currency transactions in its functional currency (see paragraph AG7(a).) separately from exchangeability for the purpose of translating the results and financial position of a foreign operation (see paragraph AG7(c).).

Ability to obtain only limited amounts of the other currency

AG10. A currency is not exchangeable into another currency if, for a purpose specified in paragraph AG7., an entity is able to obtain no more than an insignificant amount of the other currency. An entity shall assess the significance of the amount of the other currency it is able to obtain for a specified purpose by comparing that amount with the total amount of the other currency required for that purpose. For example, an entity with a functional currency of LC has liabilities denominated in currency FC. The entity assesses whether the total amount of FC it can obtain for the purpose of settling those liabilities is no more than an insignificant amount compared with the aggregated amount (the sum) of its liability balances denominated in FC.

Step II: Estimating the spot exchange rate when a currency is not exchangeable (paragraph .19A)

AG11. This Standard does not specify how an entity estimates the spot exchange rate to meet the objective in paragraph .19A. An entity can use an observable exchange rate without adjustment (see paragraphs AG12. to AG16.) or another estimation technique (see paragraph AG17.).

Using an observable exchange rate without adjustment

AG12. In estimating the spot exchange rate as required by paragraph .19A, an entity may use an observable exchange rate without adjustment if that observable exchange rate meets the objective in paragraph .19A. Examples of an observable exchange rate include:

(a) a spot exchange rate for a purpose other than that for which an entity assesses exchangeability (see paragraphs AG13. to AG14.); and

(b) the first exchange rate at which an entity is able to obtain the other currency for the specified purpose after exchangeability of the currency is restored (first subsequent exchange rate) (see paragraphs AG15. to AG16.).

Using an observable exchange rate for another purpose

AG13. A currency that is not exchangeable into another currency for one purpose might be exchangeable into that currency for another purpose. For example, an entity might be able to obtain a currency to import specific goods but not to pay dividends or similar distributions. In such situations, the entity might conclude that an observable exchange rate for another purpose meets the objective in paragraph .19A. If the rate meets the objective in paragraph .19A, an entity may use that rate as the estimated spot exchange rate.

AG14. In assessing whether such an observable exchange rate meets the objective in paragraph .19A, an entity shall consider, among other factors:

(a) Whether several observable exchange rates exist – the existence of more than one observable exchange rate might indicate that exchange rates are set to encourage, or deter, entities from obtaining the other currency for particular purposes. These observable exchange rates might include an "incentive" or "penalty" and therefore might not reflect the prevailing economic conditions.

(b) The purpose for which the currency is exchangeable – if an entity is able to obtain the other currency only for limited purposes (such as to import emergency supplies), the observable exchange rate might not reflect the prevailing economic conditions.

(c) The nature of the exchange rate – a free-floating observable exchange rate is more likely to reflect the prevailing economic conditions than an exchange rate set through regular interventions by the relevant authorities.

(d) The frequency with which exchange rates are updated – an observable exchange rate unchanged over time is less likely to reflect the prevailing economic conditions than an observable exchange rate that is updated on a daily basis (or even more frequently).

Using the first subsequent exchange rate

AG15. A currency that is not exchangeable into another currency at the measurement date for a specified purpose might subsequently become exchangeable into that currency for that purpose. In such situations, an entity might conclude that the first subsequent exchange rate meets the objective in paragraph .19A. If the rate meets the objective in paragraph .19A, an entity may use that rate as the estimated spot exchange rate.

AG16. In assessing whether the first subsequent exchange rate meets the objective in paragraph .19A, an entity shall consider, among other factors:

(a) The time between the measurement date and the date at which exchangeability is restored - the shorter this period, the more likely the first subsequent exchange rate will reflect the prevailing economic conditions.

(b) Inflation rates - when an economy is subject to high inflation, including when an economy is hyperinflationary (as specified in the Standard of GRAP on *Financial Reporting in Hyperinflationary Economies* (GRAP 10)), prices often change quickly, perhaps several times a day. Accordingly, the first subsequent exchange rate for a currency of such an economy might not reflect the prevailing economic conditions.

Using another estimation technique

AG17. An entity using another estimation technique may use any observable exchange rate including rates from exchange transactions in markets or exchange mechanisms that do not create enforceable rights and obligations and adjust that rate, as necessary, to meet the objective in paragraph .19A.

Disclosure when a currency is not exchangeable

AG18. An entity shall consider how much detail is necessary to satisfy the disclosure objective in paragraph .62A. An entity shall disclose the information specified in paragraphs AG19. to AG20. and any additional information necessary to meet the disclosure objective in paragraph .62A.

AG19. In applying paragraph .62A, an entity shall disclose:

(a) the currency and a description of the restrictions that result in that currency not being exchangeable into the other currency;

(b) a description of affected transactions;

(c) the carrying amount of affected assets and liabilities;

(d) the spot exchange rates used and whether those rates are:

(i) observable exchange rates without adjustment (see paragraphs AG12. to AG16.); or

(ii) spot exchange rates estimated using another estimation technique (see paragraph AG17.);

(e) a description of any estimation technique the entity has used, and qualitative and quantitative information about the inputs and assumptions used in that estimation technique; and

(f) qualitative information about each type of risk to which the entity is exposed because the currency is not exchangeable into the other currency, and the nature and carrying amount of assets and liabilities exposed to each type of risk.

AG20. When a foreign operation's functional currency is not exchangeable into the presentation currency or, if applicable, the presentation currency is not exchangeable into a foreign operation's functional currency, an entity shall also disclose:

(a) the name of the foreign operation; whether the foreign operation is a controlled entity, joint operation, joint venture, associate or branch; and its principal place of operations;

(b) summarised financial information about the foreign operation; and

(c) the nature and terms of any contractual arrangements that could require the entity to provide financial support to the foreign operation, including events or circumstances that could expose the entity to a loss.

…

Basis for conclusions

This basis for conclusions gives the Accounting Standards Board's (the Board's) reasons for accepting or rejecting certain proposals related to the accounting for the effects of changes in foreign exchange rates. This basis for conclusions accompanies, but is not part of, this Standard.

BC1. As part of the *Improvements to Standards of GRAP (2026)*, the Board considered amendments made to the IAS on *The Effects of Changes in Foreign Exchange Rates*, particularly the guidance on assessing the exchangeability of a currency. The Board considered this guidance useful for the local environment, especially in circumstances where exchangeability is lacking.

A4. Improvements to the Standard of GRAP on *Property, Plant and Equipment*

The amendments to the Standard of GRAP on *Property, Plant and Equipment* (GRAP 17) are:

Type of amendment	**Paragraph reference**	**Summary of proposed amendment**
IPSAS 45, *Property, Plant and Equipment: AG4. to AG6.*	Amended paragraph .12. Added paragraphs .12A and .12B	Amendments provide guidance to assist in the recognition of infrastructure assets, including examples of these assets.
IPSAS 45, *Property, Plant and Equipment: IG34. to IG 38. and IG 41. to IG 44.*	Added implementation guidance: paragraphs IG1. to IG9.	Amendments provide guidance on separately depreciated infrastructure assets and under maintenance of infrastructure assets.

Amendments to the Standard of GRAP on *Property, Plant and Equipment*

Amended text is shown with new text underlined and deleted text struck through. The following paragraphs in the Standard of GRAP on *Property, Plant and Equipment* (GRAP 17) are amended:

Recognition

…

Infrastructure assets

.12 Some items of property, plant and equipment ~~assets~~ are ~~commonly~~ described as ~~“~~infrastructure assets~~”.~~ because they comprise a number of assets that make up networks or systems that serve the community at large. Generally, infrastructure assets have long lives because the number of assets that make up these networks or systems are continually maintained, replaced and refurbished. If a number of these assets were removed, the network or system may not achieve its service potential objective. ~~While there is no universally accepted definition of infrastructure assets, these assets usually display some or all of the following characteristics:~~

~~(a) they are part of a system or network;~~

~~(b) they are specialised in nature and do not have alternative uses;~~

~~(c) they are immovable; and~~

~~(d) they may be subject to constraints on disposal.~~

~~Although ownership of infrastructure assets is not confined to entities in the public sector, significant infrastructure assets are frequently found in the public sector. Infrastructure assets meet the definition of property, plant and equipment and shall be accounted for in accordance with this Standard. Examples of infrastructure assets include road networks, sewer systems, water and power supply systems and communication networks.~~

.12A Infrastructure assets typically have the following distinguishing characteristics:

(a) they are part of a system or network; and

(b) they have long useful lives.

.12B Although not confined to entities in the public sector, significant infrastructure assets are frequently found in the public sector. Examples include:

(a) electricity transmission networks, which may comprise assets such as power generating plants, substations, switchyards, transmission line towers, distribution system equipment, energy control centres, communication systems and equipment, emergency power backup equipment, emergency operations centres, and service and maintenance facilities;

(b) road networks, which may comprise assets such as pavements, formation, curbs and channels, footpaths, bridges, signals and lighting; and

(c) water systems, which may comprise assets such as dams, pipelines, tunnels, canals, terminal reservoirs, tanks, wells, pumps, and treatment plants.

Effective date

…

Entities already applying Standards of GRAP

…

.102E ***Paragraphs .12A and .12B were added and paragraph .12 was amended by the Improvements to the Standards of GRAP issued [Month Year]. An entity shall apply these amendments retrospectively for annual financial periods beginning on or after [proposed as 1 April 2028]. Earlier application is permitted. If an entity elects to apply these amendments earlier, it shall disclose this fact.***

…

Appendix A – Implementation guidance

This guidance accompanies, but is not part of, this Standard.

Identifying parts of infrastructure assets that should be separately depreciated

What should be considered when identifying parts of infrastructure asset networks or systems for financial reporting purposes?

IG1. An entity allocates the amount initially recognised in respect of an item of property, plant and equipment to its significant parts and depreciates separately each part that will have a material impact or effect on determining the annual depreciation expense.

IG2. Property, plant and equipment, including infrastructure assets do not require separate recognition beyond the level required for financial reporting purposes. This Standard requires:

(a) items with a cost or value that is significant in relation to the total cost of the item shall be depreciated separately; and

(b) significant parts of property, plant and equipment to be grouped with other significant parts that have similar useful lives and/or depreciation methods when determining the depreciation charge.

IG3. One of the characteristics of infrastructure assets is that they are networks or systems comprised by a number of assets. Each of those assets or groups of similar assets may be a separate unit of account and may have parts.

IG4. Judgement is required in determining whether those parts of the assets or similar group of assets that make up the infrastructure asset networks or systems are significant in relation to the whole infrastructure asset network or system when determining whether or not to treat them separately. For financial reporting purposes, the following indicators can be helpful in identifying significant parts of an item of property, plant and equipment:

(a) parts should be separately identifiable and measurable;

(b) parts should have significant value in relation to the asset; and

(c) parts should have different estimated useful lives.

IG5. The entity must consider the facts and circumstances of the transaction as a whole and materiality to determine the significant parts for the purposes of calculating depreciation.

Impairment

Under-maintenance of assets

Could under-maintenance impact the measurement of items of property, plant and equipment that require constant maintenance, such as infrastructure assets?

IG6. Yes, under-maintenance may affect the measurement of property, plant and equipment. It may also impact on the residual value and useful life of the property, plant and equipment.

IG7. Under-maintenance of assets occurs when the level of maintenance of an asset is insufficient to maintain the service potential or the useful life of the asset.

IG8. Under-maintenance does not, in itself, indicate impairment. The entity assesses whether under-maintenance has resulted in a significant decline in the service potential or future economic benefits of an asset and whether this gives rise to indicators of impairment. In addition, the entity considers whether the effects of under-maintenance result in a need to reassess the useful life and residual value of the asset.

IG9. The relevant guidance for impairment is available in paragraph .74 and in the Standards of GRAP on *Impairment of Non-cash-generating Assets* or *Impairment* *of Cash-generating Assets*. The relevant guidance for assessing residual value and the useful life of property, plant and equipment is available in paragraphs .56 and .57.

IG10. No liability should be recognised when property, plant and equipment are not adequately maintained, because the Standard of GRAP on *Provisions, Contingent Liabilities and Contingent Assets* is clear that there is no present obligation to recognise maintenance expenses that will be incurred in future.

…

Basis for conclusions

…

BC21. As part of the *Improvements to Standards of GRAP (2026)*, the Board included guidance from the IPSAS on *Property, Plant and Equipment* on infrastructure assets. The Board noted that this guidance may be useful in addressing local issues, particularly those related to the recognition of these assets.

A5. Improvements to the Standard of GRAP on *Segment Reporting*

The amendments to the Standard of GRAP on *Segment Reporting* (GRAP 18) are:

Type of amendment	**Paragraph reference**	**Summary of proposed amendment**
General Improvement	Added paragraph: .23A	Included a reference to the Standard of GRAP on *Cash Flow Statements* (GRAP 2) paragraph .51(d). The paragraph refers to the disclosure of the amount of cash flows arising from the operating, investing and financing activities of each reportable segment, where such disclosure is useful to the users of financial statements.

Amendments to the Standard of GRAP on *Segment Reporting*

Amended text is shown with new text underlined and deleted text struck through. The following paragraphs in Standard of GRAP on *Segment Reporting* (GRAP 18) are added:

Disclosure

...

Information about surplus or deficit, assets and liabilities

…

.23A An entity considers, in accordance with the Standard of GRAP on *Cash Flow Statements* paragraph .51(d), whether additional information may be useful to users in understanding the financial position and liquidity of an entity. Disclosure of this information, together with a commentary by management, may include the amount of the cash flows arising from the operating, investing and financing activities of each reportable segment.

Effective date

…

Entities already applying Standards of GRAP

…

.34B Paragraph .23A was added by the Improvements to the Standards of GRAP issued [Month Year]. An entity shall apply this amendment retrospectively for annual financial periods beginning on or after [proposed as 1 April 2028]. Earlier application is permitted. If an entity elects to apply this amendment earlier, it shall disclose this fact.

…

Basis for conclusions

…

BC12. As part of the *Improvements to the Standards of GRAP (2026)*, the Board included a reference to the Standard of GRAP on *Cash Flow Statements* paragraph .51(d) for entities to consider the disclosure of the amount of the cash flows arising from the operating, investing and financing activities of each reportable segment.

A6. Improvements to the Standard of GRAP on *Provisions, Contingent Liabilities and Contingent Assets*

The amendments to the Standard of GRAP on *Provisions, Contingent Liabilities and Contingent Assets* (GRAP 19) are:

Type of amendment	Paragraph reference	Summary of proposed amendment
Collective and Individual Services (Amendments to IPSAS 19, *Provisions, Contingent Liabilities and Contingent Assets*)	Added paragraphs: .06A, .17B to .17J, .97A to .97K and .111A to .111C Amended paragraph .17	Provide guidance on determining whether a provision arises for collective and individual services.

Amendments to the Standard of GRAP on *Provisions, Contingent Liabilities and Contingent Assets*

Amended text is shown with new text underlined and deleted text struck through. The following paragraphs in the Standard of GRAP on *Provisions, Contingent Liabilities and Contingent Assets* (GRAP 19) are amended:

Scope

.06A This Standard provides guidance on determining whether, and if so, when, a provision arises from collective and individual services (see paragraphs .17B to .17J, .97A to .97K and .111A to .111C).

…

Definitions

.17 The following terms are used in this Standard with the meanings specified:

…

Collective services are services provided by an entity simultaneously to all members of the community that are intended to address the needs of society as a whole.

Individual services are goods and services provided to individuals and/or households by an entity that are intended to address the needs of society as a whole.

…

Collective and individual services

.17B This Standard defines collective services as services provided by an entity simultaneously to all members of the community and are intended to address the needs of society as a whole. The provision of a collective service to one individual does not reduce the amount available to other individuals; there is no rivalry in the consumption of collective services. Consumption of collective services is usually passive and does not require the explicit agreement or active participation of those benefiting from the service.

.17C This Standard defines individual services as goods and services provided to individuals and households by an entity and are intended to address the needs of society as a whole. The provision of an individual service to one individual may reduce the amount available to other individuals, or may delay the receipt of those services by some individuals. Consumption of individual services requires the explicit agreement or active participation of those benefiting from the service. Goods or services provided by an entity on commercial terms do not address the needs of society as a whole, and therefore do not satisfy the definition of individual services.

.17D Social benefits and collective and individual services all address the needs of society as a whole. Addressing the needs of society as a whole does not require that each collective or individual service covers all members of society; such services can cover different segments of society. A collective or individual service that covers a segment of society as part of a wider system of similar services meets the requirement that it addresses the needs of society as a whole.

.17E Collective services and individual services involve the provision of services by, or on behalf of, an entity. Consequently, cash transfers are not collective or individual services.

.17F Public sector entities provide collective and individual services through their employees or by purchasing goods and services from third party providers.

.17G Examples of collective services include defence and street lighting. Examples of individual services include healthcare and education provided at no or nominal cost. Individual services may or may not have eligibility criteria, such as reaching a certain age or a residential requirement; however, the existence (or otherwise) of eligibility criteria does not change the determination of whether transactions satisfy the definition of individual services.

.17H Collective services are provided to a community rather than to individuals, which distinguishes them from individual services and social benefits. Individual services involve the delivery of services to individuals and/or households, which distinguishes them from social benefits that involve cash transfers (including cash equivalents such as pre-paid debit cards).

.17I Individuals may pay for services, for example, healthcare, and subsequently be reimbursed by an entity. The substance of these reimbursements is that the entity is paying for the services, and the transaction is an individual service rather than a social benefit.

.17J The following table compares the key characteristics of social benefits (as defined in the Standard of GRAP on *Social Benefits*), individual services and collective services.

	Social Benefits	Individual Services	Collective Services
Involves a cash transfer to eligible beneficiaries?	✓	✗	✗

Provided to individuals and/or households rather than to a community?	✓	✓	✗
Intended to address the needs of society as a whole?	✓	✓	✓

…

Collective Services

.97A Paragraphs .97B to .97E provide guidance on assessing whether a present obligation exists for collective services before services are delivered.

.97B No provision is recognised for collective services before the services are delivered.

.97C An intention to deliver collective services, budget approval to deliver those services, or the existence of legislation in respect of those services are not, in themselves, sufficient to give rise to a present obligation.

.97D Collective services are ongoing activities of the entity that delivers the services. Paragraph .25 states that "no provision is recognised for costs that need to be incurred to continue an entity's ongoing activities in the future." Consequently, in accordance with the principles of this Standard, no provision is recognised for the intention to deliver such services.

.97E In delivering collective services, an entity acquires resources and incurs expenses, usually through contracts and other binding arrangements. Examples include the electricity used in delivering street lighting, the salaries paid to acquire the services of defence staff, the acquisition of non-current assets used in delivering those services, and the purchase of collective services from a third-party provider. These contracts or other binding arrangements are accounted for in accordance with other Standards of GRAP. In some circumstances, these arrangements may give rise to provisions, for example where a contract becomes onerous. However, any such provisions relate to the binding arrangement and not to the intention to deliver collective services to the public.

Individual services

.97F Paragraphs .97G to .97K provide guidance on assessing whether a present obligation exists for individual services before services are delivered.

.97G No provision is recognised for individual services before the services are delivered.

.97H An intention to deliver individual services, budget approval to deliver those services or the existence of legislation in respect of those services are not, in themselves, sufficient to give rise to a present obligation. There are no past events that give rise to a liability for collective or individual services. As noted in paragraph .17G, individual services may or may not have eligibility criteria, such as reaching a certain age or a residential requirement. However, the existence (or otherwise) of eligibility criteria does not change the determination of whether transactions satisfy the definition of individual services.

.97I The delivery of individual services is an ongoing activity of the entity that provides the services. The delivery of individual services results in the entity acquiring resources and incurring expenses, usually through contracts or other binding arrangements.

.97J The entity uses these resources to deliver services to specific individuals and/or households. Where individuals and/or households access individual services, the entity may have a number of future obligations relating to the delivery of these individual services. Such obligations are an aspect of the ongoing activities of the entity. Similar to collective services, and in accordance with the principles of this Standard, no provision is recognised for the intention to deliver such services prior to individuals and/or households accessing the services.

.97K Examples of the resources acquired and expenses incurred in delivering individual services include the pharmaceuticals or medical supplies used in delivering healthcare, the salaries paid to acquire the services of teachers, the acquisition of non-current assets used in delivering those services (for example, a hospital or an ambulance), and the purchase of individual services from a third-party provider. These contracts and other binding arrangements are accounted for in accordance with other Standards of GRAP. In some circumstances, these arrangements may give rise to provisions, for example where a contract becomes onerous. However, any such provisions relate to the binding arrangement and not to the intention to deliver individual services to the public.

…

Presentation and disclosure of collective and individual services

.111A An entity shall present and disclose information about collective services and individual services in accordance with other Standards of GRAP, including the Standards of GRAP on *Presentation of Financial Statements* (GRAP 1), *Cash Flow Statements* (GRAP 2) and *Segment Reporting* (GRAP 18).

.111B GRAP 1 requires an entity to "present, either on the face of the statement of financial performance or in the notes, an analysis of expenses using a classification based on either the nature of expenses or their function within the entity, whichever provides information that is faithfully representative and more relevant."

.111C Where an entity presents information based on the nature of expenses, collective services and individual services will be included in items such as employee benefit costs. Where an entity presents information based on the function of the expenses within the entity, collective services and individual services may be presented as individual line items or amalgamated with similar items depending upon their materiality.

…

Effective date

…

Entities already applying Standards of GRAP

…

.115D Paragraphs .06A, .17B to .17J, .97A to .97K and .111A to .111C were added and paragraph .17 was amended by Improvements to the Standards of GRAP, issued [Month Year]. An entity shall apply these amendments retrospectively for annual financial periods on or after xx xxx[3]. Earlier application is permitted. If an entity elects to apply these amendments earlier, it shall disclose this fact.

…

Basis for conclusions

This basis for conclusions gives the Accounting Standards Board's (the Board's) reasons for accepting or rejecting certain proposals related to the accounting for provisions, contingent liabilities and contingent Assets. This basis for conclusions accompanies, but is not part of, this Standard.

Improvements to the Standards of GRAP (2026)

BC1. The Board updated this Standard to clarify its scope in relation to collective and individual services. The updates define collective and individual services and include guidance on when a provision may arise for these services. This guidance distinguishes collective and individual services from social benefits, which involve cash transfers.

[3] The amendments will be effective when the Standard of GRAP on *Social Benefits* becomes effective.

A7. Improvements to the Standard of GRAP on *Related Party Disclosures*

The amendments to the Standard of GRAP on *Related Party Disclosures* (GRAP 20) are:

Type of amendment	**Paragraph reference**	**Summary of proposed amendment**
General Improvement	Example 1, Related persons	Included further guidance on audit and risk committee members as potential related parties in example 1.
General Improvement	Appendix A, Example 2	Example 2 amended to indicate related party balances.
General Improvement	Appendix B, Implementation guidance	Incorporated guidance to explain the relationships between the three spheres of government and clarify which entities can be considered related parties.

ACCOUNTING STANDARDS BOARD

Amendments to the Standard of GRAP on *Related Party Disclosures*

Amended text is shown with new text underlined and deleted text struck through. The following paragraphs in Standard of GRAP on *Related Party Disclosures* (GRAP 20) are amended:

Appendix A – Examples of application of this Standard

This appendix is illustrative only and does not form part of this Standard. The purpose of this appendix is to illustrate the application of this Standard and to assist in clarifying its meaning.

Example 1 – Identifying related parties and related party disclosures

Part II - Related persons

The Minister of Labour as the executive authority of entity A, is a related person of entity A.

The management of entity A are those responsible for planning, directing and controlling the activities of the entityy~~ies~~. As a result, the board members, the CEO, CFO and COO are related to entity A.

The members of committees of entity A may also be related persons in cases where they are responsible for planning, directing and controlling the activities of entity A. In applying this assessment, entity A may, for example, consider evaluating the entity's governance structure and any legislated authority and responsibilities assigned to the members of the committees. Applying the principle of substance over form means the assessment focuses on the nature of the members of the committees' responsibilities for planning, directing and controlling the activities of the entity rather than solely on their titles or positions.

Example 2 - Illustrative disclosures

For the purpose of this example, assume the information presented separately is material to Entity A's financial statements.

Based on the analysis outlined in example 1, the following illustrative disclosures could be made in the financial statements of A[4].

Extract from the notes to the financial statements

Entity A – 31 March 2010

Note X. Related Parties

…

[4] Note: These disclosures are illustrative only and are not complete. The requirements in this Standard as well as other Standards of GRAP, e.g. GRAP 35, GRAP 36 and GRAP 37, should also be consulted in formulating appropriate disclosures.

Entity A used several national public sector entities as service providers for travelling and IT services during the year. These transactions were concluded on normal operating terms. The~~se~~ following amounts are owed to related parties and included in payables/receivables on the statement of financial position:

National Carrier	X
State IT Agency	X

Appendix B – Implementation guidance

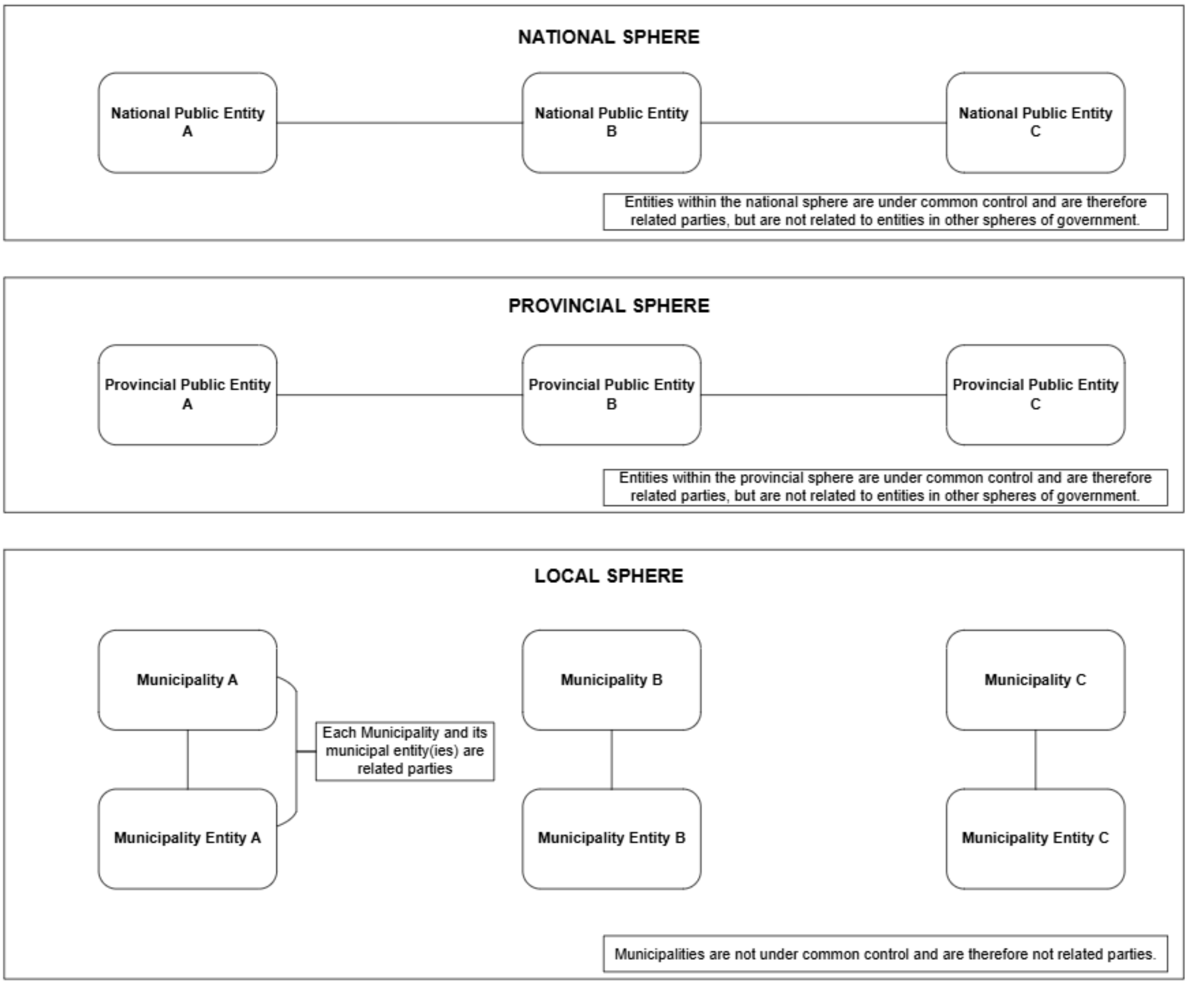
This guidance accompanies, but is not part of, this Standard.

IG1. The diagram below illustrates the relationships between the three spheres of government.

National and provincial entities within the same sphere are under common control and are therefore related parties. Municipalities, although they fall within the same sphere of government (i.e. local government), are not under common control and are therefore not considered related parties. A municipality is, however, related to its municipal entities, where a control relationship exists.

Entities within the same sphere of government are not related to entities in other spheres of government[5].

[5] Exceptions may arise where related party relationships exist due to factors such as significant influence or control over another entity in a different sphere of government. For example, when a municipality is under the administrative control of a provincial department.



Basis for conclusions

...

BC7. As part of the *Improvements to the Standards of GRAP (2026)*, the Board expanded the guidance in *Appendix A, Example 1, Part II – Related Persons* on when audit committee members may be considered related persons.

BC8. As part of the *Improvements to the Standards of GRAP (2026)*, the Board introduced Implementation Guidance to assist entities in identifying related parties, particularly across the three spheres of government. The guidance clarifies that national and provincial entities within the same sphere of government are under common control and are therefore related parties. In the local sphere, municipalities are not related to each other but are related to their municipal entities.

A8. Improvements to the Standard of GRAP on *Consolidated Financial Statements* (GRAP 35)

The amendments to the Standard of GRAP on *Consolidated Financial Statements (*GRAP 35) are:

Type of amendment	**Paragraph reference**	**Summary of proposed amendment**
General Improvement	Amended paragraph: AG76. on relationships with other parties.	Included further guidance on de facto agent.

Amendments to the Standard of *GRAP* on *Consolidated Financial Statements* (GRAP 35)

Appendix A - Application guidance

This appendix is an integral part of this Standard.

…

Relationship with other parties

…

AG75. When assessing control, an entity shall consider the nature of its relationship with other parties and whether those other parties are acting on the entity's behalf (i.e. they are "de facto agents"). The determination of whether other parties are acting as de facto agents requires judgement, considering not only the nature of the relationship but also how those parties interact with each other and the entity

AG76. Such a relationship need not involve a binding arrangement as defined in this Standard. GRAP 109 indicates that rights and obligations, for the various parties to the arrangement, can also be established through past actions which, over time, results in either party having no realistic alternative but to act in a certain way in relation to the arrangement. This may also give rise to a binding arrangement. A party is a de facto agent when the entity has~~, or those that direct the activities of the entity have,~~ the ability to direct that party to act on the entity's behalf. <u>A party might be a de facto agent when those that direct the activities of the entity have the ability to direct that party to act on the entity's behalf. The</u> ~~In these circumstances, the~~ entity shall consider its de facto agent's decision making rights and its indirect exposure, or rights, to variable benefits through the de facto agent together with its own when assessing control of another entity.

AG77. The following are examples of such other parties that, by the nature of their relationship, might act as de facto agents for the entity:

(a) The entity's related parties.

(b) A party that received its interest in the other entity as a contribution or loan from the entity making the assessment of control.

(c) A party that has agreed not to sell, transfer or encumber its interests in the other entity without the entity's prior approval (except for situations in which the entity and the other party have the right of prior approval and the rights are based on mutually agreed terms by willing independent parties).

(d) A party that cannot finance its operations without subordinated financial support from the entity.

(e) Another entity for which the majority of the members of its board of directors or equivalent governing body or for which its management are the same as those of the entity.

(f) A party that has a close operational relationship with the entity, such as the relationship between a professional service provider and one of its significant clients.

…

Effective date

…

Entities already applying Standards of GRAP

.67A ***Appendix A paragraph AG76. was amended by the Improvements to the Standards of GRAP issued [Month Year]. An entity shall apply this amendment retrospectively for annual financial periods beginning on or after [proposed as 1 April 2028]. Earlier application is permitted. If an entity elects to apply this amendment earlier, it shall disclose this fact.***

ANNEXURE A

EDITORIALS TO BE INCLUDED IN THE GRAP HANDBOOK

Editorial amendments to the Standards of GRAP

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

Amendments to the Standard of GRAP on *Cash Flow Statements* (GRAP 2)

Investments in controlled entities, associates and joint ventures

.38 When accounting for an investment in an associate, a joint venture, or a controlled entity accounted for by use of the equity ~~or cost~~ method, an investor restricts its reporting in the cash flow statement to the cash flows between itself and the investee, for example, to dividends or similar distributions and advances.

Amendments to the Standard of GRAP on *Investment Property* (GRAP 16)

.74 When an entity decides to dispose of an investment property without development, it continues to treat the property as an investment property until it is derecognised (eliminated from the statement of financial position) and does not reclassify it as inventory. Similarly, if an entity begins to redevelop an existing investment property for continued future use as investment property, the ~~entity~~ <u>property</u> remains an investment property and is not reclassified as owner-occupied property during the redevelopment.

Amendments to the Standard of GRAP on *Property, Plant and Equipment* (GRAP 17)

Measurement after recognition

…

Depreciation

…

Depreciable amount and depreciation period

…

.61 An entity should assess whether there is any indication that the expected useful life of the asset has changed based on whether the condition of the asset has improved or declined. This is based on any condition assessments undertaken by the entity on its assets during the reporting period. Paragraph ~~.60(f)~~ .57(f) should not be read as requiring a condition assessment at each reporting date. Condition assessments will be undertaken by entities on selected or identified assets as part of its on-going asset management. Instead, any information available from any condition assessments undertaken during the reporting period should be used to assess whether the useful life of particular assets should be changed.

Amendments to the Standard of GRAP on *Related Party Disclosures* (GRAP 20)

Definitions

.10(b) ***An entity is related to the reporting entity if any of the following conditions apply:***

(i) the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others);

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member);

(iii) both entities are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the entity or an entity related to the entity. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity;

(vi) the entity is controlled or jointly controlled by a person identified in (a); ~~and~~

(vii) a person identified in (a)(i) has significant influence over that entity or is a member of the management of that entity (or its controlling entity); and

(viiA) the entity, or any member of a group of which it is part, provides management services to the reporting entity or to the controlling entity of the reporting entity.

Amendments to the Standard of *GRAP on Consolidated Financial Statements* (GRAP 35)

Effective date

.67 An entity shall apply this Standard for annual financial statements covering periods beginning on or after a date to be determined by the Minister of Finance in a regulation to be published in accordance with section 91(1)(b) of the Public Finance Management Act, Act No. 1 of 1999, as amended.

Entities already applying Standards of GRAP

.67A Appendix A paragraphs AG14., AG17., AG20., AG21., AG77. and AG104. were amended by the Standard of GRAP on Employee Benefits issued April 2021. An entity shall apply these amendments retrospectively for annual financial periods beginning on or after 1 April 2023. If an entity elects to apply these amendments earlier, it shall disclose this fact.

Amendments to the Standard of GRAP on *Financial Instruments (revised)* (GRAP 104)

Offsetting financial assets and financial liabilities

8.15 The disclosures in paragraphs 8.16 to 8.19 supplement the other disclosure requirements of this Standard and are required for all recognised financial instruments that are set off in accordance with paragraph 7.9. These disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with paragraph 7.9.

8.16 An entity shall disclose information to enable users of its financial statements to evaluate the effect or potential effect of netting arrangements on the entity's financial position. This includes the effect or potential effect of rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities that are within the scope of paragraph 8.15.

8.17 To meet the objective in paragraph 8.16, an entity shall disclose, at the end of the reporting period, the following quantitative information separately for recognised financial assets and recognised financial liabilities that are within the scope of paragraph 8.15:

(a) the gross amounts of those recognised financial assets and recognised financial liabilities;

(b) the amounts that are set off in accordance with the criteria in paragraph 7.9 when determining the net amounts presented in the statement of financial position;

(c) the net amounts presented in the statement of financial position;

(d) the amounts subject to an enforceable master netting arrangement or similar agreement that are not otherwise included in paragraph 8.17(b), including:

  (i) amounts related to recognised financial instruments that do not meet some or all of the offsetting criteria in paragraph 7.9; and

  (ii) amounts related to financial collateral (including cash collateral); and

(e) the net amount after deducting the amounts in (d) from the amounts in (c) above.

The information required by this paragraph shall be presented in a tabular format, separately for financial assets and financial liabilities, unless another format is more appropriate.

Nature and extent of risks arising from financial instruments (see Appendix A paragraph AG8.5)

Credit risk exposure

8.55 For receivables and lease receivables to which an entity applies the practical expedient, the information provided in accordance with paragraph 8.54 may be based on a provision matrix (see Appendix A paragraph AG5.95.).

Appendix B – Implementation guidance

This guidance accompanies, but is not part of, this Standard.

…

ANNEXURE - SUMMARY OF THE APPLICATION OF THE STANDARD OF GRAP ON FINANCIAL INSTRUMENTS

This summary is for illustrative purposes only and does not form part of this Standard. The purpose of this summary is to explain the interaction between this Standard and other Standards, where a specific transaction is subject to recognition, measurement, derecognition, presentation and disclosure requirements of more than one Standard. The "X" in a particular column indicates that the requirements of this Standard are applicable to that transaction.

Transaction	**Recognition**	**Measurement**		**Derecognition**	**Presentation**	**Disclosure**
		Initial	**Subsequent**			
Loan commitments						
Loan commitments at a below market interest rate	X	X	X	X	X	X
Loan commitments that are settled net in cash or another financial instrument	X	X	X	X	X	X
Loan commitments that are designated at fair value on initial recognition	X	X	X	X	X	X
Other loan commitments, e.g. those granted on normal market			X (impairment)	X	X	X

Transaction	Recognition	Measurement		Derecognition	Presentation	Disclosure
		Initial	Subsequent			
terms (and the resulting loan will be measured at amortised cost)						

Amendments to the Standard of GRAP on *Statutory Receivables* (GRAP 108)

.41(a) An entity shall disclose information about the collectability of statutory receivables recognised at the reporting date as follows:

(a) An analysis of statutory receivables that are past due at the reporting date, and which have been impaired.

Amendments to IGRAP 19 on *Liabilities to Pay Levies*

References

- GRAP 1 *Presentation of Financial Statements*
- GRAP 3 *Accounting Policies, Changes in Accounting Estimates and Errors*
- GRAP 9 *Revenue from Exchange Transactions*
- GRAP 17 *Property, Plant and Equipment*
- GRAP 19 *Provisions, Contingent Liabilities and Contingent Assets*
- GRAP 23 *Revenue from Non-exchange Transactions (Taxes and Transfers)*
- GRAP 25 *Employee Benefits*
- GRAP 108 *Statutory Receivables*
- IAS Standard 12 *Income Taxes*

ACCOUNTING STANDARDS BOARD