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TO: MEMBERS OF THE TECHNICAL COMMITTEE
FROM: SIYASANGA NONDLAZI
SUBJECT: PROPOSED AMENDMENTS TO THE DIRECTIVE ON *DETERMINING THE GRAP REPORTING FRAMEWORK (DIRECTIVE 5)*
DATE: 9 FEBRUARY 2024
FILE REF: ATTACHMENT 4(a)

BACKGROUND TO THE EXPOSURE DRAFT

1. Stakeholders have inquired about the potential implications of pronouncements that are not yet effective, as well as those from other standard-setters, on the GRAP Reporting Framework. Frequently Asked Questions (FAQs) were developed to address these queries and explain these principles. The Board further agreed to amend the Directive on *Determining the GRAP Reporting Framework (Directive 5)*, to clarify these principles in Directive 5.
2. The Secretariat developed an Exposure Draft (ED) to outline the proposed changes to Directive 5 and to seek comment from stakeholders on whether the proposed amendments clarify the existing principles in Directive 5.
3. The purpose of this memorandum is for the Technical Committee to consider the proposed ED, and if deemed appropriate, recommend it to the Board for approval.
4. The ED indicates marked-up text of the paragraphs in the Directive where amendments are proposed. The ED includes all the text from Directive 5 to provide stakeholders with the necessary context to comment.

DEVELOPMENT OF THE EXPOSURE DRAFT

5. The ED was developed following a review of queries received from preparers and feedback from stakeholders.
6. The 2025/26 Reporting Framework is included in the ED, based on the current status of pronouncements. The appendix may change based on Ministerial approvals until September 2024, when the Board will approve the 2025/26 Framework.
7. The Secretariat discussed the proposed ED with representatives from the Auditor-General of South Africa (AGSA) and the Office of the Accountant General (OAG). Their inputs were incorporated into the ED.

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

8. The key amendments proposed to Directive 5 are to clarify that:
- Entities are only permitted to adopt amendments to Standards of GRAP once an effective date has been determined by the Minister of Finance. Amendments to Standards of GRAP for which the Minister has not yet determined an effective date shall not be used to develop accounting policies, entities should continue to apply their existing accounting policies. [\(Refer to Appendix A\)](#)
 - Entities shall not apply any standards and pronouncements issued by other standard setters that are not included in the appendices.

REVIEW OF ED

9. The ED is presented to the Technical Committee for consideration.

ACTION REQUESTED #1

The Technical Committee is requested to REVIEW the ED on a page-by-page basis and, if deemed appropriate, RECOMMEND it to the Board for approval.

CONSULTATION

10. In line with the current timetable, the Technical Committee and Board will consider the Reporting Framework for 2025/26 in the second quarter of 2024/2025. The Secretariat recommends that comment on the proposed ED be considered at the same time. Given the limited scope of the proposed amendments, the Secretariat recommends a comment deadline of June 2024.

ACTION REQUESTED #2

The Technical Committee is requested to CONFIRM the comment deadline of June 2024.

NEXT STEPS

11. The Board will consider the proposed ED at its March 2024 meeting for approval.

Appendix A – Adoption of Standards and development of accounting policies

The purpose of this appendix is to illustrate the existing principles being clarified in Directive 5.

