



Responses due by xx xxxx

ACCOUNTING STANDARDS BOARD

INVITATION TO COMMENT ON AMENDMENTS TO THE DIRECTIVE ON DETERMINING THE GRAP REPORTING FRAMEWORK (DIRECTIVE 5)

(ED XX)



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Commenting on this Exposure Draft

The Accounting Standards Board (the Board) invites comment on the Exposure Draft on *Amendments to the Directive on Determining the GRAP Reporting Framework* (Directive 5).

The proposals in this Exposure Draft may be modified in the final document in the light of comment received, before being issued as amendments to Directive 5.

Comment should be submitted in writing so as to be received by xx xxxx **2024**. E-mail responses are preferred. Unless respondents to this Exposure Draft specifically request confidentiality, their comment is a matter of public record once Directive 5 is issued. Comment should be addressed to:

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Introduction

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



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Background and purpose of this Exposure Draft

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. The purpose of the proposed *Amendments to the Directive on Determining the GRAP Reporting Framework (Directive 5)* (ED xx) is to clarify these principles. This Exposure Draft (ED) seeks comment from stakeholders on whether the proposed amendments clarify the existing principles in Directive 5.

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. Amendments to Standards of GRAP for which the Minister of Finance has not yet determined an effective date shall not be used to develop accounting policies, entities should continue to apply their existing accounting policies.
- Entities shall not apply any standards and pronouncements issued by other standard setters that are not included in the appendices.

The Exposure Draft indicates marked-up text of the affected paragraphs in the Directive where amendments are proposed. The ED includes all the text from Directive 5 for context.

Due process and timetable

The due process followed by the Board in developing pronouncements is for the Board to receive comment on the proposals set out in the Exposure Draft from preparers, users, auditors, standard setters and other parties with an interest in public sector financial reporting. Accordingly, all interested parties are invited to provide comment.

Exposure Drafts will usually have a comment period of three (3) months, although shorter or longer periods may be used for certain Exposure Drafts depending on the urgency to issue the final Standard. Upon the closure of the comment period, the Board will consider the comment received on this Exposure Draft and may modify the proposed amendments to the Standards of GRAP in the light of the comment received.

Request for comment

Comment is invited by **xx xxxx 2024** on this Exposure Draft. The Board requires that respondents express an overall opinion on whether the Exposure Draft, in general, is supported and to supplement this opinion with detailed comment, whether supportive or critical, on the principles in the Exposure Draft. Respondents are also invited to provide detailed comment identifying the specific paragraphs to which it relates, explaining the issue and suggesting alternative wording, with supporting reasons, where appropriate. The basis for accepting or rejecting significant comment will be published on the website.



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General matters for comment

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.

Comment is most helpful if reference is made to a specific paragraph or group of paragraphs containing the proposed amendments.



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AMENDMENTS TO THE DIRECTIVE ON DETERMINING THE GRAP REPORTING FRAMEWORK (DIRECTIVE 5)

Objective

- .01 The reporting framework comprises the Standards of GRAP, Interpretations of the Standards of GRAP, guidelines and directives issued by the Board and standards and pronouncements of other standard setters that should be applied when entities prepare and present their financial statements in accordance with Standards of GRAP, referred to as the GRAP Reporting Framework elsewhere in this Directive.
- .02 The objective of this Directive is to set out the principles in determining the GRAP Reporting Framework. The aim is to ensure consistent application of the GRAP Reporting Framework by entities that apply Standards of GRAP.

Scope

- .03 This Directive applies to all entities that apply Standards of GRAP.

Effective date

- .04 The Minister of Finance determines the effective dates for Standards of GRAP. This Directive shall be applied for financial periods commencing on or after 1 April 2008 taking into account the applicable effective dates of the Standards published in the relevant Government Gazette.

GRAP Reporting Framework

- .05 The appendices list the standards and pronouncements that form the GRAP Reporting Framework. The appendices will be updated on an annual basis to recognise new Standards of GRAP that have become effective, and standards and pronouncements issued by other standard setters.

.05A Entities applying Standards of GRAP shall not apply any standards and pronouncements issued by other standard setters that are not included in the appendices.

- .06 The appendices prescribing the GRAP Reporting Framework for:
- public entities, including those entities that do not meet the criteria to apply IFRS[®] Accounting Standards as outlined in the Directive on *The Selection of an Appropriate Reporting Framework by Public Entities* (Directive 12);
 - constitutional institutions;
 - municipalities, municipal entities; and
 - trading entities as outlined in the Directive on *The Application of Standards of GRAP by Trading Entities*;
- are amended or issued after following the Board's normal due process.



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The Reporting Frameworks for Parliament, the Legislatures, public Technical and Vocational Education and Training (TVET) colleges as outlined in the Directive on *Application of Standards of GRAP by Public Technical and Vocational Education and Training Colleges*, and public Community Education and Training (CET) colleges as outlined in the Directive on *Transitional Provisions for the adoption of Standards of GRAP by Community Education and Training Colleges* are amended after following the Board's normal due process and, after obtaining the necessary approval from:

- (a) the Secretary to Parliament and, if relevant, the Speaker of each Legislature in the case of Parliament and the Legislature; or
- (b) the Minister of Higher Education and Training in the case of the public TVET and CET colleges.

Hierarchy

- .07 The GRAP Reporting Framework is based on the hierarchy outlined in paragraph .11 of the Standard of GRAP on *Accounting Policies, Changes in Accounting Estimates and Errors* (GRAP 3).
- .08 Paragraph .11 states that, in the absence of a Standard of GRAP dealing with a particular transaction or event, the accrual based pronouncements of the following standard setters should be used, in descending order, to develop an appropriate accounting policy. Note, however, that this should only be done to the extent that the requirements are not in conflict with the Standards of GRAP or the *Framework for the Preparation and Presentation of Financial Statements*²:
 - (a) International Public Sector Accounting Standards Board (IPSASB), including the *Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities*.
 - (b) International Accounting Standards Board (IASB), including the *Conceptual Framework for Financial Reporting*.
 - (c) Financial Reporting Standards Council (FRSC).

Pronouncements by the Board

Standards of GRAP and Interpretations of the Standards of GRAP

Adoption of Standards of GRAP and Interpretations of the Standards of GRAP

- .09 New and amended Standards of GRAP —for which the Minister of Finance has determined an effective date form part of the GRAP Reporting Framework.
- .10 New and amended Interpretations of the Standards of GRAP _form part of the GRAP Reporting Framework based on the effective date specified in the Interpretation. An

² 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*.

Interpretation of the Standards of GRAP is only applied if the applicable Standard of GRAP to which it relates has been adopted.

- .11 When an effective date has been determined, entities are permitted to adopt the Standards of GRAP and/or any related Interpretations of the Standards of GRAP earlier than the date specified. In the instance of amended Standards of GRAP, the entire Standard should be adopted early, as piecemeal adoption is not permitted.

Developing accounting policies

.11A Entities are only permitted to develop accounting policies when there is no Standard of GRAP that specifically applies to a transaction or event (see GRAP 3 paragraphs .08 to .11).

- .12 New Standards of GRAP that have been issued by the Board, but for which an effective date has not yet been determined by the Minister of Finance, may be applied in developing an appropriate accounting policy dealing with a particular transaction or event before applying paragraph .11 of GRAP 3. New Interpretations of the Standards of GRAP related to Standards that are not yet effective may also be applied in developing accounting policies.

.12A Amendments to Standards of GRAP shall not be used to develop accounting policies. Entities are only permitted to adopt the amendments once an effective date has been determined by the Minister of Finance (see paragraphs .09 and .11 of this Directive).

- .13 Where a Standard of GRAP that forms part of the GRAP Reporting Framework is based on a standard or pronouncement of another standard setter and that standard setter subsequently amends its standards or pronouncements, such amendments shall not form part of the GRAP Reporting Framework.

Directives

- .14 Directives form part of the GRAP Reporting Framework.

Guidelines

- .15 Guidelines may form part of the GRAP Reporting Framework.

Application of other pronouncements

Pronouncements of the IPSASB and IASB

- .16 ~~[Deleted].~~ ~~When there is no equivalent Standard of GRAP, an International Public Sector Accounting Standard (IPSAS) or IFRS Accounting Standard should be used in formulating an accounting policy, unless:~~

~~(a) that IPSAS or IFRS Accounting Standard conflicts with the current ASB Framework for the Preparation and Presentation of Financial Statements² or existing Standards of GRAP; or it is not applicable to entities that currently apply the Standards of GRAP.~~

(b)–

- .17 ~~[Deleted]. An IPSAS or IFRS Accounting Standard, or parts thereof, are in conflict with the ASB Framework for the Preparation and Presentation of Financial Statements² or Standards of GRAP when they deal with an issue differently to the ASB Framework for the Preparation and Presentation of Financial Statements² or a Standard of GRAP.~~
- .18 ~~[Deleted].— An IFRS Accounting Standard is not applicable to an entity where its scope limits the application to specific circumstances.~~
- .19 ~~[Deleted].— An entity assesses whether an industry specific standard or other standard or pronouncement is applicable based on the transactions and events of the entity.~~

.19A The Board reviews the status of international pronouncements issued by the IPSASB and IASB annually. International pronouncements that form part of the GRAP Reporting Framework, as determined by the Board, are included in the appendices.

- .20 Where a Standard of GRAP that has been issued by the Board, but for which an effective date has not yet been determined by the Minister of Finance, is based on an IPSAS or IFRS Accounting Standard, that IPSAS or IFRS Accounting Standard does not form part of the GRAP Reporting Framework.
- .21 Where an IPSAS that forms part of the GRAP Reporting Framework is based on a standard or pronouncement of another standard setter and that standard setter subsequently amends its standards or pronouncements, such amendments shall not form part of the GRAP Reporting Framework.

Application of IFRS Accounting Standards

- .22 The Board has approved the application of IFRS Accounting Standards issued by the IASB for:
 - (a) public entities that meet the criteria outlined in Directive 12; and
 - (b) entities under the ownership control of any of these entities.

APPENDIX: 1 APRIL 2023

This appendix outlines the GRAP Reporting Framework and related basis for conclusions for financial periods commencing on or after 1 April 2023.

Reporting framework

This Appendix outlines the amendments to the reporting framework as previously published. Additions to the reporting framework are underlined, while deletions are struck-through. The complete GRAP Reporting Framework can be accessed on the website.

PUBLIC ENTITIES, CONSTITUTIONAL INSTITUTIONS, PARLIAMENT AND THE PROVINCIAL LEGISLATURES, MUNICIPALITIES AND MUNICIPAL ENTITIES, TRADING ENTITIES, PUBLIC TVET COLLEGES

This appendix forms part of this Directive.

This appendix lists the standards and pronouncements that are the GRAP Reporting Framework for public entities, constitutional institutions, Parliament and the Provincial Legislatures, Municipalities and Municipal Entities, Trading Entities and Public TVET Colleges effective for financial periods commencing on or after 1 April 2023 and should be applied as set out in paragraphs .05 and .06 of this Directive.

1. Entities are required to apply the Standards of GRAP where the Minister has determined the effective date. The Financial Management of Parliament Amendment Act, Act No. 34 of 2014, requires Parliament and the Provincial Legislatures to prepare their financial statements in accordance with the Standards of GRAP. Any notice published by the Minister of Finance outlining the effective dates of the Standards of GRAP should be read in conjunction with the Financial Management of Parliament Amendment Act. The Minister has determined the effective date for the Standards of GRAP outlined below (paragraph .09 of this Directive).

Reference	Topic
<u>GRAP 25</u>	<u>Employee Benefits (replacement of 2009 version)</u>

2. Directives issued and effective that entities are required to apply (paragraph .14 of this Directive):

No change.

3. Interpretations of the Standards of GRAP approved that entities are required to apply (paragraph .10 of this Directive):

Reference	Topic
<u>IGRAP 7</u>	<u>The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (replacement of 2010 version)</u>

Reference	Topic
<u>IGRAP 21</u>	<u>The Effect of Past Decisions on Materiality</u>

4. Approved guidelines of Standards of GRAP that entities are required to apply (paragraph .15 of this Directive):

Reference	Topic
<u>Guideline</u>	<u>Accounting for Landfill Sites</u>

5. Effective IFRS Accounting Standards and IFRIC Interpretations³ that entities may apply to the extent that they are applicable (paragraphs .12 to .21 of this Directive):

No change.

6. Standards of GRAP approved which are not yet effective, or for which the Minister of Finance has not yet determined an effective date, that entities may consider in formulating an accounting policy (paragraph .12 of this Directive):⁴

Reference	Topic
<u>Guideline</u>	<u>Accounting for Landfill Sites</u>

7. Interpretations of the Standards of GRAP which are not yet effective but where early adoption is encouraged:

Reference	Topic
<u>IGRAP 21</u>	<u>The Effect of Past Decisions on Materiality</u>

8. Guidelines which are not authoritative where entities are encouraged to apply the Guideline when preparing their financial statements:

No change.

³ IFRS Accounting Standards and IFRIC Interpretations can be downloaded from <http://www.ifrs.org>.

⁴ GRAP 104 on *Financial Instruments* was revised in 2019. The effective date of the Standard is yet to be determined by the Minister of Finance. The transitional provisions require adoption of the revised Standard taken as a whole. Partial or incremental adoption is not permitted.



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This appendix forms part of this Directive.

This appendix lists the standards and pronouncements that are the GRAP Reporting Framework for public entities, constitutional institutions, Parliament and the Provincial Legislatures, Municipalities and Municipal Entities, Trading Entities, Public TVET Colleges and Public CET Colleges effective for financial periods commencing on or after 1 April 2024 and should be applied as set out in paragraphs .05 and .06 of this Directive.

1. Entities are required to apply the Standards of GRAP where the Minister has determined the effective date. The Financial Management of Parliament Amendment Act, Act No. 34 of 2014, requires Parliament and the Provincial Legislatures to prepare their financial statements in accordance with the Standards of GRAP. Any notice published by the Minister of Finance outlining the effective dates of the Standards of GRAP should be read in conjunction with the Financial Management of Parliament Amendment Act. The Minister has determined the effective date for the Standards of GRAP outlined below (paragraph .09 of this Directive).

No change.

2. Directives issued and effective that entities are required to apply (paragraph .14 of this Directive):

No change.

3. Interpretations of the Standards of GRAP approved that entities are required to apply (paragraph .10 of this Directive):

No change.

4. Approved guidelines of Standards of GRAP that entities are required to apply (paragraph .15 of this Directive):

No change.



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5. Effective IFRS Accounting Standards and IFRIC Interpretations⁵ that entities may apply to the extent that they are applicable (paragraphs .12 to .21 of this Directive):

No change.

6. Standards of GRAP approved which are not yet effective, or for which the Minister of Finance has not yet determined an effective date, that entities may consider in formulating an accounting policy (paragraphs .11 and .12 of this Directive):⁶

No change.

7. Interpretations of the Standards of GRAP which are not yet effective but where early adoption is encouraged:

Reference	Topic
<u>IGRAP 22</u>	<u>Foreign Currency Transactions and Advance Consideration</u>

8. Guidelines which are not authoritative where entities are encouraged to apply the Guideline when preparing their financial statements:

No change.

⁵ IFRS Accounting Standards and IFRIC Interpretations can be downloaded from <http://www.ifrs.org>.

⁶ GRAP 104 on *Financial Instruments* (Revised 2019) is effective for financial years commencing on or after 1 April 2025. Entities may early adopt the Standard before the effective date. In this instance, the entire Standard needs to be adopted early. Piecemeal adoption is not permitted.

APPENDIX: 1 APRIL 2025

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Reporting framework

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PUBLIC ENTITIES, CONSTITUTIONAL INSTITUTIONS, PARLIAMENT AND THE PROVINCIAL LEGISLATURES, MUNICIPALITIES AND MUNICIPAL ENTITIES, TRADING ENTITIES, PUBLIC TVET COLLEGES AND PUBLIC CET COLLEGES

This appendix forms part of this Directive.

This appendix lists the standards and pronouncements that are the GRAP Reporting Framework for public entities, constitutional institutions, Parliament and the Provincial Legislatures, Municipalities and Municipal Entities, Trading Entities, Public TVET Colleges and Public CET Colleges effective for financial periods commencing on or after 1 April 2025 and should be applied as set out in paragraphs .05 and .06 of this Directive.

1. Entities are required to apply the Standards of GRAP where the Minister has determined the effective date. The Financial Management of Parliament Amendment Act, Act No. 34 of 2014, requires Parliament and the Provincial Legislatures to prepare their financial statements in accordance with the Standards of GRAP. Any notice published by the Minister of Finance outlining the effective dates of the Standards of GRAP should be read in conjunction with the Financial Management of Parliament Amendment Act. The Minister has determined the effective date for the Standards of GRAP outlined below (paragraph .09 of this Directive).

<u>Reference</u>	<u>Topic</u>
<u>GRAP 104</u>	<u>Financial Instruments (replacement of 2009 version)</u>

2. Directives issued and effective that entities are required to apply (paragraph .14 of this Directive):
No change.
3. Interpretations of the Standards of GRAP approved that entities are required to apply (paragraph .10 of this Directive):

<u>Reference</u>	<u>Topic</u>
<u>IGRAP 22</u>	<u>Foreign Currency Transactions and Advance Consideration</u>

4. Approved guidelines of Standards of GRAP that entities are required to apply (paragraph .15 of this Directive):

No change.

5. Effective IFRS Accounting Standards and IFRIC Interpretations⁷ that entities may apply to the extent that they are applicable (paragraphs .12 to .21 of this Directive):

~~No change.~~

<u>Reference</u>	<u>Topic</u>
<u>IFRS 17</u>	<u>Insurance Contracts</u>
<u>IFRIC 22</u>	<u>Foreign Currency Transactions and Advance Consideration</u>

6. Standards of GRAP approved which are not yet effective, or for which the Minister of Finance has not yet determined an effective date, that entities may consider in formulating an accounting policy (paragraphs ~~.11 and~~ .12 and .12A of this Directive):

No change.

7. Interpretations of the Standards of GRAP which are not yet effective but where early adoption is encouraged:

<u>Reference</u>	<u>Topic</u>
<u>IGRAP 22</u>	<u>Foreign Currency Transactions and Advance Consideration</u>

8. Guidelines which are not authoritative where entities are encouraged to apply the Guideline when preparing their financial statements:

No change.

⁷ IFRS Accounting Standards and IFRIC Interpretations can be downloaded from <http://www.ifrs.org>.

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 specific pronouncements included in, or excluded from, the GRAP Reporting Framework. This basis for conclusions accompanies, but is not part of, this Directive.

Reporting Framework 2023/24

BC1. The effective dates for new or amended pronouncements issued by the ASB are either approved by the Minister of Finance (new Standards of GRAP and their amendments) or the Board. As a result, changes to the Reporting Framework are based on the effective dates approved by the Minister or the Board. For financial periods commencing on or after 1 April 2023, the following pronouncements will be effective:

- Revised GRAP 25 on *Employee Benefits* and related IGRAP 7 on *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*.
- Amendments to GRAP 1 on *Presentation of Financial Statements* as a result of changes agreed as part of developing the Guideline on *The Application of Materiality to Financial Statements*.
- *Improvements to the Standards of GRAP, 2020*.
- *Guideline on Accounting for Landfill Sites*.

BC2. The revised Standard of GRAP on *Financial Instruments* (2019) is excluded from the Reporting Framework as it is only effective from 1 April 2025. Entities are permitted to early adopt the Standard. The Standard must, however, be adopted in its entirety. The amendments to the Standard of GRAP on *Heritage Assets* are also excluded as no effective date has been determined by the Minister.

BC3. The Board reviewed the status of international pronouncements issued by the IPSASB and IASB and assessed whether changes should be made to the Reporting Framework. The Board agreed that the following pronouncements issued by the IPSASB and IASB should continue to be excluded from the GRAP Reporting Framework and not applied by entities:

- IPSAS 39 on *Employee Benefits* – The revised GRAP 25 on *Employee Benefits* will be applied for the first time from 1 April 2023.
- IPSAS 40 on *Public Sector Combinations* – A project to compare the requirements of IPSAS 40 and the equivalent Standards of GRAP is in progress. Changes will be proposed to the existing Standards of GRAP rather than adopting IPSAS 40.
- IPSAS 41 on *Financial Instruments* – GRAP 104 revised in 2019 will be effective for entities from 1 April 2025.



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- IPSAS 42 on *Social Benefits* – The Board is developing an equivalent Standard of GRAP. Board decisions to date indicate that significant departure from IPSAS 42 is likely as its principles do not result in relevant information for users locally about social benefit schemes in South Africa.
- IFRS 13 on *Fair Value Measurement* – The definition of fair value in Standards of GRAP has not been revised to align with IFRS Standards. The IPSASB is developing an IPSAS on *Measurement* which will be considered locally once issued.
- IFRS 14 on *Regulatory Deferral Accounts* – This IFRS Standard is only applied on the first-time adoption of IFRS as a reporting framework.
- IFRS 15 on *Revenue from Contracts with Customers* – The IPSASB is developing an equivalent IPSAS(s) which will be considered by the Board once issued.
- IFRS 16 on *Leases* – The IPSASB issued IPSAS 43 on *Leases* which is based on IFRS 16. The IPSASB is in the process of assessing what guidance is needed for public sector specific lease transactions. Once this is completed, the Board will consider the impact of this Standard(s) locally.
- IFRS 17 on *Insurance Contracts* – The Board is assessing the extent to which entities should consider IFRS 17 for insurance, or insurance-like activities. IFRS 17 is only effective in the private sector in 2023.

Reporting Framework 2024/25

BC4. There are no new or amended pronouncements that are effective for financial periods commencing on or after 1 April 2024.

BC5. The following amendments to the Standards of GRAP are excluded from this reporting framework. The Minister of Finance is yet to determine the effective dates for these amendments.

- Amendments to the Standard of GRAP on *Presentation of Financial Statements* (going concern), which were approved by the Board in December 2022.
- Amendments to the Standard of GRAP on *Heritage Assets*, which were approved by the Board in June 2022.
- Improvements to the Standards of GRAP 2023, which were approved by the Board in September 2023.

BC6. The Board reviewed the status of international pronouncements issued by the IPSASB and IASB and assessed whether changes should be made to the Reporting Framework. The Board agreed that the following pronouncements issued by the IPSASB and IASB should be excluded from the GRAP Reporting Framework and not applied by entities:

- IPSAS 43 on *Leases* – The Board will consider IPSAS 43 in a future work programme.

- IPSAS 44 on *Non-current Assets Held for Sale and Discontinued Operations* – Entities should apply GRAP 100 on *Discontinued Operations* as part of the GRAP Reporting Framework.
- IPSAS 45 on *Property, Plant and Equipment* – The Board will consider the revisions to IPSAS 17 on *Property, Plant and Equipment*, published as IPSAS 45, in a future work programme.
- IPSAS 46 on *Measurement* and Conceptual Framework Update: Chapter 7, *Measurement of Assets and Liabilities in Financial Statements* – The impact of these changes on the GRAP Reporting Framework will be considered in the 2024 to 2026 work programme.
- IPSAS 47 on *Revenue* – The impact of the Standard may be reviewed in the 2024 to 2026 work programme. A project to revise the Standards of GRAP on revenue will be considered in the next work programme.
- IPSAS 48 on *Transfer Expenses* – The impact of the Standard on the GRAP Reporting Framework will be considered in the 2024 to 2026 work programme.
- IPSAS 49 on *Retirement Benefit Plans* – The Board did not find IPSAS 49 relevant to the South African environment.
- IFRS 17 on *Insurance Contracts* - effective in the private sector from 1 January 2023. The Board is assessing the extent to which entities should consider IFRS 17 for insurance, or insurance-like activities as part of the GRAP Reporting Framework. Entities should not change their accounting policies for insurance or insurance-like activities.

Reporting Framework 2025/26

BC7. The Board initiated a project to amend Directive 5 in response to stakeholders' need for clarity on the potential implications of pronouncements that are not yet effective, as well as those of other standard-setters, on the GRAP Reporting Framework. The key amendments to Directive 5 were to clarify that:

- Entities are only permitted to adopt the amendments to Standards of GRAP once an effective date has been determined by the Minister. Amendments to Standards of GRAP for which the Minister of Finance has not yet determined an effective date shall not be used to develop accounting policies, entities should continue to apply their existing accounting policies.
- Entities applying Standards of GRAP shall not apply any standards and pronouncements issued by other standard setters that are not included in the appendices.

BC8. The following pronouncements are effective for financial periods commencing on or after 1 April 2025:

- GRAP 104 on *Financial Instruments* (2019)
- IGRAP 22 on *Foreign Currency Transactions and Advance Consideration*

BC9. The following pronouncements are excluded from this reporting framework. The Minister of Finance is yet to determine the effective dates for these pronouncements.

- Amendments to the Standard of GRAP on *Presentation of Financial Statements* (going concern), which were approved by the Board in December 2022.
- Improvements to the Standards of GRAP 2023, which were approved by the Board in September 2023.
- Amendments to GRAP 103 on *Heritage Assets*, which were approved by the Board in June 2022.
- Amendments to GRAP 105, **GRAP 106** and **GRAP 107 on transfers of functions and mergers**, which were approved by the Board in December 2023.

BC10. The Board reviewed the status of international pronouncements issued by the IPSASB and IASB. In assessing whether changes should be made to the Reporting Framework, the Board concluded that no new pronouncements impacting the GRAP Reporting Framework have been issued since the approval of the previous Reporting Framework in September 2023.

BC11. The Board included IFRS 17 as part of the GRAP Reporting Framework from 1 April 2025, based on the readiness of entities **with pure insurance activities to develop accounting policies in accordance with** the standard. The Board retained IFRS 4 in the GRAP Reporting Framework. This enables entities that have **used** this standard **in the past for insurance-like activities to maintain existing accounting policies. The Board will reconsider the need to include IFRS 4 after finalising the Standard of GRAP on Social Benefits.**