MINUTES OF THE PROJECT GROUP MEETING ON IMPROVEMENTS TO THE STANDARDS OF GRAP (2026) HELD VIRTUALLY ON 14 AUGUST 2025

Present:	O Benxa	SAICA
	J Coerecius	Cape Winelands District Municipality
	W Linden	EY
	T A Lekoloane	Excellentminds
	R Matjila	AGSA
	N Mba	Divine Wisdom Advisory Services
	M Mchiza	Gauteng Provincial Treasury
	M Mentz	AGSA
	M Mkhize	EY
	T Mogano	BDO
	P Naidoo	KPMG
	F Patel	KPMG
	Z Pikashe	SoluGrowth
	K Sekhabisa	Maine Accounting
	W Smit	Altimax
	B van der Merwe	Nexia SAB&T
	H van Wyk	Altimax
Ex officio:	A Botha	ASB
	S Nondlazi	ASB
	E van der Westhuizen	ASB

1. WELCOME AND APOLOGIES

1.1. Members were WELCOMED to the meeting.

1.2. Apologies were NOTED from:

N Matlala and J Poggiolini.

2. CONFIRMATION OF AGENDA

The agenda was ACCEPTED without amendment.

3. MATTERS FOR DISCUSSION

Proposed Improvements to the Standards of GRAP

3.1 The Secretariat PRESENTED the following to the Project Group:

- Memorandum to the Project Group
- Matters considered in the development of the Exposure Draft
- Proposed Invitation to Comment (ITC) and Exposure Draft (ED)

3.2 The Secretariat NOTED that the project brief was included for reference and would not be discussed.

3.3 Members NOTED and DISCUSSED the proposed Improvements to the Standards of GRAP.

<u>Improvements to the Standard of GRAP on *Presentation of Financial Statements* (GRAP 1)</u>

General Improvements

3.4 The Project Group SUPPORTED the amendments and PROVIDED the following comments:

- A Member REQUESTED that supplementary guidance be provided to support entities on the application of the requirement to disclose material judgments (paragraph .38A). It was STATED that entities often disclose irrelevant information driven by templates, which is not useful for the users of financial statements. The Secretariat EXPLAINED that the requirement is not new but rather an emphasis of an existing requirement in paragraph .132. Guidance is available in the Materiality Guideline to support preparers in applying the requirement to disclose materiality judgements. Further awareness about the Materiality Guideline will be raised through consultations on this ED and related communication activities.
- A Member ENQUIRED about the inclusion of a requirement to disclose quantitative materiality in the financial statements, indicating that auditors are disclosing materiality in the audit report; therefore, entities should also be required to disclose their materiality figure. The Secretariat INDICATED that the Board previously discussed and resolved that it would not be appropriate to require entities to disclose quantitative materiality due to the maturity of the environment in applying materiality.

Secretariat

Classification of liabilities as current or non-current

3.5 The Project Group SUPPORTED these Improvements to the Standards of GRAP.

Improvements to the Standard of GRAP on *Accounting Policies, Changes in Accounting Estimates and Errors* (GRAP 3)

3.6 The Project Group SUPPORTED the amendments to paragraphs .30, .32 and .33 and PROVIDED the following comments:

- A Member ENQUIRED about why the GRAP 3 disclosure requirements do not apply to Interpretations and whether this was considered in proposing the amendments. The Secretariat EXPLAINED that these paragraphs in GRAP 3 specifically relate to disclosures about "not yet effective Standards", previously referring to new Standards of GRAP, and therefore links with Directive 5. These requirements are not expected to be applicable to Interpretations, given their purpose.
- A Member ENQUIRED about the exclusion of Guidelines from the definition of a "Standard of GRAP" in GRAP 3. The Secretariat EXPLAINED that the definition refers to authoritative pronouncements, and Guidelines are by default not authoritative.
- A member NOTED that clarifying the requirements by including a footnote could make it easily overlooked and considered insignificant.

Secretariat

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

3.7 The Project Group SUPPORTED these Improvements to the Standards of GRAP due to amendments to IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

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

3.8 The Project Group SUPPORTED these Improvements to GRAP 17 *Property, Plant and Equipment* and PROVIDED the following comments:

- A Member QUESTIONED why the Use of information in asset management plans for financial reporting guidance is considered outside the scope of GRAP 17, and NOTED that the guidance is relevant and could be considered for the development of a FAQ. The Secretariat NOTED that the guidance would be considered in a broader asset-related staff project.
- Members DEBATED the placement of paragraph .07A under the recognition section, NOTING that it would be better placed under the scope section. The Secretariat EXPLAINED that the IPSASB included paragraph .07A in the recognition section of the Standard to emphasise that heritage assets meet the asset recognition criteria. Members PROPOSED that the paragraph should be

removed from the improvements, as it is not necessary, as the focus is on infrastructure assets.

Secretariat

Improvements to the Standard of GRAP on *Segment Reporting* (GRAP 18)

3.9 The Project group SUPPORTED the amendments to GRAP 18 *Segment Reporting* and PROVIDED the following comments:

- A Member ENQUIRED about the inclusion of "encouraged" in paragraph .23A and whether the Board decided to continue providing encouraged disclosures. The Secretariat EXPLAINED that the Board reviewed encouraged disclosures in the previous Improvements project and where they were found to be relevant but not required, the guidance was amended to require disclosures when that information is useful to users.
- The Members NOTED inconsistent and interchangeable use of the terms "relevant to users" and "useful to users". Members PROPOSED that "relevant to users" should be changed to "useful to users" of financial statements.

Secretariat

Improvements to the Standard of GRAP on *Provisions, Contingent Liabilities and Contingent Assets* (GRAP 19)

3.10 The Project Group SUPPORTED the amendments to GRAP 19 *Provisions, Contingent Liabilities and Contingent Assets*.

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

3.11 The Project Group SUPPORTED the amendments to GRAP 20 *Related Party Disclosures* and PROVIDED the following comments:

- A Member INDICATED that paragraph IG1. (Appendix B) should refer to significant influence as another exception to when entities in different spheres of government could be related parties.
- A Member INDICATED that example 1 on related persons should not refer to a strategic direction which does not align with the guidance provided in GRAP 20 and FAQ 4.18. The Secretariat EXPLAINED that the reference to strategic direction is included as an example of what could be considered when assessing whether parties have authority and responsibility for planning, directing and controlling the activities of the entity. It was AGREED this will be clarified.

Secretariat

<u>Improvements to the Standard of GRAP on *Consolidated Financial Statements* (GRAP 35)</u>

3.12 The Project group SUPPORTED the amendments to GRAP 35 *Consolidated Financial Statements.*

<u>Annexure A: Editorials to be included in the GRAP handbook</u>

3.13 The Project Group SUPPORTED the proposed editorial amendments and PROVIDED the following comments:

- A Member NOTED that the reference in GRAP 17.61 to par. 60(f) should be to par. 57(f).
- A Member QUESTIONED the need for editorial amendments proposed to GRAP 1 (references to "shall" and "should" in the core text). The Secretariat INDICATED that this convention is no longer strictly applied, as all paragraphs in the core text are authoritative. It was AGREED that the proposed editorials would be removed.

Secretariat

Discussions not impacting the Improvements to Standards of GRAP

3.14 Project Group further SHARED the following possible improvements for consideration:

- A Member INDICATED that an important matter entities should consider in their going concern assessment is the impact of poor asset management on their ability to generate revenue, and that this should be included in GRAP 1.
- A Member INDICATED that GRAP 23 *Revenue from Non-Exchange Transactions (Taxes and Transfers)* does not require sufficient disclosure on deferred revenue, and this should be considered. It was NOTED that information required by the MFMA is not applicable to PFMA entities.
- A Member NOTED that the disclosure required on commitments is inconsistent between GRAP 17 and other asset-related Standards, such as GRAP 16 *Investment Property*.

3.15 The Secretariat STATED that there is a Fact Sheet on going concern that provides the necessary guidance. The related amendments to GRAP 1 are not yet effective, and the Minister of Finance has not yet determined the effective date for these amendments.

3.16 The Members were INFORMED that the amendments would not be considered for the 2026 improvements project and were ASKED to provide full details of the proposed amendment via email for future consideration.

Secretariat

3.17 Members RECOMMENDED the proposed ITC and ED to the Technical Committee.

Secretariat

4. NEXT STEPS

Members NOTED the next steps on the project.

5. CLOSING

The Secretariat THANKED the Members and INDICATED that details of the next meeting would be communicated in future.

Prepared by: S Nondlazi

Date prepared: 15 August 2025