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Chief Financial Officers/Accounting Officers

Per email

30 September 2024

Dear Chief Financial Officer/Accounting Officer

## **REPORTING FRAMEWORK AND THE STATUS OF IPSAS AND IFRS ACCOUNTING STANDARDS**

The Accounting Standards Board (the Board) updates Directive 5 on *Determining the GRAP Reporting Framework* each year to include the reporting framework for the upcoming reporting period. The reporting framework applicable to each period is included in an Annexure to the Directive. The Annexure outlines the pronouncements issued by the Board, the International Public Sector Accounting Standards Board (IPSASB) and International Accounting Standards Board (IASB) that should either be applied or considered by entities in preparing their financial statements.

### **Newly effective Standards of GRAP, or amendments to existing Standards**

The Minister of Finance approves the effective dates of new Standards of GRAP and any amendments to existing Standards. There are a number of new requirements that were approved by the Minister and/or the Board, and are effective for financial periods commencing on or after 1 April 2025. These are discussed in Annexure A.

### **Status of IPSAS<sup>®</sup> and IFRS<sup>®</sup> Accounting Standards**

There are several IPSAS and IFRS Accounting Standards that are in issue and questions have been raised about whether they should be considered by entities. IPSAS or IFRS Accounting Standards are used to formulate an accounting policy when certain criteria are met, as specified in GRAP 3 on *Accounting Policies, Changes in Accounting Estimates and Errors*. Any IPSAS or IFRS Accounting Standards which the Board believes should be considered by entities in formulating accounting policies are included in the Annexures to Directive 5. The table in Annexure B explains which IPSAS or IFRS Accounting Standards are *not* suitable for application with supporting rationale.

Board Members: Mr A van der Burgh (Chair), Ms A Carstens, Mr A Hardien, Ms W de Jager, Mr D Dlamini  
Mr S Gcwabe, Mr S Khan, Ms A Muller, Ms L Senne, Prof R Small  
Chief Executive Officer: Mrs J Poggiolini



It is important to note that pronouncements of other standard-setters can only be used to formulate accounting policies; they are not adopted by entities.

Any queries related to this communication should be submitted to [elizna@asb.co.za](mailto:elizna@asb.co.za).

Elizna van der Westhuizen

Head of Technical

## Annexure A – Changes to the Standards of GRAP

The table below outlines the new pronouncements or amendments to pronouncements that are effective for financial periods commencing on or after 1 April 2025.

Topic	Outline
GRAP 104 on <i>Financial Instruments</i> (2019)	Amendments to the scope, classification, measurement, presentation and disclosure requirement to align with international standards.
IGRAP 22 on <i>Foreign Currency Transactions and Advance Consideration</i>	The IGRAP clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or revenue when an entity has received or paid advance consideration in a foreign currency.

The following Standards of GRAP, or amendments to existing Standards of GRAP are approved by the Board and awaits an effective date to be determined by the Minister of Finance:

Topic	Status
Amendments to GRAP 1 on <i>Presentation of Financial Statements</i> (Amendments on going concern, approved December 2022)	Effective date to be determined. Amendments may not be used to formulate accounting policies.
Amendments to GRAP 103 on <i>Heritage Assets</i> (Approved June 2022)	Effective date to be determined. Amendments may not be used to formulate accounting policies.
<i>Improvements to the Standards of GRAP 2023</i> (Approved September 2023)	Effective date to be determined. Amendments may not be used to formulate accounting policies.
Amendments to GRAP 105, GRAP 106 and GRAP 107 on transfers of functions and mergers	Effective date to be determined. Amendments may not be used to formulate accounting policies.

## Annexure B – Status of international Standards

The table below outlines a list of recently issued IPSAS and IFRS Accounting Standards that are not included in the GRAP Reporting Framework and are not suitable for application by entities, either by directly adopting them or using them to formulate accounting policies.

Title of Standard	Status
IPSAS 40 on <i>Public Sector Combinations</i>	GRAP 105 on <i>Transfers of Functions Between Entities Under Common Control</i> , GRAP 106 on <i>Transfers of Functions Between Entities Not Under Common Control</i> , and GRAP 107 on <i>Mergers</i> deal with “public sector combinations”. The amended Standards have been submitted to the Minister of Finance to determine an effective date.
IPSAS 42 on <i>Social Benefits</i>	The Board is developing a Standard of GRAP on <i>Social Benefits</i> . c It is likely that the Standard will depart significantly from IPSAS 42.
IPSAS 43 on <i>Leases</i>	The Board will consider IPSAS 43 in a future work programme.
IPSAS 44 on <i>Non-current Assets Held for Sale and Discontinued Operations</i>	Entities should apply GRAP 100 on <i>Discontinued Operations</i> as part of the GRAP Reporting Framework.
IPSAS 45 on <i>Property, Plant and Equipment</i>	The guidance on infrastructure assets and measurement from revisions to IPSAS 17 on <i>Property, Plant and Equipment</i> will be included in the next improvements project and the measurement project.
IPSAS 46 on <i>Measurement</i>	The Board has started the research phase of a project to develop a Standard of GRAP on <i>Measurement</i> .
IPSAS 47 on <i>Revenue</i>	Research on the impact of the Standard will be reviewed in the next work programme. The next phase in the project will be determined by the outcome of the research.
IPSAS 48 on <i>Transfer Expenses</i>	The impact of the Standard for entities that apply the GRAP Reporting Framework will be considered in the 2024-2026 work programme.
IPSAS 49 on <i>Retirement Benefit Plans</i>	The Board did not find IPSAS 49 relevant to the South African environment.
IFRS 14 on <i>Regulatory Deferral Accounts</i>	The Standard only applies to first-time adopters of IFRS Accounting Standards. It is not applicable to entities that apply Standards of GRAP.
IFRS 18 on <i>Presentation and Disclosure in Financial Statements</i>	The IPSASB is progressing a project on <i>Presentation of Financial Statements</i> . A project to revise the Standards of GRAP will be considered after the completion of the IPSASB project.
IFRS 19 on <i>Subsidiaries without Public Accountability: Disclosures</i>	The Standard may have limited application locally. Previous research by the Board concluded that most entities in the public sector are publicly accountable.