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MINUTES OF THE PROJECT GROUP MEETING OF THE ACCOUNTING STANDARDS BOARD ON ED 205 PROPOSED STANDARD OF GRAP ON SOCIAL BENEFITS HELD ON 4 FEBRUARY 2025

Present:

L Briedenhann	UIF
M Dullabh	Office of the Accountant-General
I Kotze	CIGFARO
M Mathabathe	Limpopo Provincial Treasury
K Mosikare	Office of the Accountant-General
M Munonde	Compensation Fund
L Mzuzwana	UIF
S Qumba	Office of the Accountant-General
M Sathekge	Compensation Fund

Secretariat:

A Botha	Standard setter
S Nondlazi	Standard setter
J Poggiolini	CEO
E van der Westhuizen	Head of Technical

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, Prof R Small
Chief Executive Officer: Mrs J Poggiolini

1. WELCOME AND APOLOGIES

Members were WELCOMED to the project group meeting. Apologies were NOTED from H Aderibigbe, F Esterhuizen, C Fourie and N Imam-Shah.

2. CONFIRMATION OF AGENDA

The agenda was confirmed.

3. MINUTES OF THE PREVIOUS MEETING

The minutes of the meetings held on 11 June 2024 and 13 June 2024 were NOTED. It was NOTED that most attendees of those meetings were not in attendance at this meeting. The Secretariat NOTED that the draft minutes were circulated to all who attended and no comment was received.

4. REVIEW OF PROPOSED FINAL STANDARD OF GRAP ON SOCIAL BENEFITS CONSIDERING RESPONSES TO ED 205 SOCIAL BENEFITS

4.1 The Secretariat TABLED the following documents at the meeting:

- Memorandum from the Secretariat.
- Analyses of verbal and written comment received on ED 205, including the Secretariat's proposed responses to comment received.
- Proposed final Standard of GRAP on *Social Benefits* (marked-up from ED 205).

Background and objective of the discussion

4.2 The Secretariat NOTED the objective of the discussion was for the project group to consider proposed responses to the comment received and the final Standard of GRAP on *Social Benefits*, for recommendation to the Technical Committee. Proposed amendments to the Standard respond to the key issues raised by respondents to ED 205.

Consultation process

4.3 The Secretariat NOTED the consultation process followed.

Key issues raised by respondents

4.4 The Secretariat EXPLAINED the key issues raised and the Secretariat's proposed responses, including proposed amendments to the Standard. The following areas were discussed:

Scope of transactions and cash vs. in-kind benefits

4.5 The Secretariat's proposals to clarify the scope were SUPPORTED.

4.6 A member ASKED whether a bursary to an employee's child would meet the definition of a social benefit and be in the scope of the Standard. The Secretariat EXPLAINED that a bursary would likely be considered a benefit in-kind, which is out of scope.

4.7 A member NOTED the flow diagram in the application guidance and the table in the implementation guidance are useful to understand the scope.

Definitions – social benefits and social risks

- 4.8 It was NOTED that subsequent to the June 2024 project group meetings, the Board considered proposed ways to resolve the issues raised with the complexity of the definitions. The Board agreed to retain the definitions as exposed, and support stakeholders with applying the requirements through other mechanisms such as a Reference Group and implementation guidance.
- 4.9 Members SUPPORTED the Board's decisions and NOTED that the Reference Group for GRAP 104 on *Financial Instruments* has been useful.

Classification of benefits as social security insurance or social assistance benefits

- 4.10 Members SUPPORTED the Secretariat's proposals that no major amendments are needed, and to clarify characteristics of social assistance benefits and add guidance on the impact of the way in which a benefit is funded.

Recognition requirements and contingent liabilities

- 4.11 Members SUPPORTED the Secretariat's proposals, and that the Board used the *Conceptual Framework for General Purpose Financial Reports* to develop the requirements, and not GRAP 19 on *Provisions, Contingent Liabilities and Contingent Assets*. It was NOTED that measurement is often contentious, especially when estimates are involved.
- 4.12 A member ENQUIRED about whether the Board intends to amend GRAP 19 to align to the Conceptual Framework. The Secretariat EXPLAINED the Board's process to follow international standard-setters, and NOTED that the IASB recently consulted on amending IAS 37 on *Provisions, Contingent Liabilities and Contingent Assets*.
- 4.13 In further support of the requirements proposed in ED 205, members NOTED that other Standards of GRAP require judgement to be applied, for example classifying leases as operating or finance leases.
- 4.14 On the cost vs. benefit assessment, members AGREED that actuaries are already used to measure liabilities and it is not expected that the use of their services to measure the liability in accordance with ED 205 would result in material additional costs.

"Boundaries" of social benefit liabilities

- 4.15 Members SUPPORTED the Secretariat's proposal that the guidance on the "boundary" of liabilities is part of measuring the liability and does not affect recognition.

Disclosure requirements: not requiring a sensitivity analysis

- 4.16 Members SUPPORTED the Secretariat's proposal that a sensitivity analysis is not required and should not be added as a disclosure requirement.

Page-by-page review

- 4.17 The analyses of written and verbal comment on ED 205 were REVIEWED and SUPPORTED.

Secretariat

- 4.18 The final Standard of GRAP on *Social Benefits* was REVIEWED and SUPPORTED.

Secretariat

4.19 A member ASKED how the Secretariat responds to each stakeholder that raised comment and whether the responses have been discussed with them. The Secretariat EXPLAINED the due process, which is to respond to comment in the analyses of written and verbal comment. These are made available on the ASB website after the Board reviewed and agreed with the responses.

5. RE-EXPOSURE OF THE STANDARD

The Secretariat EXPLAINED the assessment of whether it is necessary to re-expose the Standard, and the reasons for the Secretariat's conclusion that re-exposure is unnecessary. Members AGREED with the Secretariat's conclusion and RECOMMENDED that the Board considers the Standard for approval.

Secretariat

6. NEXT STEPS

The next steps were NOTED.

7. GENERAL

There were no further matters for discussion raised.

8. CLOSING REMARKS

Members were THANKED for their time to prepare for the meeting, and their participation and input during the meeting.

Prepared by: E van der Westhuizen 10 February 2025