



240 Madiba Street
Pretoria
0002
Tel. 011 697 0660
Fax. 011 697 0666
www.asb.co.za

MINUTES OF THE TECHNICAL COMMITTEE MEETING OF THE ACCOUNTING STANDARDS BOARD HELD VIRTUALLY ON 14 NOVEMBER 2024

ATTENDANCE

MEMBERS OF THE COMMITTEE

CHAIRPERSON S Gcwabe

BOARD REPRESENTATIVES

A Carstens

A Hardien

A van der Burgh

REPRESENTATIVE OF THE AGSA

M Mentz

REPRESENTATIVE OF THE ASB

J Poggiolini

OBSERVER

W de Jager

EX OFFICIO

A Botha Project Manager

N Imam-Shah Project Manager

S Nondlazi Project Manager

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, Ms L Senne, Prof R Small,
Chief Executive Officer: Mrs J Poggiolini

1. WELCOME AND APOLOGIES

Members were WELCOMED to the meeting. Apologies were NOTED from L Bodewig, L Senne and R Small.

2. CONFIRMATION OF THE AGENDA

The agenda was CONFIRMED.

3. DECLARATIONS OF INTERESTS

Members were ASKED to indicate if they had interests to declare. No declarations were NOTED other than members' standing declarations.

4. APPOINTMENT OF THE DEPUTY-CHAIRPERSON

Members APPOINTED Ms A Carstens as the Deputy-chairperson.

5. MINUTES OF THE PREVIOUS MEETING

The minutes of the meeting held on 9 September 2024 were TABLED and APPROVED.

Secretariat

6. MATTERS ARISING

The Secretariat TABLED a memorandum on the matters arising from previous meetings for noting.

7. TECHNICAL MATTERS

ISSUES PAPER ON MEASUREMENT

7.1 The Secretariat TABLED the following at the meeting:

- Issues paper from the Secretariat
- Project brief (for information purposes)
- IPSAS Conceptual Framework (for information purposes)
- IPSAS 46 on *Measurement* (for information purposes)

7.2 The Secretariat PROVIDED a summary of the Issues paper.

7.3 Members RAISED the following concerns:

- Preparers of financial statements may employ consultants to help with the implementation of the proposed Standard of GRAP on measurement, where they are not familiar with the requirements of the new standard. This may raise concerns on the use of public funds. Members NOTED that the concerns related to the use of consultants should not prevent the Board from developing a proposed Standard of GRAP on measurement.
- There may be different interpretations or understandings of the proposed standard amongst the different stakeholders, for example between preparers and engineers (valuers), or between preparers and auditors. This is inherent with any change or introduction of new standards.
- The new guidance should not be drafted in a way that prompts entities to change their accounting policies, but rather provides guidance to entities to apply the

measurement requirements best suited for them.

7.4 Members PROPOSED the following actions to understand stakeholders' needs when drafting the proposed standard and assisting them in understanding the new requirements:

- the aim of the project should be clearly communicated to stakeholders;
- consultations on the proposed standard should be grouped by stakeholders with similar concerns, specific interests and specialist skills in measurement to encourage robust conversation amongst them;
- the transitional provisions should be clearly drafted indicating to stakeholders how the changes affect currently practice (where applicable). The transitional provisions should not reconsider past measurement decisions agreed between entities and auditors and should focus on the measurement of assets and liabilities going forward; and
- the ASB and the Office of the Accountant-General should engage in initiatives to communicate and raise awareness about the new standard.

Secretariat

7.5 A member NOTED three points for the Secretariat's consideration when developing the proposed standard:

- the different techniques that apply to the current operational value measurement basis;
- the structure of the proposed standard; and
- the location of the measurement disclosures in the proposed standard or the individual Standards of GRAP to which the item being measured relates.

Secretariat

7.6 A member SUGGESTED that "convergence with IPSAS" is a strong position and rather the "use of IPSAS as a starting point to develop a Standard of GRAP" should be used in communication.

Secretariat

7.7 The Technical Committee RECOMMENDED the proposed approach to the Board for approval.

Secretariat

REVIEW REPORT ON DESKTOP REVIEW OF THE STANDARD OF GRAP ON RELATED PARTY DISCLOSURES (GRAP 20)

7.8 The Secretariat TABLED the following at the meeting:

- Memorandum from the Secretariat
- Draft Review Report on Desktop Review of the Standard of GRAP on *Related Party Disclosures*

7.9 The Secretariat NOTED the background to the Review Report.

7.10 A member PROPOSED that the “Engagement will be held with the AGSA to communicate the issues raised by preparers regarding auditors requiring consistency with similar entities” should be removed as a specific action under the issue *Materiality not considered in the application of the Standard*, as this action is included in the report to raise awareness on the issues raised by respondents. It was RESOLVED that the action should be removed from the report, but the Secretariat should still engage the AGSA on the issue.

Secretariat

7.11 A member PROPOSED that an FAQ should be developed to provide guidance on the development of accounting policies under the issue *Boilerplate information included in the financial statements*. This FAQ should be developed alongside the Enhancing the Application of the Standards of GRAP video planned for 2024/25.

Secretariat

7.12 Members RECOMMENDED the Review Report to the Board for approval.

Secretariat

8. EMERGING ISSUES

8.1 The Secretariat TABLED a memorandum at the meeting.

Adoption of Standards of GRAP

8.2 The Secretariat NOTED that it received a question on the reporting framework for bargaining councils. The Secretariat reached out to the Department of Employment and Labour to discuss the matter further.

8.3 Members NOTED:

- SANRAL prepared their 2023/24 financial statements on Standards of GRAP.
- There was negative publicity on a substantial increase in SANRAL’s reported revenue on Standards of GRAP compared to IFRS Accounting Standards. This resulted from the application of IGRAP 1 on *Applying the Probability Test on Initial Recognition of Revenue*.
- The appropriateness of IGRAP 1 was also questioned as part of the ongoing consultation on the ASB’s work programme 2027-2029.
- Some stakeholders do not understand the reasons for differences between Standards of GRAP and IFRS Accounting Standards. IGRAP 1 was specifically developed to enable users to hold entities accountable for government revenue they should be collecting.

8.4 The following actions were AGREED:

- The Secretariat will engage the authors of the media publication to assist them in understanding the reasons for differences between reporting frameworks.
- The Secretariat could consider whether the subsequent impairment related to the initial recognition requirements of IGRAP 1 should be disclosed separately from other impairments.
- The appropriateness of IGRAP 1 should be considered as part of the work on revenue. Per IFRS 15 on *Revenue from Contracts with Customers*, credit risk is

not a factor impacting the recognition of revenue. The difference between revenue recognised per GRAP and IFRS Accounting Standards may be less.

Secretariat

Issues identified on the application of Standards of GRAP

- 8.5 The Secretariat PROVIDED further feedback on engagements held and communication related to the matters in the memorandum.
- 8.6 A member SHARED that SARS recently issued the following of note:
- Binding general ruling (VAT) 74 on VAT treatment of certain supplies of goods or services made by a municipality to a national or provincial government.
 - Government Gazette No. 51526 on additional considerations in terms of section 80(2) of the Tax Administration Act, 2011 (Act no. 28 of 2011) in respect of which an application for a binding private ruling or a binding class ruling may be rejected.

ASB research group

- 8.7 Progress was NOTED with signing a MOU for the initiative by a member of the research group with the Turkish Ministry of Finance.

9. ADMINISTRATION

WORK PROGRAMME AND PROJECTED PERFORMANCE 2024/25

- 9.1 The Secretariat TABLED the following at the meeting:

- Memorandum from the Secretariat.
- Work programme for 2024/25.
- Monitoring convergence with the IPSASB.
- Enhancing the Application of Standards of GRAP 2024/25 workplan.
- GRAP 104 Reference Group workplan

Work programme 2024/25

- 9.2 The Secretariat PROVIDED feedback on the progress of the technical projects, and the Secretariat's involvement in the IPSASB's projects.
- 9.3 Members NOTED the matters relating to the work programme and the IPSASB's projects.

Composition of the Technical Committee

- 9.4 The Technical Committee CONFIRMED that no skills need to be co-opted for the March 2025 meeting.

Projected performance for the quarter ending 31 December 2024

- 9.5 The Technical Committee NOTED the projected performance for the quarter and year.

GUIDANCE FOR DEVELOPING AND DRAFTING DISCLOSURE REQUIREMENTS

- 9.6 The Secretariat TABLED a memorandum at the meeting on an update on the guidance for developing and drafting disclosure requirements (guidance).

9.7 The Technical Committee NOTED that the guidance will be developed as part of the annual update of the *Due Process Handbook, Procedure Manual for Standard-setting Activities* and technical policies in September 2025.

10. INTERNATIONAL STANDARD-SETTING ACTIVITIES

10.1 The Secretariat NOTED the upcoming meeting from 10 to 13 December 2024 and NOTED the concurrent Exposure Drafts published as ED 212 and ED 213.

10.2 The IPSASB Board representative NOTED the establishment of the IPSAS Application Panel is imminent. It would be important for the Secretariat to communicate the role and purpose of the panel to local stakeholders so that they do not use it for purposes other than intended.

Secretariat

10.3 A member NOTED it would be important for the Secretariat to provide sufficient context to local stakeholders of the concurrent Exposure Draft on the IPSASB SRS 1 *Climate-related Disclosures*.

Secretariat

11. GENERAL

The Secretariat and Chair THANKED all members for their contributions.

12. FUTURE MEETINGS

It was NOTED that the next meeting is scheduled for 4 March 2025.

13. CLOSING

Members were THANKED for their participation in the meeting. The meeting was CLOSED at 12:00.

Prepared by:

E van der Westhuizen

18 November 2024

Reviewed by:

S Gcwabe

Issued: