

ED 208

April 2024





Disclaimer

The views and opinions expressed in this presentation are those of the individual. Official positions of the ASB on accounting matters are determined only after extensive due process and deliberation.





Overview of today's session

1. Purpose of Directive 5
2. Background to proposed amendments
3. Proposed key amendment
4. General matters for comment
5. Request for comment



Purpose of Directive 5

Directive 5 determines the **GRAP Reporting Framework** for a particular reporting period. The Appendices list the standards and pronouncements that form the GRAP Reporting Framework for that particular reporting period.

They are **updated each year** to include the Reporting Framework for the upcoming reporting period.

Entities therefore have to apply Directive 5 and the **list of pronouncements** in the applicable Appendix to prepare financial statements for a particular reporting period.



Background to proposed amendments

- 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.
- Stakeholders were particularly uncertain about when they would be permitted to **formulate accounting policies** using the Standards of GRAP.
- The Secretariat developed **Frequently Asked Questions** (FAQs) to address these queries and explain these principles.
- **The Board resolved** to amend the Directive on *Determining the GRAP Reporting Framework* (Directive 5), to clarify these principles in Directive 5.



Proposed key amendments

Definitions were included in the Directive to clarify meaning of a New Standard vs Amendment to a Standard of GRAP.

A New Standard of GRAP differs from an amendment to a Standard of GRAP, as it introduces new requirements for a transaction or event that did not previously exist.

An amendment to a Standard of GRAP modifies existing requirements for a transaction or event.



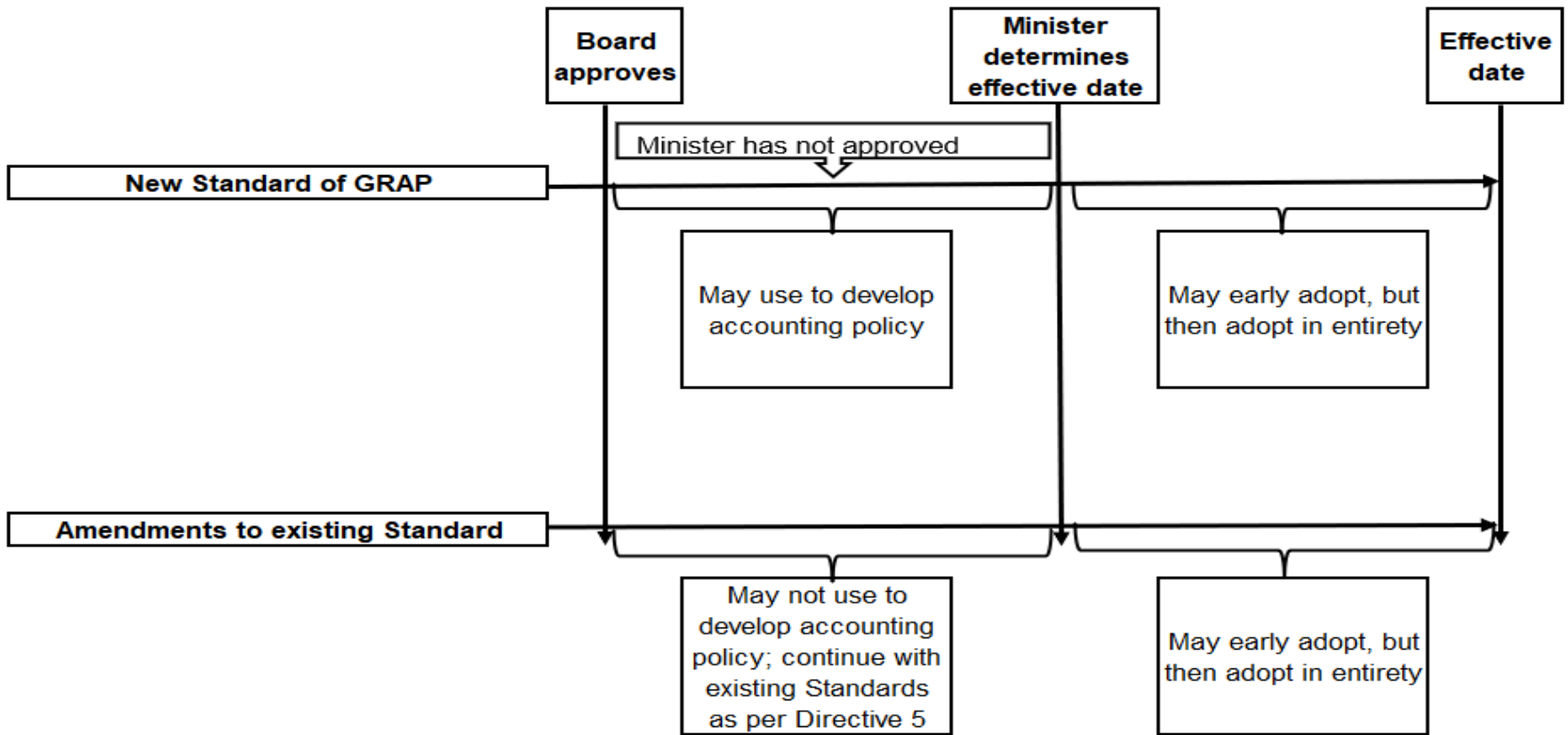
Proposed key amendments

Development of accounting policies:

- **Amendments** to Standards of GRAP which the Board has approved but for which the Minister of Finance has not yet determined an effective date shall not be used to develop accounting policies.
- Entities are permitted to develop accounting policies when there is no Standard of GRAP that specifically applies to a transaction or event.
- Entities should **continue to apply existing Standards of GRAP** as per Directive 5. Entities are only permitted to adopt amendments to Standards of GRAP once an effective date has been determined by the Minister.

Proposed key amendments

Development of accounting policies:



Proposed key amendments

The key amendments proposed to Directive 5 are to clarify that:

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.



Therefore

Entities shall not apply any standards and pronouncements issued by other standard setters that are not included in the appendices.



General matter 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.



Request for comment

- ❖ Comment is invited by **30 June 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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