

Topic	Issues deliberated	Decisions of the Board	Status	Effective date	Next steps
<b>Directive 5 on Determining the GRAP Reporting Framework</b>	<i>Should entities apply Standards that are not yet effective to formulate an accounting policy?</i>	<p>The Board agreed that entities should only use a Standard of GRAP that is not yet effective to develop an accounting policy where no Standard of GRAP was applied before, i.e. there was previously no guidance on the transaction or event.</p> <p>For Standards of GRAP that are being replaced by newer versions, or existing Standards amended, entities will need to wait to adopt them once the effective date is approved by the Minister of Finance.</p>	Exposure Draft published for comment.	Not applicable.	Comment deadline 30 June 2024.
	<i>Can entities apply international standards if they are not listed in the Annexure to Directive 5?</i>	Entities may not apply international standards that are not listed in the Annexures to Directive 5.			
<b>Post-implementation Review of GRAP 109 on Accounting by Principals and Agents</b>	<i>What was the general consensus from stakeholders on GRAP 109?</i>	Stakeholders are generally satisfied with GRAP 109. The identification of principals and agents requires a high degree of judgement. As a result, preparers and auditors still find this the most difficult aspect of the Standard. Suggestions were made to improve the disclosures related to principal-agent arrangements.	Review completed.	Not applicable.	Exposure draft of proposed amendments to GRAP 109 will be developed, along with other material.
	<i>How should the issues raised by stakeholders on identifying principal-agent arrangements be addressed?</i>	<p>The most common issue raised by stakeholders was the identification of principal-agent arrangements. Based on the issues raised, the Board agreed that the basic principles are appropriate but that some changes are needed to GRAP 109. These include:</p> <ul style="list-style-type: none"> <li>Explaining the types of rights and obligations that the principal and agent have in a principal-agent</li> </ul>			

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		<p>arrangement. An example could illustrate the principle that an agent receives specific direction from the principal and represents the interests of the principal in transactions with third parties.</p> <ul style="list-style-type: none"> <li>• Using sub-headings to highlight the steps entities should follow.</li> <li>• Adding guidance on assessing arrangements with multiple rights and obligations.</li> <li>• Explaining the assessment is per binding arrangement, not at entity level.</li> <li>• Indicating that substance over form is applied when assessing whether an arrangement meets the definition of a principal-agent arrangement.</li> </ul>			
	<p><i>How should applying materiality for principal-agent arrangements be prioritised?</i></p>	<p>It was observed that there is uncertainty about whether, and/or how, materiality should be applied for various aspects of principal-agent arrangements. In particular, it was unclear if materiality should be applied for identifying arrangements, when these arrangements are qualitatively material, whether the disclosures only apply to material arrangements, how disclosures should be aggregated for immaterial arrangements, and whether different materiality applies to different statements (e.g. the statement of financial position, financial performance, etc.)</p> <p>The Board agreed to ask the National Treasury to develop case studies on applying materiality in principal-</p>			

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		agent arrangements. As materiality is generally not well applied, materiality will continue to feature on the ASB’s work programme for 2024/25 and beyond.			
	<i>Do stakeholders find the information in the financial statements useful?</i>	<p>Several issues were raised by stakeholders about the presentation and disclosure of information related to principals and agents. Most issues relate to the application of the principles in the Standard. For the most part, these can be addressed by minor changes to the Standard and issuing FAQs.</p> <p>The only matter of principle related to the presentation of cash inflows and outflows as an agent. Stakeholders questioned whether these should be presented net or gross in the cash flow statement. Different views were expressed. An FAQ will be developed explaining the gross or net presentation and how this applies to the principal’s and the agent’s accounting.</p>			