

Proposed amendments to GRAP 109 on Accounting by Principals and Agents

The Board undertook a post-implementation review of GRAP 109 in 2023. Stakeholders observed that applying the Standard can be complex as it requires judgement, particularly the factors to consider whether a principal-agent arrangement exists. Since completing the review, several resources have been made available by the ASB and the Office of the Accountant-General (OAG) to deal with GRAP 109 related matters. In addition to actions already taken, the Board agreed the application of GRAP 109 would be improved by amending these areas of the Standard:

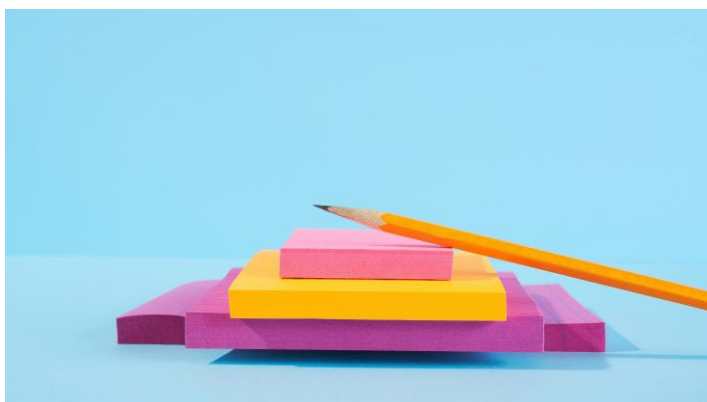
- What constitutes a binding arrangement.
- Assessing when the definition of a principal-agent arrangement is met.
- Improving the disclosures about principal-agent arrangements.

The comment deadline for Exposure Draft 215 is 13 February 2026 and can be accessed on the ASB's website.

The resources available on GRAP 109 include:

- Frequently Asked Questions - [FAQs](#)
- GRAP 109 - ASB - [Standard on a page](#)
- OAG presentation on *Understanding principal-agent arrangements* - [GRAP Knowledge Hub](#).
Topic: GRAP 109

Highlights of the Board meeting held on 30 September 2025



GRAP Reporting Framework for 2026/2027

Directive 5 on *Determining the GRAP Reporting Framework* is updated annually to outline the pronouncements that should be applied for a particular reporting period (called the “GRAP” Reporting Framework). The GRAP Reporting Framework for 2026/27 was approved by the Board. There were no changes made to the Reporting Framework from 2025/26.

Directive 5 can be accessed on the [ASB's website](#).

Readiness to adopt the revised GRAP 104 on Financial Instruments

The revised GRAP became effective on 1 April 2025. The ASB recently issued a poll on social media about preparers' readiness to adopt the new Standard. The results were concerning, considering that the revised Standard should be used to prepare the financial statements for 31 March or 30 June 2026.

- Most respondents have not developed a formal implementation plan, have not conducted a gap analysis and have not updated accounting policies or financial statement templates, indicating limited preparedness for the transition.
- Familiarity and confidence with the revised Standard and the expected credit loss model are generally low, with several respondents identifying as 'unfamiliar' or 'not confident', and only a few reporting high confidence or familiarity.
- There is a clear need for additional support, as multiple respondents requested workshops, training and practical guidance, especially in areas such as classification, measurement and impairment of financial instruments.

A diverse range of resources are available on the [ASB website](#) for support on the change to the new Standard.





Proposed Improvements to the Standards of GRAP

The Board undertakes periodic non-urgent, minor revisions to the suite of Standards to ensure they are aligned with the international standards on which they are based, and to address matters raised by stakeholders through various engagements. Proposed amendments were approved by the Board to the following Standards:

GRAP 1 Presentation of Financial Statements

- An explanation of the right to defer settlement for at least twelve months (with or without covenants), including the meaning of settlement in the context of rolling over a liability under an existing loan facility and how this affects classification as current or non-current.
- Introduce a requirement for entities to disclose materiality judgements made in preparing financial statements.

GRAP 3 Accounting Policies, Changes in Accounting Estimates and Errors

To address potential misinterpretations in GRAP 3, the term “Standards of GRAP” is amended in the context of this Standard and refers to the definitions in Directive 5. These paragraphs specifically relate to disclosures about “not yet effective Standards,” and therefore need to be read with Directive 5.



These disclosures also now refer to the definitions in Directive 5 because only new or amended Standards of GRAP are expected to have a material impact on an entity’s accounting policies. Additional information may be provided where new or amended Interpretations, Directives or Guidelines materially impact an entity’s accounting policies.

GRAP 17 on Property, Plant and Equipment

Guidance was added on infrastructure assets from IPSAS 45 on *Property, Plant and Equipment*. The amendments address local issues relating to the recognition of infrastructure assets, including typical characteristics and examples of these assets.



GRAP 17 on Property, Plant and Equipment

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Implementation Guidance was added to assist with identifying significant parts of infrastructure assets for depreciation and assessing the impact of under-maintenance on measurement and impairment.

GRAP 18 Segment Reporting

The amendments include a reference to the Standard of GRAP on *Cash Flow Statements* (GRAP 2) which requires the disclosure of the amount of the cash flows arising from the operating, investing and financing activities of each reportable segment, where such disclosure is useful to the users of financial statements.

GRAP 19 Provisions, Contingent Liabilities and Contingent Assets

Improvements are proposed to provide guidance on collective and individual services. This change is made in response to the impending finalisation of the Standard of GRAP on *Social Benefits*.

GRAP 20 Related Party Disclosures

As part of the desktop review of GRAP 20 *Related Party Disclosures*, the Board agreed to include guidance on whether members of sub-committees of the Board are related parties. Guidance was included in Appendix A, Example 1 of the Standard.

Guidance was added to the Standard to clarify the relationships between the three spheres of government and to identify which entities within the spheres of government may be considered related parties.

Commenting on the proposed changes

The comment deadline for Exposure Draft 216 is 9 January 2025. ED 216 is available on the ASB’s website.

