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Chief Financial Officers/Accounting Officers

Per email

30 September 2023

Dear Chief Financial Officer/Accounting Officer

REPORTING FRAMEWORK AND THE STATUS OF IPSAS AND IFRS ACCOUNTING STANDARDS

The Accounting Standards Board (the Board) updates Directive 5 on *Determining the GRAP Reporting Framework* each year to include the reporting framework for the upcoming reporting period. The reporting framework applicable to each period is included in an Annexure to the Directive. The Annexure outlines the pronouncements issued by the Board, the International Public Sector Accounting Standards Board (IPSASB) and International Accounting Standards Board (IASB) that should either be applied or considered by entities in preparing their financial statements.

Newly effective Standards of GRAP, or amendments to existing Standards

The Minister of Finance approves the effective dates of new Standards of GRAP and any amendments to existing Standards. There are no new or amended pronouncements that are effective for financial periods commencing on or after 1 April 2024. The Standards of GRAP and amendments to existing Standards which are not yet effective are discussed in Annexure A.

Status of IPSAS® and IFRS® Accounting Standards

There are several IPSAS and IFRS Accounting Standards that are in issue and questions have been raised about whether they should be considered by entities. IPSAS or IFRS Accounting Standards are used to formulate an accounting policy when certain criteria are met, as specified in GRAP 3 on *Accounting Policies, Changes in Accounting Estimates and Errors*. Any IPSAS or IFRS Accounting Standards which the Board believes should be considered by entities in formulating accounting policies are included in the Annexures to Directive 5. The table in Annexure B explains which IPSAS or IFRS Accounting Standards are *not* suitable for application with supporting rationale.

Board Members: Ms P Moalusi (Chair), Mr A van der Burgh (Deputy Chair), Mr C Braxton, Ms W de Jager,
Mr D Dlamini, Mr S Khan, Ms A Muller, Ms N Themba
Chief Executive Officer: Ms J Poggiolini Technical Director: Ms E van der Westhuizen



It is important to note that pronouncements of other standard-setters can only be used to formulate accounting policies; they are not adopted by entities.

Any queries related to this communication should be submitted to elizna@asb.co.za.

A handwritten signature in black ink, appearing to read 'Elizna van der Westhuizen'.

Elizna van der Westhuizen

Technical Director

Annexure A – Changes to the Standards of GRAP

There are no new or amended pronouncements that are effective for financial periods commencing on or after 1 April 2024.

The following Standards of GRAP, or amendments to existing Standards, have been approved by the Board but have no effective date that has been determined by the Minister of Finance:

Topic	Status
GRAP 1 on <i>Presentation of Financial Statements</i> (Amendments on going concern, approved December 2022)	Effective date to be determined.
GRAP 103 on <i>Heritage Assets</i> (Approved June 2022)	Effective date to be determined.
<i>Improvements to the Standards of GRAP 2023</i> (Approved September 2023)	Effective date to be determined.

The following pronouncements are not yet effective:

Topic	Status
GRAP 104 on <i>Financial Instruments</i> (2019)	Effective from 1 April 2025. Entities may early adopt the Standard before the effective date. In this instance, the entire Standard needs to be adopted early. Piecemeal adoption is not permitted.
IGRAP 22 on <i>Foreign Currency Transactions and Advance Consideration</i>	Effective from 1 April 2025. Entities may early adopt the Interpretation before the effective date.

Annexure B – Status of international Standards

The table below outlines a list of recently issued IPSAS and IFRS Accounting Standards that are not included in the GRAP Reporting Framework and are not suitable for application by entities, either by directly adopting them or using them to formulate accounting policies.

Title of Standard	Status
IPSAS 40 on <i>Public Sector Combinations</i>	GRAP 105 on <i>Transfers of Functions Between Entities Under Common Control</i> , GRAP 106 on <i>Transfers of Functions Between Entities Not Under Common Control</i> , and GRAP 107 on <i>Mergers</i> deal with “public sector combinations”. The Board will approve changes to the equivalent Standards of GRAP in December 2023.
IPSAS 41 on <i>Financial Instruments</i>	GRAP 104 on <i>Financial Instruments</i> was revised in 2021 to align with IPSAS 41. The revised Standard is effective for financial years commencing on or after 1 April 2025.
IPSAS 42 on <i>Social Benefits</i>	The Board is developing a Standard of GRAP on <i>Social Benefits</i> . ED 205 on <i>Social Benefits</i> requests comment on the Board's proposals. Current proposals depart significantly from IPSAS 42.
IPSAS 43 on <i>Leases</i>	The Board will consider IPSAS 43 in a future work programme.
IPSAS 44 on <i>Non-current Assets Held for Sale and Discontinued Operations</i>	Entities should apply GRAP 100 on <i>Discontinued Operations</i> as part of the GRAP Reporting Framework.
IPSAS 45 on <i>Property, Plant and Equipment</i>	The Board will consider the revisions to IPSAS 17 on <i>Property, Plant and Equipment</i> , published as IPSAS 45, in a future work programme.
IPSAS 46 on <i>Measurement</i>	The Board will start a project to develop a Standard of GRAP on <i>Measurement</i> during the 2024-2026 work programme.
IPSAS 47 on <i>Revenue</i>	The impact of the Standard will be reviewed in the 2024-2026 work programme. A project to revise the Standards of GRAP on revenue may be considered in the next work programme.
IPSAS 48 on <i>Transfer Expenses</i>	The impact of the Standard for entities that apply the GRAP Reporting Framework will be considered in the 2024-2026 work programme.
IPSAS 49 on <i>Retirement Benefit Plans</i>	The Board did not find IPSAS 49 relevant to the South African environment.
IFRS 14 on <i>Regulatory Deferral Accounts</i>	The Standard only applies to first-time adopters of IFRS Accounting Standards. It is not applicable to entities that apply Standards of GRAP.
IFRS 17 on <i>Insurance Contracts</i>	IFRS 17 was effective in the private sector from 1 January 2023. The Board is assessing the extent to which entities should consider IFRS 17 for insurance, or insurance-like activities as part of the GRAP Reporting Framework. Entities should not change their accounting policies for insurance or insurance-like activities.