

Reference: T7/2/7

TREASURY CIRCULAR MUN NO. 57/2014

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THE HEAD OF DEPARTMENT: LOCAL GOVERNMENT

THE CHIEF DIRECTOR: LOCAL GOVERNMENT BUDGET ANALYSIS – NATIONAL TREASURY (MR J HATTINGH)

THE CHIEF DIRECTOR: MFMA IMPLEMENTATION – NATIONAL TREASURY (MR TV PILLAY)

ACCOUNTING STANDARDS BOARD (ASB) ISSUED: PROPOSED GENERALLY RECOGNISED ACCOUNTING PRACTICE (GRAP) REPORTING FRAMEWORK FOR 2015/16 & AMENDMENTS TO DIRECTIVE 5, EXPOSURE DRAFT (ED) 128

1. PURPOSE

- 1.1 The purpose of this circular is to request municipalities and municipal entities to submit comments on the proposed GRAP Reporting Framework for 2015/16 and amendments to Directive 5 (ED 128).
- 1.2 This can be accessed via the following link: <http://www.asb.co.za>.

2. BACKGROUND

- 2.1 The Accounting Standards Board (ASB) is required, in terms of the Public Finance Management Act, Act No. 1 of 1999, as amended (PFMA), to determine generally recognised accounting practice referred to as Standards of Generally Recognised Accounting Practice (GRAP).
- 2.2 Annually the ASB revises the GRAP Reporting Framework as a result of:
 - Standards of GRAP, Interpretations or other publications that have become effective or have been issued by the ASB;
 - Standards and pronouncements issued by other standard-setters, such as the International Public Sector Accounting Standards Board (IPSASB) and the International Accounting Standards Board which are relevant to the South African public sector; and
 - Any other improvements that require Directive 5, or its related Appendices, to be revised.

3. PROPOSED GRAP REPORTING FRAMEWORK 2014/15

- 3.1 The following standards of GRAP are approved and effective as from 1 April 2015:
 - **GRAP 105:** Transfer of Functions Between Entities Under Common Control.
 - **GRAP 106:** Transfer of Functions Between Entities Not Under Common Control.
 - **GRAP 107:** Mergers.

3.2 The following standard of GRAP may be utilised by an entity to disclose information in its financial statements:

- **GRAP 20:** Related Party Disclosures.

3.3 The following standards of GRAP may be used in developing an accounting policy:

- **GRAP 32:** Service Concession Arrangements: Grantor.
- **GRAP 108:** Statutory Receivables.
- **IGRAP 17:** Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset.

4. **REQUEST**

4.1 Municipalities should express their overall opinion on whether this Exposure Draft (ED 128) is supported. In addition, provide comments and suggest alternative wording, with supporting reasoning, where appropriate.

4.2 It will be appreciated if all the comments can be submitted to Provincial Treasury by **15 January 2015** to allow PT to consolidate all comments for the Province for submission to the ASB by 30 January 2015.

4.3 All comments may be submitted to PT.helpme@westerncape.gov.za.

5. Your co-operation is highly appreciated.



MRS M FORTUIN

ACTING SENIOR MANAGER: LOCAL GOVERNMENT ACCOUNTING

DATE: 25 November 2014

Proposed GRAP reporting framework for year ending 30 June 2016
Standards, Directives and Interpretations comprising the framework

Standard	Title	Applicable in full		
		Prior Year 2013/14	Current Year 2014/15	Proposed for 2015/16
GRAP Framework	Framework for the preparation and presentation of financial statements	Yes	Yes	Yes
GRAP 1	Presentation of Financial Statements (as revised in 2010)	Yes	Yes	Yes
GRAP 2	Cash Flow Statements (as revised in 2010)	Yes	Yes	Yes
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors (as revised in 2010)	Yes	Yes	Yes
GRAP 4	The Effects of Changes in Foreign Exchange Rates (as revised in 2010)	Yes	Yes	Yes
GRAP 5	Borrowing Costs	Yes	Yes	Yes
GRAP 6	Consolidated and Separate Financial Statements	Yes	Yes	Yes
GRAP 7	Investments in Associates	Yes	Yes	Yes
GRAP 8	Interests in Joint Ventures	Yes	Yes	Yes
GRAP 9	Revenue from Exchange Transactions (as revised in 2010)	Yes	Yes	Yes
GRAP 10	Financial Reporting in Hyperinflationary Economies (as revised in 2010)	Yes	Yes	Yes
GRAP 11	Construction Contracts (as revised in 2010)	Yes	Yes	Yes
GRAP 12	Inventories (as revised in 2010)	Yes	Yes	Yes
GRAP 13	Leases (as revised in 2010)	Yes	Yes	Yes
GRAP 14	Events After the Reporting Date (as revised in 2010)	Yes	Yes	Yes
GRAP 16	Investment Property (as revised in 2010)	Yes	Yes	Yes
GRAP 17	Property, Plant and Equipment (as revised in 2010)	Yes	Yes	Yes
GRAP 18	Segment reporting	No	No	No

Standard	Title	Applicable in full		
		Prior Year 2013/14	Current Year 2014/15	Proposed for 2015/16
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets (as revised in 2010)	Yes	Yes	Yes
GRAP 20	Related Party Disclosures	No	No	No
GRAP 21	Impairment of Non-cash-generating Assets	Yes	Yes	Yes
GRAP 23	Revenue from Non-exchange Transactions (Taxes and Transfers)	Yes	Yes	Yes
GRAP 24	Presentation of budget information in financial statements	Yes	Yes	Yes
GRAP 25	Employee benefits	No	Yes	Yes
GRAP 26	Impairment of cash-generating assets	Yes	Yes	Yes
GRAP 27	Agriculture (previously GRAP 101)	Yes	Yes	Yes
GRAP 31	Intangible Assets (previously GRAP 102)	Yes	Yes	Yes
GRAP 32	Standard of GRAP on Service Concession Arrangements: Grantor	No	No	No
GRAP 100	Non-current Assets Held for Sale and Discontinued Operations (as revised in 2010)	Yes	Yes	Yes
GRAP 103	Heritage Assets	Yes	Yes	Yes
GRAP 104	Financial Instruments	Yes	Yes	Yes
GRAP 105	Transfers of Functions between Entities Under Common control	No	No	Yes
GRAP 106	Transfers of Functions between Entities not Under Common Control	No	No	Yes
GRAP 107	Mergers	No	No	Yes
GRAP 108	Standard of GRAP on Statutory Receivables	No	No	No

Pronouncement No.	Pronouncement	Applicable in full		
		Prior Year 2013/14	Current Year 2014/15	Proposed for 2015/16
Directive 1	Repeal of Existing Transitional Provisions in, and Consequential Amendments to, Standards of GRAP	Yes	Yes	Yes
Directive 2	Transitional Provisions for the Adoption of Standards of GRAP by Public Entities, Municipal Entities and Constitutional Institutions	Yes	Yes	Yes
Directive 3	Transitional Provisions for the Adoption of Standards of GRAP by High Capacity Municipalities	Yes	Yes	Yes
Directive 4	Transitional Provisions for the Adoption of Standards of GRAP by Medium and Low Capacity Municipalities	Yes	Yes	Yes
Directive 5	Determining the GRAP Reporting Framework	Yes	Yes	Yes
Directive 6	Transitional Provisions for Revenue Collected by the South African Revenue Service (SARS)	Yes	Yes	Yes
Directive 7	The Application of Deemed Cost on the Adoption of Standards of GRAP	Yes	Yes	Yes
Directive 8	Transitional Provisions for Parliament and Provincial Legislatures	Yes	Yes	Yes
Directive 9	The Application of the Standards of GRAP by Trading Entities	Yes	Yes	Yes
Directive 10	Application of the standard of GRAP by Public Further Education and Training Colleges.	No	Yes	Yes
Directive 11	Changes in Measurement Bases following Initial Adoption of Standard of GRAP	No	No	Yes
IGRAP 1	Applying The Probability Test On Initial Recognition Of Revenue (as revised in 2012)	Yes	Yes	Yes
IGRAP 2	Changes in Existing Decommissioning, Restoration and Similar Liabilities	Yes	Yes	Yes
IGRAP 3	Determining whether an Arrangement contains a Lease	Yes	Yes	Yes
IGRAP 4	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	Yes	Yes	Yes
IGRAP 5	Applying the Restatement Approach under the Standard of GRAP on Financial Reporting in Hyperinflationary Economies	Yes	Yes	Yes
IGRAP 6	Loyalty Programmes	Yes	Yes	Yes
IGRAP 7	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	Yes	Yes	Yes

Pronouncement No.	Pronouncement	Applicable in full		
		Prior Year 2013/14	Current Year 2014/15	Proposed for 2015/16
IGRAP 8	Agreements for the Construction of Assets from Exchange Transactions	Yes	Yes	Yes
IGRAP 9	Distributions of Non-cash Assets to Owners	Yes	Yes	Yes
IGRAP 10	Assets Received from Customers	Yes	Yes	Yes
IGRAP 11	Consolidation - Special Purpose Entities	No	No	Yes
IGRAP 12	Jointly Controlled Entities - Non-Monetary Contributions by Venturers	No	No	Yes
IGRAP 13	Operating Leases - Incentives	Yes	Yes	Yes
IGRAP 14	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	Yes	Yes	Yes
IGRAP 15	Revenue - Barter Transactions Involving Advertising Services	Yes	Yes	Yes
IGRAP 16	Intangible Assets – Website Costs	No	Yes	Yes
IGRAP 17	Interpretation of the Standard of GRAP on Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset	No	No	No
ASB guide 1	Guideline on Accounting for Public Private Partnerships	Yes	Yes	Yes
IFRS 4	Insurance Contracts	Yes	Yes	Yes
IFRS 6	Exploration for and Evaluation of Mineral Resources	Yes	Yes	Yes
IAS 12	Income taxes	Yes	Yes	Yes
SIC 25	Income Taxes – Changes in the Tax Status of an Entity or its Shareholders	Yes	Yes	Yes
SIC 29	Service Concession Agreements - Disclosures	Yes	Yes	Yes
IFRIC 12	Service Concession Arrangements	Yes	Yes	Yes
IFRIC 20	Stripping Costs in the Production Phase of a Surface mine	No	Yes	Yes
IFRIC 21	Levies	No	Yes	Yes



Comments due by 30 January 2015

**ACCOUNTING STANDARDS BOARD
INVITATION TO COMMENT ON THE PROPOSED
GRAP REPORTING FRAMEWORK FOR 2015/16
AND
AMENDMENTS TO DIRECTIVE 5
(ED 128)**



ED 128

Commenting on this Exposure Draft

The Accounting Standards Board (the Board) seeks comment on the Exposure Draft of the *Proposed GRAP Reporting Framework for 2015/2016 and Amendments to Directive 5*. The purpose of this Exposure Draft is to outline the Reporting Framework to be applied by entities for financial years commencing on or after 1 April 2015. Once finalised, Directive 5 will be updated with the 2015/16 Reporting Framework and added as an Appendix.

The proposals in this Exposure Draft may be modified in the final document in the light of comment received. Comment should be submitted in writing so as to be received by **30 January 2015**. Email responses are preferred. Unless respondents to this Exposure Draft specifically request confidentiality, their comment is a matter of public record once Directive 5 has been updated. Comment should be addressed to:

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INTRODUCTION

Standards of Generally Recognised Accounting Practice

The Accounting Standards Board (the Board) is required in terms of the Public Finance Management Act, Act No. 1 of 1999, as amended (PFMA), to determine generally recognised accounting practice referred to as Standards of Generally Recognised Accounting Practice (GRAP).

The Board must determine GRAP for:

- (a) departments (national and provincial and government components);
- (b) public entities;
- (c) trading entities (as defined in the PFMA);
- (d) constitutional institutions;
- (e) municipalities and boards, commissions, companies, corporations, funds or other entities under the ownership control of a municipality; and
- (f) Parliament and the provincial legislatures.

The above are collectively referred to as “entities”.

The Board has approved the application of Statements of Generally Accepted Accounting Practice (GAAP), as codified by the Accounting Practices Board and issued by the South African Institute of Chartered Accountants as at 1 April 2012, to be GRAP for:

- (a) government business enterprises (as defined in the PFMA);
- (b) any other entity, other than a municipality, whose ordinary shares, potential ordinary shares or debt are publicly tradable on the capital markets; and
- (c) entities under the ownership control of any of these entities.

The Board has approved the application of International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board to be GRAP for these entities where they are applying IFRSs.

Financial statements should be described as complying with Standards of GRAP only if they comply with all the requirements of each applicable Standard of GRAP and any related Interpretations of the Standards of GRAP.

Section 89(1)(b) of the PFMA, requires the Board to prepare and publish directives and guidelines concerning the Standards of GRAP as set in paragraph 89(1)(a) of the PFMA. The *Preface to the Standards of GRAP* determines that directives will be used to set transitional provisions and transitional arrangements for the entities required to comply with Standards of GRAP. Directives issued by the Board in terms of section 89(1)(b) of the PFMA therefore have the same authority as the Standards of GRAP.



ED 128

Directives should be read in conjunction with the relevant Standard(s) of GRAP, as well as the *Preface to the Directives issued by the Accounting Standards Board*.

Background and purpose of this Exposure Draft

Directive 5 *Determining the GRAP Reporting Framework* comprises the Standards and pronouncements issued by the Board and, where relevant, other standard-setters, to be applied by entities when preparing their financial statements in accordance with Standards of GRAP for a particular reporting period. The Appendices to Directive 5 list the Standards and pronouncements that form the GRAP Reporting Framework for a particular reporting period.

The Board revises the GRAP Reporting Framework on an annual basis as a result of:

- Standards of GRAP, Interpretations or other publications that have become effective or have been issued by the Board;
- Standards and pronouncements issued by other standard-setters, such as the International Public Sector Accounting Standards Board (IPSASB) and the International Accounting Standards Board (IASB) (where they are relevant to the South African public sector); and
- any other developments that require Directive 5, or its related Appendices, to be revised.

Newly effective Standards of GRAP

- The Minister of Finance approved the application of the Standards of GRAP on *Transfer of Functions Between Entities Under Common Control* (GRAP 105), *Transfer of Functions Between Entities Not Under Common Control* (GRAP 106) and *Mergers* (GRAP 107) by constitutional institutions, public entities, municipalities and municipal entities from 1 April 2015. In addition, the Minister of Finance also determined the application of the Standard of GRAP on *Segment Reporting* (GRAP 18) by constitutional institutions and public entities from 1 April 2015.
- The Financial Management of Parliament Amendment Act. No 34 of 2014, requires Parliament and the Provincial Legislatures to apply Standards of GRAP. The application of GRAP 18, GRAP 105, GRAP 106 and GRAP 107 to trading entities, Parliament and the Provincial Legislatures at the time of issuing this Exposure Draft still needed to be confirmed by the Minister of Finance. If effective dates are announced before the proposed 2015/2016 GRAP Reporting Framework is approved by the Board, the final Appendix will be updated.
- As the Minister of Higher Education approved the application of Standards of GRAP by Public FET Colleges for periods commencing on or after 1 January 2014, GRAP 18, GRAP 105, GRAP 106 and GRAP 107 should also be applied by FET Colleges from 1 January 2016.



Standards of GRAP and other pronouncements approved by the Board

At the time of issuing this Exposure Draft, the Board has not yet approved any new pronouncements. The Board has, however, issued a proposed Standard of GRAP on *Accounting by Principals and Agents* (ED 122) that will be considered for approval as a final Standard of GRAP at its December 2014 meeting. When the proposed Standard is approved by the Board as a final Standard of GRAP, the proposed GRAP Reporting Framework for 2015/2016 will be updated.

The Board will also consider comment on ED 124 on *The Application of the Standards of GRAP by Government Business Enterprises (Schedule 3B and 3D)* at this meeting before taking a decision on the reporting framework that should be applied by Schedule 3B and 3D GBEs. The Board's decision will also impact the finalisation of the 2015/2016 GRAP Reporting Framework.

Pronouncements of other standard-setters

While a number of pronouncements have been issued by the IPSASB and IASB during 2013 and 2014, the Board has not proposed the application of any International Public Sector Accounting Standards (IPSASs) or additional International Financial Reporting Standards (IFRSs) for the 2015/16 reporting period. The Board's rationale for not prescribing the recent pronouncements of the IASB and IPSASB is as follows:

Pronouncements issued by the IPSASB

- The IPSASB is currently considering the comments received on five recently issued Exposure Drafts that amend the requirements on reporting on interests in controlled entities, associates and joint ventures. In addition, the IPSASB is also considering comment on an Exposure Draft that deals with the first-time adoption of accrual basis IPSASs. Once the IPSASB has approved these as final pronouncements, the Board will consider how to amend its existing Standards of GRAP and/or pronouncements to align them with the international requirements.
- During 2013 the IPSASB approved Chapter 1 of its *Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities*, while two new Chapters were, in principal, approved during 2014, i.e. *Measurement* and *Presentation in General Purpose Financial Statements*. The IPSASB will consider approving these two Chapters for publication, along with the remaining Chapter on *Elements – Definition and Recognition* at its September 2014 meeting. The Board will, however, only consider the impact of the IPSASB's Conceptual Framework on its Conceptual Framework once the IPSASB has completed all the chapters of its framework.

- The IPSASB issued two Recommended Practice Guidelines on *Reporting on the Long-Term Sustainability of an Entity's Finances* (RPG 1) and *Financial Statement Discussion and Analysis* (RPG 2) during 2013. These RPGs provide guidance on the preparation of information outside the financial statements, and are therefore not within the scope of the GRAP Reporting Framework.

Pronouncements issued by the IASB

The following pronouncements have been issued by the IASB:

Title of IFRS or IASB pronouncement	Applicability to South African public sector
IFRS 9 <i>Financial Instruments</i>	As entities are required to apply GRAP 104 on <i>Financial Instruments</i> this IFRS should not be applied. The Board will consider the impact of the requirements in IFRS 9 for the public sector in due course.
IFRS 10 <i>Consolidated Financial Statements</i> IFRS 11 <i>Joint Arrangements</i> IFRS 12 <i>Disclosure of Interests in Other Entities</i>	As entities are required to apply GRAP 6 on <i>Consolidated and Separate Financial Statements</i> , GRAP 7 on <i>Investments in Associates</i> , and GRAP 8 on <i>Interests in Joint Ventures</i> , these IFRSs should not be applied. Once the IPSASB has approved its pronouncements that amend and align the requirements on reporting on interests in controlled entities with these IFRSs, will the Board consider how to amend its existing Standards of GRAP and/or pronouncements to align them with the international requirements.
IFRS 13 <i>Fair Value Measurement</i>	Although fair value is used as a measurement basis in a number of Standards of GRAP, the Board has not yet considered the appropriateness of IFRS 13 for the public sector. As a result, this IFRS should not be applied.

Title of IFRS or IASB pronouncement	Applicability to South African public sector
IFRS 14 <i>Regulatory Deferral Accounts</i>	This IFRS applies to first-time adopters of IFRSs and permits them to continue to recognise amounts related to their rate regulation activities in accordance with its previous basis of accounting. As the Board has not considered the appropriateness of IFRS 14 for the public sector, this IFRS should not be applied.
IFRS 15 <i>Revenue from Contracts with Customers</i>	As entities are required to apply GRAP 9 on <i>Revenue from Exchange Transactions</i> and GRAP 23 on <i>Revenue from Non-Exchange Transactions (Taxes and Transfers)</i> , this IFRS should not be applied. The Board will undertake an analysis of the impact of this IFRS on the public sector in the last quarter of 2014.
Practice Statement on Management Commentary	This practice statement may be applied voluntarily by entities that prepare their financial statements in accordance with IFRSs. As this practice statement provides guidance on the preparation of information outside the financial statements, it is not within the scope of the GRAP Reporting Framework.

Any amendments made to the pronouncements issued by the IASB or IPSASB on which a Standard of GRAP is based, will only be considered once the Board reviews the applicable Standard of GRAP.

Deletion of Appendices

As with past practice, the Board proposes to delete the appendix that outlines the GRAP Reporting Framework for previous reporting periods, and accordingly Appendix A: 1 April 2013 - *Public entities, constitutional institutions, municipalities, municipal entities, trading entities, Parliament and the provincial legislatures* is deleted from Directive 5.



Due process and timetable

The Board invites comment on the proposals set out in this Exposure Draft from preparers, users, auditors, standard-setters and other parties with an interest in public sector financial reporting.

Upon the closure of the comment period, the Board will consider the comment received on the Exposure Draft. The proposed Appendix and/or any amendments thereto, may be modified in the light of the comment received.

Request for comment

Comment on this Exposure Draft is invited by **30 January 2015**. The Board requests 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. 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 reasoning, where appropriate. The basis for accepting or rejecting significant comment will be published on the website.



PROPOSED GRAP REPORTING FRAMEWORK FOR 2015/16

APPENDIX B: 1 APRIL 2015

This appendix consists of the following three Appendices:

- Appendix B1: Public Entities, Constitutional Institutions and Public FET Colleges
- Appendix B2: Municipalities and Municipal Entities
- Appendix B3: Trading Entities, Parliament and the Provincial Legislatures

APPENDIX B1: PUBLIC ENTITIES, CONSTITUTIONAL INSTITUTIONS AND PUBLIC FET COLLEGES

This Appendix forms part of the Directive.

This Appendix lists the standards and pronouncements that are the GRAP Reporting Framework for public entities, constitutional institutions, and Public FET Colleges effective for financial periods commencing on or after 1 April 2015 and should be applied as set out in paragraphs .05 and .06 of Directive 5.

B1. Entities are required to apply the Standards of GRAP where the Minister has determined the effective date. The Minister has determined the effective date for the Standards of GRAP outlined below (paragraph .09 of Directive 5).

Reference	Topic
GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4	The Effects of Changes in Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associates
GRAP 8	Interests in Joint Ventures
GRAP 9	Revenue from Exchange Transactions
GRAP 10	Financial Reporting in Hyperinflationary Economies
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases



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Reference	Topic
GRAP 14	Events After the Reporting Date
GRAP 16	Investment Property
GRAP 17	Property, Plant and Equipment
GRAP 18	Segment Reporting
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 21	Impairment of Non-cash-generating Assets
GRAP 23	Revenue from Non-exchange Transactions (Taxes and Transfers)
GRAP 24	Presentation of Budget Information in Financial Statements
GRAP 25	Employee Benefits
GRAP 26	Impairment of Cash-generating Assets
GRAP 27	Agriculture
GRAP 31	Intangible Assets
GRAP 100	Discontinued Operations
GRAP 103	Heritage Assets
GRAP 104	Financial Instruments
GRAP 105	Transfers of Functions Between Entities Under Common Control
GRAP 106	Transfers of Functions Between Entities Not Under Common Control
GRAP 107	Mergers

B2. Directives issued and effective that entities are required to apply (paragraph .14 of Directive 5):

Reference	Topic
Directive 1	Repeal of Existing Transitional Provisions in, and Consequential Amendments to, Standards of GRAP
Directive 2	Transitional Provisions for the Adoption of Standards of GRAP by Public Entities, Municipal Entities and Constitutional Institutions
Directive 3	Transitional Provisions for the Adoption of Standards of GRAP by High Capacity Municipalities
Directive 4	Transitional Provisions for the Adoption of Standards of GRAP by Medium and Low Capacity Municipalities
Directive 5	Determining the GRAP Reporting Framework

Reference	Topic
Directive 6	Transitional Provisions for Revenue Collected by the South African Revenue Service (SARS)
Directive 7	The Application of Deemed Cost
Directive 8	Transitional Provisions for Parliament and the Provincial Legislatures
Directive 9	The Application of the Standards of GRAP by Trading Entities
Directive 10	Application of the Standards of GRAP by Public Further and Education Training Colleges
Directive 11	Changes in the Measurement Bases Following the Initial Adoption of the Standards of GRAP

B3. Interpretations of the Standards of GRAP approved that entities are required to apply (paragraph .10 of Directive 5):

Reference	Topic
IGRAP 1	Applying the Probability Test on Initial Recognition of Revenue
IGRAP 2	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IGRAP 3	Determining whether an Arrangement Contains a Lease
IGRAP 4	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IGRAP 5	Applying the Restatement Approach under the Standard of GRAP on Financial Reporting in Hyperinflationary Economies
IGRAP 6	Loyalty Programmes
IGRAP 7	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IGRAP 8	Agreements for the Construction of Assets from Exchange Transactions
IGRAP 9	Distributions of Non-cash Assets to Owners
IGRAP 10	Assets Received from Customers
IGRAP 11	Consolidations – Special Purpose Entities
IGRAP 12	Jointly Controlled Entities – Non-monetary Contributions by Venturers
IGRAP 13	Operating Leases – Incentives
IGRAP 14	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
IGRAP 15	Revenue – Barter Transactions Involving Advertising Services

Reference	Topic
IGRAP 16	Intangible Assets – Website Costs

- B4. Approved guideline of Standards of GRAP that entities are required to apply (paragraph .15 of Directive 5):

Reference	Topic
Guide 1	Guideline on Accounting for Public Private Partnerships

- B5. Effective IFRSs and IFRICs¹ that entities are required to apply, to the extent that they are applicable (paragraphs .21 to .27 of Directive 5):

Reference	Topic
IFRS 4	Insurance Contracts
IFRS 6	Exploration for and Evaluation of Mineral Resources
IAS 12	Income Taxes
SIC – 25	Income Taxes – Changes in the Tax Status of an Entity or its Shareholders
SIC – 29	Service Concession Arrangements – Disclosures
IFRIC 12	Service Concession Arrangements
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine
IFRIC 21	Levies

- B6. Standards of GRAP and Interpretations of Standards of GRAP approved, but for which the Minister of Finance has not yet determined an effective date, and that entities may consider in formulating an accounting policy (paragraph .30 of Directive 5):

Standards of GRAP that may be used in developing an accounting policy:

Reference	Topic
GRAP 32	Service Concession Arrangements: Grantor
GRAP 108	Statutory Receivables
IGRAP 17	Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset

¹ IFRSs and IFRICs can be downloaded from <http://www.ifrs.org>



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Standards of GRAP that an entity may use to disclose information in its financial statements:

Reference	Topic
GRAP 20	Related Party Disclosures ²

² In previous reporting periods entities were required to apply IPSAS 20 on *Related Party Disclosures*. An entity may either continue to disclose this information using IPSAS 20 or, it may consider GRAP 20 in formulating these disclosures.



APPENDIX B2: MUNICIPALITIES, MUNICIPAL ENTITIES

This Appendix forms part of the Directive.

This Appendix lists the standards and pronouncements that are the GRAP Reporting Framework for municipalities and municipal entities effective for financial periods commencing on or after 1 April 2015 and should be applied as set out in paragraphs .05 and .06 of Directive 5.

- B8. Municipalities and municipal entities are required to apply the Standards and pronouncements outlined in Appendix B1, except for the application of GRAP 18 *Segment Reporting* as the Minister of Finance has not yet determined the effective date for GRAP 18 for application by municipalities and municipal entities.

APPENDIX B3: TRADING ENTITIES, PARLIAMAMENT AND THE PROVINCIAL LEGISLATURES

This Appendix forms part of the Directive.

This Appendix lists the standards and pronouncements that are the GRAP Reporting Framework effective for financial periods commencing on or after 1 April 2015 and should be applied as set out in paragraphs .05 and .06 of Directive 5.

- B9. The Financial Management of Parliament Amendment Act, Act no 34 of 2014, requires Parliament and the Provincial Legislatures to prepare their financial statements in accordance with the Standards of GRAP. Any notice published by the Minister of Finance outlining the effective dates of the Standards of GRAP should be read in conjunction with the Financial Management of Parliament Act.
- B10. Trading entities, Parliament and the Provincial Legislatures are required to apply the Standards and pronouncements outlined in Appendix B1, except for:
- GRAP 18 *Segment Reporting*
 - GRAP 105 *Transfer of Functions Between Entities Under Common Control*
 - GRAP 106 *Transfer of Functions Between Entities Not Under Common Control*
 - GRAP 107 *Mergers*

as the Minister of Finance has not yet determined the effective date for these Standards of GRAP.



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Trading entities, Parliament and the Provincial Legislatures may consider GRAP 105, GRAP 106 and GRAP 107 in formulating an accounting policy as outlined in paragraph .30 of Directive 5.

OTHER AMENDMENTS TO DIRECTIVE 5

The following amendments are proposed:

- Delete the body of text included in Appendix A as follows:

APPENDIX A: 1 APRIL 2013

Paragraphs A1 to A7 to be deleted.

- Renumber Appendix B:1 April 2014 to Appendix A: 1 April 2014
- Renumber Appendix C: GAAP REPORTING FRAMEWORK to Appendix C: GAAP REPORTING FRAMEWORK