



Accounting Standards Board

## **ACCOUNTING STANDARDS BOARD**

### **DIRECTIVE 1**

# **REPEAL OF EXISTING TRANSITIONAL PROVISIONS IN, AND CONSEQUENTIAL AMENDMENTS TO, STANDARDS OF GRAP**



**Directive 1**

**Accounting Standards Board  
PO Box 74129  
Lynnwood Ridge  
0040**

**Copyright © 2008 by the Accounting Standards Board**

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted, in any form or by any means, electronic, mechanical, photocopying, recording, or otherwise, without the prior permission of the Accounting Standards Board.

Permission to reproduce limited extracts from the publication will not usually be withheld.



Accounting Standards Board

## Introduction

The Accounting Standards Board (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);
- (b) public entities;
- (c) constitutional institutions;
- (d) municipalities and boards, commissions, companies, corporations, funds or other entities under the ownership control of a municipality; and
- (e) Parliament and the provincial legislatures.

The above are collectively referred to as “entities” in Standards of GRAP and directives to those Standards.

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

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

The Board believes that Statements of GAAP are relevant and applicable to financial statements prepared by all such entities including those under their ownership control.

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.

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*.



Accounting Standards Board

## **Withdrawal of existing transitional provisions in, and consequential amendments to, Standards of GRAP**

- .01 During the transition by entities from other bases of accounting or financial reporting frameworks to Standards of GRAP, it may be difficult to prescribe uniform transitional provisions that will adequately address the specific transitional arrangements required by a wide range of entities, often with varying levels of skill and capacity.
- .02 As a result, the Board will issue transitional provisions, by way of directive(s), for individual Standards of GRAP for different categories of entities that are required in terms of legislation to apply Standards of GRAP.
- .03 The transitional provisions currently included in the Standards of GRAP will be replaced with a generic paragraph stating that transitional provisions, to be applied by entities on initial adoption of a Standard of GRAP, are prescribed by way of a directive(s) issued by the Board.
- .04 Directives may also deal individually with the repeal of existing transitional provisions from Standards of GRAP.
- .05 Due to the withdrawal and replacement of existing transitional provisions in the Standards of GRAP with those prescribed by way of a directive(s), certain consequential amendments are required to be made to those Standards.

## **Withdrawal and replacement of existing transitional provisions in Standards of GRAP**

- .06 ***Any existing transitional provisions in the Standards of GRAP are withdrawn, and shall be replaced with the following paragraph:***

### **Transitional provisions**

The transitional provisions to be applied by entities on the initial adoption of this Standard are prescribed in a directive(s). The provisions of this Standard should be read in conjunction with each applicable directive.

## **Consequential amendments to the Standards of GRAP**

- .07 ***As a result of issuing transitional provisions by way of directive, the following paragraphs shall be deleted from the text of the existing Standards of GRAP, and replaced with the paragraph in .08 below:***

### **GRAP 6 Consolidated and Separate Financial Statements**

#### **Comparison with the International Public Sector Accounting Standard on Consolidated Financial Statements and Accounting for Controlled Entities (May 2000)**

- ~~Additional transitional provisions have been included in this Standard to facilitate the transition from previously applied accounting frameworks to this Standard, in particular from Standards of GAMAP to Standards of GRAP.~~



Accounting Standards Board

### **GRAP 7 *Investments in Associates***

**Comparison with the International Public Sector Accounting Standard on *Accounting for Investments in Associates* (May 2000)**

- ~~Additional transitional provisions have been included in this Standard to facilitate the transition from previously applied accounting frameworks to this Standard in particular from Standards of GAMAP to Standards of GRAP.~~

### **GRAP 8 *Interests in Joint Ventures***

**Comparison with the International Public Sector Accounting Standard on *Financial Reporting of Interests in Joint Ventures* (May 2000)**

- ~~Additional transitional provisions have been included in this Standard to facilitate the transition of entities from previously applied accounting frameworks, for example, Standards of GAMAP to this Standard of GRAP.~~

### **GRAP 9 *Revenue from Exchange Transactions***

**Comparison with the International Public Sector Accounting Standard on *Revenue from Exchange Transactions* (IPSAS 9) (July 2001)**

- ~~Transitional provisions have been included in this Standard to facilitate the transition from previously applied accounting frameworks to Standards of GRAP.~~

### **GRAP 11 *Construction Contracts***

**Comparison with International Public Sector Accounting Standard on *Construction Contracts* (IPSAS 11) issued July 2001.**

- ~~Transitional provisions have been included in this Standard to facilitate the transition from previously applied accounting frameworks to Standards of GRAP.~~

### **GRAP 12 *Inventories***

**Comparison with International Public Sector Accounting Standard on *Inventories* (July 2001)**

- ~~This Standard contains transitional provisions on the first time adoption of accrual accounting, on the first time implementation of this Standard where an entity is already on accrual accounting, and a transitional provision that allows an entity to recognise existing land at the time of first time adoption in accordance with the Standard of GRAP on *Investment Property* until such time as the purpose of having or acquiring the land has been determined. IPSAS 12 does not include such transitional provisions.~~



Accounting Standards Board

### **GRAP 13 Leases**

#### **Comparison with International Public Sector Accounting Standard on Leases (December 2001)**

- ~~• This Standard contains additional transitional provisions on the first time adoption of accrual accounting, on the first time implementation of this Standard, where an entity is already on accrual accounting, and a transitional provision that allows an entity to recognise existing land at the time of the first time adoption in accordance with this Standard until such time as the purpose of having or acquiring the land has been determined. IPSAS 16 does not include this transitional provision.~~

### **GRAP 16 Investment Property**

#### **Comparison with International Public Sector Accounting Standard on Investment Property (December 2001)**

- ~~• This Standard contains additional transitional provisions on the first time adoption of accrual accounting, on the first time implementation of this Standard, where an entity is already on accrual accounting, and a transitional provision that allows an entity to recognise existing land at the time of the first time adoption in accordance with this Standard until such time as the purpose of having or acquiring the land has been determined. IPSAS 16 does not include this transitional provision.~~

### **GRAP 17 Property, Plant and Equipment**

#### **Comparison with International Public Sector Accounting Standard on Property, Plant and Equipment (December 2001)**

- ~~• This Standard contains additional transitional provisions on the first time adoption of accrual accounting, on the first time implementation of this Standard where an entity is already on accrual accounting, and a transitional provision that allows an entity to recognise existing land at the time of first time adoption in accordance with the Standard of GRAP on *Investment Property* until such time as the purpose of having or acquiring the land has been determined. IPSAS 17 does not include this transitional provision.~~

### **GRAP 101 Agriculture**

#### **Comparison with International Accounting Standard on Agriculture (February 2004)**

- ~~• This Standard contains transitional provisions on the first time adoption of accrual accounting. IAS 41 does not include such transitional provisions.~~

### **GRAP 102 Intangible Assets**

#### **Comparison with the International Accounting Standard on Intangible Assets (June 2004)**

- ~~• Transitional provisions have been included in this Standard to facilitate the transition from previously applied accounting frameworks to Standards of GRAP.~~

**.08 These paragraphs should be replaced with the following text in the comparison of each of the affected Standards of GRAP listed above:**

Transitional provisions applicable to this Standard are prescribed in directives 2 to 4 issued by the Board, and are not included in the text of the Standard.