

11 December 2025

The Chief Executive Officer
Accounting Standards Borad
40 Church Square
Pretoria
0002

Email: info@asb.co.za

RE: EXPOSURE DRAFT ON IMPROVEMENTS TO STANDARDS OF GRAP (2026) (ED 216)

1. The South African Institute of Chartered Accountants (SAICA) welcomes the opportunity to make submissions on ED 216.
2. SAICA is South Africa's pre-eminent accountancy body and is widely recognised as one of the world's leading accounting institutes. The Institute provides a wide range of support services to more than 50 000 members who are chartered accountants [CAs(SA)], associate general accountants [AGAs(SA)] and accounting technicians [ATs(SA)] who hold positions as chief executive officers, managing directors, board members, entrepreneurs, chief financial officers, auditors, and leaders in their respective spheres of operation.
3. Our work in the public sector goes beyond member support but also includes a significant focus on advocacy and capacity building to support and encourage an improvement in public finance management.
4. Our comments on ED 216 are limited to the amendments to GRAP 1, *Presentation of Financial Statements*, GRAP 17, *Property Plant and Equipment* and GRAP 20, *Related Party Disclosures*. SAICA supports the proposed amendments to these standards except as described below under Annexure A.
5. Our detailed comments on the specific matters for comment are included under **Annexure A: Detailed Comments** of this comment letter.
6. We would also appreciate the opportunity to engage further, and we would be willing to discuss the comments if required. Please do not hesitate to contact Odwa Benxa (odwab@saica.co.za) in this regard.

Kind regards,



Natasha Soopal
Head: Public Sector and Ethics & Interim Chairperson:
Public Sector Committee



Odwa Benxa
Lead: Public Sector Advocacy



ANNEXTURE A: DETAILED COMMENTS

No.	Amendment	Comment	Recommendation
Amendments to GRAP 1, <i>Presentation of Financial Statements</i>			
1.	<p>Paragraph .38A</p> <p><u>An entity should disclose the materiality judgements made in preparing the financial statements, in accordance with paragraph .132. An entity should disclose the nature of those judgements and how they were applied in determining the information presented in the financial statements.</u></p>	SAICA agrees with the addition of paragraph .38A to require the disclosure of materiality judgements made in preparing the financial statements as promotes this transparency, accountability and understandability of the financial statements.	None.
2.	<p>Paragraph .71(d)</p> <p>A liability shall be classified as current when it satisfies any of the following criteria: (d) <u>the entity it does not have an unconditional the right at the reporting date to defer settlement of the liability for at least twelve months after the reporting date (see paragraph .75). Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.</u></p>	SAICA agrees with the amendment as it provides better clarity on the classification of liabilities as current, with the emphasis on the right to settle at the reporting date.	None.
3.	<p>Paragraph .74A</p> <p><u>An entity's right to defer settlement of a liability for at least twelve months after the reporting date must have substance and, as illustrated in paragraphs .74B to .77, must exist at the reporting date.</u></p>	SAICA agrees with the amendment as it provides clarity on the principles relating to the right to defer settlement of a liability.	None.

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4.	<p>Paragraph .74B</p> <p><u>An entity's right to defer settlement of a liability arising from a loan arrangement for at least twelve months after the reporting date may be subject to the entity complying with conditions specified in that loan agreement (hereafter referred to as "covenants"). For the purposes of applying paragraph .71(d), such covenants:</u></p> <p>a) <u>Affect whether that right exists at the reporting date - as illustrated in paragraphs .76 to .77, if an entity is required to comply with the covenant on or before the reporting date. Such a covenant affects whether the right exists at the reporting date, even if compliance with the covenant is assessed only after the reporting date (for example, a covenant based on the entity's financial position at the reporting date but assessed for compliance only after the reporting date).</u></p> <p>b) <u>Do not affect whether that right exists at the reporting date if an entity is required to comply with the covenant only after the reporting date (for example, a covenant based on the entity's financial position six months after the reporting date).</u></p>	SAICA agrees with the amendment as it provides clarity on the classification of loan arrangements subject to covenants.	None.
5.	<p>Paragraph .78A</p> <p><u>In applying paragraphs .71 to .77, an entity might classify liabilities arising from loan arrangements as non-current when the entity's right to defer settlement of those liabilities is subject to the entity complying with covenants within twelve months after the reporting date (see paragraph .74B(b)). In such situations, the entity shall disclose information in the notes that enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period, including:</u></p>	SAICA agrees with the amendment as it provides clarity on the classification of loan arrangements subject to covenants.	None.

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	<p>a) <u>Information about the covenants (including the nature of the covenants and when the entity is required to comply with them) and the carrying amount of related liabilities.</u></p> <p>b) <u>Facts and circumstances, if any, that indicate the entity may have difficulty complying with covenants, for example, the entity having acted during or after the reporting date to avoid or mitigate a potential breach. Such facts and circumstances could also include the fact that the entity would not have complied with the covenants if they were to be assessed for compliance based on the entity's circumstances at the reporting date.</u></p>		
6.	<p><u>Paragraph .78B</u></p> <p><u>For the purpose of classifying a liability as current or non-current, settlement refers to a transfer to the counterparty that results in the extinguishment of the liability. The transfer could be of:</u> <u>(a) cash or other resources (for example, goods or services); or</u> <u>(b) the entity's own equity instruments, unless paragraph .78C applies.</u></p>	SAICA agrees with the amendment as it provides clarity on the classification and settlement of liabilities.	None.
7.	<p><u>Paragraph .78C</u></p> <p><u>Terms of a liability that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments do not affect its classification as current or non-current if, applying the Standard of GRAP on Financial Instruments, the entity classifies the option as an equity instrument, recognising it separately from the liability as an equity component of a compound financial instrument.</u></p>	SAICA agrees with the amendment as it provides clarity on the classification and settlement of liabilities.	None.

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Amendments to GRAP 17, <i>Property, Plant and Equipment</i>			
8.	<p><u>Paragraph .12</u></p> <p>Some items of property, plant and equipment assets are commonly described as “infrastructure assets”. because they comprise a number of assets that make up networks or systems that serve the community at large. Generally, infrastructure assets have long lives because the number of assets that make up these networks or systems are continually maintained, replaced and refurbished. If a number of these assets were removed, the network or system may not achieve its service potential objective.</p> <p>While there is no universally accepted definition of infrastructure assets, these assets usually display some or all of the following characteristics:</p> <p>(a) they are part of a system or network;</p> <p>(b) they are specialised in nature and do not have alternative uses;</p> <p>(c) they are immovable; and</p> <p>(d) they may be subject to constraints on disposal.</p> <p>Although ownership of infrastructure assets is not confined to entities in the public sector, significant infrastructure assets are frequently found in the public sector. Infrastructure assets meet the definition of property, plant and equipment and shall be accounted for in accordance with this Standard. Examples of infrastructure assets include road networks, sewer systems, water and power supply systems and communication networks.</p>	SAICA agrees with the amendment to paragraph .12 as this provides a more concise description of infrastructure assets.	None.
9.	<p><u>Paragraph .12A</u></p> <p><u>Infrastructure assets typically have the following distinguishing characteristics:</u></p> <p><u>(a) they are part of a system or network; and</u></p> <p><u>(b) they have long useful lives.</u></p>	SAICA agrees with the characteristics of infrastructure assets as described in this paragraph. However, SAICA has noted that the characteristic relating to constraints on disposal of these assets has been removed as part of the amendments. SAICA believes	The characteristic referring to constraints on disposal of infrastructure assets should be brought back into the standard to highlight the unlikelihood of infrastructure assets being subject to disposal.

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		that this characteristic should be brought back into the standard to highlight the characteristic that infrastructure assets, by their nature (for example, road infrastructure) are unlikely to be disposed of by the entity.	
10.	<p><u>Paragraph .12B</u></p> <p><u>Although not confined to entities in the public sector, significant infrastructure assets are frequently found in the public sector. Examples include:</u></p> <p>(a) <u>electricity transmission networks, which may comprise assets such as power generating plants, substations, switchyards, transmission line towers, distribution system equipment, energy control centres, communication systems and equipment, emergency power backup equipment, emergency operations centres, and service and maintenance facilities;</u></p> <p>(b) <u>road networks, which may comprise assets such as pavements, formation, curbs and channels, footpaths, bridges, signals and lighting; and</u></p> <p>(c) <u>water systems, which may comprise assets such as dams, pipelines, tunnels, canals, terminal reservoirs, tanks, wells, pumps, and treatment plants.</u></p>	SAICA agrees with the examples of infrastructure assets listed on this paragraph.	None.
Amendments GRAP 20, Related Party Disclosures			
11.	<p>Part II – Related persons</p> <p>The Minister of Labour as the executive authority of entity A, is a related person of entity A.</p> <p>The management of entity A are those responsible for planning, directing and controlling the activities of the entities. As a result, the board members, the CEO, CFO and COO are related to entity A.</p>	SAICA agrees with the amendments to the example.	None.

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	<p>The members of committees <u>of entity A</u> may also be related persons in cases where they are responsible for planning, directing and controlling the activities of entity A. In applying this assessment, entity A may, for example, consider evaluating the <u>entity's governance structure and any legislated authority and responsibilities assigned to the members of the committees.</u> <u>Applying the principle of substance over form means the assessment focuses on the nature of the members of the committees' responsibilities for planning, directing and controlling the activities of the entity rather than solely on their titles or positions.</u></p>		
12.	<p>IG1</p> <p><u>The diagram below illustrates the relationships between the three spheres of government.</u></p> <p><u>National and provincial entities within the same sphere are under common control and are therefore related parties. Municipalities, although they fall within the same sphere of government (i.e. local government), are not under common control and are therefore not considered related parties. A municipality is, however, related to its municipal entities, where a control relationship exists.</u></p> <p><u>Entities within the same sphere of government are not related to entities in other spheres of government (with footnote 6 below).</u></p> <p><u>Footnote 6: Exceptions may arise where related party relationships exist due to factors such as significant influence or control over another entity in a different sphere of government. For example, when a municipality is under the administrative control of a provincial department.</u></p>	<p>SAICA agrees with the added illustrative guide as it clarifies the relationships between the three spheres of government.</p> <p>SAICA has noted the inclusion of footnote 6. Due to the significance of the guidance on the footnote, it may be appropriate for the footnote to rather be included as part of the paragraph instead of the footnote as preparers may easily miss the footnote.</p>	<p>The footnote should rather be removed and the guidance on the footnote be included as part of the paragraph to ensure that it is not missed by preparers.</p>