

Reference: T7/2/7

TREASURY CIRCULAR MUN NO. 35/2014

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APPLICATION OF THE GENERALLY RECOGNISED ACCOUNTING PRACTICE (GRAP) REPORTING FRAMEWORK 2014/15 FINANCIAL YEAR

1. PURPOSE

- 1.1 The purpose of this circular is to inform municipalities and municipal entities that Directive 5 has been issued. The objective of this directive is to set out the principles in determining the GRAP Reporting Framework.
- 1.2 To ensure consistent application of the GRAP Reporting Framework by entities that applies Standards of GRAP.
- 1.3 Directive 5 can be accessed via the following link <http://www.asb.co.za>.

2. BACKGROUND

- 2.1 Section 122(3) of the MFMA requires that every municipality and every municipal entity must prepare both annual financial statements and consolidated annual financial statements in accordance with generally recognised accounting practice prescribed in terms of section 91(1)(b) of the Public Finance Management Act.

3. REQUEST


- 3.1 Attention should be drawn to **Appendix B: 1 April 2014**, this appendix lists the standards and pronouncements that are the GRAP Reporting Framework effective for the financial periods commencing on or after 1 April 2014 and be applied as set out in paragraphs .04 and 0.5 of Directive 5.
- 3.2 For any queries regarding the above please contact:

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MS N OLIPHANT

DIRECTOR: LOCAL GOVERNMENT ACCOUNTING

DATE: 15 July 2014



ACCOUNTING STANDARDS BOARD

DIRECTIVE 5

DETERMINING THE GRAP REPORTING FRAMEWORK

**Issued by the
Accounting Standards Board
March 2009**



Accounting Standards Board

Directive 5

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DIRECTIVE 5: DETERMINING THE GRAP REPORTING FRAMEWORK

Directive 5 was issued in March 2009. Since then the Directive has been amended as follows:

- Directive 7 on *The Application of Deemed Cost on the Adoption of Standards of GRAP* which was issued by the Board in December 2009. Directive 7 has been added to the Appendix outlining the GRAP Reporting Framework for periods commencing on or after 1 April 2009.
- An Appendix prescribing the GRAP Reporting Framework for financial periods commencing on or after 1 April 2010, approved by the Board on 23 February 2010, has been added.
- Paragraph .06 has been added to the main body of the Directive explaining the approval process for the application of the GRAP Reporting Framework by Parliament. Appendix D has been added, which prescribes the standards and pronouncements applicable to Parliament for financial periods commencing on or after 1 April 2010. With the addition of Appendix D, the application of the appendices A-C has been clarified by indicating the types of entities that are required to apply them.
- Paragraph .06 and Appendix D were amended to include provincial legislatures.
- Paragraph .01 of Appendix A was amended in April 2011 to reflect the Notices issued by the Minister of Finance in the Government Gazette indicating approval of the adoption of Standards of GRAP by Parliament and the provincial legislatures.
- Appendices prescribing the GRAP Reporting Framework for financial periods commencing on or after 1 April 2011, approved by the Board on 25 February 2011, have been added to Directive 5.
- Appendices prescribing the GRAP Reporting Framework for financial periods commencing on or after 1 April 2012, approved by the Board on 27 March 2012, have been added to Directive 5. In addition, Appendices A to D have been deleted from Directive 5 as these relate to earlier reporting periods.
- An appendix prescribing the GRAP Reporting Framework for financial periods commencing on or after 1 April 2013, approved by the Board on 21 February 2013, has been added to Directive 5. In addition, Appendices E and F have been deleted from Directive 5 as these relate to earlier reporting periods. An additional Appendix has been added and outlines %Statements of GAAP+for application by Government Business Enterprises. References to the Accounting Practices Board have been deleted from the main text of Directive 5 and have been replaced with references to the Financial Reporting Standards Council (FRSC). These amendments arise from the promulgation of the new Companies Act in 2009 which establishes the FRSC.
- Paragraphs .06 and .29 and relevant appendices were amended as a result of Directive 10 on *The Application of Standards of GRAP by FET Colleges*.
- An appendix prescribing the GRAP Reporting Framework for financial periods commencing on or after 1 April 2014, approved by the Board on 28 March 2014, has been added to Directive 5. In addition, Appendix G has been deleted from Directive 5 as these relate to earlier reporting periods. The remaining Appendices have been renumbered.



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) 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 ~~the~~ 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 the following entities applying Statements of GAAP:

- (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.

Section 56 of the Financial Management of Parliament Act (Act No 10 of 2009) requires that Parliament prepares its financial statements in accordance with standards of generally recognised accounting practice. ~~Standards of generally recognised accounting practice~~ in that Act means an accounting practice complying with the standards approved by the Minister of Finance on the advice of the Accounting Standards Board.

A similar definition is included in the legislation governing the financial management of each provincial legislature.

Parliament and the provincial legislatures thus apply the Standards of GRAP as issued by the Accounting Standards Board and approved by the Minister of Finance.



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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 Standards of GRAP or Interpretations of Standards of GRAP, as well as the *Preface to the Directives*.

Objective

- .01 The reporting framework comprises the Standards of GRAP, Interpretations of the Standards of GRAP, guidelines and directives issued by the Board and standards and pronouncements of other standard setters that should be applied when entities prepare and present their financial statements in accordance with Standards of GRAP, referred to as the GRAP Reporting Framework elsewhere in this directive.
- .02 The objective of this directive is to set out the principles in determining the GRAP Reporting Framework. The aim is to ensure consistent application of the GRAP Reporting Framework by entities that apply Standards of GRAP.

Scope

- .03 This directive applies to all entities that apply Standards of GRAP.

Effective date

- .04 The Minister of Finance determines the effective dates for Standards of GRAP. This directive shall be applied for financial periods commencing on or after 1 April 2008 taking into account the applicable effective dates of the standards published in the relevant Government Gazette.

GRAP Reporting Framework

- .05 The appendices list the standards and pronouncements that form the GRAP Reporting Framework. The appendices will be updated on an annual basis to recognise new Standards of GRAP that have become effective and standards and pronouncements issued by other standard setters.
- .06 The appendices prescribing the GRAP Reporting Framework for public entities, constitutional institutions, municipalities, municipal entities and trading entities are amended or issued after following the Board's normal due process. The Reporting Frameworks for Parliament, the Legislatures and public Further Education and Training colleges is amended after following the Board's normal due process and, after obtaining the necessary approval from:
 - (a) the Secretary to Parliament and, if relevant, the Speaker of each Legislature in the case of Parliament and the Legislatures; or
 - (b) the Minister of Higher Education and Training in the case of the public FET colleges.

Hierarchy

- .07 The GRAP Reporting Framework is based on the hierarchy outlined in paragraph .11 of the Standard of GRAP on *Accounting Policies, Changes in Accounting Estimates and Errors*.
- .08 Paragraph .11 states that, in the absence of a Standard of GRAP dealing with a particular transaction or event, the pronouncements of the following standard setters should be used, in descending order, to develop an appropriate accounting policy. Note, however, that this should only be done to the extent that the requirements are not in conflict with the Standards of GRAP or the *Framework for the Preparation and Presentation of Financial Statements*:
 - (a) International Public Sector Accounting Standards Board (IPSASB).



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- (b) International Accounting Standards Board (IASB), including the *Framework for the Preparation and Presentation of Financial Statements*.
- (c) Financial Reporting Standards Council (FRSC).

Pronouncements by the Board

Standards of GRAP and Interpretations of the Standards of GRAP

- .09 Standards of GRAP for which the Minister of Finance has determined an effective date form part of the GRAP Reporting Framework.
- .10 Interpretations of Standards of GRAP form part of the GRAP Reporting Framework based on the effective date specified in the Interpretation.
- .11 When an effective date has been determined, entities are permitted to adopt the Standards of GRAP and/or any related Interpretations of the Standards of GRAP earlier than the date specified.
- .12 Standards of GRAP that have been issued by the Board, but for which an effective date has not yet been determined by the Minister of Finance, do not form part of the GRAP Reporting Framework (see paragraph .28).
- .13 Where a Standard of GRAP that forms part of the GRAP Reporting Framework is based on a standard or pronouncement of another standard setter and that standard setter subsequently amends its standards or pronouncements, such amendments shall not form part of the GRAP Reporting Framework.

Directives

- .14 Directives form part of the GRAP Reporting Framework.

Guidelines

- .15 Guidelines form part of the GRAP Reporting Framework.

Application of other pronouncements

IPSASB

- .16 When there is no equivalent Standard of GRAP, an International Public Sector Accounting Standard (IPSAS) that is effective forms part of the GRAP Reporting Framework, unless:
 - (d) that IPSAS is in conflict with the current ASB *Framework for the Preparation and Presentation of Financial Statements* or existing Standards of GRAP, or
 - (e) it is not applicable to entities that currently apply the Standards of GRAP.
- .17 An IPSAS, or parts thereof, is in conflict with the ASB *Framework for the Preparation and Presentation of Financial Statements* or Standards of GRAP when it deals with an issue differently to the ASB *Framework for the Preparation and Presentation of Financial Statements*



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or a Standard of GRAP or when the IPSAS is applicable to a basis of accounting other than the accrual accounting basis.

- .18 An IPSAS issued by the IPSASB that is not yet in effect does not form part of the GRAP Reporting Framework.
- .19 Where a Standard of GRAP that has been issued by the Board, but for which an effective date has not yet been determined by the Minister of Finance, is based on an IPSAS, that IPSAS does not form part of the GRAP Reporting Framework.
- .20 Where an IPSAS that forms part of the GRAP Reporting Framework is based on a standard or pronouncement of another standard setter and that standard setter subsequently amends its standards or pronouncements, such amendments shall not form part of the GRAP Reporting Framework.

IASB

- .21 When there is no equivalent Standard of GRAP or IPSAS, an International Financial Reporting Standard (IFRS) that is effective forms part of the GRAP Reporting Framework, unless:
 - (a) that IFRS is in conflict with the current ASB *Framework for the Preparation and Presentation of Financial Statements* or existing Standards of GRAP or IPSASs, or
 - (b) it is not applicable to entities that currently apply the Standards of GRAP.
- .22 An IFRS, or parts thereof, is in conflict with the ASB *Framework for the Preparation and Presentation of Financial Statements* or Standards of GRAP (whether effective or not) or IPSASs when it deals with an issue differently. Examples of such differences are the measurement of non-exchange transactions or the concept of comprehensive income.
- .23 Where an IFRS, or parts thereof, is in conflict, the entity applies the principles established in the ASB *Framework for the Preparation and Presentation of Financial Statements* or Standards of GRAP or IPSASs.
- .24 An IFRS is not applicable to an entity where its scope limits the application to specific circumstances.
- .25 An entity assesses whether an industry specific standard or other standard or pronouncement is applicable based on the transactions and events of the entity.
- .26 An IFRS issued by the IASB that is not yet in effect does not form part of the GRAP Reporting Framework.
- .27 Where a Standard of GRAP that has been issued by the Board, but for which an effective date has not yet been determined by the Minister of Finance, is based on an IFRS, that IFRS does not form part of the GRAP Reporting Framework.

Status of Standards of GRAP not yet in effect

- .28 Where a Standard of GRAP has been issued, but is not yet in effect, an entity may select to apply the principles established in that Standard in developing an appropriate accounting policy dealing with a particular transaction or event before applying paragraph .11 of the Standard of



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GRAP on *Accounting Policies, Changes in Accounting Estimates and Errors*. An entity first adopts the Standard of GRAP before it applies the related Interpretation of the Standards of GRAP.

Statements of Generally Accepted Accounting Practice

- .29 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 the following entities applying Statements of GAAP:
- (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;
 - (c) entities under the ownership control of any of these entities; and
 - (d) public Further Education and Training Colleges for the period 1 January 2013 to 31 December 2013.

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.

- .30 The list of pronouncements which comprise Statements of GAAP as at 1 April 2012, is outlined in an appendix to this Directive.



APPENDIX A: 1 APRIL 2013

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 2013 and should be applied as set out in paragraphs .04 and .05 of Directive 5.

This appendix shall be applied by public entities, constitutional institutions, municipalities, municipal entities, trading entities, public FET colleges¹, Parliament and the provincial legislatures.

- A1. 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). For Parliament and the provincial legislatures, any notice published by the Minister of Finance outlining the effective dates of the Standards of GRAP should be read in conjunction with the legislation governing the financial management of Parliament and the relevant legislature².

Reference	Topic
GRAP 1	Presentation of Financial Statements (as revised in 2010)
GRAP 2	Cash Flow Statements (as revised in 2010)
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors (as revised in 2010)
GRAP 4	The Effects of Changes in Foreign Exchange Rates (as revised in 2010)
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 (as revised in 2010)
GRAP 10	Financial Reporting in Hyperinflationary Economies (as revised in 2010)
GRAP 11	Construction Contracts (as revised in 2010)
GRAP 12	Inventories (as revised in 2010)
GRAP 13	Leases (as revised in 2010)

¹ The Board has determined, in the Directive *Application of Standards of GRAP by Public Further Education and Training Colleges*, that FET colleges shall apply Standards of GRAP in preparing their financial statements for financial years commencing on or after 1 January 2014. This Appendix must be read in conjunction with that Directive.

² The financial management legislation promulgated by the legislatures was ruled invalid during 2011. Until new legislation is promulgated or existing legislation amended, legislatures retain the status quo, ie. if they have commenced adopting Standards of GRAP, they should continue to apply the GRAP Reporting Framework. If legislatures have not commenced the adoption of Standards of GRAP, they should continue to prepare their financial statements using their current reporting framework (which is based on the Departmental Reporting Framework).



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Reference	Topic
GRAP 14	Events After the Reporting Date (as revised in 2010)
GRAP 16	Investment Property (as revised in 2010)
GRAP 17	Property, Plant and Equipment (as revised in 2010)
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets (as revised in 2010)
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	Non-current Assets Held for Sale and Discontinued Operations (as revised in 2010)
GRAP 103	Heritage Assets
GRAP 104	Financial Instruments

A2. 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
Directive 6	Transitional Provisions for Revenue Collected by the South African Revenue Service (SARS)
Directive 7	The Application of Deemed Cost on the Adoption of Standards of GRAP
Directive 8	Transitional Provisions for Parliament and the Provincial Legislatures



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Reference	Topic
Directive 9	The Application of the Standards of GRAP by Trading Entities
Directive 10	Application of Standards of GRAP by Public Further Education and Training Colleges

A3. 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 (As revised in 2012)
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 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
IGRAP 16	Intangible Assets . Website Costs

A4. 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



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A5. Effective IFRSs and IFRICs³ 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

A6. 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 105	Transfers of Functions Between Entities Under Common Control ⁴
GRAP 106	Transfers of Functions Between Entities Not Under Common Control
GRAP 107	Mergers

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

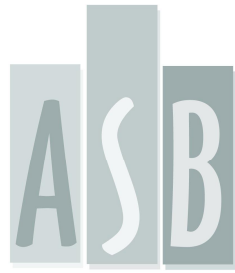
Reference	Topic
GRAP 20	Related Party Disclosures ⁵

A7. Approved Standards of GRAP that entities are not required to apply:

³ IFRSs and IFRICs can be downloaded from <http://www.ifrs.org>

⁴ Where an entity uses GRAP 105, 106 and/or 107 to formulate an accounting policy, it should also consider the amendments to GRAP 6, 7 and 8 published in 2010, along with IGRAP 11 and 12.

⁵ Appendices A to G previously required the application of 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.



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Reference	Topic
GRAP 18	Segment Reporting



APPENDIX B: 1 APRIL 2014

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 2014 and should be applied as set out in paragraphs .04 and .05 of Directive 5.

This appendix shall be applied by public entities, constitutional institutions, municipalities, municipal entities, trading entities, public FET Colleges, Parliament and the provincial legislatures.

A1. 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). For Parliament and the provincial legislatures, any notice published by the Minister of Finance outlining the effective dates of the Standards of GRAP should be read in conjunction with the legislation governing the financial management of Parliament and the relevant legislature⁶.

Reference	Topic
GRAP 1	Presentation of Financial Statements (as revised in 2010)
GRAP 2	Cash Flow Statements (as revised in 2010)
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors (as revised in 2010)
GRAP 4	The Effects of Changes in Foreign Exchange Rates (as revised in 2010)
GRAP 5	Borrowing Costs (as revised in 2013)
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associates
GRAP 8	Interests in Joint Ventures
GRAP 9	Revenue from Exchange Transactions (as revised in 2010)
GRAP 10	Financial Reporting in Hyperinflationary Economies (as revised in 2010)
GRAP 11	Construction Contracts (as revised in 2010)
GRAP 12	Inventories (as revised in 2010)
GRAP 13	Leases (as revised in 2010)
GRAP 14	Events After the Reporting Date (as revised in 2010)

⁶ The financial management legislation promulgated by the legislatures was ruled invalid during 2011. Until new legislation is promulgated or existing legislation amended, legislatures retain the status quo, ie. if they have commenced adopting Standards of GRAP, they should continue to apply the GRAP Reporting Framework. If legislatures have not commenced the adoption of Standards of GRAP, they should continue to prepare their financial statements using their current reporting framework (which is based on the Departmental Reporting Framework).



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Reference	Topic
GRAP 16	Investment Property (as revised in 2010)
GRAP 17	Property, Plant and Equipment (as revised in 2010)
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets (as revised in 2010)
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 (as revised in 2013)
GRAP 103	Heritage Assets
GRAP 104	Financial Instruments

A2. 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 Public Entities, Municipal Entities, public FET Colleges and Constitutional Institutions
Directive 3	Transitional Provisions for High Capacity Municipalities
Directive 4	Transitional Provisions for Medium and Low Capacity Municipalities
Directive 5	Determining the GRAP Reporting Framework
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	The Application of the Standards of GRAP by Public Further Education

Reference	Topic
	and Training Colleges

- A3. 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 (as revised in 2012)
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 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
IGRAP 16	Intangible Assets . Website Costs

- A4. 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

- A5. Effective IFRSs and IFRICs⁷ 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

- A6. 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 105	Transfers of Functions Between Entities Under Common Control ⁸
GRAP 106	Transfers of Functions Between Entities Not Under Common Control
GRAP 107	Mergers
GRAP 108	Statutory Receivables
IGRAP 17	Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset

⁷ IFRSs and IFRICs can be downloaded from <http://www.ifrs.org>

⁸ Where an entity uses GRAP 105, 106 and/or 107 to formulate an accounting policy, it should also consider the amendments to GRAP 6, 7 and 8 published in 2010, along with IGRAP 11 and 12.



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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 ⁹

A7. Approved Standards of GRAP that entities are not required to apply:

Reference	Topic
GRAP 18	Segment Reporting

⁹ The Reporting Frameworks that were applied in previous reporting periods required the application of 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 C: GAAP REPORTING FRAMEWORK

This Appendix forms part of the Directive.

This Appendix outlines the Statements of Generally Accepted Accounting Practice (“GAAP Reporting Framework”) that shall be applied by Governments Business Enterprises (GBEs) from 1 April 2012, and public Further Education and Training Colleges for the period 1 January 2013 to 31 December 2013. This Appendix only applies to those GBEs that applied Statements of GAAP in previous reporting periods. If GBEs applied International Financial Reporting Standards (IFRSs) in prior periods, they shall continue to apply IFRSs.

Introduction and scope

1. Statements of Generally Accepted Accounting Practice were withdrawn by the Accounting Practices Board from 1 December 2012.
2. For those Government Business Enterprises that apply Statements of GAAP, the Board agreed that, as an interim measure, these entities should continue to apply Statements of GAAP (as issued at 1 April 2012) until the Board has undertaken more extensive research to identify the most appropriate reporting framework.
3. Statements of GAAP are drawn from International Financial Reporting Standards (IFRSs), International Accounting Standards (IASs), Interpretations issued by the International Financial Reporting Interpretations Committee (IFRICs and SICs). This document outlines which of these pronouncements constituted the Statements of GAAP (called the **GAAP Reporting Framework** in this document) at 1 April 2012.

Basis for determining Statements of GAAP

4. The Statements of GAAP as at 1 April 2012 comprise the IFRSs, IASs, IFRICs and SICs, and any amendments thereto, issued by the IASB or the IFRIC up until May 2011.
5. For reference purposes, the 2012 versions of IFRSs, IASs, IFRICs and SICs that are available on www.ifrs.org can be used. As the Accounting Practices Board (APB) only adopted IFRSs or IFRICs (or amendments thereto) up to May 2011, any Standards or amendments issued after this date are not included in Statements of GAAP. The right-hand column of the table below indicates any amendments that were not adopted by the APB and consequently do not form part of Statements of GAAP.
6. The effect of the APB not adopting any Standards or amendments after May 2011 means that the following pronouncements or amendments are not included in the GAAP Reporting Framework:
 - (a) IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements*, IFRS 12 *Disclosure of Interests in Other Entities* and IFRS 13 *Fair Value Measurement* and any consequential amendments to existing IFRSs or IASs as a result of issuing these IFRSs.
 - (b) IAS 27 *Separate Financial Statements* (issued in May 2011) and IAS 28 *Investments in Associates and Joint Ventures* (issued in May 2011).



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- (c) IAS 19 *Employee Benefits* as revised in June 2011.
 - (d) Amendments to existing pronouncements *Presentation of Items of Other Comprehensive Income (Amendments to IAS 1)* issued in June 2011.
 - (e) IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine* issued in October 2011.
 - (f) Amendments to existing pronouncements *Mandatory Effective Date and Transition Disclosures (Amendments to IFRS 9 and IFRS 7)* issued in December 2011.
 - (g) Amendments to existing pronouncements *Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)* issued in December 2011.
 - (h) Amendments to existing pronouncements *Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)* issued in December 2011.
 - (i) Amendments to existing pronouncements *Government Loans (Amendments to IFRS 1)* issued in March 2012.
 - (j) *Annual Improvements to IFRSs (2009-2011 Cycle)* issued in May 2012.
7. Although IFRS 9 *Financial Instruments* was adopted by the APB with a mandatory effective date for financial years commencing on or after of 1 January 2013, the Board agreed that entities need not adopt IFRS 9 if they have not done so already, ie. the adoption of IFRS 9 is voluntary, rather than mandatory. If an entity has adopted IFRS 9, it should continue to apply the version issued by the IASB as at May 2011.
8. The table below outlines the Statements of GAAP that were issued as at 1 April 2012, the equivalent IFRS, IASs, IFRICs or SICs that should be applied, and highlights any amendments that are excluded from a particular pronouncement based on the list in paragraph 6 above.

Statement of GAAP	Equivalent 2012 version of IFRS, IAS, IFRIC or SIC, and any amendments that are excluded from the GAAP Reporting Framework
	Preface to International Financial Reporting Standards
AC 101 Presentation of financial statements	IAS 1 <i>Presentation of Financial Statements</i> , excluding the following amendments: <ul style="list-style-type: none"> • Clarification of the requirements for comparative information (issued as part of the Improvements Project 2009-2011 issued in March 2012) [paragraph 7(j) above]. • Presentation of Items of Comprehensive Income (issued



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	in June 2011) [paragraph 7(d) above].
AC 102 Income taxes	IAS 12 <i>Income Taxes</i>
AC 103 Accounting policies, changes in accounting estimates and errors	IAS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>
AC 104 Earnings per share	IAS 33 <i>Earnings per Share</i>
AC 105 Leases	IAS 17 <i>Leases</i>
AC 107 Events after the reporting period	IAS 10 <i>Events After the Reporting Date</i>
AC 108 Inventories	IAS 2 <i>Inventories</i>
AC 109 Construction contracts	IAS 11 <i>Construction Contracts</i>
AC 110 Investments in associates	IAS 28 <i>Investments in Associates</i> , excluding amendments published in May 2011 [paragraph 7(b) above].
AC 111 Revenue	IAS 18 <i>Revenue</i>
AC 112 The effects of changes in foreign exchange rates	IAS 21 <i>The Effects of Changes in Foreign Exchange Rates</i>
AC 114 Borrowing costs	IAS 23 <i>Borrowing Costs</i>
AC 116 Employee benefits	IAS 19 <i>Employee Benefits</i> , excluding revisions made in June 2011 [paragraph 7(c) above].
AC 118 Statement of cash flows	IAS 7 <i>Statement of Cash Flows</i>
AC 119 Interests in joint ventures	IAS 31 <i>Interests in Joint Ventures</i> , excluding amendments published in May 2011 [paragraph 7(b) above].
AC 123 Property, plant and equipment	IAS 16 <i>Property, Plant and Equipment</i> , excluding amendments from Annual Improvements 2009-2011 . clarification of servicing equipment [paragraph 7(j) above].
AC 124 Financial reporting in hyperinflationary economies	IAS 29 <i>Financial Reporting in Hyperinflationary Economies</i>



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AC 125 Financial instruments: presentation	IAS 32 <i>Financial Instruments: Presentation</i> , excluding the following amendments: <ul style="list-style-type: none"> • Annual Improvements Project 2009-2011 on the tax effect of distributions to holders of equity instruments [paragraph 7(j) above]. • Offsetting Financial Assets and Financial Liabilities [paragraph 7(h) above].
AC 126 Related party disclosures	IAS 24 <i>Related Party Disclosures</i>
AC 127 Interim financial reporting	IAS 34 <i>Interim Financial Reporting</i> , excluding amendments from Annual Improvements 2009-2011 on interim financial reporting and segment information for total assets and liabilities [paragraph 7(j) above].
AC 128 Impairment of assets	IAS 36 <i>Impairment of Assets</i>
AC 129 Intangible assets	IAS 38 <i>Intangible Assets</i>
AC 130 Provisions, contingent liabilities and contingent assets	IAS 37 <i>Provisions, Contingent Liabilities and Contingent Assets</i>
AC 132 Consolidated and separate financial statements	IAS 27 <i>Consolidated and Separate Financial Statements</i> , excluding amendments published in May 2011 [paragraph 7(b) above].
AC 133 Financial instruments: recognition and measurement	IAS 39 <i>Financial Instruments: Recognition and Measurement</i>
AC 134 Accounting for government grants and disclosure of government assistance	IAS 20 <i>Accounting for Government Grants and Disclosure of Government Assistance</i>
AC 135 Investment property	IAS 40 <i>Investment Property</i>
AC 136 Accounting and reporting by retirement benefit plans	IAS 26 <i>Accounting and Reporting by Retirement Benefit Plans</i>
AC 137 Agriculture	IAS 41 <i>Agriculture</i>
AC 138 First-time adoption of International Financial Reporting Standards	IFRS 1 <i>First-time Adoption of International Financial Reporting Standards</i> , excluding amendments on



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	Government Loans [paragraph 7(i) above].
AC 139 Share-based payment	IFRS 2 <i>Share-based Payment</i>
AC 140 Business combinations	IFRS 3 <i>Business Combinations</i>
AC 141 Insurance contracts	IFRS 4 <i>Insurance Contracts</i>
AC 142 Non-current assets held for sale and discontinued operations	IFRS 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i>
AC 143 Exploration for and evaluation of mineral resources	IFRS 6 <i>Exploration for and Evaluation of Mineral Resources</i>
AC 144 Financial instruments: Disclosures	IFRS 7 <i>Financial Instruments: Disclosures</i> , excluding amendments on Disclosures on Offsetting Financial Assets and Financial Liabilities [see paragraph 7(g) above].
AC 145 Operating Segments	IFRS 8 <i>Operating Segments</i>
AC 146 Financial Instruments	IFRS 9 <i>Financial Instruments</i> , excluding amendment on changes to the effective date [see paragraph 7(f) above].
Interpretations of Statements of GAAP	
Preface to Interpretations of Statements of Generally Accepted Accounting Practice	
AC 407 Introduction of the euro	SIC 7 <i>Introduction of the Euro</i>
AC 410 Government assistance . No specific relation to operating activities	SIC 10 <i>Government Assistance – No Specific Relation to Operating Activities</i>
AC 412 Consolidations . Special purpose entities	SIC 12 <i>Consolidations – Special Purpose Entities</i>
AC 413 Jointly controlled entities . Non-monetary contributions by venturers	SIC 13 <i>Jointly Controlled Entities – Non-monetary Contributions by Venturers</i>
AC 415 Operating leases . Incentives	SIC 15 <i>Operating Leases – Incentives</i>
AC 421 Income taxes . Recovery of	SIC 21 <i>Income Taxes . Recovery of Revalued Non-</i>



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revalued non-depreciable assets	depreciable Assets
AC 425 Income taxes . Changes in the tax status of an entity or its shareholders	SIC 25 <i>Income Taxes – Changes in the Tax Status of an Entity or its Shareholders</i>
AC 427 Evaluating the substance of transactions involving the legal form of a lease	SIC 27 <i>Evaluating the Substance of Transactions Involving the Legal Form of a Lease</i>
AC 429 Service concession arrangements: Disclosures	SIC 29 <i>Service Concession Arrangements: Disclosures</i>
AC 431 Revenue . Barter transactions involving advertising services	SIC 31 <i>Revenue – Barter Transactions Involving Advertising Services</i>
AC 432 Intangible assets . Web site costs	SIC 32 <i>Intangible Assets – Web Site Costs</i>
AC 434 Changes in existing decommissioning, restoration and similar liabilities	IFRIC 1 <i>Changes in Existing Decommissioning, Restoration and Similar Liabilities</i>
AC 435 Membersqshares in co-operative entities and similar instruments	IFRIC 2 <i>Members’ Shares in Co-operative Entities and Similar Instruments</i>
AC 437 Determining whether an arrangement contains a lease	IFRIC 4 <i>Determining Whether an Arrangement Contains a Lease</i>
AC 438 Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds	IFRIC 5 <i>Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds</i>
AC 439 Liabilities arising from participating in a specific market . waste electrical and electronic equipment	IFRIC 6 <i>Liabilities Arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment</i>
AC 440 Applying the restatement approach under IAS 29 Financial reporting in hyperinflationary economies	IFRIC 7 <i>Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies</i>
AC 442 Reassessment of embedded derivatives	IFRIC 9 <i>Reassessment of Embedded Derivatives</i>



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AC 443 Interim financial reporting and impairment	IFRIC 10 <i>Interim Financial Reporting and Impairment</i>
AC 445 Service concession arrangements	IFRIC 12 <i>Service Concession Arrangements</i>
AC 446 Customer loyalty programmes	IFRIC 13 <i>Customer Loyalty Programmes</i>
AC 447 IAS 19 . The limit on a defined benefit asset, minimum funding requirements and their interaction	IFRIC 14 <i>IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction</i>
AC 448 Agreements for the construction of real estate	IFRIC 15 <i>Agreements for the Construction of Real Estate</i>
AC 449 Hedges of a net investment in a foreign operation	IFRIC 16 <i>Hedges of a Net Investment in a Foreign Operation</i>
AC 450 Distribution of non-cash assets to owners	IFRIC 17 <i>Distribution of Non-cash Assets to Owners</i>
AC 451 Transfers of non-cash assets to owners	IFRIC 18 <i>Transfers of Non-cash assets to Owners</i>
AC 452 Extinguishing financial liabilities with equity instruments	IFRIC 19 <i>Extinguishing financial Liabilities with Equity Instruments</i>
AC 500 series	
AC 500 Preface to South African Statements and Interpretations of Statements of GAAP (Issued November 2003)	
AC 501 Accounting for Secondary Tax on Companies (STC) (Issued November 2003)	
AC 502 Substantively Enacted Tax Rates and Tax Laws (Issued February 2006)	
AC 503 Accounting for Black Economic Empowerment (BEE) Transactions (Issued January 2010)	
AC 504 IAS 19(AC 116) The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction in the South African Pension Fund Environment (Issued October 2010)	