

**PROVINSIALE TESOURIE • PROVINCIAL TREASURY •
UNONDYEBE WEPHONDO**

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Reference
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THE HEAD OF DEPARTMENT: LOCAL GOVERNMENT AND HOUSING

TRAINING CD ON GENERALLY RECOGNISED ACCOUNTING PRACTICE (GRAP)

1. Purpose

- 1.1. To distribute, by post, to municipalities a CD containing GRAP Training slides which was presented on the 22 - 24 June 2009 at the Cape Winelands Municipal Council Chambers in Worcester.
- 1.2. The purpose of this CD is to provide the Budget and Treasury municipal officials with a reference guide on the accounting treatment which has been adopted as GRAP Standards by the Accounting Standards Board (ASB) for financial years beginning on or after 1 April 2009.
- 1.3. The contents of the CD should be read in conjunction with the relevant standards of GRAP.

2. Background

- 2.1. Section 122(3) of the MFMA indicates that both annual financial statements and consolidated annual financial statements must be prepared in accordance with generally recognised accounting practice prescribed in terms of section 91 (1)(b) of the Public Finance Management Act.
- 2.2. In order to assist municipalities to comply with the standards of GRAP, National Treasury rolled out training which was facilitated by Provincial Treasury.

3. Disclaimer

- 3.1. This presentation and the accompanying slide pack are provided solely for the benefit of the parties hereby represented and are not to be copied, quoted, or referred to in whole or in part without our prior written consent. National Treasury accepts no responsibility to anyone other than the parties hereby represented for the information contained in this presentation.
- 3.2. Case studies, examples presented and opinions or explanations relating to hypothetical circumstances are general in nature and should not be relied upon as a formal accounting opinion. Applications of the principles set out will depend on the particular circumstances involved.

3.3. National Treasury recommends that you obtain professional advice before acting or refraining from acting on any of the presentation contents. National Treasury would be pleased to provide written accounting opinions relating to specific circumstances on request and subject to proper consultation and agreement of terms. In the absence of such specific advice National Treasury cannot be held responsible or liable for any damages.

4. Contents of the CD

The CD contains the following information as indicated below:

Number	GRAP Standard	Learning Objectives
GRAP 9	Revenue	<p>Upon completion of this module, participants should understand</p> <ul style="list-style-type: none"> ▪ When to apply which standard (GRAP 9, GRAP 11 or other); ▪ When revenue should be recognised, and ▪ How revenue is measured. <p>Discuss the differences between GRAP 9 and IAS 18 (AC 111)</p>
GRAP 11	Construction Contracts	<p>Upon completion of this module, participants should understand:</p> <ul style="list-style-type: none"> ▪ What constitutes a construction contract ▪ When revenue arising from a construction contract should be recognised, and at what amount ▪ How costs, including cost overruns, should be accounted for <p>Discuss the differences between GRAP 11 and IAS 11 (AC 109)</p>
GRAP 12	Inventory	<p>Upon completion of this module participants will be able to:</p> <ul style="list-style-type: none"> ▪ Recognise and measure inventories by understanding <ul style="list-style-type: none"> - How to determine the cost - What cost formulas can be used, and - Write-downs to net realisable value ▪ Discuss the differences between GRAP 12 and IAS 2 (AC 108)

GRAP 13	Leases	<p>Upon completion you will understand:</p> <ul style="list-style-type: none"> ▪ What a lease is ▪ The difference between an operating and finance lease and how to account for them ▪ The major disclosure requirements ▪ Discuss the differences of GRAP 13 and IAS 17
GRAP 16	Investment Property	<p>Upon completion of this module participants will be able to:</p> <ul style="list-style-type: none"> ▪ Understand how investment property is defined ▪ Classify property as investment property or as PPE ▪ Understand how investment property should be accounted for ▪ Discuss the differences between GRAP 16 and IAS 40 (AC 135)
GRAP 17	Property, Plant And Equipment	<p>Upon completion you will:</p> <ul style="list-style-type: none"> ▪ Understand when to recognise PPE initially ▪ Understand the treatment of costs incurred subsequent to initial recognition of PPE ▪ Be aware of new category of PPE for public sector – military equipment and infrastructure assets ▪ Understand the revaluation and cost models of accounting for PPE ▪ Be able to account for changes in depreciation methods / useful life / residual value ▪ Discuss the differences between GRAP 17 and GAMAP 17 ▪ Know what municipalities should do to apply GRAP 17 ▪ Other practical considerations ▪ System requirements relating to GRAP 17
GRAP 19	Provisions	<p>Upon completion you will:</p> <ul style="list-style-type: none"> ▪ Outline the definition of a provision, contingent liability and contingent asset ▪ Explain the recognition and measurement criteria for provisions ▪ Apply the Standard to specific circumstances ▪ Identify disclosure requirements

GRAP 100	Non-Current Assets Held for Sale	<p>Upon completion you will:</p> <ul style="list-style-type: none"> ▪ Understand when assets (and related liabilities) should be classified as "held for sale" ▪ Understand the measurement requirements of the "held for sale" classification ▪ Understand when a planned or completed disposal gives rise to a "discontinued operation" ▪ Understand the presentation and disclosure requirements for "held for sale" assets and "discontinued operations"
GRAP 101	Agriculture	<p>The objective of this standard is to:</p> <ul style="list-style-type: none"> ▪ Understand the accounting for agricultural activity ▪ Identify presentation and disclosure requirements of GRAP 101 ▪ Discuss the differences between GRAP 101 and IAS 41 (AC 137)
GRAP 102	Intangible Assets	<p>Upon completion of this module participants will be able to:</p> <ul style="list-style-type: none"> ▪ Understand the scope of GRAP 102 ▪ Understand the criteria to determine whether an intangible item meets the definition of an intangible asset ▪ Understand the recognition and measurement criteria for intangible assets ▪ Understand the differences in the recognition and measurement of intangible assets <ul style="list-style-type: none"> - Acquired separately - Acquired at no or nominal cost - Developed internally

5. Enquiries

Any further enquiries in this regard may be directed to:

- **Ms Micheline Fortuin:** Mifortui@pgwc.gov.za - West Coast, Overberg & Central Karoo Districts.
- **Mr Thobelani Madondile:** Tmadondi@pgwc.gov.za - Cape Winelands & Eden Districts and Metro.



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DATE: 12 AUGUST 2009