

**PROVINSIALE TESOURIE • PROVINCIAL TREASURY •
UNONDYEBO WEPHONDO**



Verwysing
Reference
Isalathiso T 7/2/1

Navrae
Enquiries
Imibuzo N van Niekerk

TREASURY CIRCULAR 28 of 2009

THE CHIEF FINANCIAL OFFICER: VOTE 1: PREMIER (MR H ARENDSE)
THE CHIEF FINANCIAL OFFICER: VOTE 3: PROVINCIAL TREASURY (MR A GILDENHUYS)
THE CHIEF FINANCIAL OFFICER: VOTE 8: LOCAL GOVERNMENT AND HOUSING (MR D BASSON)
THE CHIEF FINANCIAL OFFICER: VOTE 9: ENVIRONMENTAL AFFAIRS AND DEVELOPMENT PLANNING (MR AA GAFFOOR)
THE CHIEF FINANCIAL OFFICER: VOTE 11: AGRICULTURE (MR F HUYSAMER)
THE CHIEF FINANCIAL OFFICER: VOTE 12: ECONOMIC DEVELOPMENT AND TOURISM (MS M ABRAHAMS)
THE CHIEF FINANCIAL OFFICER: VOTE 13: CULTURAL AFFAIRS AND SPORT (MS B RUTGERS)

THE ACCOUNTING AUTHORITY: WESTERN CAPE PROVINCIAL DEVELOPMENT COUNCIL (MS Y FIRFIREY) (ACTING)
THE ACCOUNTING AUTHORITY: WESTERN CAPE GAMBLING AND RACING BOARD (MR C SEPTEMBER)
THE ACCOUNTING AUTHORITY: WESTERN CAPE HOUSING DEVELOPMENT BOARD (MS S MAJLET)
THE ACCOUNTING AUTHORITY: WESTERN CAPE NATURE CONSERVATION BOARD (MS L MEYER)
THE ACCOUNTING AUTHORITY: WESTERN CAPE INVESTMENTS & TRADE PROMOTION AGENCY (MR A MANZONI)
THE ACCOUNTING AUTHORITY: CAPE TOWN ROUTES UNLIMITED (DMO) (MR C GILFELLAN)
THE ACCOUNTING AUTHORITY: WESTERN CAPE CULTURAL COMMISSION (MS J MOLELEKI)
THE ACCOUNTING AUTHORITY: WESTERN CAPE LANGUAGE COMMISSION (MS J MOLELEKI)
THE ACCOUNTING AUTHORITY: WESTERN CAPE HERITAGE COMMISSION (DR S TOWNSEND)
THE ACCOUNTING AUTHORITY: CASIDRA (MR T FIFE)
THE ACCOUNTING AUTHORITY: LIQUOR BOARD (MR B ROBERTS)
THE ACCOUNTING AUTHORITY: YOUTH COMMISSION (MS V PETERSEN)

THE CHIEF FINANCIAL OFFICER: WESTERN CAPE PROVINCIAL DEVELOPMENT COUNCIL (MR H ARENDSE)
THE CHIEF FINANCIAL OFFICER: WESTERN CAPE GAMBLING AND RACING BOARD (MR P ABRAHAMS)
THE CHIEF FINANCIAL OFFICER: WESTERN CAPE HOUSING DEVELOPMENT BOARD (MR D BASSON)
THE CHIEF FINANCIAL OFFICER: WESTERN CAPE NATURE CONSERVATION BOARD (MS L MADLALA)
THE CHIEF FINANCIAL OFFICER: WESTERN CAPE INVESTMENTS & TRADE PROMOTION AGENCY (MR A PRESTON)
THE CHIEF FINANCIAL OFFICER: CAPE TOWN ROUTES UNLIMITED (DMO) (MR H BONESCHANS)
THE CHIEF FINANCIAL OFFICER: WESTERN CAPE CULTURAL COMMISSION (MS B RUTGERS)
THE CHIEF FINANCIAL OFFICER: WESTERN CAPE LANGUAGE COMMISSION (MS B RUTGERS)
THE CHIEF FINANCIAL OFFICER: WESTERN CAPE HERITAGE COMMISSION (MS B RUTGERS)
THE CHIEF FINANCIAL OFFICER: CASIDRA (MR F VAN ZYL)
THE CHIEF FINANCIAL OFFICER: LIQUOR BOARD (MS M ABRAHAMS)
THE CHIEF FINANCIAL OFFICER: YOUTH COMMISSION (MS F MGXAJI)

THE PROVINCIAL AUDITOR

MASTER RECORDS OFFICIAL: FINANCIAL MANAGEMENT

**IMPLEMENTATION OF STANDARDS OF GENERALLY RECOGNISED
ACCOUNTING PRACTICES EFFECTIVE FROM 1 APRIL 2009.**

Purpose

1. The purpose of this circular is to ensure that Public Entities develop Generally Recognised Accounting Practices (GRAP) Implementation Plans to ensure that annual financial statements for 2009/10, comply with the new Standards of GRAP.

Background

2. A Regulation was published in the Government Gazette (No. 31021) on the 9th of May 2008 as conveyed in Treasury Circular 31/2008 dated 22 September 2008 prescribing the effective date of 17 Standards of GRAP for public entities, constitutional institutions, municipalities and municipal entities.

The following Standards of GRAP will apply from 1 April 2009:

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	Investment 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
GRAP 14	Events After the Reporting Date
GRAP 16	Investment Property
GRAP 17	Property, Plant and Equipment
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 100	Non-current Assets Held for Sale and Discontinued Operations
GRAP 101	Agriculture
GRAP 102	Intangible Assets

3. Standards of GRAP 1 to 3 are already followed by public entities and the new standards that will become effective from 1 April 2009 are GRAP 4 to 14, 16, 17, 19, and 100 to 102. The above standards can be downloaded from the Accounting Standard Board's (ASB's) website (<http://www.asb.co.za>).
4. A comparative summary of International Financial Reporting Standards (IFRS) and Standards of GRAP, which compares and highlights differences between IFRSs and Standards of GRAP, is also available on the ASB's website.
5. In determining 'The GRAP Reporting Framework' reference must be made to Directive 5 of the ASB wherein the Hierarchy as outlined in paragraph 12 of GRAP 3 is provided. Where there is no equivalent Standard of GRAP or IPSAS, an International Financial Reporting Standard (IFRS) that is effective must be utilized. In this regard reference must be made to the ASB's Directive 5, Appendix A6 effective 1 April 2009. The Directive can be downloaded from the ASB website mentioned above.

Required

6. Entities must introduce the abovementioned standards of GRAP with effect from 1 April 2009. This implies that entities must report in terms of these standards at the end of the 2009/10 financial year.
7. **To facilitate this, entities must compile an implementation plan and submit it to the Provincial Treasury, Provincial Government Accounting**

Services, by 29 May 2009. Thereafter entities must submit their progress reports together with the quarterly IYM reports.

8. Entities need to assess how the differences between Generally Accepted Accounting Practice (GAAP) and GRAP will affect its individual situation. To assist entities in dealing with the change expected in practice from adopting the new Standards of GRAP, a draft implementation plan with transitional arrangements has been prepared (see Annexure A).

The draft implementation plan is meant as an aid towards achieving full compliance with the new standards and entities should realize that there is no guarantee that it covers all matters that should be considered, as each entity has different circumstances. A more detailed comparison of GAAP to GRAP is available on the ASB website. It is presented in the numerical order of Standards of GRAP.

Entities should also consider the specific transitional provisions pertaining to the Standards of GRAP being adopted as prescribed in the directives applicable to their entity. Transitional provisions have been issued by the ASB and prescribe how entities should account for the effect of the first time adoption of a particular Standard. ASB Directive 2 – Transitional Provisions for the Adoption of Standards of GRAP by Public Entities, Municipal Entities and Constitutional Institutions – contains the amended transitional provisions for public entities. This directive should be read in conjunction with the relevant Standard(s) of GRAP and it also indicates the specific paragraph(s) in existing Standards of GRAP that are to be withdrawn, if applicable.

Each entity should include all issues/steps/actions that are relevant to their entity, in their action plan. Annexure A should thus be personalised per entity.

9. To fully understand the implications of applying and preparing financial statements in accordance with Standards of GRAP, users of this comparison and financial statement preparers should refer to the standards themselves. Files A and B that were made available at the GRAP training course which was held from 16 to 19 March 2009, and to which all entities were invited, contains recommended procedures and examples that should be most helpful in preparing an implementation plan.
10. The Chief Financial Officer (CFO), or equivalent, within each entity should ensure that the entity meets its responsibilities under the GRAP Implementation Plan. This should include:
- ◆ Raise awareness of changes and implications of adopting Standards of GRAP.
 - ◆ Determine the relevant Standards of GRAP that will impact on the Entity.
 - ◆ Assess the implications of the Standards of GRAP adoption on:

- values presented in budgets and financial reports;
 - financial management systems, processes and policies; and
 - capacity, e.g. training needs and workloads over the implementation period.
- ◆ Ensure all relevant staff are fully informed of the changes associated with the implementation of the standards of GRAP.
 - ◆ Consult on any significant financial reporting impacts of the Standards of GRAP with Provincial Treasury when required.
 - ◆ Adapt the systems, internal Standard Chart of Account items, and financial reporting to accommodate the requirements of the Standards of GRAP.
 - ◆ Restate the 31 March 2009 Statement of Financial Position on the basis of the new Standards of GRAP.
 - ◆ Prepare 2009/10 annual financial statements on the basis of the new Standards of GRAP.
 - ◆ Review and amend financial, reporting and budget systems, as required.
 - ◆ Advise Provincial Treasury on progress in implementing Standards of GRAP.

Way forward

11. Throughout the implementation period, the Provincial Treasury, Provincial Government Accounting Services, will monitor the progress of entities in implementing the standards, against the implementation plans. The main focus of the progress review will be to identify and assess any new information or new issues that would affect the implementation of the standards and to fine tune implementation plans.
12. Entities must submit their GRAP implementation plans to the Provincial Treasury, Provincial Government Accounting Services. The following officials should be contacted in this regard:

Name	Entity
Luthando Botshobana Email: lbotsbob@pgwec.gov.za Tel: 021 483 3884	<ol style="list-style-type: none"> 1. Provincial Development Council 2. Language Commission 3. Heritage 4. Cultural Commission 5. Destination Marketing Organisation

Yunus Higgs Email: yhiggs@pgwc.gov.za Tel: 021 483 8666	<ol style="list-style-type: none">1. Western Cape Gambling and Racing Board2. WC Housing Development Board3. Casidra4. Youth Commission
Yolanda Solomons Email: ysolomon@pgwc.gov.za Tel: 021 483 6415	<ol style="list-style-type: none">1. CapeNature2. Wesgro3. Liquor Board



Provincial Accountant-General

Date: 7 May 2009