

PROVINSIALE TESOURIE • PROVINCIAL TREASURY • UNONDYEBU WEPHONDO

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TREASURY CIRCULAR MUN 32 - 2010

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THE MAYOR, BEAUFORT WEST MUNICIPALITY: MS J JONAS

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 THE CHIEF FINANCIAL OFFICER, BEAUFORT WEST MUNICIPALITY: MR D LOUW

 THE HEAD OFFICIAL: PROVINCIAL TREASURY (DR JC STEGMANN)
 THE HEAD: BRANCH FISCAL AND ECONOMIC SERVICES (MR H MALILA)
 THE HEAD: BRANCH GOVERNANCE AND ASSET MANAGEMENT (MR TC ARENDSE) (Acting)
 THE HEAD: PUBLIC POLICY SERVICES (MR A PHILLIPS)
 THE HEAD: PUBLIC FINANCE (MR H MALILA) (PRO TEM)
 THE HEAD: FINANCIAL GOVERNANCE (MR A REDDY) (ACTING)
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 THE SENIOR MANAGER: MOVEABLE ASSET MANAGEMENT (MS N EBRAHIM)
 THE SENIOR MANAGER: SUPPORTING AND INTERLINKED FINANCIAL SYSTEMS (MR A BASTIAANSE)
 THE HEAD: OFFICE OF THE MINISTRY (MS A SMIT)

 THE PROVINCIAL AUDITOR
 MASTER RECORDS OFFICIAL: FINANCIAL MANAGEMENT
 THE HEAD OF DEPARTMENT: LOCAL GOVERNMENT AND HOUSING

ACCOUNTING STANDARDS BOARD (ASB): EMPLOYEE BENEFITS (GRAP 25)

1. Purpose

- 1.1 To inform municipalities and municipal entities that the Accounting Standards Board (ASB) has approved and issued the Standard of Generally Recognised Accounting Practice on *Employee Benefits (GRAP 25)*. This can be accessed via the following link <http://www.asb.co.za>

2. Introduction

- 2.1 The Accounting Standards Board (the 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).
- 2.2 This Standard of GRAP is set out in paragraphs .01 to .161. All paragraphs in this Standard of GRAP have equal authority. This Standard should be read in the context of its objectives, its basis for conclusions if applicable, the *Preface to Standards of GRAP*, the *Preface to the Interpretations of the Standards of GRAP* and the *Framework for the Preparation and Presentation of Financial Statements*.
- 2.3 Standards of GRAP and Interpretations of the standards of GRAP should also be read in conjunction with any directives issued by the Board prescribing transitional provisions, as well as any regulations issued by the Minister of Finance regarding the effective dates of the Standards of GRAP, published in the Government Gazette.
- 2.4 Reference may be made to a Standard of GRAP that has not been issued at the time of issue of this Standard. This is done to avoid having to change the Standards already issued when a later Standard is subsequently issued. Paragraph .12 of the Standard of GRAP on *Accounting Policies, Changes in Accounting Estimates and Errors* provides a basis for selecting and applying accounting policies in the absence of explicit guidance.

3. Objective

- 3.1 The objective of this Standard is to prescribe the accounting and disclosure for employee benefits. The Standard requires an entity to recognise:
- a) a liability when an employee has provided service in exchange for employee benefits to be paid in the future; and
 - b) an expense when the entity consumes the economic benefits or service potential arising from service provided by an employee in exchange for employee benefits.

4. Effective date

- 4.1 An entity shall apply this Standard of GRAP for annual financial statements covering periods beginning on or after a date to be determined by the Minister of Finance in a regulation to be published in accordance with section 91(1)(b) of the Public Finance Management Act, Act No. 1 of 1999 as amended.

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: Tmadond@pgwc.gov.za - Cape Winelands & Eden Districts and Metro.



N. OLIPHANT

SENIOR MANAGER: LOCAL GOVERNMENT ACCOUNTING

DATE: 6 January 2010