GRAP / IFRS
Comparing apples with apples

Comparison between Generally Recognised Accounting Practice (GRAP) and International Financial Reporting Standards (IFRS)

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Welcome

Dear Colleagues

Welcome to our GRAP IFRS comparison!

We have developed this comparison for preparers, auditors and users of financial statements prepared under Generally Recognised Accounting Practice (GRAP) in order to highlight those areas where GRAP differs from International Financial Reporting Standards (IFRS). GRAP has previously been based largely on IFRS but recently, new developments in GRAP have resulted in widening gap between GRAP and IFRS. As more and more public sector entities move onto using GRAP as a basis for preparing and presenting their financial statements, we would like to highlight those areas where GRAP has diverged from IFRS.

We hope that you find this comparison valuable.

Kind Regards

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Introduction

Standards of Generally Recognised Accounting Practice (GRAP) are accounting standards issued by the Accounting Standards Board (ASB) in terms of section 89 of the Public Finance Management Act (PFMA). These standards are required to be applied by departments, public entities, constitutional institutions, municipalities and boards, commissions, companies, corporations, funds or other entities under the ownership control of a municipality, Parliament and the provincial legislatures.

Due process is followed by the ASB in setting these standards and once they have been approved by the Minister of Finance, the standards are regarded as effective and must be applied by the entities from the particular standard's effective date.

During the initial development of Standards of GRAP, the Standards were based on International Public Sector Accounting Standards (IPSAS) issued by the International Public Sector Accounting Standards Board (IPSASB). In turn, the IPSAS Standards were based on International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). However, where there was no IPSAS Standard which provided guidance on a particular topic, the GRAP Standard was based directly on the IFRS Standard. The result of this was that many of the initial Standards of GRAP which were issued contained similar principles to the principles found in IFRS.

Recently, however, there have been several new Standards of GRAP which have been issued which provide guidance on accounting for certain specific types of transactions which are unique to the public sector environment, These Standards have been based on either IPSAS Standards or on Standards issued by public sector standard setting bodies in other jurisdictions. In addition, amendments have been made to the original GRAP standards which were issued in order to provide additional public sector guidance.

This has resulted in a widening gap between IFRS and GRAP. There are now several GRAP standards which have been issued for which there is no IFRS equivalent and other standards where there are significant differences between IFRS and GRAP. Preparers, users and auditors need to be aware of these differences which exist for financial reporting in the public sector.

The GRAP Reporting Framework

Directive 5 as issued by the ASB determines the GRAP reporting framework for a given financial year. The directive sets out which standards must be used. Directive 5 is updated regularly to reflect new Standards which become effective after having been approved by the Minister of Finance.

In the absence of a Standard of GRAP for a particular topic, the pronouncements of the following standard setting bodies should be used, in descending order, to develop an appropriate accounting policy:

1. International Public Sector Accounting Standards Board (IPSASB)
2. International Accounting Standards Board (IASB), including the Framework for the Preparation and Presentation of Financial Statements
3. Accounting Practices Board (APB)
4. Accounting Practices Committee (APC) of the South African Institute of Chartered Accountants (SAICA)

As a result, the reporting framework for a given financial year may consist of a combination of:

Directives are issued by the ASB to deal with specific practical issues which entities may encounter when applying Standards of GRAP, for example transitional provisions and the application of deemed cost by entities when adopting Standards of GRAP. Guidelines are also issued by the ASB and provide guidance on accounting for some of the public sector specific issues, for example accounting for Public Private Partnerships.

How to use this Comparison

This comparison does not provide a detailed paragraph-by-paragraph comparison between the GRAP and IFRS Standards. Instead, it highlights those areas where there are principle differences between GRAP and IFRS. If no details are given in the comparison, then there are no principle differences (although there may be terminology differences) between the relevant Standards. A detailed paragraph-by-paragraph comparison is available on the ASB website. The complete GRAP standards can be accessed from the ASB website (www.asb.co.za) while summaries of the IFRS Standards can be accessed from the IASPlus website (www.iasplus.com).

This comparison should be used in conjunction with the GRAP: What You Need to Know publication. That publication provides a summary of the Standards of GRAP and related Interpretations. The GRAP: What You Need to Know publication also contains details on which Standards, Interpretations, Directives and Guidelines must be applied by certain entities for specific reporting periods.

Accounting in the Public Sector

Public sector entities often have a different purpose to that of private sector entities. In the public sector, the aim is for the entities to provide the services as set out in the entity's mandate, while the aim of private sector entities is to earn a profit for the owners of the entity.

As a result, the accounting standards in the public sector need to cater for different circumstances to that of private sector entities, for example:

- The entity may be required to supply goods at a price which is below the market related price for the goods,
- The entity may hold assets which do not generate cash flows but which are necessary in order to fulfil its mandate and
- The entity may earn revenue in a transaction for which it does not give anything to the counter-party in return.

Assets

The Framework for the Preparation and Presentation of Financial Statements issued by the IASB ("the IASB Framework") defines an asset as a resource controlled by an entity as a result of past events and from which future economic benefits are expected to flow to the entity. The ASB Framework for the Preparation and Presentation of Financial Statements ("the GRAP Framework") defines an asset as a resource controlled by an entity as a result of past events and from which future economic benefits or service potential is expected to flow to the entity. The definition of an asset in GRAP therefore, is much wider than the definition in IFRS. GRAP allows entities to recognise assets which do not only generate future economic benefits in the form of cash flows but which an entity is required to hold in order to provide the services which it is mandated to do so, for example a clinic which is required to provide free medical services to a local community.

Impairment of assets therefore, cannot only be considered by looking at the future cash inflows from either selling or using the asset as not all assets held will be capable of generating cash inflows. Assets are therefore grouped into cash-generating and non-cash generating assets and are assessed separately for impairment.

Non-cash generating assets are not the only assets where GRAP provides a different accounting treatment to IFRS. Many public sector entities hold heritage assets which are assets that have significance for the community and are held to benefit current and future generations. These assets have a value that cannot always be captured in monetary terms.

Many other assets for which IFRS provides guidance are also found under GRAP, including property, plant and equipment, investment property, intangible assets, biological assets, inventories and financial assets. However, there are differences in the recognition, measurement and disclosure of these assets. Please refer below for a more detailed comparison between IFRS and GRAP.

Liabilities

The IASB framework defines a liability as a present obligation of the entity as a result of past events the settlement of which will result in an outflow from the entity of resources embodying economic benefits. The ASB Framework defines a liability as a present obligation of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits or service potential. Again, the definition of a liability under GRAP is wider than the definition of a liability under IFRS. An example of a liability which would require settlement through an outflow of service potential is where a government entity enters into a contract to provide specific community services during the year.

Other liabilities for which guidance is provided in IFRS also exist under GRAP, including financial liabilities, leases and provisions. However, there are differences in the recognition, measurement and disclosure of these liabilities. Please refer below for a more detailed comparison between IFRS and GRAP.

Net Assets/Equity

The ASB Framework refers to net assets as being the residual interest of the owners of the entity after deducting all its liabilities. This is similar to the IASB Framework which defines equity as the residual interest in the assets of the entity after deducting all its liabilities. The ownership of private sector entities is generally easy to identify and transactions with the owners are accounted for within equity. In public sector entities, it can be more difficult to identify the owners of the entity as they may be owned by other government entities or by the public as a whole.

Revenue/Income

Revenue is defined in the ASB Framework as the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets other than increases relating to contributions from owners. The IASB defines income as increases in economic benefits during the accounting period in the form of inflows or enhancements of assets or decreases of liabilities that result in increases in equity other than those relating to contributions from equity participants. Under GRAP, revenue includes both revenue from the normal operating activities of the entity and gains, such as the gain arising from the sale of an item of property, plant and equipment. There is no split therefore, between revenue and other income which occurs under IFRS.

Another area where GRAP and IFRS differ is the treatment of revenue from non-exchange transactions. A non-exchange transaction is one where an entity receives a value from another entity without giving approximately equal value in return. For example, many public sector entities receive their funding from the central government while other entities are required to collect taxes. The concept of government grants which is found in IFRS does not exist under GRAP.

GRAP also provides guidance on other areas of revenue recognition such as revenue from exchange transactions and revenue from construction contracts which is similar to the guidance provided under IFRS. Please refer below for a more detailed comparison between IFRS and GRAP.

Expenses

The ASB Framework defines expenses as decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or incurrences of liabilities that result in decreases in net assets, other than those relating to distributions to owners. The IASB Framework defines expenses as decreases in economic benefits during the accounting period in the form of outflows or depletions of assets or incurrences of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. In the case of expenses, however, both the IFRS and GRAP definitions refer to expenses incurred in the normal course of an entity's operations and losses incurred.

Many public sector entities are exempt from income tax. Therefore there is no GRAP standard which deals with accounting for income tax. Entities that are subject to tax are required to apply the International Accounting Standard (IAS) on Income Taxes, IAS 12. Please refer below for a more detailed comparison between IFRS and GRAP.

Other Areas

Other areas where GRAP differs from IFRS include business combinations (referred to in GRAP as transfers of functions or mergers) as the ownership structure of public sector entities is different to that in the private sector and the presentation of budget information in the financial statements which is required under GRAP but not under IFRS.

Terminology Differences

Standards of GRAP use different terminology to that found in IFRS. Many standards contain similar principles but use different terms for the recognition, measurement and disclosure of items in the financial statements. The following is a list of terminology differences between GRAP and IFRS:

GRAP	IFRS
Net assets	Equity
Surplus	Profit
Deficit	Loss
Accumulated Surplus/Deficit	Retained Earnings
Minority Interest	Non-Controlling Interest
Controlled Entity	Subsidiary
Controlling Entity	Parent
Economic Entity	Group
Owners	Equity Interests
Dividends/Similar Distributions	Dividends
Residual Interest	Equity Interest

GRAP and IFRS

The following table lists the Standards of GRAP and, if applicable, the equivalent IFRS standard which are in issue:

Standards and Interpretations of GRAP for which there is an IFRS Equivalent				
Standards of GRAP		***IFRS Standards***		***Page***
	Framework for the Preparation and Presentation of Financial Statements		Framework for the Preparation and Presentation of Financial Statements	
GRAP 1	Presentation of Financial Statements	IAS 1	Presentation of Financial Statements	**15**
GRAP 2	Cash Flow Statements	IAS 7	Statement of Cash Flows	**17**
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors	IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	**18**
GRAP 4	The Effects of Changes in Foreign Exchange Rates	IAS 21	The Effects of Changes in Foreign Exchange Rates	**20**
GRAP 5	Borrowing Costs	IAS 23	Borrowing Costs	**20**
GRAP 6	Consolidated and Separate Financial Statements	IAS 27	Consolidated and Separate Financial Statements	**22**
GRAP 7	Investments in Associates	IAS 28	Investments in Associates	**24**
GRAP 8	Interests in Joint Ventures	IAS 31	Interests in Joint Ventures	**27**
GRAP 9	Revenue from Exchange Transactions	IAS 18	Revenue	**28**
IGRAP 1	Applying the Probability Test on Initial Recognition of Exchange Revenue			**29**
GRAP 10	Financial Reporting in Hyperinflationary Economies	IAS 29	Financial Reporting in Hyperinflationary Economies	**30**
GRAP 11	Construction Contracts	IAS 11	Construction Contracts	**31**
GRAP 12	Inventories	IAS 2	Inventories	**32**
GRAP 13	Leases	IAS 17	Leases	**34**
GRAP 14	Events After the Reporting Date	IAS 10	Events After the Reporting Period	**35**
GRAP 16	Investment Property	IAS 40	Intangible Assets	**36**
GRAP 17	Property, Plant and Equipment	IAS 16	Property, Plant and Equipment	**37**
GRAP 18	Segment Reporting	IFRS 8	Operating Segments	**38**
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets	IAS 37	Provisions, Contingent Liabilities and Contingent Assets	**41**
GRAP 25	Employee Benefits	IAS 19	Employee Benefits	**43**

GRAP 26	Impairment of Cash-Generating Assets	IAS 36	Impairment of Assets	**45**
GRAP 100	Non-Current Assets Held for Sale and Discontinued Operations	IFRS 5	Non-current assets Held for sale and Discontinued Operations	**47**
GRAP 101	Agriculture	IAS 41	Agriculture	**47**
GRAP 102	Intangible Assets	IAS 38	Intangible Assets	**48**
GRAP 104	Financial Instruments	IAS 32	Financial Instruments: Presentation	**51**
		IAS 39	Financial Instruments: Recognition and Measurement	**51**
		IFRS 7	Financial Instruments: Disclosures	**51**
		IFRS 9	Financial Instruments IFRS 9 has been issued by the IASB and is intended to replace the guidance contained in IAS 39 Financial Instruments: Recognition and Measurement. However, not all chapters of IFRS 9 have been issued and there is uncertainty as to when the effective date of IFRS 9 will be. IFRS 9 has therefore been excluded from the comparison.	**51**
GRAP 106	Transfer of Functions Between Entities Not Under Common Control	IFRS 3	Business Combinations	**53**
IPSAS 20	Related Party Disclosures	IAS 24	Related Party Disclosures	**60**
Standards of GRAP for which there is no IFRS Equivalent				
GRAP 21	Impairment of Non-cash Generating Assets	There is no equivalent IFRS for these Standards and so significant principle differences exist between GRAP and IFRS. Refer to GRAP: What You Need to Know for summaries of these Standards.		
GRAP 23	Revenue from Non-Exchange Transactions			
GRAP 24	Presentation of Budget Information in Financial Statements			
GRAP 103	Heritage Assets			
GRAP 105	Transfer of Functions Between Entities Under Common Control			
GRAP 107	Mergers			

<table>
<tr><th colspan="3">IFRS Standards for which there is no GRAP Equivalent</th></tr>
<tr><td>IFRS 2</td><td>Share Based Payment</td><td rowspan="7">No Standard of GRAP has been issued for these topics. Some of these Standards form part of the GRAP Reporting Framework (refer to GRAP: What You Need to Know) for certain entities. Summaries of these Standards can be obtained from www.iasplus.com.</td></tr>
<tr><td>IFRS 4</td><td>Insurance Contracts</td></tr>
<tr><td>IFRS 6</td><td>Exploration for and Evaluation of Mineral Resources</td></tr>
<tr><td>IAS 12</td><td>Income Taxes</td></tr>
<tr><td>IAS 26</td><td>Accounting and Reporting by Retirement Benefit Plans</td></tr>
<tr><td>IAS 33</td><td>Earnings per Share</td></tr>
<tr><td>IAS 34</td><td>Interim Financial Reporting</td></tr>
<tr><th colspan="3">Directives</th></tr>
<tr><td>Directive 1</td><td>Repeal of Existing Transitional Provisions in, and Consequential Amendments to, Standards of GRAP</td><td rowspan="8">IFRS 1 provides guidance on the accounting for the first time adoption of International Financial Reporting Standards. Different public sector entities have different transitional provisions for the first time adoption of GRAP. The other directives provide guidance relating to certain specific GRAP implementation issues. All directives can be obtained from the ASB website.</td></tr>
<tr><td>Directive 2</td><td>Transitional Provisions for the Adoption of Standards of GRAP by Public Entities, Municipal Entities and Constitutional Institutions</td></tr>
<tr><td>Directive 3</td><td>Transitional Provisions for the Adoption of Standards of GRAP by High Capacity Municipalities</td></tr>
<tr><td>Directive 4</td><td>Transitional Provisions for the Adoption of Standards of GRAP by Medium and Low Capacity Municipalities</td></tr>
<tr><td>Directive 5</td><td>Determining the GRAP Reporting Framework</td></tr>
<tr><td>Directive 6</td><td>Transitional Provisions for Revenue Collected by the South African Revenue Service (SARS)</td></tr>
<tr><td>Directive 7</td><td>The Application of Deemed Cost on the Adoption of Standards of GRAP</td></tr>
<tr><td>Directive 8</td><td>Transitional Provisions for Parliament and Provincial Legislatures</td></tr>
<tr><th colspan="3">Guidelines</th></tr>
<tr><td>Guide 1</td><td>Guideline on Accounting for Public Private Partnerships</td><td>The guideline deals with the specific considerations for accounting for Public Private Partnerships for which there is no IFRS equivalent. The guideline can be obtained from the ASB website.</td></tr>
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Interpretations of Standards of GRAP		
iGRAP 2	Changes in Existing Decommissioning Restoration and Similar Liabilities	These Interpretations have been issued by the ASB to deal with the accounting for certain specific issues. Although many of these issues are similar to those for which the IASB has issued an interpretation, the iGRAP Interpretations provide public sector accounting specific guidance. All of the interpretations can be accessed on the ASB website.
iGRAP 3	Determining Whether and Arrangement Contains a Lease	
iGRAP 4	Rights to Interests Arising from Decommissioning, Restorations and Environmental Rehabilitation Funds	
iGRAP 5	Applying the Restatement Approach under the Statement 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 11	Consolidation – Special Purpose Entities	
iGRAP 12	Jointly Controlled Entities – Non-monetary Contributions by Venturers	
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	

IFRS Interpretations		
IFRIC 1	Changes in Decommissioning, Restoration and Similar Liabilities	These Interpretations have been issued by the IASB to deal with the accounting for certain specific issues. Some of these Interpretations form part of the GRAP Reporting Framework (refer to GRAP: What You Need to Know) for certain entities. Summaries of these Interpretations can be obtained from www.iasplus.com.
IFRIC 2	Members' Shares in Co-operative Entities and Similar Institutions	
IFRIC 4	Determining Whether an Arrangement Contains a Lease	
IFRC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	
IFRIC 6	Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment	
IFRIC 7	Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies	
IFRIC 9	Reassessment of Embedded Derivatives	
IFRIC 10	Interim Financial Reporting and Impairment	
IFRIC 12	Service Concession Arrangements	
IFRIC 13	Customer Loyalty Programmes	
IFRIC 14	IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	
IFRIC 15	Agreements for the Construction of Real Estate	
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	
IFRIC 17	Distribution of Non-cash Assets to Owners	
IFRIC 18	Transfers of Assets from Customers	
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	
SIC 7	Introduction of the Euro	
SIC 10	Government Assistance - No Specific Relation to Operating Activities	
SIC 12	Consolidation – Special Purpose Entities	
SIC 13	Jointly Controlled Entities – Non-monetary contributions by Venturers	
SIC 15	Operating Leases – Incentives	

<table>
<tr><td>SIC 21</td><td>Income Taxes – Recovery of Revalued Non-Depreciable Assets</td><td rowspan="6">These Interpretations have been issued by the IASB to deal with the accounting for certain specific issues. Some of these Interpretations form part of the GRAP Reporting Framework (refer to GRAP: What You Need to Know) for certain entities. Summaries of these Interpretations can be obtained from www.iasplus.com.</td></tr>
<tr><td>SIC 25</td><td>Income Taxes – Changes in the Tax Status of an Entity or its Shareholders</td></tr>
<tr><td>SIC 27</td><td>Evaluating the Substance of Transactions Involving the Legal Form of a Lease</td></tr>
<tr><td>SIC 29</td><td>Service Concession Arrangements: Disclosures</td></tr>
<tr><td>SIC 31</td><td>Revenue – Barter Transactions Involving Advertising Services</td></tr>
<tr><td>SIC 32</td><td>Intangible Assets – Web site costs</td></tr>
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Comparison between GRAP and IFRS

Framework for the Preparation and Presentation of Financial Statements

Topic	GRAP	IFRS
Scope	The concept of capital and capital maintenance is not discussed in the Framework.	The Framework deals with the concept of capital and capital maintenance.
Users and their information needs	Users are also described as to include parliament, legislatures and other governing bodies, national and provincial treasuries, financial supporters, rating agencies, financial and economic analysts, senior management and other governments.	Users are described as present and potential investors, employees, lenders, suppliers and trade creditors, customers, governments and their agencies and the public.
Assessing stewardship	A key objective of financial statements is the provision of information to enhance the assessment of stewardship, which will also indicate whether fiscal policies are sustainable over time.	
Accountability	Accountability is based on the belief that citizens have the "right to know", and is the cornerstone of financial reporting in government. Accountability through financial reporting is the provision of information to evaluate whether government has operated within the legal and financial constraints imposed by its citizens.	
Objectives of financial statements	Objectives are expanded upon to include objectives for: • Assisting in fulfilling duty to be publicly accountable • Evaluation of operating results for the year • Assessing the level of service that can be provided and the ability of the entity to meet obligations as they become due.	
Financial position, performance and changes in financial position (cash flows and changes in net assets)	Economic decisions that are taken by users are based on the ability to implement sustainable service delivery and the timing and certainty of delivery.	Economic decisions that are taken by users are based on the ability to generate cash and cash equivalents and the timing and certainty of their generation.
Going concern	Financial problems are normally resolved by the ability to raise taxes or some other intervention. Only in rare cases will activities cease altogether. Assessment of going concern involves judgement on whether the entity will continue in its present or some modified form.	Based on the assumption that an entity neither has the intention nor the need to liquidate or curtail materially the scale of its operations.
Qualitative characteristics of financial statements: Relevance	Information is relevant when it influences proper stewardship.	Information is relevant when it influences the economic decisions of users.

Qualitative characteristics of financial statements: Materiality	Information is material if its omission, misstatement or non-disclosure could influence the decisions of users made on the basis of the financial statements.	Information is material if its omission or misstatements could influence the economic decisions of users taken on the basis of the financial statements.
Financial position: Assets	Assets used to deliver goods and services in accordance with the entity's objectives but which do not directly generate cash flows, are described as having "service potential". Although there may be restrictions on the entity's use of an asset, unlimited physical control is not necessary for control to be present. It's the ability to control the rights or access to future economic benefits or service potential that evidences control over an asset.	Not applicable to entities applying IFRS as all assets are assumed to contribute to the generation of future cash flows.
Financial position: Liabilities	Governments make and amend general promises as part of the ongoing political processes. Consideration should be given to such promises to determine if they have given rise to a present obligation and/or future commitment. Whether an obligation exists depends on whether any events that still have to take place, are under the control of the entity. If they are, the entity has a realistic alternative to avoid the transfer of economic benefits or service potential, so no obligation exists.	
Financial position: Equity (Net assets)	The residual measure in the statement of financial position (assets less liabilities), is referred to as "net assets".	The residual interest in the assets of an entity after deducting all its liabilities is defined as equity. Equity reflect the fact that parties with ownership interest in an entity have differing rights in relation to the receipts of dividends or the repayment of contributed equity.
Financial position: Contributions by owners	Described as future economic benefits or service potential contributed by external parties without resulting in liabilities that establish a financial interest in the net assets of the entity. It conveys entitlement to the distribution of economic benefits or service potential and can be sold, transferred or redeemed.	
Financial position: Distributions to owners	Described as decreases in residual interests resulting from transfers to owners in their capacity as owners.	

Financial performance: Revenue/ Income	Revenue is defined as the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase of net assets other than increases relating to contributions from owners.	Income is defined as increases in economic benefits during the accounting period in the form of inflows or enhancements of assets or decreases of liabilities that result in increases in equity, other than those relating to contributions from equity participants.
Derecognition of assets and liabilities	Guidance on the derecognition of assets and liabilities have been included specifically for derecognition when: • The asset or liability has been eliminated and • The criteria for recognition are no longer met.	
Measurement of the elements of financial statements	Measurement basis described include the historical cost, current cost, realisable (settlement) value, present value, market value and fair value.	Measurement basis described include the historical cost, current cost, realisable (settlement) value and present value.
Capital maintenance adjustments	Not relevant to entities applying GRAP.	The two main concepts of capital maintenance are: • Financial capital maintenance whereby profit is earned only of the financial amount of the net assets at the end of the period exceeds the amount at the beginning of the period • Physical capital maintenance whereby profit is earned only if the physical productive capacity at the end of the period exceeds the physical productive capacity at the beginning of the period.

Presentation of Financial Statements

Topic	GRAP 1	IAS 1
Definitions	GRAP 1 includes additional definitions that are not included in IAS 1. These do not result in any principle differences other than: • The public sector concept of service potential is incorporated into the definitions GRAP does not include the IFRS concepts of other comprehensive income and total comprehensive income	IAS 1 includes additional definitions that are not included in GRAP 1. These do not result in any principle differences other than: • Other comprehensive income and total comprehensive income are defined.
Definitions: Impracticable	Definition includes explanatory guidance on when it may be impracticable to retrospectively apply a change in accounting policy.	
Components of financial statements	A complete set of financial statements comprises: • A statement of financial position • A statement of financial performance • A statement of changes in net assets • A cash flow statement • Notes, comprising a summary of significant accounting policies and other explanatory notes.	A complete set of financial statements comprises: • A statement of financial position as at the end of the period • A statement of comprehensive income for the period • A statement of changes in equity for the period • A statement of cash flows for the period • Notes, comprising a summary of significant accounting policies and other explanatory information • A statement of financial position as at the beginning of the earliest comparative period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements.
Presentation of budget information	Financial reporting should provide information on whether resources were obtained and utilised in accordance with legally adopted budget. Where the budget and financial statements are prepared on the same basis, a comparison with budgeted amounts is included in the financial statements. Where they are not prepared on the same basis, a reconciliation between the budget and statement of financial performance should be included in the notes.	
Going concern	Assessment of an entity's ability to continue as a going concern is not only dependent on its liquidity and solvency but amongst other factors, on its ability to levy rates and taxes or multi-year funding arrangements.	

Comparative information	Requirement not included in GRAP 1.	When an entity applies an accounting policy retrospectively or makes a retrospective restatement in its financial statements, the entity presents a statement of financial position as at: • The end of the current period • The end of the previous period • The beginning of the earliest comparative period.
Statement of financial position	Entities without share capital disclose the following: • Contributed capital (total contributions from owners less distributions to owners) • Accumulated surplus or deficit • Reserves, including description of nature and purpose • Minority interest • Amount of distributions declared after the reporting date.	An entity without share capital discloses information that is equivalent to that required for entities with share capital, showing changes during the period and the rights attached to each category of equity interest.
Statement of comprehensive income/ Statement of financial performance	All items of revenue and expenses recognised during a period are included in surplus or deficit in the statement of financial performance unless a Standard of GRAP permits or requires otherwise.	All items of income and expense recognised during a period are presented either in a single statement of comprehensive income or in two statements: an income statement (displaying components of profit or loss) and statement of comprehensive income (displaying components of comprehensive income).
Capital	Not applicable to entities applying GRAP.	Information that will enable the users of the financial statements to evaluate the entity's objectives, policies and processes for managing capital has to be disclosed.
Other disclosures	If not already disclosed elsewhere in information published with the financial statements, an entity has to reference to relevant legislation governing its operations.	Requirement not included in IAS 1.

Cash Flow Statements

Topic	GRAP 2	IAS 7
Definitions	GRAP 2 includes a number of additional definitions which are not found in IAS 7 but which do not result in any principle differences other than: • Operating activities are defined as activities of the entity that are not investing or financing activities • The definitions incorporate the public sector concept of service potential.	IAS 7 defines operating activities as the principal revenue-producing activities of the entity and other activities that are not investing or financing activities.
Operating activities	Cash flows from operating activities are a key indicator of the extent to which the operations of the entity are funded by way of taxes or from the recipients of goods and services provided by the entity. Cash flows from operating activities are primarily derived from the principal cash-generating activities of the entity. Examples of cash flows from operating activities include amongst others: • Cash receipts from taxes, levies and fines • Cash receipts from grants, transfers and other appropriations • Cash payments to other entities to finance their operations (grants paid).	The amount of cash flows from operating activities is a key indicator of the extent to which the operations have generated sufficient cash flows to maintain the operating capability of the entity. Cash flows from operating activities are primarily derived from the principal revenue-producing activities. Examples of cash flows from operating activities include amongst others: • Cash receipts from the sale of goods or rendering of services • Cash payments to suppliers for goods and services.
Investing activities	Cash flows from investing activities represent the extent to which cash flows have been made for resources intended to contribute to future service delivery.	Cash flows from investing activities represent the extent to which expenditures have been made for resources intended to generate future income and cash flows.
Financing activities	Examples of cash flows from financing activities are: • Cash proceeds from issuing debentures, loans, notes, bonds, mortgages and other short- or long-term borrowings • Cash repayments of amounts borrowed • Cash payments by a lessee for the reduction of the outstanding liability relating to a finance lease.	Examples of cash flows from financing activities are: • Cash proceeds from issuing shares or other equity instrument • Cash payments to owners to acquire or redeem the entity's shares • Cash proceeds from issuing debentures, loans, notes, bonds, mortgages and other short or long-term borrowings • Cash repayments of amounts borrowed • Cash payments by a lessee for the reduction of the outstanding liability relating to a finance lease.

Reporting cash flows from operating activities	Entities are required to report cash flows from operating activities using the direct method.	Entities are encouraged to report cash flows from operating activities using the direct method, although the indirect method is allowed as an alternative.
Changes in ownership interest in subsidiaries and other businesses	Requirement not included in GRAP 2.	Cash flows arising from changes in ownership interests in a subsidiary that do not result in a loss of control are classified as cash flows from financing activities as they are accounted for as equity transactions.
Other disclosures	Encouraged disclosures are not included in GRAP 2, however entities are required to disclose the amount and nature of restricted cash balances.	The following disclosures are encouraged: • Aggregate amount of cash flows that represent increases in operating capacity separately from those required to maintain operating capacity • Cash flows arising from the operating, investing and financing activities of each reportable segment.

Accounting Policies, Changes in Accounting Estimates and Errors

Topic	GRAP 3	IAS 8
Definitions	GRAP 3 contains additional definitions which are not included in IAS 8 but which do not result in any principle differences other than: • The public sector concept of service potential is incorporated into the definitions.	IAS 8 includes a definition of International Financial Reporting Standards which is not relevant to entities applying GRAP. Guidance is included on consideration of the characteristics of users as set out in the Framework for the Preparation and Presentation of Financial Statements when assessing whether an omission or misstatement could influence the economic decisions of users.
Guidance accompanying financial statements	Guidance is generally incorporated into the GRAP Standards	Guidance may be issued that does not form an integral part of the Standards. This guidance does therefore not contain requirements which must be applied to the preparation and presentation of financial statements.
Selection and application of accounting policies	If one or more alternative accounting policies are available under a Standard of GRAP, an entity should choose and apply consistently one of those policies unless the Standard specifically requires or permits categorization of items for which policies are to be chosen. If a Standard requires or permits separate categorisation of items, a single accounting policy should be selected and applied consistently to each category.	

Selection and application of accounting policies	In developing and applying an accounting policy, management shall refer to and consider the applicability of, the following sources in descending order: • The requirements and guidance in Standards of GRAP dealing with similar and related issues • The definitions, recognition criteria and measurement concepts for assets, liabilities, revenue and expenses set out in the Framework. Management may also consider the most recent pronouncements of other standard-setting bodies and accepted public or private sector practices to the extent, but only to the extent, that these are consistent with the Standards of GRAP and the Framework. For example pronouncements of the following, in descending order, should be considered: • International Public Sector Accounting Standards Board • International Accounting Standards Board (including the IFRS Framework for the Preparation and Presentation of Financial Statements) • Accounting Practices Board • The South African Institute of Chartered Accountants' Accounting Practices Committee.	In developing and applying an accounting policy, management shall consider the applicability of the following sources in descending order: • Requirements in IFRSs dealing with similar issue • The definitions, recognition criteria and measurement concepts for assets, liabilities, income and expenses in the Framework. Management may also use the most recent pronouncements of other standard-setting bodies that use a similar conceptual framework, other accounting literature and accepted industry practices, to the extent that these do not conflict with IFRS and the Framework.
Changes in accounting estimates	Estimates are required to be made in preparation of financial statements because of uncertainties inherent in delivering services, conducting trading or other activities. Estimates may be required of: • Tax revenue due to government • Bad debts arising from uncollected taxes • The useful lives of or expected pattern of consumption of economic benefits or service potential of depreciable assets • The percentage completion of road construction.	Estimates are required to be made in preparation of financial statements because of uncertainties inherent in business activities. Estimates may be required of: • Bad debts • The useful lives of, or expected pattern of consumption of the future economic benefits embodied in, depreciable assets.

The Effects of Changes in Foreign Exchange Rates

Topic	GRAP 4	IAS 21
Foreign currency cash balances	Guidance is provided on the effects of foreign exchange differences on foreign currency cash balances	

Borrowing Costs

Topic	GRAP 5	IAS 23
Definitions	Borrowing costs may include: • Interest on bank overdrafts and short-term and long-term borrowings • Amortisation of discounts or premiums relating to borrowings • Amortisation of ancillary costs incurred in connection with the arrangement of borrowings • Finance charges in respect of finance leases • Exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.	Borrowing costs may include the • Interest expense calculated using the effective interest method as described in IAS 39 • Finance charges in respect of finance leases • Exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.
	Depending on circumstances, any of the following may be qualifying assets: • Office buildings • Hospitals • Infrastructure assets such as roads, bridges and power generation facilities • Intangible assets • Properties that will become self-constructed items of property, plant and equipment once their construction or development is complete • Investment properties measured at cost that are being redeveloped • Inventories.	Depending on circumstances, any of the following may be qualifying assets: • Inventories • Manufacturing plants • Power generation facilities • Intangible assets • Investment properties.

Expensing of borrowing costs related to qualifying assets	An entity will expense borrowing costs directly to the statement of financial performance when it is inappropriate to capitalise the borrowing costs. It is inappropriate to do so when and only when there is clear evidence that it is difficult to link that borrowing requirement of an entity directly to the nature of the expenditure to be funded ie capital or current. This generally only occurs in exceptionally rare cases where, for example, it can be difficult for an entity to identify a direct relationship between an asset and borrowing costs incurred when the financing activity of an entity is controlled centrally and transferred to other entities as a transfer or a contribution by owners. As a result the reasonable effort and cost may outweigh the benefit of presenting the information, making it inappropriate to capitalise the borrowing cost.	
Borrowing costs eligible for capitalisation	In some circumstances, it is appropriate to include all borrowings of the controlling entity and its controlled entities when computing a weighted average of the borrowing costs. In other circumstances, it is appropriate for each controlled entity to use a weighted average of the borrowing costs applicable to its own borrowings. Only those borrowing costs applicable to the borrowings of the entity may be capitalised. When a controlling entity borrows funds that are passed on to a controlled entity with no, or only partial, allocation of borrowing costs, the controlled entity may capitalise only those borrowing costs that it itself has incurred.	In some circumstances it may be appropriate to include all borrowings of the parent and its subsidiaries when computing a weighted average of the borrowing costs; in other circumstances, it is appropriate for each subsidiary to use a weighted average of the borrowing costs applicable to its own borrowings.
Commencement of capitalisation	Requirement not included in GRAP 5.	Expenditures on qualifying assets are reduced by any progress payments received and grants received in connection with the asset.

Consolidated and Separate Financial Statements

Topic	GRAP 6	IAS 27
Definitions	GRAP 6 includes additional definitions that are not included in IAS 27 but which do not result in any principle differences other than: • The public sector concept of service potential is incorporated into the definitions. There are also various terminology differences between GRAP 6 and IAS 27 (refer to the terminology differences table) but these terminology differences do not result in principle differences between GRAP 6 and IAS 27.	
Control	Consideration needs to be given to both the power element and benefit element in order to establish whether there is control for financial reporting purposes. In terms of the Constitution, national, provincial and local governments have independence. However, in certain circumstances it may be that an entity in one sphere of government will have control over an entity in another sphere of government. Control does not require a majority ownership holding or the involvement in the day-to-day operations of the entity. Regulatory and purchase powers do not constitute control for financial reporting purposes. The following does not generally result in control: • The power to establish the regulatory framework within which entities operate and to impose conditions or sanctions on their operations • Entities that are economically dependent on each other. In examining the relationship between two entities, control is presumed to exist when at least one power condition is met and one benefit condition is met, unless there is clear evidence of control being held by another entity.	Control is presumed to exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity unless, in exceptional circumstances, it can be clearly demonstrated that such ownership does not constitute control. Control also exists when there is: • Power over more than half of the voting rights by virtue of an agreement with other investors • Power to govern the financial and operating policies of the entity under statute or an agreement • Power to appoint or remove the majority of the members of the board of directors or equivalent governing body and control of the entity is by that board or body or • Power to cast the majority of votes at meetings of the board of directors or equivalent governing body and control of the entity is by that board or body.

Control (Cont'd)	Power conditions: • The entity has, directly or indirectly through controlled entities, ownership of a majority voting interest in the other entity • The entity has the power, either granted or exercised within existing legislation, to appoint or remove a majority of the members of the board of directors or equivalent governing body and control of the entity is by that board or body • The entity has the power to cast or regulate the casting of, a majority of votes that are likely to be cast at a general meeting of the other entity • The entity has the power to cast the majority of votes at meetings of the board of directors or equivalent governing body and control of the entity is by that board or body. Benefit conditions: • The entity has the power to dissolve the other entity and obtain a significant level of the residual economic benefits or bear significant obligations • The entity has the power to extract distributions of assets from the entity and/or may be liable for certain obligations of the entity. GRAP 6 also provides several indicators of when an entity has power over another entity and is able to benefit from another entity's activities.	
Special purpose entities	GRAP 6 incorporates guidance adopted from SIC 12 Consolidation — Special Purpose Entities issued by the IASB in the body of GRAP 6.	Consideration of special purpose entities is considered in a separate interpretation; SIC 12 Consolidation—Special Purpose Entities.
Consolidation procedures: Changes in ownership interest without a loss of control		Changes in ownership interest without a loss of control are treated as transactions between equity participants directly within equity with no impact on profit or loss.
Consolidation procedures: Minority interest	Losses applicable to the minority, are not allocated against the minotiry interest except to the extent that the minority has a binding obligation to, and is able to, make an additional investment to cover the losses. If the controlled entity subsequently reports surpluses, such surpluses are allocated to the majority interest until the minority's share of losses previously absorbed by the majority has been recovered.	Losses are attributed to non-controlling interests even if this results in a deficit balance in the non-controlling interest.

Separate financial statements: Treatment of dividends	No guidance contained in GRAP 6 whether dividends should be split into pre and post acquisition dividends and recognised against the cost of the investment or profit and loss.	All dividends are recognised in profit or loss. The quantum of the dividend may give rise to an indication that the investment is impaired.

Investments in Associates

Topic	GRAP 7	IAS 28
Definitions	Joint control is the agreed sharing of control over an activity by a binding arrangement and exists only when the strategic financial and operating decisions relating to the activity require unanimous consent of the parties sharing control (the venturers). GRAP 7 contains additional definitions that are not in IAS 28 but do not result in principle differences other than: • The definitions incorporate the public sector concept of service potential.	Joint control is defined as the contractually agreed sharing of control over an economic activity and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).
Significant influence	Indicators are given for when an investor may be unable to exercise significant influence which include: • Opposition, by the investee, such as litigation or complaints to government regulatory authorities, challenges the investor's ability to exercise significant influence • The investor and investee sign an agreement under which the investor surrenders significant rights as a shareholder • Majority ownership of the investee is concentrated among a small group of shareholders who operate the investee without regard to the views of the investor • The investor needs or wants more financial information to apply the equity method than is available to the investee's other shareholders (for example, the investor wants quarterly financial information from an investee that publicly reports only annually), tries to obtain that information, and fails • The investor tries and fails to obtain representation on the investee's board of directors.	

Equity method	In applying the equity method, the investor's share of post acquisition surpluses or deficits of the associate should be determined after adjustments for: • Distributions to preference net asset holders • Revisions in revenues and expenses resulting from: - discount on acquisition; and/or - differences between the fair values of the identifiable assets and liabilities of the associate at acquisition date and the carrying amounts of assets and liabilities recognised by the associate in its own financial statements • Different accounting policies • Unrealised surpluses or deficits arising on inter-entity transactions.	
Application of the equity method	The recognition of revenue on the basis of distributions received may not be an adequate measure of the revenue earned by an investor on an investment in an associate because the distributions received may bear little relationship to the performance of the associate. In particular, where the associate has non-profit objectives, investment performance will be determined by factors such as the cost of outputs and overall service delivery. Because the investor has significant influence over the associate, the investor has a measure of responsibility for the associate's performance and, as a result, the return on its investment. The investor accounts for this stewardship by extending the scope of its consolidated financial statements to include its share of surpluses or deficits of such an associate. As a result, the application of the equity method provides more informative reporting of the net assets and surplus or deficit of the investor.	

Disclosure	GRAP 7 includes several additional disclosure requirements, including: • Associates legal name and any changes if appropriate • Ownership interest and proportion of voting power, if different • Reporting dates, if different and any changes if appropriate • Reconciliation of the carrying amount of the investments in associates • Amount of interest in the net assets of the investor held by the associate • Legal names of entities which became associates and ceased to be associates during the current year • Aggregated future capital commitments • Liabilities for which the investor is jointly and severally liable • Financial effects of events or transactions which occurred after the end of the associates reporting period which could materially affect the financial performance or position of the associate in future reporting periods • Nature of any differences due to different accounting policies which cannot be adjusted for • Gross amount of goodwill, amount of goodwill impaired and the reversal of any impairment loss.	Requirements not included in IAS 28.

Interests in Joint Ventures

Topic	GRAP 8	IAS 31
Definitions	GRAP 8 contains additional definitions that are not in IAS 31 but do not result in principle differences other than: • Joint control is the agreed sharing of control over an activity by a binding arrangement and exists only when the strategic financial and operating decisions relating to the activity require unanimous consent of the parties sharing control (the venturers). • The definitions incorporate the public sector concept of service potential.	Joint control is defined as the contractually agreed sharing of control over an economic activity and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).
Binding Arrangement	An arrangement includes all binding arrangements between venturers. That is, in substance, the arrangement confers similar rights and obligations on the parties to it as if it were in the form of a contract. Activities that have no binding arrangement to establish joint control are not joint ventures for the purposes of GRAP 8. The binding arrangement establishes joint control over the joint venture. Such a requirement ensures that no single venturer is in a position to control the activity unilaterally. The binding arrangement identifies those decisions in areas essential to the goals of the joint venture which require the consent of all the venturers and those decisions which may require the consent of a specified majority of the venturers.	Guidance on binding arrangements is not provided as the definition of a joint venture in IAS 31 refers to contractually agreed sharing of control instead of the agreed sharing of control through a binding arrangement.
Jointly Controlled Operations, Jointly Controlled Assets and Jointly Controlled Entities	Additional public sector examples are provided on types of jointly controlled operations, jointly controlled assets and jointly controlled entities.	Additional guidance not provided.
Treatment of contributions of non-monetary assets by venturers.	GRAP 8 incorporates guidance adopted from SIC 13 Non-monetary Contributions by Venturers issued by the IASB in the body of GRAP 8.	Contributions of non-monetary assets by venturers is considered in a separate interpretation; SIC 13 Non-monetary Contributions by Venturers.

Disclosure	GRAP 8 requires the following additional disclosures: • Contingent assets relating to the joint venture • Interest in and principal activities of the joint venture together with reporting dates, if different • Significant unadjusted transactions or events occurring between the reporting date of the venture and the reporting date of the joint venture • Period for which the results of operations of the joint venture are included in the statement of financial performance • If there are significant statutory, contractual or exchange control restrictions on the ability of a joint venture to distribute its reserves (other than those shown as non-distributable), the extent of the restrictions shall be indicated.	Requirements not included in IAS 31.

Revenue from Exchange Transactions

Topic	GRAP 9	IAS 18
Scope	GRAP 9 applies only to revenue received from exchange transactions. Revenue from non-exchange transactions are accounted for in terms of GRAP 23. An exchange transaction is one in which the entity receives assets or services or has liabilities extinguished and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in the exchange. Examples of exchange transactions include: • The purchase or sale of goods or services • The lease of property, plant and equipment at market rates The substance of the transaction should be looked at when distinguishing between exchange and non-exchange transactions. Examples of non-exchange transactions include: • Direct and indirect taxes • Duties and fines and • Grants and donations.	There is no split between exchange and non-exchange transactions in IAS 18.

Definitions	GRAP 9 incorporates the public sector concept of service potential in the definitions.	
Sale of goods	Additional guidance not included	Revenue and expenses that relate to the same transaction or other event are recognised simultaneously; this process is commonly referred to as the matching of revenues and expenses. Revenue cannot be recognised when the expenses cannot be measured reliably; in such circumstances, any consideration already received for the sale of the goods is recognised as a liability.
iGRAP 1 Applying the Probability Test on Initial Recognition of Exchange Revenue	The issue addressed in the interpretation is how do entities apply the probability test on initial recognition of exchange revenue in accordance with GRAP on Revenue from Exchange Transactions. An entity assesses the probability of each transaction on an individual basis as it occurs. It should include in this assessment an overall probability of payment history or estimate of future losses. At the time of initial recognition it is inappropriate to assume collectability of amounts owing by individual recipients will not occur because an entity has an obligation to collect all revenue.	No guidance is provided in IFRS on applying the probability test on initial recognition of exchange revenue.

Financial Reporting in Hyperinflationary Economies

Topic	GRAP 10	IAS 29
Definitions	GRAP 10 includes additional definitions which are not in IAS 29 but which do not result in any principle differences.	
Restatement of financial statements		Guidance is included to indicate that in most countries financial statements are prepared on the historical cost basis without regard to the general changes in price levels.
Restatement of budgetary information	Budgetary information that is included in the financial statements should also be restated in accordance with GRAP 10.	Guidance not applicable to entities applying IFRS.
Current cost financial statements	Guidance not applicable to entities applying GRAP.	In the statement of financial position, the items stated at current cost are not restated since they are already expressed in terms of the measuring unit current at the balance sheet date. In the statement of comprehensive income, all amounts will need to be restated into the measuring unit current at the reporting date by applying a general price index. Any differences that arise between the carrying amount of the individual assets and liabilities and their tax bases, as a result of the restatement of financial statements, will be accounted for in terms of IAS 12.
Corresponding figures	In the reporting period in which an entity identifies the existence of hyperinflation in the economy of its functional currency, not having been hyperinflationary in the prior period, the entity should apply the requirements of GRAP 10 as if the economy had always been hyperinflationary.	Guidance included in IFRIC 7 Applying the Restatement under IAS 29 Financial Reporting in Hyperinflationary Economies.
Corresponding figures – deferred tax	GRAP 10 includes additional guidance on the treatment of deferred tax from IFRIC 7 Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies.	Guidance included in IFRIC 7 Applying the Restatement under IAS 29 Financial Reporting in Hyperinflationary Economies.
Disclosure	Requirement not included in GRAP 10.	The following additional disclosure is required: • The identity and level of the price index at the statement of financial position date and the movement in the index during the current and previous reporting period.

Construction Contracts

Topic	GRAP 11	IAS 11
Scope	The scope has been extended to include contracts on a non commercial basis or the construction of contracts by receiving grant or aid funds.	Requirement not applicable to entities applying IAS 11.
Definitions	GRAP 11 contains additional definitions but there are no principle differences other than: • The definition of a construction contract includes a binding arrangement in order to make it applicable to the public sector • The definition of a cost plus contract has been expanded to acknowledge that not all public sector construction contracts are intended to generate a commercial return.	
Contract revenue	Guidance has been included on how to determine the initial amount of revenue for cost plus contracts as the amount of revenue may not always be stated in the contract in the public sector.	
Recognition of expected deficits/losses	The requirement to recognise an expected deficit on a contract immediately when it becomes probable that contract costs will exceed total contract revenue applies only to contracts in which it is intended at the inception of the contract that contract cost are to be fully recovered from the parties to that contract.	When it is probable that total contract costs will exceed total contract revenue, the expected loss shall be recognised as an expense immediately. This is applied to all contracts.

Inventories

Topic	GRAP 12	IAS 2
Scope	There is a scope exclusion for work in progress of services to be provided for no or nominal consideration directly in return from the recipients.	Requirement not included in IAS 2.
Definitions	GRAP 12 contains additional definitions but there are no principle differences.	
Inventories	Inventories include goods purchased or produced for distribution at no charge or for a nominal consideration which is specific to the public sector. Spare parts can be included as either inventory or property, plant and equipment. Where the government controls the rights to create and issue various assets, including postal stamps and currency, these items of inventory are recognised as inventories. When a government maintains strategic stockpiles of various reserves, such as energy reserves (for example, oil) for use in emergency or other situations (for example, natural disasters or other civil defence emergencies), these stockpiles are recognised as inventories.	Not applicable to entities applying IAS 2.
Measurement after recognition	Inventories are measured at the lower of cost and current replacement cost where they are held for: • Distribution at no charge or for a nominal charge or • Consumption in the production process of goods to be distributed at no charge or for nominal charge.	Requirement not included in IAS 2.
Techniques for the measurement of cost	The retail method is not applicable to the public sector.	The retail method is allowed where the cost of inventories is determined by reducing the sales value of inventory by the appropriate percentage gross margin.

Distribution of goods at no charge or for a nominal charge	An entity may hold inventories whose future economic benefits or service potential are not directly related to their ability to generate net cash inflows. These types of inventories may arise when an entity has determined to distribute certain goods at no charge or for a nominal amount. In these cases, the future economic benefits or service potential of the inventory for financial reporting purposes is reflected by the amount the entity would need to pay to acquire the economic benefits or service potential if this was necessary to achieve the objectives of the entity. Where the economic benefits or service potential cannot be acquired in the market, an estimate of replacement cost will need to be made. If the purpose for which the inventory is held changes, then the inventory is valued in accordance with GRAP 12.	Not applicable to entities applying IAS 2.

Leases

Topic	GRAP 13	IAS 17
Scope	GRAP 13 provides guidance on the identification of leases in the public sector.	
Prohibition on entering into lease contracts	Certain public sector entities may be prohibited from entering into leases. If such an entity, however, does enter into a lease agreement, it should apply GRAP 13 in accounting for the lease. The application of GRAP 13 does, however, not legitimise the transaction.	
Definitions	GRAP 13 contains additional definitions that are not in IAS 17 but do not result in principle differences other than: • The definitions incorporate the public sector concept of service potential.	
Incremental borrowing rate of interest	Where an entity has borrowings which are guaranteed by the government, the determination of the lessee's incremental borrowing rate of interest reflects the existence of any government guarantee and any related fees. This will normally lead to the use of a lower incremental borrowing rate of interest.	Not relevant to entities applying IAS 17.
Evaluating the substance of an arrangement involving the legal form of a lease.	GRAP 13 incorporates guidance adopted from SIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease issued by the IASB in the body of GRAP 13.	Evaluating the substance of an arrangement involving the legal form of a lease is considered in a separate interpretation; SIC 27 Evaluating the substance of transactions involving the legal for of a lease.
Operating lease incentives	GRAP 13 incorporates guidance adopted from SIC 15 Operating Leases—Incentives issued by the IASB in the body of GRAP 13.	Operating lease incentives are considered in a separate interpretation; SIC 15 Operating Leases—Incentives
Finance lease disclosures - lessees	GRAP 13 requires the following additional disclosure for lessees under a finance lease: • The depreciation and the finance charge relating to the leased asset shall be included as part of the total depreciation and finance charges respectively.	Requirement not included in IAS 17.
Finance lease initial recognition - lessors	The following additional guidance is provided relating specifically to the public sector: • A central entity may be responsible for the central procurement of assets and supplies for other entities • Entities may enter into finance leases with private sector entities.	Not relevant for entities applying IAS 17.

Events After the Reporting Date

Topic	GRAP 14	IAS 10
Definitions	GRAP 14 includes additional definitions which are not in IAS 10 but which do not result in any principle differences.	
Authorisation of Financial Statements for Issue	Guidance and examples are included on when financial statements are considered to be authorised for issue in the South African public sector.	Guidance and examples are included on when financial statements are considered to be authorised for issue in the private sector.
Going Concern	An entity shall not prepare its financial statements on the going concern basis if management determines after the reporting date either that there is an intention to liquidate the entity or to cease operation or that there is no realistic alternative to do so. Going concern in the public sector will be more relevant for individual entities than for the government as a whole. Where entities are substantially publicly funded, going concern issues will generally only arise if government announces its intention to cease funding the entity. Some public sector entities may be required to be fully or substantially self funding. Deterioration in the financial performance and financial position of these entities after the reporting date may indicate a need to consider whether the going concern assumption is still appropriate.	An entity shall not prepare its financial statements on a going concern basis if management determines after the reporting period either that it intends to liquidate the entity or to cease trading or has no realistic alternative but to do so. Deterioration in operating results and financial position after the reporting period may indicate a need to consider whether the going concern assumption is still appropriate.
Disclosure	GRAP 14 provides additional guidance on the disclosures required for the public sector, including: • Restructuring; • Provision of additional community services/benefits; • Significant decline in property values due to conditions arising after reporting date.	

Investment Property

Topic	GRAP 16	IAS 40
Definitions	GRAP 16 contains additional definitions that are not in IAS 40 but do not result in principle differences other than: • The definitions incorporate the public sector concept of service potential. Examples of investment property are provided and clarification is given that the use of property to provide housing as a social service does not qualify as investment property, even though rentals are earned.	
Recognition	The concept of "service potential" is incorporated into the recognition criteria. The recognition criteria also acknowledge that entities may not have cost records and may therefore need to determine fair value of investment property for initial recognition.	
Initial Measurement	Where an investment property is acquired at no cost, or for nominal cost, its cost is the fair value at the date of acquisition.	
Cost Model	Investment property is accounted for using the cost model in GRAP 17.	Investment property is accounted for using the cost model in IAS 16. Investment property classified as held for sale is accounted for in terms of IFRS 5.
Transfers	Examples of transfers in the public sector are given.	
Disposals	Investment property is derecognised when it is withdrawn from use and no future economic benefits or service potential are expected from the property.	Investment property is derecognised when it is withdrawn from use and no future economic benefits are expected from the property.

Property, Plant and Equipment

Topic	GRAP 17	IAS 16
Scope	The recognition of heritage assets is not required but should an entity choose to recognise heritage assets, then the measurement requirements of GRAP 17 are applied to those assets. Regardless of whether the entity chooses to recognise heritage assets, entities have to comply with the disclosure requirements of GRAP 17 for heritage assets.	No guidance is provided on accounting for heritage assets.
Definitions	GRAP 17 contains additional definitions that are not in IAS 16 but do not result in principle differences other than: • The definitions distinguish between cash generating and non-cash generating assets to allow for the fact that not all assets in the public sector generate cash flows commensurate with earning a commercial return • The definitions incorporate the public sector concept of service potential.	
Recognition	The concept of "service potential" is incorporated into the recognition criteria. The recognition criteria also acknowledge that entities may not have cost records and may therefore need to determine fair value of property, plant and equipment for initial recognition.	
	Infrastructure assets, for example, road networks, sewer systems and water and supply systems are generally considered to be property, plant and equipment.	
	Specialist military equipment will normally meet the definition of property, plant and equipment.	
Initial Measurement	Where an item of property, plant and equipment is acquired at no cost or for nominal cost its cost is its fair value as at the date of acquisition.	Not relevant for entities applying IAS 16.
Revaluation Model	Guidance and examples are given on applying the revaluation model in the public sector.	
Impairment	To determine whether an asset is impaired, an entity applied either GRAP 21 (for cash generating assets) or GRAP 26 (for non-cash generating assets).	To determine whether an item of property, plant and equipment is impaired, an entity applies IAS 36.
Derecognition	The derecognition criteria incorporate the public sector concept of service potential.	

Segment Reporting

Topic	GRAP 18	IFRS 8
Objective	The objective of GRAP 18 is to establish principles for reporting financial information by segments. The disclosure of this information will: • Enable users of the financial statements to better understand the entity's past performance, to evaluate the nature and financial effects of the activities in which it engages and the economic environments in which it operates • Identify the resources allocated to support the major activities of the entity and assist in making decisions about the allocation of resources • Enhance the transparency of financial reporting and enable the entity to better discharge its accountability obligations.	An entity shall disclose information to enable users of its financial statements to evaluate the nature and financial effects of the business activities in which it engages and the economic environments in which it operates.
Scope	GRAP 18 shall apply to the separate financial statements of an entity and the consolidated financial statements of an economic entity.	This IFRS shall apply to the separate financial statements of an entity: • Whose debt or equity instruments are traded in a public market, or • That files, or is in the process of filing, its financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market. This IFRS shall apply to the consolidated financial statements of a group with a parent: • Whose debt or equity instruments are traded in a public market, or • That files, or is in the process of filing, the consolidated financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market. If an entity that is not required to apply this IFRS chooses to disclose information about segments that does not comply with this IFRS, it shall not describe the information as segment information.

Definition: Segments	A segment is an activity of an entity : • That generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity) • Whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance • For which separate financial information is available.	An operating segment is a component of an entity: • That engages in business activities from which it may earn revenues and incur expenses • Whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and • For which discrete financial information is available. An operating segment may engage in business activities for which it has yet to earn revenues, for example, start-up operations may be operating segments before earning revenues.
Segments	Not every part of an entity is necessarily a segment or part of a segment. For example, an administrative unit or functional department may not undertake activities of an entity that generates economic benefits or service potential. As a result, these activities may not be regularly reviewed by the management of the entity. These activities are not reported as segments as they do not meet the definition of a segment.	
	GRAP 18 does not include the concept of a 'chief operating decision maker', but instead refers to management.	The term 'chief operating decision maker' identifies a function, not necessarily a manager with a specific title. That function is to allocate resources to and assess the performance of the operating segments of an entity. Often the chief operating decision maker of an entity is its chief executive officer or chief operating officer but, for example, it may be a group of executive directors or others.
	GRAP 18 does not include the concept of a 'chief operating decision maker', but instead refers to management.	Generally, an operating segment has a segment manager who is directly accountable to and maintains regular contact with the chief operating decision maker to discuss operating activities and financial results. The chief operating decision maker also may be the segment manager for some operating segments. A single manager may be the segment manager for more than one operating segment. If the definition of a reporting segment applies to more than one set of components of an organisation but there is only one set for which segment managers are held responsible, that set of components constitutes the operating segments.

Reportable segments	An entity shall report separately information about each segment that has been identified in accordance with GRAP 18 or results from aggregating two or more of those segments.	An entity shall report separately information about each operating segment that: • Has been identified in accordance with IFRS 8 or results from aggregating two or more of those segments and • Exceeds the quantitative thresholds in IFRS 8.
Aggregation criteria	Two or more segments may be aggregated into a single segment if aggregation is consistent with the objective of GRAP 18, the segments have similar economic characteristics and the segments share a majority of the following: • The nature of the goods and/or services delivered • The type or class of customer or consumer to which goods and services are delivered • The methods used to distribute the goods or provide the services; or • If applicable, the nature of the regulatory environment that applies to the segment.	Two or more operating segments may be aggregated into a single operating segment if aggregation is consistent with the core principle of this IFRS, the segments have similar economic characteristics, and the segments are similar in each of the following respects: • The nature of the products and services • The nature of the production processes • The type or class of customer for their products and services • The methods used to distribute their products or provide their services and • If applicable, the nature of the regulatory environment, for example, banking, insurance or public utilities.
Quantitative thresholds	Guidance on quantitative thresholds not included in GRAP 18.	An entity shall report separately information about an operating segment that meets any of the following quantitative thresholds: • Its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10 per cent or more of the combined revenue, internal and external, of all operating segments • The absolute amount of its reported profit or loss is 10 per cent or more of the greater, in absolute amount, of (i) the combined reported profit of all operating segments that did not report a loss and (ii) the combined reported loss of all operating segments that reported a loss • Its assets are 10 per cent or more of the combined assets of all operating segments Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if management believes that information about the segment would be useful to users of the financial statements.

Provisions, Contingent Liabilities and Contingent Assets

Topic	GRAP 19	IAS 27
Scope	Excluded from the scope of GRAP 19 are provisions, contingent liabilities and contingent assets that: • Arise from social benefits provided by an entity for which it does not receive consideration that is approximately equal to the value of goods and services provided directly in return from the recipients of those benefits • Result from executory contracts, other than where the contract is onerous • Are covered by another Standard of GRAP.	Excluded from the scope of IAS 37 are provisions, contingent liabilities and contingent assets that: • Result from executory contracts, except where the contract is onerous • Are covered by another Standard.
Social benefits	Specific guidance on social benefits is given, stating that they are goods, services and other benefits provided in the pursuit of the social policy objectives of a government. An obligation to provide social benefits often arise as a consequence of government's commitment to undertake particular activities on an ongoing basis over the long term in order to provide particular goods and services to the community. A provision or contingency arising from a social benefit is excluded from the scope of GRAP 19 when the entity providing the benefit will not receive consideration that is approximately equal to the value of goods and services provided, directly in return from the recipients of the benefit. This exclusion would encompass those circumstances where a charge is levied in respect of the benefit, but there is no direct relationship between the charge and the benefit received. In some cases, social benefits may give rise to a liability for which there is: • Little or no uncertainty as to amount and • The timing of the obligation is not uncertain. Accordingly, these are not likely to meet the definition of a provision in GRAP 19. Where such liabilities for social benefits exist, they are recognised where they satisfy the criteria for recognition as liabilities.	

Restructuring	Restructuring may occur at a national, provincial, municipal, portfolio or ministry, or entity level. Evidence that government or an entity has started to implement a restructuring plan would be provided, for example, by the public announcement of the main features of the plan, the sale or transfer of assets, notification of intention to cancel leases or the establishment of alternative arrangements for clients of services. The ultimate authority for making decisions about an entity is vested in management whose membership includes representatives that are not employees of the entity. Notification to these representatives may be necessary before a management decision is taken. Because a decision by management involves communication to these representatives, it may result in a constructive obligation to restructure. Restructuring within government often involves the transfer of operations from one controlled entity to another and may involve the transfer of operations by way of a non-exchange transaction. Such transfers will often take place under a government directive, legislation or similar means. These are deemed to constitute binding arrangements. Even where proposed transfers do not lead to the recognition of a provision, the planned transaction may require disclosure under other Standards of GRAP such as the Standards of GRAP on Events after the Reporting Date and Related Party Disclosures.	Evidence that an entity has started to implement a restructuring plan would be provided, for example, by dismantling plant or selling assets or by the public announcement of the main features of the plan. In some countries, the ultimate authority is vested in a board whose membership includes representatives of interests other than those of management or notification to such representatives may be necessary before board decision has taken place. Because a decision by such a board involves communication to these representatives, it may result in a constructive obligation to restructure.

Employee Benefits

Topic	GRAP 25	IAS 19
Definitions	GRAP 25 contains additional definitions in addition to those in IAS 19, however, there are no principle differences other than: • A definition of composite social security programmes is given where composite security programmes are defined as those are established by legislation and operate as multi employer plans to provide post employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.	
Composite social security programmes	A reporting entity should account for post employment benefits under composite social security programmes in the same way as a multi employer plans.	This type of programme is specific to public sector and therefore IAS 19 does not have similar guidance.
Defined benefit plans	Recognition of the full liability at balance sheet date including all actuarial gains or losses and past service costs is required. The asset recognition ceiling is limited to the total value of the asset or the present value of the any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits shall be determined using an appropriate discount rate.	An alternative is allowed whereby only part of actuarial gains and losses and past service costs on a defined benefit plan is recognised by applying the corridor approach. The asset recognition ceiling is limited to the total value of the asset or the total of any cumulative unrecognised net actuarial losses and past service cost and the present value of the any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits shall be determined using the an appropriate discount rate.
Actuarial assumptions	The rate used to discount post employment benefits shall reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money shall be consistent with the currency and expected term of the post employment benefit obligations. The discount rate that reflects the time value of money is best approximated by reference to market yields on government bonds.	The rate used to discount post employment benefit obligations shall be determined by reference to the market yields at the end of the reporting period on high quality corporate bonds.

Actuarial gains and losses	Actuarial gains and losses are recognised in surplus or deficit in the period in which they occur.	A choice is provided in the recognition of actuarial gains and losses. Entities can either choose to recognise the actuarial gains and losses on the basis of the corridor method or can choose to recognised all actuarial gains and losses in the period in which they occur in other comprehensive income.
Past service cost	In measuring its defined benefit liability an entity should recognise past service cost as an expense in the reporting period in which the plan in amended.	In measuring the define benefit liability an entity should recognise past service cost an expense on a straight line basis over the average period until the benefits become vested. To the extent that the benefits are already vested past service costs should be recognised immediately when the plan is amended.
Curtailments and settlements	An entity shall recognise gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss comprises: any resulting change in the present value of the defined benefit obligation and any resulting change in the fair value of the plan assets.	An entity shall recognise gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss comprises: any resulting change in the present value of the defined benefit obligation, any resulting change in the fair value of the plan assets, any related actuarial gains and losses and past service costs that have not been recognised.

Impairment of Cash Generating Assets

Topic	GRAP 26	IAS 36
Objective	The objective of the Standard is to prescribe the procedures that an entity applies to determine whether a cash generating asset is impaired and to ensure that impairment losses are recognised.	The objective of the Standard is to prescribe the procedures that an entity applies to ensure that assets are carried are no more than their recoverable amount.
Scope	The Standard applies to all cash generating assets, except: • Inventories • Construction contract assets • Financial assets • Investment property • Deferred tax assets • Employee benefit assets • Biological assets • Insurance assets • Non-current assets held for sale and • Non-cash generating assets.	The Standard applies to all assets except: • Inventories • Construction contract assets • Deferred tax assets • Employee benefit assets • Financial assets • Investment property • Biological assets • Insurance assets and • Non-current assets held for sale.
Definitions	An impairment is a loss in the future economic benefits or service potential of an asset over and above the systematic recognition of the asset's future economic benefits or service potential through depreciation. An impairment loss of a cash generating asset is the amount by which the carrying amount of an asset exceeds its recoverable amount. Cash generating assets are assets held with the primary objective of generating a commercial return. Non-cash generating assets are assets other than cash generating assets.	An impairment loss is the amount by which the carrying amount of an asset or a cash generating unit exceeds its recoverable amount.
Cash generating and non-cash generating assets	Cash generating assets are assets held with the primary objective of generating a commercial return.	Not relevant for entities applying IAS 36.

Identifying an asset that may be Impaired	Not relevant for entities applying GRAP 26.	The fact that the carrying amount of an entity's net assets is more than its market capitalisation is included as an indicator from an external source of information that an asset may be impaired.
		The following indicators of impairment are included for investments in subsidiaries, jointly controlled entities and associates: • That the carrying amount of the investment in the investors financial statements exceeds the carrying amount of the investee's net assets, including any associated goodwill • That a dividend received exceeds the total comprehensive income of the investee.
Goodwill	No guidance is provided on accounting for the impairment of goodwill as the concept of goodwill is not recognised in GRAP.	Detailed guidance is provided on the allocation of goodwill to cash generating units, testing those cash generating units for impairment and the timing of goodwill impairment tests.
Corporate Assets	No guidance is provided on the accounting for the impairment of corporate assets.	Detailed guidance in provided for the accounting for the impairment of corporate assets.
Reversal of goodwill impairment losses	No guidance is provided on accounting for the reversal of a goodwill impairment as the concept of goodwill is not recognised in GRAP.	An impairment loss for goodwill is not reversed in subsequent periods.
Redesgination of Assets	A redesignation of assets from cash generating assets to non-cash generating assets shall only occur when there is clear evidence that such a redesignation is appropriate.	Not relevant to entities applying IAS 36.
Disclosure	No disclosure requirements are given for goodwill as the concept of goodwill is not recognised in GRAP.	Disclosure requirements for goodwill are given.

Non-current Assets Held for Sale and Discontinued Operations

Topic	GRAP 100	IFRS 5
Scope	Guidance is provided in applying GRAP 100 in the public sector, including the treatment of non-cash generating assets.	
Definitions	GRAP 100 includes additional definitions when compared to IFRS 5 but these do not result in any principle differences other than: • Definitions of cash generating assets and non-cash generating assets are given to acknowledge that not all assets in the public sector generate future cash flows • Recoverable service amount is defined for those assets which are non-cash generating assets but which have future service potential • The value in use of a non-cash generating asset is defined as the present value of a non-cash generating asset's service potential.	
Measurement of non-current assets (or disposal groups) classified as held for sale	Additional public sector specific guidance is provided.	

Agriculture

Topic	GRAP 101	IAS 41
Scope	GRAP 101 does not apply to government grants relating to agricultural activity nor to non-exchange revenue relating agriculture.	IAS 41 applies to government grants relating to agricultural activity.
Definitions	Guidance is provided on applying the definitions relating to agricultural activity in the public sector.	IAS 41 includes definitions relating government grants which are scoped out.
Recognition and measurement	The public sector concept of service potential is included in the recognition and measurement guidance.	
Government grants	Not applicable to entities applying GRAP 101.	Guidance is included on accounting for government grants: • An unconditional government grant related to a biological asset measured at fair value is recognised as income when the grant becomes receivable • A conditional government grant related to a biological asset measured at fair value is recognised as income when, and only when the conditions attached to the government grant are met • A government grant relating to a biological asset measured at cost less accumulated depreciation and accumulated impairment is accounted for in accordance with IAS 20 Accounting for Government Grants and Disclosure of Government Assistance.

Intangible Assets

Topic	GRAP 102	IAS 38
Scope	GRAP 102 excludes intangible assets acquired in an entity combination, including in-process research and development projects.	No similar scope exclusion in IAS 38.
Definitions	GRAP 102 includes additional definitions compared to IAS 38 but do not result in any principle differences other than: • The definitions include the public sector concept of service potential • The definitions acknowledge that there are cash generating and non-cash generating assets in the public sector.	
Intangible assets	Intangible assets may be transferred to or donated to an entity resulting in intangible assets acquired for no cost.	
Identifiability	Intangible assets acquired in business combinations are not in the scope of GRAP 102. An asset meets the identifiability criterion when it: • Is separable or • Arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations. Regulatory rights (such as the right to issue licenses or the right to levy taxes) do not meet the definition of an intangible asset for the entities that execute such regulatory rights. The right to use naturally occurring assets, including non-cultivated biological resources and water rights are recognised as intangible assets when the recognition criteria are satisfied.	An intangible asset needs to be identifiable to distinguish it from goodwill. An asset meets the identifiability criterion when it: • Is separable or • Arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.
Control	The capacity of an entity to control the future economic benefits or service potential from an intangible asset would normally stem from legal rights that are enforceable in a court of law or rights under binding arrangements enforceable by entities that are a party to the arrangement.	The capacity of an entity to control the future economic benefits from an intangible asset would normally stem from legal rights that are enforceable in a court of law.

Recognition and measurement	An intangible asset shall be recognised if, and only if: • It is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity and • The cost or fair value of the asset can be measured reliably.	An intangible asset shall be recognised if, and only if: • It is probable that the expected future economic benefits that are attributable to the asset will flow to the entity • The cost of the asset can be measured reliably.
	A distinction between the costs incurred in the acquisition, development and construction of an item of property, plant and equipment, and the intangible asset associated with the item of property, plant and equipment needs to be made when both the tangible and the intangible asset are recognised and measured. An intangible asset should only be recognised when the requirements in GRAP 102 have been met.	
	Where an intangible asset is acquired at no cost, or for a nominal cost, the cost shall be its fair value as at the date of acquisition. An intangible asset may be donated or contributed to the entity. An intangible asset may also be acquired at nil or nominal consideration through the exercise of powers of sequestration. The measurement at initial recognition at its fair value in this case does not constitute a revaluation in terms of GRAP 102.	
Acquisition as part of a business combination	Guidance on accounting for intangible assets acquired in a business combination excluded from the scope of GRAP 102.	If an intangible asset is acquired in a business combination, the cost of that intangible asset is its fair value at the acquisition date. An acquirer recognises at the acquisition date separately from goodwill an intangible asset of the acquiree if the asset's fair value can be measured reliably, irrespective of whether the asset had been recognised by the acquiree before the business combination.
Measuring the fair value of an intangible asset acquired in a business combination	Guidance on accounting for intangible assets acquired in a business combination excluded from the scope of GRAP 102.	Quoted market prices in an active market provide the most reliable estimate of the fair value of an intangible asset. If no active market exists for an intangible asset, its fair value is the amount that the entity would have paid for the asset, at the acquisition date, in an arm's length transaction between knowledgeable and willing parties, on the basis of the best information available. In determining this amount, an entity considers the outcome of recent transactions for similar assets.

Acquisition by way of a government grant	Guidance not applicable to entities applying GRAP 102.	In some cases, an intangible asset may be acquired free of charge, or for nominal consideration, by way of a government grant. In accordance with IAS 20, an entity may choose to recognise both the intangible asset and the grant initially at fair value. If an entity chooses not to recognise the asset initially at fair value, the entity recognises the asset initially at a nominal amount (the other treatment permitted by IAS 20) plus any expenditure that is directly attributable to preparing the asset for its intended use.
Exchange of assets	The cost of such an intangible asset is measured at fair value unless the fair value of neither the asset received nor the asset given up is reliably measurable.	The cost of such an intangible asset is measured at fair value unless: • The exchange transaction lacks commercial substance; or • The fair value of neither the asset received nor the asset given up is reliably measurable. An entity determines whether an exchange transaction has commercial substance by considering the extent to which its future cash flows are expected to change as a result of the transaction.
Web site costs	Guidance on accounting for web site costs has been included in GRAP 102.	Similar guidance on web site costs has been included in SIC 32 Intangible Assets – Website Costs.

Financial Instruments

Topic	GRAP 104	IAS 32, IAS 39 and IFRS 7
Objective	There is a single standard establishing the principles for recognition, measurement, presentation and disclosure of financial instruments.	The principles for the treatment of financial instruments are established in: • IAS 32 Financial Instruments: Presentation • IAS 39: Financial Instruments: Recognition and Measurement • IFRS 7: Financial Instruments – Disclosure.
Scope	The standard does not contain any principles for the application of hedge accounting. Where an entity applied hedge accounting, it shall apply IFRS in its entirety insofar as hedge accounting is concerned.	Detailed hedge accounting principles contained in IAS 39 Financial Instruments: Recognition and Measurement
Definitions	There are three classifications of financial assets: • Loans and receivables • Fair value through profit or loss • Financial instruments at cost.	There are five classifications of financial assets: • Loans and receivables • Fair value through profit or loss • Financial instruments at cost • Held to maturity • Available for sale. The held to maturity and available for sale classifications have associated recognition, measurement, reclassification and derecognition principles which are not contained in GRAP.
	The definitions of a financial asset and a financial liability do not include any guidance on whether contracts that will or may be settled in the entity's own equity instruments are financial assets.	The definition of a financial asset and liability includes guidance to the effect that a contract that will or may be settled in the entity's own equity instruments and is: • A non-derivative for which the entity is or may be obliged to receive/ deliver a variable number of the entity's own equity instruments; or • A derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. This guidance becomes specifically important when considering the nature of a financial instrument is a financial liability or residual interest. IAS 32 and IAS 39 not only extend the definition of a financial asset and liability, but also extends the guidance related to the distinction between a financial liability and an equity interest.

Option to designate a financial asset at fair value through profit or loss	There is no limitation on the ability to designate a non-derivative financial asset at fair value through profit or loss	The option to designate a non-derivative financial asset at fair value through profit or loss is only available where: • It eliminates an accounting mismatch; or • It is part of a group or portfolio of financial instruments that is managed on a fair value basis.
Option to designate a financial liability at fair value through profit or loss	There is no limitation on the ability to designate a non-derivative financial asset at fair value through profit or loss.	The option to designate a non-derivative financial asset at fair value through profit or loss is only available where: • It eliminates an accounting mismatch; or • It is part of a group or portfolio of financial instruments that is managed on a fair value basis.
Initial recognition and derecognition	Trade date accounting shall be applied to initial recognition and derecognition of financial assets.	The entity shall adopt an accounting policy of trade date or settlement date accounting for financial assets.
Concessionary loans	A concessionary loan is a loan granted or received on terms which are not market related. GRAP 104 contains specific guidance on the measurement of these loans and the treatment of the differential between fair value and the face value of the concessionary loan.	Benefit of government loans at below-market rate of interest is accounted for as a government grant.
Reclassifications	Reclassifications are generally prohibited unless: • The fair value of an embedded derivative cannot be reliably estimated in which case the combined financial instrument is reclassified to fair value through profit or loss • The fair value of an investment in a residual interest either becomes available or no longer available and the interest is reclassified between cost and fair value through profit or loss.	Reclassifications are generally prohibited unless: • The fair value of an embedded derivative cannot be reliably estimated in which case the combined financial instrument is reclassified to fair value through profit or loss • The fair value of an investment in a residual interest either becomes available or no longer available and the interest is reclassified between cost and fair value through profit or loss. An entity is permitted to reclassify a held for trading financial asset or liability in rare circumstances.
Derecognition of financial assets	GRAP 104 provides guidance on the treatment of transfers of financial assets where the entity either transfers or retains the significant risks and rewards of ownership of the financial asset.	IFRS provides guidance on the treatment of transfers of financial assets where the entity either transfers, retains or neither transfers nor retains (continuing involvement) the significant risks and rewards of ownership of the financial asset.

Transfers of Functions Between Entities Not Under Common Control

Topic	GRAP 106	IFRS 3
Objective	GRAP 106 establishes accounting principles for the acquirer in a transfer of functions between entities not under common control.	IFRS 3 establishes principles and requirements for how the acquirer: • Recognises and measures in its financial statements the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree • Recognises and measures the goodwill acquired in the business combination or a gain from a bargain purchase and • Determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination.
Scope	GRAP 106 applies to a transaction or other event that meets the definition of a transfer of functions.	IFRS 3 applies to a transaction or other event that meets the definition of a business combination.
	GRAP 106 does not apply to: • Transfers of individual or groups of assets and/or liabilities that do not meet the definition of a transfer of functions • A transfer of functions undertaken between entities under common control • A merger or • The formation of a joint venture.	IFRS 3 does not apply to: • The formation of a joint venture • the acquisition of an asset or a group of assets that does not constitute a business or • A combination of entities or businesses under common control.
Common control	Common control transactions are undertaken between entities within the same sphere of government or between entities that are part of the same economic entity. Entities that are ultimately controlled by the same entity before and after the transfer of functions are within the same economic entity.	

Function/Business	A function is an integrated set of activities that is capable of being conducted and managed for purposes of achieving an entity's objectives, either by providing economic benefits or service potential. A function consists of inputs and processes applied to those inputs that have the ability to create outputs. A function can either be a part or a portion of an entity or can consist of the whole entity. Although functions may have outputs, outputs are not required to qualify as a function. However, a function need not include all of the inputs or processes that will be used in operating that function if entities are capable of acquiring the function and continuing to produce outputs, for example, by integrating the function with their own inputs and processes. A function in the development stage might not have outputs. If not, other factors should be considered to determine whether the integrated set of activities meets the definition of a function. Those factors include, but are not limited to, whether the function: • Has begun planned principal activities • Has employees, intellectual property and other inputs and processes that could be applied to those inputs • Is pursuing a plan to produce outputs • Will be able to obtain access to economic benefits or service potential.	A business is an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefits directly to investors or other owners, members or participants.
Residual interest	A residual interest is a contract that shows evidence of an interest in the net assets of another entity. A residual interest entitles the holder of the interest to a part of the net assets of an entity, and any payments made to the holder are discretionary. Where an entity receives capital contributions other than through the issue of shares or other unitised capital, the following evidence may indicate that the contribution is a residual interest: • There is a formal designation of the contribution by the parties to the transaction either before or at the time of the contribution • There is a formal agreement between the parties specifying that the contribution represents a residual interest of another entity.	

Identifying a transfer of functions between entities not under common control/a business combination	An entity shall determine whether a transaction or other event is a transfer of functions between entities not under common control by applying the definition in GRAP 106, which requires that the assets acquired and liabilities assumed constitute a function. If the assets acquired or liabilities assumed are not a function, the reporting entity shall account for the transaction or other event as in accordance with the applicable Standard of GRAP. A transfer of functions is defined as the reorganisation and/or the re-allocation of functions between entities by transferring functions between entities or into another entity. The transfer of functions must be undertaken between entities not under common control.	An entity shall determine whether a transaction or other event is a business combination by applying the definition in IFRS 3, which requires that the assets acquired and liabilities assumed constitute a business. If the assets acquired are not a business, the reporting entity shall account for the transaction or other event as an asset acquisition. A business combination is defined as a transaction or other event in which an acquirer obtains control of one or more businesses.
The acquisition method	An entity shall account for each transfer of functions between entities not under common control by applying the acquisition method. Applying the acquisition method requires: • Identifying the acquirer • Determining the acquisition date • Recognising and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree • Recognising the difference between the consideration transferred to the seller and the aggregate of the identifiable assets, liabilities and non-controlling interest in the acquire, as a surplus or deficit.	An entity shall account for each business combination by applying the acquisition method. Applying the acquisition method requires: • Identifying the acquirer • Determining the acquisition date • Recognising and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree • Recognising and measuring goodwill or a gain from a bargain purchase.
Identifying the acquirer	For each transfer of functions between entities not under common control, one of the combining entities shall be identified as the acquirer.	For each business combination, one of the combining entities shall be identified as the acquirer.
	The terms and conditions of a transfer of functions undertaken between entities not under common control are set out in a binding arrangement. This arrangement may encompass a formal written agreement, legislation passed in parliament or a provincial legislature, cabinet decision, ministerial order, a decision made by a municipal council, regulation or a notice or other official means. The binding arrangement governing the terms and conditions of a transfer of functions may identify which entity to the transaction or event is the combining entities and which entity is the acquirer.	The acquirer is the entity that obtains control over the other entity.

	In a transfer of functions effected primarily by exchanging residual interests, the acquirer is the entity that does not experience a change in control. The concept of 'reverse acquisitions' is not dealt with in GRAP 106.	In a business combination effected primarily by exchanging equity interests, the acquirer is usually the entity that issues its equity interests. However, in some business combinations, commonly called 'reverse acquisitions', the issuing entity is the acquiree.
	In a transfer of functions involving more than one entity, one of the entities that existed before the transaction or event may be identified as the acquirer on the basis of available evidence available. Determining the acquirer shall include a consideration of, amongst other things, which of the combining entities initiated the transaction or event, the relative size of the combining entities, as well as whether the assets or revenue of one of the entities involved in the transaction or event significantly exceed those of the other entities.	In a business combination involving more than two entities, determining the acquirer shall include a consideration of, among other things, which of the combining entities initiated the combination, as well as the relative size of the combining entities.
	If no acquirer can be identified, the transaction or event should be accounted for in terms of GRAP 107.	Not applicable to entities applying IFRS.
The acquisition date	The date on which the acquirer obtains control of the functions is the date on which the acquirer transfers the consideration (if any), acquires the assets and assumes the liabilities of the acquiree as identified to in the binding arrangement. However, the acquirer may obtain control on a date that is either earlier or later than the date on which the assets and liabilities are transferred by the acquiree, or specified in the binding arrangement.	The date on which the acquirer obtains control of the acquiree is generally the date on which the acquirer legally transfers the consideration, acquires the assets and assumes the liabilities of the acquiree—the closing date. However, the acquirer might obtain control on a date that is either earlier or later than the closing date.
Recognising and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree	To qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must be part of what the acquirer and the acquiree agreed in the binding arrangement rather than the result of separate transactions.	To qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must be part of what the acquirer and the acquiree exchanged in the business combination transaction rather than the result of separate transactions.
Exceptions to both the recognition and measurement principles	Exceptions not allowed for in GRAP 106.	The acquirer shall recognise and measure a deferred tax asset or liability arising from the assets acquired and liabilities assumed in a business combination in accordance with IAS 12. The acquirer shall account for the potential tax effects of temporary differences and carryforwards of an acquiree that exist at the acquisition date or arise as a result of the acquisition in accordance with IAS 12.

Exceptions to both the recognition and measurement principles (Cont'd)	Exceptions not allowed for in GRAP 106.	The acquirer shall measure a liability or an equity instrument related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment transactions with share-based payment transactions of the acquirer in accordance with the method in IFRS 2 at the acquisition date.
Recognising and measuring the difference between the assets acquired and liabilities assumed and the consideration transferred (if any)	The acquirer shall recognise the difference between the assets acquired and liabilities assumed and the consideration transferred (if any) as of the acquisition date in surplus or deficit. This difference is measured as the excess of (a) over (b) below: (a) the aggregate of: • the consideration transferred (if any) • the amount of any non-controlling interest in the acquire • in a transfer of functions achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree. (b) the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.	The acquirer shall recognise goodwill as of the acquisition date measured as the excess of (a) over (b) below: (a) the aggregate of: • the consideration transferred; • the amount of any non-controlling interest in the acquiree; and • in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree. (b) the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.
	Not applicable to entities applying GRAP 106.	A bargain purchase is recognised when the aggregate of the consideration transferred, the amount of non-controlling interest in the acquire and the acquisition-date fair value of the acquirer's previously held equity interest is less than the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. The acquirer shall recognise this difference as a gain in profit or loss on the acquisition date.

Consideration transferred	The consideration transferred in a transfer of functions shall be measured at fair value, which shall be calculated as the sum of the acquisition-date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the residual interests issued by the acquirer. No guidance is provided in GRAP 106 on share-based payment awards.	The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition-date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity interests issued by the acquirer. Any portion of the acquirer's share-based payment awards exchanged for awards held by the acquiree's employees that is included in consideration transferred in the business combination shall be measured in accordance with the specific requirements of IFRS 3 rather than at fair value.
A business combination achieved without the transfer of consideration		An acquirer sometimes obtains control of an acquiree without transferring consideration. The acquisition method of accounting for a business combination applies to those combinations.
Measurement period	The measurement period shall not exceed two years from the acquisition date.	The measurement period shall not exceed one year from the acquisition date.
	The acquirer recognises an increase (decrease) in the provisional amount recognised for an identifiable asset (liability) by means of decreasing (increasing) the excess of the purchase consideration paid (if any) over the fair value of the assets acquired and liabilities assumed previously recognised in surplus or deficit.	The acquirer recognises an increase (decrease) in the provisional amount recognised for an identifiable asset (liability) by means of a decrease (increase) in goodwill.
Determining what is part of the transfer of functions transaction	The acquirer shall recognise as part of applying the acquisition method only the consideration transferred for the acquiree and the assets acquired and liabilities assumed by the acquirer in the transfer of functions as governed by the terms and conditions of the binding arrangement. Apart from the transactions identified in GRAP 106, separate transactions shall be accounted for in accordance with the relevant Standards of GRAP.	The acquirer shall recognise as part of applying the acquisition method only the consideration transferred for the acquiree and the assets acquired and liabilities assumed in the exchange for the acquiree. Separate transactions shall be accounted for in accordance with the relevant IFRS Standard. A transaction entered into by or on behalf of the acquirer or primarily for the benefit of the acquirer or the combined entity, rather than primarily for the benefit of the acquiree before the combination, is likely to be a separate transaction.

Determining what is part of the transfer of functions transaction (Cont'd)	The following are examples of separate transactions that are not to be included in applying the acquisition method: • A transaction that in effect settles pre-existing relationships between the acquirer and acquiree • A transaction that reimburses the acquiree or its former owners for paying the acquirer's acquisition-related costs and • Contributions received from third parties as compensation for future services as a result of undertaking a transfer of functions. The acquirer should consider the following factors, which are neither mutually exclusive nor individually conclusive, to determine whether a transaction is part of the transfer of functions or whether the transaction is separate from the transfer of functions: • The reasons for the transaction and • The timing of the transaction.	The following are examples of separate transactions that are not to be included in applying the acquisition method: • A transaction that in effect settles pre-existing relationships between the acquirer and acquiree • A transaction that reimburses the acquiree or its former owners for paying the acquirer's acquisition-related costs and • A transaction that remunerates employees or former owners of the acquiree for future services. The acquirer should consider the following factors, which are neither mutually exclusive nor individually conclusive, to determine whether a transaction is part of the exchange for the acquiree or whether the transaction is separate from the business combination: • Who initiated the transaction • The reasons for the transaction and • The timing of the transaction.
Indemnification assets	Not applicable to entities applying GRAP 106.	At the end of each subsequent reporting period, the acquirer shall measure an indemnification asset that was recognised at the acquisition date on the same basis as the indemnified liability or asset, subject to any contractual limitations on its amount and, for an indemnification asset that is not subsequently measured at its fair value, management's assessment of the collectibility of the indemnification asset. The acquirer shall derecognise the indemnification asset only when it collects the asset, sells it or otherwise loses the right to it.

Related Parties

There is currently no Standard of GRAP which provides guidance on related party disclosures. The ASB therefore requires entities to comply with the International Public Sector Accounting Standard (IPSAS) on related party disclosures – IPSAS 20. The comparison has therefore been done between IPSAS 20 and IAS 24.

Topic	IPSAS 20	IAS 24
Scope	IPSAS 20 should not be applied by Government Business Enterprises. Government Business Enterprises should instead comply with the requirements of IAS 24.	Scope exclusion not included in IAS 24.
Definitions	Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party entity and another entity are subject to common control. Related parties include: • Entities that directly, or indirectly through one or more intermediaries, control, or are controlled by the reporting entity • Associates • Individuals owning, directly or indirectly, an interest in the reporting entity that gives them significant influence over the entity, and close members of the family of any such individual • Key management personnel, and close members of the family of key management personnel and • Entities in which a substantial ownership interest is held, directly or indirectly, by any person who owns a significant interest in the reporting entity or key management personnel and close family members of key management personnel.	A related party is a person or entity that is related to the entity that is preparing its financial statements: • A person or a close member of that person's family is related to a reporting entity if that person: - has control or joint control over the reporting entity - has significant influence over the reporting entity - is a member of the key management personnel of the reporting entity or of a parent of the reporting entity • An entity is related to a reporting entity if any of the following conditions applies: - The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others) - One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member) - Both entities are joint ventures of the same third party - One entity is a joint venture of a third entity and the other entity is an associate of the third entity - The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity - The entity is controlled or jointly controlled by a related person or close family member - A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Definitions (Cont'd)	A related party transaction is a transfer of resources or obligations between related parties, regardless of whether a price is charged. Related party transactions exclude transactions with any other entity that is a related party solely because of its economic dependence on the reporting entity or the government of which it forms part. The definition of key management personnel also includes members of the governing body of a whole-of-government entity who has the responsibility for planning, directing and controlling the activities of the reporting entity. An additional definition of oversight is given where oversight means the supervision of the activities of an entity, with the authority and responsibility to control, or exercise significant influence over, the financial and operating decisions of the entity. An additional definition of remuneration of key management personnel is any consideration or benefit derived directly or indirectly by key management personnel from the reporting entity for services provided in their capacity as members of the governing body or otherwise as employees of the reporting entity.	A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.
Remuneration of key management personnel	Remuneration of key management personnel includes remuneration derived by individuals from the reporting entity for services provided to the reporting entity in their capacity as members of the governing body or employees. Benefits derived directly or indirectly from the entity for services in any capacity other than as an employee or a member of the governing body do not satisfy the definition of remuneration of key management personnel in IPSAS 20 but disclosure of these are amounts is required. Remuneration of key management personnel excludes any consideration provided solely as a reimbursement for expenditure incurred by those individuals for the benefit of the reporting entity such as, for example, the reimbursement of accommodation costs associated with work-related travel.	

Voting power	The definition of related party will include any individuals owning, directly or indirectly, an interest in the voting power of the reporting entity that gives them significant influence over the entity. The holding of an interest in the voting power of an entity can arise when a public sector entity has a corporate structure and a minister or government agency holds shares in the entity.	
The related party issue	Related party relationships exist throughout the public sector, because: • Administrative units are subject to the overall direction of the executive government and, ultimately, the Parliament or similar body of elected or appointed officials, and operate together to achieve the policies of the government • Government departments and agencies frequently conduct activities necessary for the achievement of different components of their responsibilities and objectives through separate controlled entities, and through entities over which they have significant influence; and • Ministers or other elected or appointed members of the government and senior management group can exert significant influence over the operations of a department or agency.	
Remuneration of key management personnel	Key management personnel hold positions of responsibility within an entity. They are responsible for the strategic direction and operational management of an entity and are entrusted with significant authority. Their salaries are often established by statute or an independent tribunal or other body independent of the reporting entity. However, their responsibilities may enable them to influence the benefits of office that flow to them or their related parties.	
Materiality	When assessing the materiality of related party transactions, the nature of the relationship between the reporting entity and the related party and the nature of the transaction may mean that a transaction is material regardless of its size.	

Disclosure	In many countries, the laws, and other authoritative financial reporting rules, require financial statements of private sector entities and government business enterprises to disclose information about certain categories of related parties and related party transactions. In particular, attention is focused on the entity's transactions with its directors or members of its governing body and with its senior management group, especially their remuneration and borrowings. This is because of the fiduciary responsibilities of directors, members of the governing body and senior management group, and because they have extensive powers over the deployment of entity resources. In some jurisdictions, similar requirements are included in the statutes and regulations applicable to public sector entities. Public sector entities transact extensively with each other on a daily basis. These transactions may occur at cost, less than cost or free-of-charge. Disclosure of information about transactions between these entities is not required where the transactions are consistent with normal operating relationships between the entities, and are undertaken on terms and conditions that are normal for such transactions in these circumstances. The information about related party transactions that would need to be disclosed to meet the objectives of general purpose financial reporting would normally include: • A description of the nature of the relationship with related parties involved in these transactions • A description of the related party transactions within each broad class of transaction and an indication of the volume of the classes, either as a specific monetary amount or as a proportion of that class of transactions and/or balances • A summary of the broad terms and conditions of transactions with related parties, including disclosure of how these terms and conditions differ from those normally associated with similar transactions with unrelated parties • Amounts or appropriate proportions of outstanding items. Items of a similar nature may be disclosed in aggregate except when separate disclosure is necessary to provide relevant and reliable information for decision making and accountability purposes.	If an entity has had related party transactions during the periods covered by the financial statements, it shall disclose the nature of the related party relationship as well as information about those transactions and outstanding balances, including commitments, necessary for users to understand the potential effect of the relationship on the financial statements. At a minimum, disclosures shall include: • The amount of the transactions • The amount of outstanding balances, including: - Commitments - Their terms and conditions, including whether they are secured, and the nature of the consideration to be provided in settlement - Details of any guarantees given or received • Provisions for doubtful debts related to the amount of outstanding balances • The expense recognised during the period in respect of bad or doubtful debts due from related parties. These disclosures shall be made separately for each of the following categories: • The parent • Entities with joint control or significant influence over the entity • Subsidiaries • Associates • Joint ventures in which the entity is a venture • Key management personnel of the entity or its parent and • Other related parties.

Disclosure: Remuneration of Key Management Personnel	An entity shall disclose: • The aggregate remuneration of key management personnel and the number of individuals, determined on a full time equivalent basis, receiving remuneration within this category, showing separately major classes of key management personnel and including a description of each class • The total amount of all other remuneration and compensation provided to key management personnel, and close members of the family of key management personnel, by the reporting entity during the reporting period showing separately the aggregate amounts provided to: - Key management personnel and - Close members of the family of key management personnel • In respect of loans which are not widely available to persons who are not key management personnel and loans whose availability is not widely known by members of the public, for each individual member of key management personnel and each close member of the family of key management personnel: - The amount of loans advanced during the period and terms and conditions thereof - The amount of loans repaid during the period - The amount of the closing balance of all loans and receivables and - Where the individual is not a director or member of the governing body or senior management group of the entity, the relationship of the individual to such.	An entity shall disclose key management personnel compensation in total and for each of the following categories: • Short-term employee benefits • Post-employment benefits • Other long-term benefits • Termination benefits and • Share-based payment.
Government-related entities	Not applicable to entities applying IPSAS 20.	A reporting entity is exempt from certain of the disclosure requirements in relation to related party transactions and outstanding balances, including commitments, with: • A government that has control, joint control or significant influence over the reporting entity and • Another entity that is a related party because the same government has control, joint control or significant influence over both the reporting entity and the other entity. If a reporting entity applies this exemption, it shall disclose the following about the transactions and related outstanding balances: • The name of the government and the nature of its relationship with the reporting entity (ie control, joint control or significant influence) • The following information in sufficient detail to enable users of the entity's financial statements to understand the effect of related party transactions on its financial statements - The nature and amount of each individually significant transaction - For other transactions that are collectively, but not individually, significant, a qualitative or quantitative indication of their extent.

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