



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

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

What are Standards of Generally Recognised Accounting Practice?

In South Africa, the Accounting Standards Board (ASB) is required in terms of the Public Finance Management Act 1 of 1999, as amended (PFMA), to determine generally recognised accounting practice referred to as Standards of GRAP.

The ASB determines Standards of GRAP for:

- (a) Departments (including national, provincial and government components)
- (b) Public entities;
- (c) Trading entities (as defined in the PFMA);
- (d) Constitutional institutions;
- (e) Municipalities and boards, commissions, companies, corporations, funds or other entities under the ownership control of a municipality;
- (f) Parliament and provincial legislatures.

The ASB has approved the application of IFRS for:

- (a) Public entities that meet the criteria outlined in the *Directive on the Selection of an Appropriate Reporting Framework for Public Entities*; and
- (b) Entities under the ownership control of any of these standards.

The GRAP Reporting Framework is based on the hierarchy outlined in paragraph 11 of the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors (GRAP 3). Paragraph 11 states that, in the absence of a Standard of GRAP dealing with a particular transaction or event, the accrual based pronouncements of the following standard setters should be used, in descending order, to develop an appropriate accounting policy:

- a) International Public Sector Accounting Standards Board (IPSASB), including the Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities.
- b) International Accounting Standards Board (IASB), including the Conceptual Framework for Financial Reporting.
- c) Financial Reporting Standards Council (FRSC).

This should only be done to the extent that the requirements are not in conflict with the Standards of GRAP or the Framework for the Preparation and Presentation of Financial Statements.

When there is no equivalent Standard of GRAP, an International Public Sector Accounting Standard (IPSAS) or IFRS Standard should be used in formulating an accounting policy, unless:

- a) that IPSAS or IFRS Standard is in conflict with the current ASB Framework for the Preparation and Presentation of Financial Statements or existing Standards of GRAP; or
- b) it is not applicable to entities that currently apply the Standards of GRAP.

Financial statements should be described as complying with Standards of GRAP only if they comply with all the requirements of each applicable Standard and any related Interpretations of the Standards of GRAP

Standards of GRAP and Interpretations of the Standards of GRAP should be read in conjunction with any directives issued by the Accounting Standards Board prescribing transitional provisions, as well as any regulations issued by the Minister of Finance regarding the effective dates of the Standards, published in the Government Gazette.

What are International Financial Reporting Standards?

The International Accounting Standards Board (IASB) is the independent, accounting standard-setting body of the IFRS Foundation. The IASB has complete responsibility for technical matters, including the preparation and issuing of IFRS Standards. IFRS sets common rules so that financial statements can be consistent, transparent and comparable around the world.

IFRS are mandatory pronouncements and comprise:

- (a) IFRS;
- (b) IAS; and
- (c) Interpretations developed by the IFRS Interpretation Committee (IFRIC) or its predecessor body, the Standing Interpretations Committee (SIC Interpretation)

Standards of GRAP with no IFRS equivalents

- GRAP 21 – Impairment of non-cash generating assets
- 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 106 – Transfer of functions between Entities Not Under Common Control
- GRAP 107 – Mergers
- GRAP 108 – Statutory Receivables
- GRAP 109 – Accounting by Principals and Agents

Standards of GRAP with IFRS equivalents

Standard of GRAP	IFRS
The Conceptual Framework for General Purpose Financial Reporting	Conceptual Framework for Financial Reporting
GRAP 1 - Presentation of Financial Statements	IAS 1 - Presentation of Financial Statements
GRAP 2 - Cash Flow Statements	IAS 7 - Statement of Cash Flows
GRAP 3 - Accounting Policies, Changes in Accounting Estimates and Errors	IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4 - The Effects of Changes in Foreign Exchange Rates	IAS 21 - The Effects of Changes in Foreign Exchange Rates
GRAP 5 - Borrowing Costs	IAS 23 - Borrowing Costs
GRAP 6 Consolidated and Separate Financial Statements	IAS 27 Separate Financial Statements
	IFRS 3 - Business Combinations
GRAP 7 - Investments in Associates	IAS 28 - Investments in Associates and Joint Ventures
GRAP 8 - Interest in Joint Ventures	IFRS 11 - Joint Arrangements
	IAS 28 - Investments in Associates and Joint Ventures
GRAP 9 - Revenue from Exchange Transactions	IFRS 15 - Revenue from Contracts with Customers
GRAP 10 – Financial Reporting in Hyperinflationary Economies	IAS 29 – Financial Reporting in Hyperinflationary Economies
GRAP 11 - Construction Contracts	IAS 11 - Construction Contracts
GRAP 12 - Inventories	IAS 2 - Inventories
GRAP 13 – Leases	IFRS 16 - Leases
GRAP 14 - Events After the Reporting Date	IAS 10 - Events after the Reporting Period
GRAP 16 - Property, Plant and Equipment	IAS 16 - Property, Plant and Equipment
GRAP 17 - Investment Property	IAS 40 - Investment Property
GRAP 18 - Segment Reporting	IFRS 8 - Operating Segments
GRAP 19 - Provisions, Contingent Liabilities and Contingent Assets	IAS 37 - Provisions, Contingent Liabilities and Contingent Assets
GRAP 20 - Related Party Disclosures	IAS 24 - Related Party Disclosures
GRAP 25 - Employee Benefits	IAS 19 - Employee Benefits
GRAP 26 - Impairment of Cash-generating assets	IAS 36 - Impairment of Assets
GRAP 27 - Agriculture	IAS 41 - Agriculture
GRAP 31 - Intangible Assets	IAS 38 - Intangible Assets
GRAP 32 – Service Concession Arrangements: Grantor	IFRIC 12 – Service Concession Arrangements
GRAP 100 - Discontinued Operations	IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations
GRAP 104 - Financial Instruments	IFRS 7 - Financial Instruments: Disclosures
	IFRS 9 - Financial Instruments
	IAS 32 - Financial Instruments: Presentation
	IAS 39 - Financial Instruments: Recognition and Measurement (Superseded by IFRS 9 where IFRS 9 is applied)

References:

1. Accounting Standards Board website
2. International Accounting Standards Board website