

Considerations for preparing financial statements 2025/26

MFMA consistency workshop

15 July 2026





Disclaimer

The views and opinions expressed in this presentation are those of the individual. Official positions of the ASB on accounting matters are determined only after extensive due process and deliberation.

Agenda

- GRAP reporting landscape – 2025/26 and beyond
- Recently issued guidance
- Education material



GRAP reporting landscape – 2025/26 and beyond



New and revised Standards of GRAP

May not be
early adopted

Effective 1 April 2025

IGRAP 22 on *Foreign Currency Transactions and Advance Consideration*

GRAP 104 on *Financial Instruments* (2019)

Effective 1 April 2027

- GRAP 1 on *Presentation of Financial Statements* (going concern)
- GRAP 103 on *Heritage Assets*
- Amendments to GRAP 105, GRAP 106 and GRAP 107 on *Transfer of Functions and Mergers*

Effective date to be determined

- *Improvements to Standards of GRAP, 2023*
- *Improvements to Standards of GRAP, 2026*
- GRAP 111 on *Social Benefits*

No new/amended Standards become effective in 2026/27

Reporting period 2025/26

Apply for the first time:

IGRAP 22 on *Foreign Currency Transactions and Advance Consideration*

GRAP 104 on *Financial Instruments (2019)*

IGRAP developed from IFRIC 22 on *Foreign Currency Transactions and Advance Consideration*

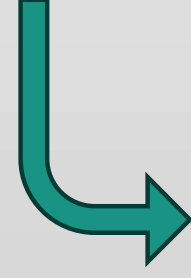
Replaces GRAP 104 (2009)

Use of international Standards 2025/26

The Board reviews the status of international pronouncements issued by the IPSASB and IASB and assesses whether changes should be made to the Reporting Framework (Directive 5)

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Do not use IPSAS to develop accounting policies, unless specifically included in Annexure to Directive 5

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Do not use IFRS Accounting Standards to develop accounting policies, unless specifically included in Annexure to Directive 5

Resources on GRAP 104 (R)

Supporting Adoption of Standards



Standard



Fact Sheets and FAQs



Q & A's



Presentations



Placemats and Flowcharts



Articles



Readiness and Implementation

Reporting period 2027/28

GRAP 1 on *Presentation of Financial Statements* (going concern)

Amendments clarify:

- Not prepare financial statements on going concern basis following passing of legislation / decision by appropriate authority to:
 - cease operations in entirety; or
 - no realistic alternative but to do so.
- Going concern remains appropriate when some or all of functions are transferred
 - Consider GRAP 105, GRAP 106 or GRAP 107
 - Presentation and disclosure – GRAP 100
 - **Additional disclosures** when one or more uncertainties exist that may cast doubt on ability to continue as going concern

GRAP 1 Fact Sheets

[GRAP-1-Fact-sheet-2-Preparing-AFS-on-a-basis-
other-than-going-concern.pdf](#)

[GRAP-1-Fact-sheet-1-Assessing-going-concern.pdf](#)

Reporting period 2027/28

GRAP 103 on *Heritage Assets*

Amendments relating to:

- Definition of a heritage asset – better aligned with legislative description
- Classification of dual-purpose heritage assets
- Determining a reliable value for a heritage asset
- Re-assessing if reliable value becomes available subsequently
- Reconsider encouraged disclosures



Reporting period 2027/28

GRAP 105, GRAP 106 and GRAP 107 on *Transfer of Functions and Mergers*

Amendments relating to:

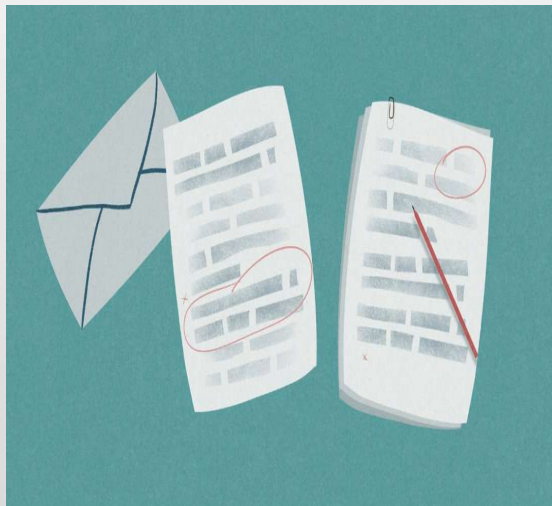
- Optional test to assess whether transferred set of activities, assets/liabilities is not a function *[see flow chart in Standards]*
- Guidance to assess if transferred set of activities, assets/liabilities that does not have outputs is substantive
- Consistency between the 3 GRAP Standards
- Retain 3 separate GRAP Standards
- No amendment to treatment of “goodwill” – surplus/deficit
- Retain measurement period of 2 years

Recently issued guidance



Recently issued guidance

Non-
authoritative



- Guidance: [Use of Consultants](#)
- Frequently Asked Questions: [FAQs](#)
- Review Reports

Guidance on the use of consultants



When should consultants be used?

Expert and specialist advice

Offer objective perspective

Add value in various disciplines

Problem solving

Improve performance

Not okay for:

Routine transactions and routine functions

Performing work that officials in the organisation should do

“Correcting” the results of a poor control environment at year end to enable financial statement preparation

Performing basic financial management functions

New Frequently Asked Questions

Issued February and March 2026



The following FAQs were amended:

FAQ 3.9 Do land invasions affect whether an entity recognises land?

- Clarifies that the impairment calculation in terms of GRAP 21 and GRAP 26 is not expected to result in zero or a nominal value.

FAQ 5.3 Do in-kind benefits only involve goods and services provided by individuals and how should in-kind benefits be accounted for?

- Expanded to include guidance on accounting for concessionary leases for lessees.

New Frequently Asked Questions

Issued February and March 2026



FAQs

Frequently Asked Questions

Added the following FAQ:

FAQ 3.20 When and how should entities assess for impairment in terms of GRAP 21 and GRAP 26 ?

- Explains how entities should assess for impairment in terms of GRAP 21 *Impairment of Non-cash-generating Assets* and GRAP 26 *Impairment of Cash-generating Assets*

New Frequently Asked Questions

Issued February and March 2026

Added the following FAQ:

FAQ 3.21 What is the difference between impairment and derecognition of an asset?

- Explains hat explains the difference between impairment and derecognition of an asset.

The latest [FAQs](#) were published in March 2026

Review Reports

Review Report on GRAP 20 *Related Party Disclosures*

General observations

- Difficulty to identify when a related party relationship exists.
- Unsure about the disclosure requirements that apply to exemptions



[Review report on GRAP 20 Related Party Disclosures](#)

Review Reports

Review Report on GRAP 108 *Statutory Receivables*

General observations

- Difficulty in distinguishing when a receivable should be classified as statutory or contractual.
- Entities do not always present information on statutory receivables as required by GRAP 108.
- Practical challenges to manage impairment on 2 different models for the same debtor.



[Review report on GRAP 108 Statutory Receivables](#)

Education material for preparers of financial statements





Quarterly content on ASB YouTube Channel

- Short recordings on topical issues
- Based on FAQs, outcomes of reviews and other ASB projects, Q&A at engagements, etc.

https://www.youtube.com/playlist?list=PLku97Kuc72ICTpqRcOqcDwaAGnWG_ySFo

1 Cash-generating assets

Cash-generating when:

- objective is to use in a manner that generates a commercial return;
- generate positive cash flows from continuing use and its ultimate disposal that are expected to be significantly higher



Apply GRAP 6:11

Cash generating vs Non cash generating

Accounting Standards Board • 21 views • 1 month ago

2 What the Standards require (GRAP 1)

GRAP 1 requires that:

- The Statement of Financial Performance (SFP) presents summarised expenditure information.
- Expenses are presented by nature or function.
- Repairs and maintenance is shown separately only if:
 - ✓ the amount is material, and
 - ✓ separate presentation is appropriate



5:49

Disclosure of Repairs and Maintenance

Accounting Standards Board • 15 views • 1 month ago

3 (cont)

Material rise in losses affecting (containing) assets

- Obsolescence or physical damage
- Significant long-term changes affecting asset
- Decision to halt construction before completion or to suspend activities
- Performance of asset is or will be significantly worse than expected



6:10

Impairment indicator assessment GRAP 21 and 26

Accounting Standards Board • 37 views • 1 month ago

4 GRAP - Depreciation

Assess useful lives, residual values and depreciation methods of assets at every reporting date

- Any indication that entity's expectations about useful lives and residual values changed since preceding reporting date?
- Indicators in GRAP 17.87 and 34 include, e.g.:
 - Use of asset changed
 - Approaching end of previously expected useful life
 - Condition of asset changed
 - Required per GRAP 21 and GRAP 26



9:34

Interaction of depreciation and impairment of assets

Accounting Standards Board • 26 views • 1 month ago

5 Statement of financial performance

What the statement of financial performance shows (GRAP 1)

- ✓ Revenue and expenses for the period.
- ✓ The resulting surplus or deficit for the period.
- ✓ This surplus or deficit reflects financial performance for the period.



7:10

Presentation of reserves in financial statements

Accounting Standards Board • 16 views • 1 month ago

6 Protective right

Substantive right

- Present ability to make decisions about land (use and disposal)
- Entity can direct access or deny access

Protective right

- Protect interests associated with land
- Not power to direct or restrict access



5:58

Understanding IGRAP 18 Substantive and protective rights

Accounting Standards Board • 33 views • 5 months ago

7 Provision versus contingent liability

Meeting the recognition criteria:

- Probable means that transaction is more likely than not to occur



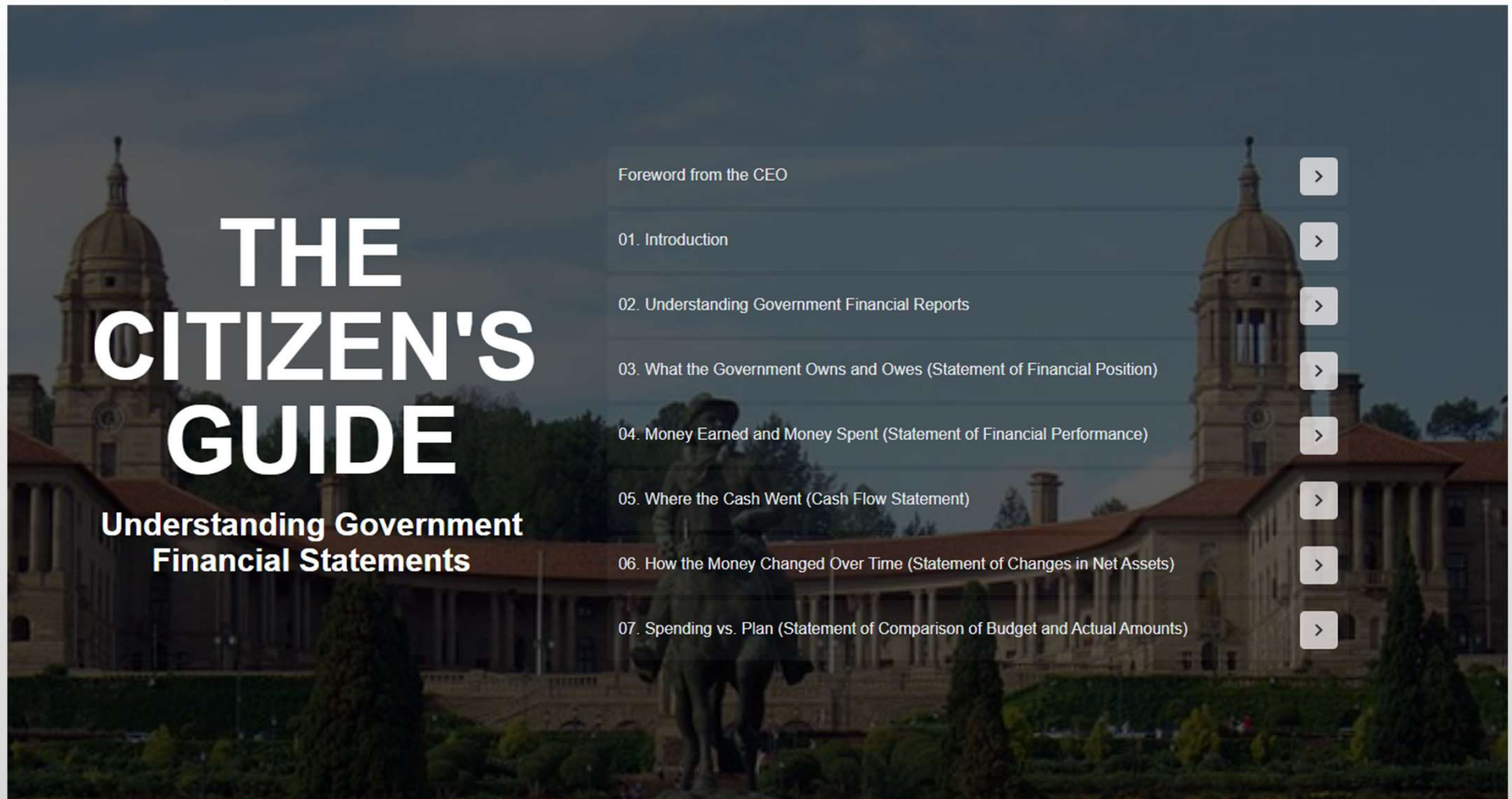
Provision versus contingent liability

Accounting Standards Board • 46 views • 5 months ago

Education material for users of financial statements



The Citizen's Guide



Stay informed

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GRAP Knowledge Hub:

