Considerations for preparing financial statements 2025/26

30 July 2026

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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.

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Agenda

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

GRAP reporting landscape – 2025/26 and beyond

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New and revised Standards of GRAP

May not be early adopted

Effective 1 April 2025	Effective 1 April 2027	Effective date to be determined
IGRAP 22 on *Foreign Currency Transactions and Advance Consideration* GRAP 104 on *Financial Instruments* (2019)	• 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*	• *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*

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

GRAP 104 on *Financial Instruments (2019)*

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)

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

[Supporting Adoption of Standards – GRAP 104]

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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

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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

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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

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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

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https://www.asb.co.za/use-of-consultants/

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.

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New Frequently Asked Questions

Issued February and March 2026

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]

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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

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Education material for preparers of financial statements

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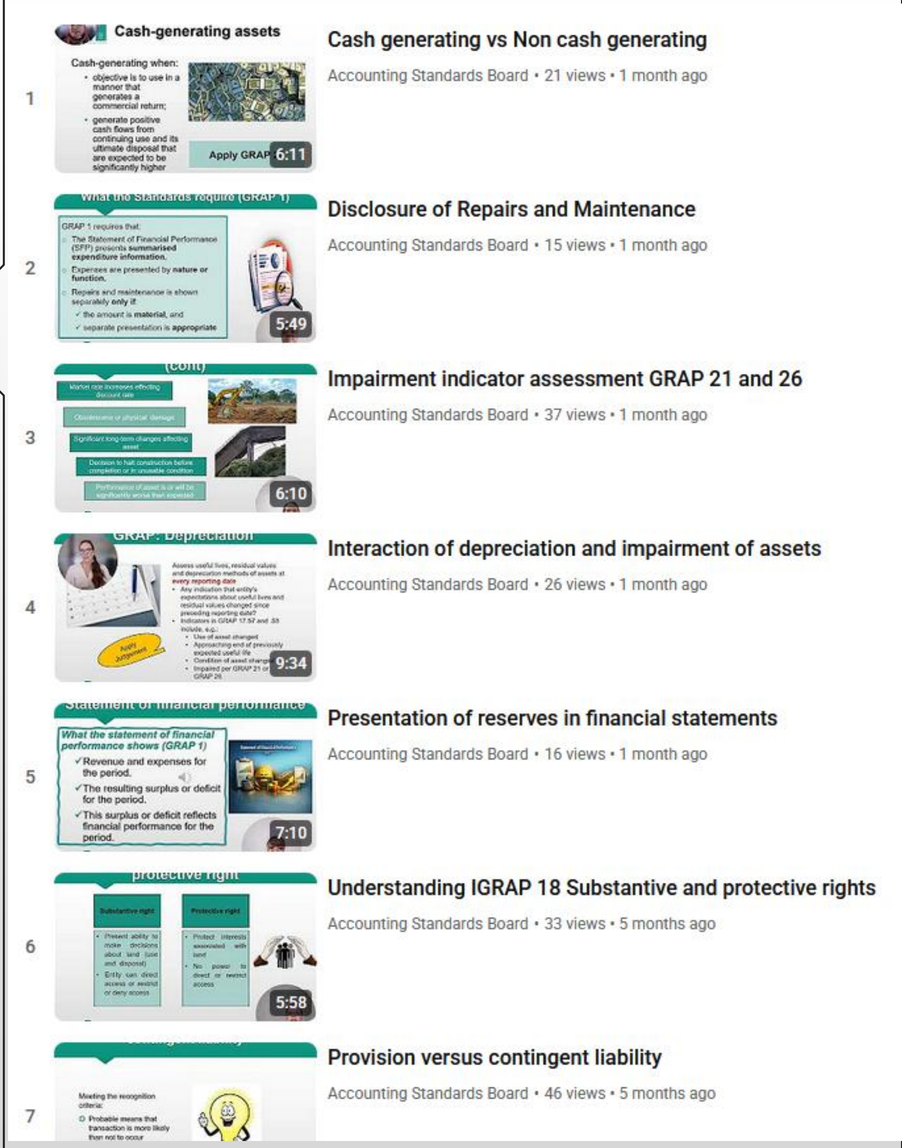
Quarterly content on ASB YouTube Channel

- 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



Education material for users of financial statements

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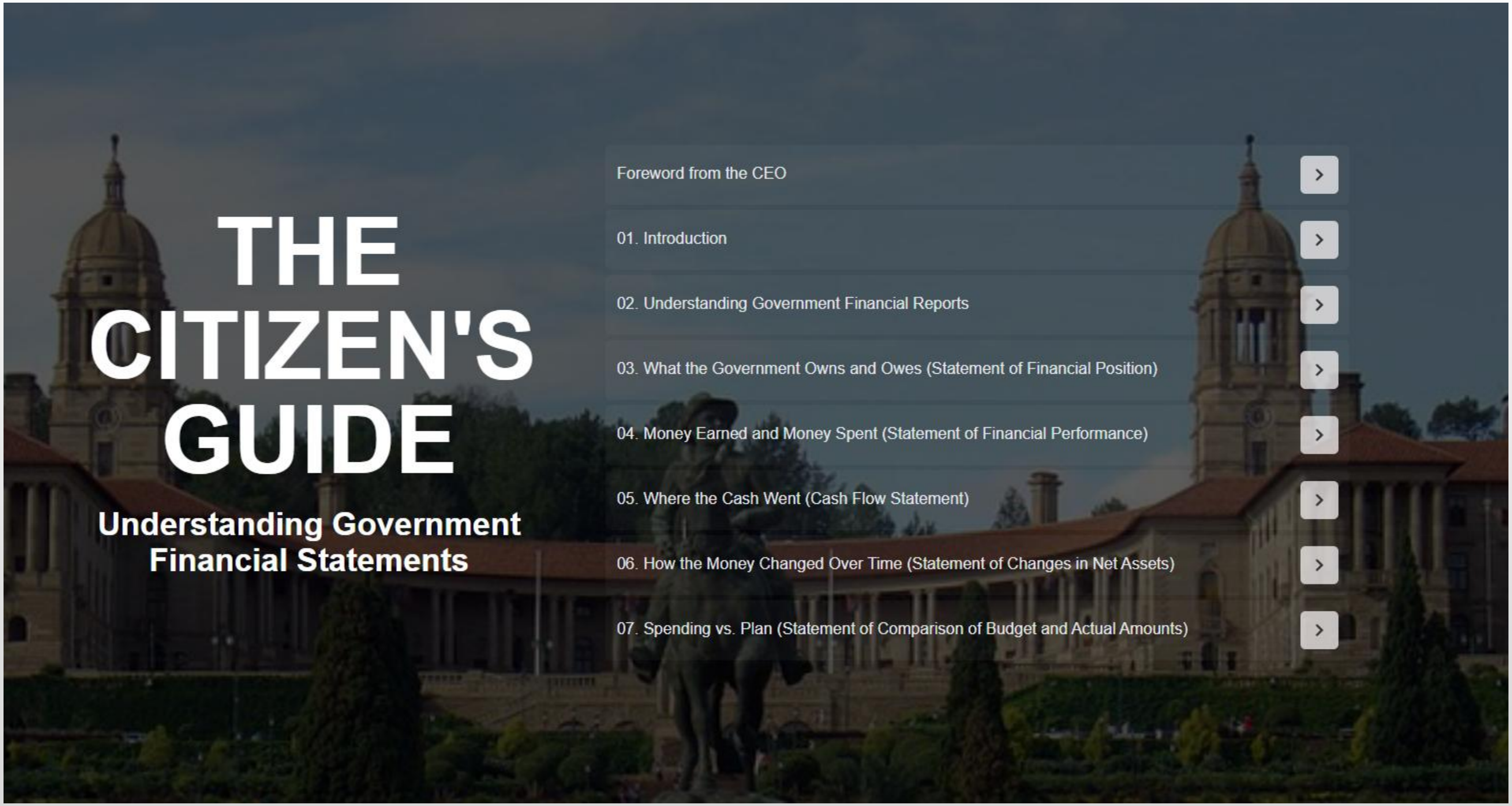
The Citizen's Guide



[The Citizen's Guide – Understanding Government Financial Statements]

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GRAP Knowledge Hub: