



Accounting Standards Board

ACCOUNTING STANDARDS BOARD

DIRECTIVE 10

APPLICATION OF THE STANDARDS OF GRAP BY PUBLIC TECHNICAL AND VOCATIONAL EDUCATION AND TRAINING COLLEGES

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Introduction

The Accounting Standards Board (the Board) is required in terms of the Public Finance Management Act, Act No. 1 of 1999, as amended (PFMA), to determine generally recognised accounting practice referred to as Standards of Generally Recognised Accounting Practice (GRAP).

The Board must determine 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; and
- (f) Parliament and the provincial legislatures.

The above are collectively referred to as “entities”.

The Board has approved the application of International Financial Reporting Standards (IFRS[®] Standards) issued by the International Accounting Standards Board[®] for:

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

Section 89(1)(b) of the PFMA, requires the Board to prepare and publish directives and guidelines concerning the Standards of GRAP as set in paragraph 89(1)(a) of the PFMA. The *Preface to the Standards of GRAP* determines that directives will be used to set transitional provisions and transitional arrangements for the entities required to comply with Standards of GRAP. Directives issued by the Board in terms of section 89(1)(b) of the PFMA therefore have the same authority as the Standards of GRAP.

Directives should be read in conjunction with the relevant Standards of GRAP and Interpretations of the Standards of GRAP, as well as the *Preface to the Directives*.

Objective

1. Public Technical and Vocational Education and Training Colleges (hereafter referred to as TVET colleges) have historically been required by the Minister of Higher Education and Training to apply Statements of Generally Accepted Accounting Practice (Statements of GAAP) in preparing their financial statements. As Statements of GAAP have been withdrawn from 1 December 2012, TVET colleges will be required to apply another reporting framework in future.
2. The Minister of Higher Education and Training approved the application of Standards of GRAP, along with any transitional arrangements approved by the Board, by TVET Colleges in preparing their financial statements from 1 January 2013 (see FET Circular 05/2013). The purpose of this Directive is therefore to outline the application of the Standards of GRAP by TVET colleges and any transitional arrangements relating to the first time adoption of those Standards.

Scope

3. This Directive shall be applied by TVET colleges. TVET colleges are those public TVET colleges to which the Continuing Education and Training Act (Act No. 16 of 2006, as amended) applies.

Application of the Standards of GRAP

4. As a transitional arrangement, TVET colleges shall apply Statements of GAAP¹ in preparing their financial statements for the reporting period commencing 1 January 2013. The list of pronouncements which comprise Statements of GAAP is outlined in an appendix to the Directive on *Determining the GRAP Reporting Framework* (Directive 5).
5. TVET colleges shall apply Standards of GRAP in preparing their financial statements for periods commencing on or after 1 January 2014. In preparing the financial statements on initial adoption and subsequently, a TVET college shall apply the reporting framework applicable to such colleges, as outlined in the relevant appendix to Directive 5.
6. On initial adoption of the Standards of GRAP, TVET colleges shall apply the transitional provisions in the Directive on *Transitional Provisions for Public Entities, Trading Entities, Municipal Entities and Constitutional Institutions*.
7. TVET colleges may also apply the Directive on *The Application of Deemed Cost* on the initial adoption of the Standards of GRAP.

¹ Statement of GAAP refers to those statements codified by the Accounting Practices Board and issued by the South African Institute of Chartered Accountants as at 1 April 2012.



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Effective date

8. This Directive shall be applied by TVET colleges in preparing their financial statements for periods commencing on or after 1 January 2013.