national treasury
Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

GRAP 1 – Presentation of Financial Statements

Effective 1 April 2021

OVERALL CONSIDERATIONS

Fair presentation and compliance with GRAP
Financial statements are required to be presented fairly the financial position, financial performance and cash flows of an entity. Financial statements complying with Standards of GRAP is presumed to result in fair presentation

Going concern
Financial statements are required to be prepared on a going concern basis (unless entity is in liquidation or has ceased operating or there is an indication that the entity is not a going concern).

Accrual basis of accounting
Entities are required to use accrual basis of accounting except for cash flow information.

Presentation consistency
An entity is required to retain presentation and classification from one period to the next.

Materiality and aggregation
Each material class of similar assets and items of dissimilar nature or function is to be presented separately.

Comparative information
At least 1 year of comparative information

Offsetting
Offsetting of assets and liabilities or revenue and expenses are not permitted unless required by other GRAPs.

COMPONENTS OF FINANCIAL STATEMENTS

A complete set of financial statements comprises:
- ✓ Statement of financial position
- ✓ Statement of financial performance
- ✓ Statement of changes in net assets
- ✓ Cash flow statement
- ✓ Comparison of budget to actual amounts either as a separate additional statement or as a budget column in the financial statements
- ✓ Notes, including of significant accounting policies

All statements are required to be presented with equal prominence.

STRUCTURE AND CONTENT

STATEMENT OF FINANCIAL POSITION

Present current and non-current items separately; or
Present items in order of liquidity.

Current assets
- Expected to be realised in, or is intended for sale or consumption in the entity's normal operating cycle
- Held primarily for trading
- Expected to be realised within 12 months
- Cash or cash equivalents.

All other assets are required to be classified as non-current.

Current liabilities
- Expected to be settled in the entity's normal operating cycle
- Held primarily for trading
- Due to be settled within 12 months
- The entity does not have the right at the end of the reporting period to defer settlement of the liability for at least 12 months.

All other liabilities are to be classified as non-current.

STATEMENT OF FINANCIAL PERFORMANCE

All items of revenue and expense recognised in the period are included in surplus or deficit unless a Standard of GRAP requires or permits otherwise. Entities must choose between 'function of expense method' and 'nature of expense method' to present expense items

STATEMENT OF CHANGES IN NET ASSETS

Represents the total surplus or deficit for the period, other revenues and expenses recognised directly as changes in net assets, with contributions by and distributions to owners

CASH FLOW STATEMENT

Provides users with a basis to assess the ability of the entity to generate cash and need to utilise those cash flows

Information required to be presented on the face of the statements and further information required to be presented in the notes is detailed in GRAP 1 and GRAP 2

NOTES TO THE FINANCIAL STATEMENTS

Statement of compliance with GRAP along with significant accounting policies, estimates, assumptions, and judgements and additional information useful to users' understanding / decision making

REPORTING PERIOD

Financials presented at least annually, if longer or shorter, entity must disclose that fact with reasons.

IDENTIFICATION OF FINANCIAL STATEMENTS

Must be clearly identified and distinguished from other information in the same published document, and must identify the name of the reporting entity, whether the financial statements cover the individual entity or the economic entity. The reporting date, presentation currency, rounding used