national treasury
Department: National Treasury
REPUBLIC OF SOUTH AFRICA

GRAP 108 – Statutory Receivables

Effective 1 April 2021

DEFINITIONS

Statutory Receivables are receivables that:
- Arise from legislation, supporting regulations, or similar means, and
- Require settlement by another entity in cash or another financial asset

Cost method is the method that requires statutory receivables to be measured at their transaction amount, plus accrued interest or other charges and, less impairment losses and any amounts derecognised

Nominal interest rate is the interest rate and / or basis specified in legislation, supporting regulations or similar means

RECOGNITION OF STATUTORY RECEIVABLES

Statutory receivables are recognised as follows:
- If the transaction is an exchange transaction, using GRAP 9
- If the transaction is a non-exchange transaction, using GRAP 23
- If the transaction is outside the scope of GRAP, recognise when definition of an asset is met and probable that the future economic benefits / service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably

DERECOGNITION OF STATUTORY RECEIVABLES

Statutory receivables, or part thereof, are derecognised when:
- the rights to the cash flows from the receivable are settled, expire or are waived;
- the entity transfers substantially all of the risks and rewards of ownership of the receivable; or
- the entity, despite retaining some significant risks and rewards of ownership, transferred control to another party and the other party has practical ability to sell the receivable in its entirety to an unrelated 3rd party, and can exercise the ability unilaterally without imposing additional restrictions on the transfer. In this case, the entity shall:
  - ✓ Derecognise the receivable; and
  - ✓ Separately recognise any rights and obligations created or retained in the transfer.

MEASUREMENT OF STATUTORY RECEIVABLES

INITIAL MEASUREMENT

Measured at their **transaction amount**, being the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means

SUBSEQUENT MEASUREMENT

Measure using the cost method, which reflects any:
- ✓ Interest that may have accrued on the receivable (where applicable), calculated using the nominal interest rate
- ✓ Other charges accrued, such as penalties and fines
- ✓ Impairment losses, and
- ✓ Amounts derecognised

IMPAIRMENT

Assessed at each reporting rate, **indications** include (as a minimum):
- ✓ Significant financial difficulty of a debtor
- ✓ Probable that debtor will enter sequestration, liquidation or other financial re-organisation
- ✓ A breach of the terms of the transaction, e.g. default or delinquency in principal and interest payments
- ✓ Adverse changes in international, national or local economic conditions, e.g. decline in growth, increase in debt levels, unemployment, changes in migration rates and patterns

- If indication of impairment, measure impairment loss as difference between the estimated future cash flows and carrying amount
- In estimating the future cash flows, consider both the amount and timing of the cash flows that will be received in future (adjust for time value of money where material, discount rate reflects the risk free rate, and if applicable, any risks specific to the statutory receivable(s) if not adjusted in cash flows
- Impairment reduces receivable directly or through an allowance account, amount recognised in surplus or deficit
- Impairment loss is reversed if there is a change in estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows