national treasury
Department: National Treasury
REPUBLIC OF SOUTH AFRICA

GRAP 110 – Living and Non-Living Resources

Effective 1 April 2021

DEFINITIONS

Living resources are those resources that undergo biological transformation
Non-living resources are those resources, other than living resources, that occur naturally and have not been extracted
Biological transformation comprises the processes of growth, degeneration, production, and procreation that cause qualitative or quantitative changes in a living resource

RECOGNITION

NON-LIVING RESOURCES

- Non-living resources (other than land) are not recognised as assets
- Information thereon is disclosed in the notes to the financial statements

LIVING RESOURCES

Living resources are recognised as assets if, and only if:

- It is probable that future economic benefits or service potential associated with the asset will flow to the entity; and
- The cost or fair value of the asset can be measured reliably

Control of a living resource may be evidenced:

- By legislation or similar means, where the entity is granted control of an asset to meet its service delivery objectives
- Through an acquisition
- Due to an non-exchange transaction

The following indicators are considered individually, or in combination, to conclude if control exists:

- The intervention by an entity in the management of the physical condition of the living resource
- The ability to restrict the movement of the living resource
- The ability to direct the use of the living resource

- If living resource is managed but the entity cannot demonstrate control – disclose relevant information in notes to the financial statements
- If living resource controlled but cannot be recognised – disclose relevant information in the notes to the financial statements

MEASUREMENT OF LIVING RESOURCES ON INITIAL RECOGNITION

Measurement:

- Initially recognised at cost
- Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at the date of acquisition

Cost comprises:

- Its purchase price, including import duties and non-refundable purchase taxes; and
- Any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management

MEASUREMENT SUBSEQUENT TO INITIAL RECOGNITION

Cost Model
The asset is carried at cost less accumulated depreciation and accumulated impairment

Revaluation Model
The asset is carried at a revalued amount, being its fair value at the date of the revaluation, less subsequent depreciation and subsequent impairment, provided that the fair value can be measured reliably

- Revaluations should be carried out regularly (the carrying amount should not differ materially from its fair value at the reporting date)
- If an item is revalued, the entire group to which it relates is revalued
- Revalued assets are depreciated the same way as under the cost model
- An increase in value is credited to a revaluation surplus unless it represents the reversal of a revaluation decrease of the same asset previously recognised in surplus or deficit; in this case the increase in value is recognised in surplus or deficit

Depreciation

- The depreciable amount (cost less residual value) should be allocated on a systematic basis over the assets useful life
- The residual value, the useful life and depreciation method of an asset should be reviewed at least each reporting date
- Change in residual value, depreciation method and useful life represent changes in estimates
- Depreciation is charged to surplus or deficit, unless it is included in the carrying amount of another asset
- Depreciation begins when the asset is available for use

DERECOGNITION

The carrying amount of a living resource is derecognised:

- On disposal (including through a non-exchange transaction)
- When no future economic benefits or service potential are expected from its use or disposal

Any gain or loss on derecognition is recognised in surplus or deficit