national treasury
Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

GRAP 23 – Revenue from Non-exchange Transactions

Effective 1 April 2021

DEFINITIONS

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange

Receipt of assets (other than taxes) in a non-exchange transaction

- Assets transferred will be recognised if and when the definition and recognition criteria of an asset are met

Taxes

- An entity will recognise an asset in respect of taxes when the taxable event occurs, and the asset recognition criteria have been met
- The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation

Services in-kind

- Except for financial guarantee contracts, an entity recognises services in-kind that are significant to its operations and/or service delivery objectives as assets when the definition and recognition criteria of an asset are met
- If the services in-kind are not significant to the entity's operations and/or service deliver objectives and/or do not satisfy the criteria for recognition, the entity discloses the nature and type of services in-kind received during the reporting period

Interest levied is classified based on nature of the underlying transaction

RECOGNITION

NON-EXCHANGE REVENUE

- An inflow of resources from a non-exchange transaction recognised as an asset shall be recognised as non-exchange revenue, except to the extent that a liability is recognised for the same inflow
- As an entity satisfies the present obligation recognised as a liability, it will reduce the carrying amount of the liability recognised and recognise an equal amount to that reduction as non-exchange revenue

PRESENT OBLIGATION

A present obligation arising from a non-exchange transaction that meets the definition of a liability will be recognised as a liability when all of the following conditions are met:

- Probable outflow of economic benefits or service potential will be required to settle the obligation, and
- A reliable estimate can be made of the amount

Conditions on a transferred asset gives rise to a present obligation on initial recognition

MEASUREMENT

The **debit** leg of the transaction

Measurement of asset
Measured at fair value as at acquisition date

The **credit** leg of the transaction

Measurement of revenue
Measured at the amount of the increase in net assets recognised by the entity

Measurement liability
Measured at best estimate of the amount required to settle the present obligation at the reporting date