national treasury
Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

GRAP 34 – Separate Financial Statements

Effective 1 April 2021

Separate financial statements are those presented in addition to consolidated financial statements, or in addition to the financial statements of an investor that does not have controlled entities but has investments in associates or joint ventures are accounted for using the equity method.

DIVIDENDS OR SIMILAR DISTRIBUTIONS

Dividends or similar distributions are recognised in the separate financial statements of an entity when the entity's right to receive the dividend or similar distribution is established

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The dividend or similar distribution is recognised in surplus or deficit unless the entity elects to use the equity method, in which case the dividend or similar distribution is recognised as a reduction from the carrying amount of the investment

DEFINITION

Separate financial statements are those presented by an entity, in which the entity could elect, to account for its investments in controlled entities, joint ventures and associates either:

a) at cost,
b) in accordance with GRAP 104 on Financial Instruments or
c) using the equity method

Where an entity:

- elects to measure its investments in associates or joint ventures at fair value*; OR
- is required to measure its investment in a controlled entity at fair value*

It also accounts for such in the same way in its separate financial statements

*fair value in accordance with GRAP 104

INVESTMENT ENTITIES

A controlling entity that is not itself a controlled investment entity measures its investment in a controlled investment entity:

a) at cost,
b) in accordance with GRAP 104 on Financial Instruments or
c) using the equity method

DEFINITION

The equity method is a method of accounting whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the investor's share of the investee's net assets.

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The investor's surplus or deficit includes its share of the investee's surplus or deficit and the investor's net assets includes its share of changes in the investee's net assets that have not been recognised in the investee's surplus or deficit