

# Accrual accounting – why is it important and what are the benefits?

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ACCOUNTING STANDARDS BOARD





# Disclaimer

***The views and opinions expressed in this presentation are those of the individual. Official positions of the ASB on accounting matters are determined only after extensive due process and deliberation.***

# What is accrual accounting?

- Accrual accounting = transactions or events are recognised when they occur not only when cash is received or paid
- Recognise transactions and events in the period to which they relate
- Standards of GRAP – based on accrual accounting





# Why is accrual accounting important?

- Information is available about past transactions and future obligations to pay or receive cash
- Easier to manage current resources and plan for the future
- More accurate picture of finances and the entity's financial position



# Why is accrual accounting important?

- Financial statements reflect the entity's true financial position
- Users can evaluate financial health and performance of the entity
- Better accountability and decision-making



# Benefits of accrual accounting

Clearer and more comprehensive picture of entity's financial health

Information enables long-term planning and resource allocation

Information to assess financial sustainability and operational efficiency

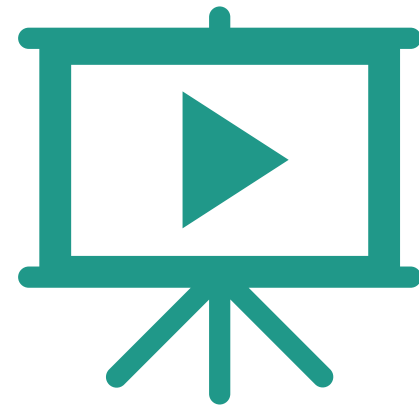
Users can better scrutinize spending and resource allocation

Better risk management to take proactive measures



# Other related information

- YouTube recording – How are financial statements prepared?



# Access the content



Recordings on  
ASB YouTube  
channel

[https://www.youtube.com/playlist?list=PLku97Kuc72ICTpqRcOqcDwaAGnWG\\_ySFo](https://www.youtube.com/playlist?list=PLku97Kuc72ICTpqRcOqcDwaAGnWG_ySFo)



Slides on ASB  
website

<https://www.asb.co.za/enhancing-the-application-of-standards-of-grap/>



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