

PROJECT BRIEF FOR APPROVAL				
Name of project	Assessing challenges with applying revenue-related Standards of GRAP			
Project timeframe	Commence in Quarter 4 2026/27 Finalisation in Quarter 3 2027/28			
Project manager	A Botha			
Complexity of project	The project is complex. It involves considering challenges experienced by stakeholders, and the nature and prevalence of these (if any) in applying GRAP 9 on <i>Revenue from Exchange Transactions</i> , GRAP 11 on <i>Construction Contracts</i> , GRAP 23 on <i>Revenue from Non-exchange Transactions (Taxes and Transfers)</i> , IGRAP 1 on <i>Applying the Probability Test on Initial recognition of Revenue</i> and IGRAP 20 on <i>Accounting for Adjustments to Revenue</i> . The project will also consider whether the information needs of users are met through the information provided when applying these Standards. If stakeholders indicate that they experience challenges with these pronouncements, and/or users identify different information needs, the project will consider whether the challenges and need for different information can be addressed by drawing from the IPSASB's Standard on <i>Revenue</i> (IPSAS 47). Consultations with stakeholders will then test whether a new accounting model on revenue is appropriate for the local environment and whether it will meet users' information needs.			
Rating	Urgency	High	Medium	Low
	Impact	High	Medium	Low
	Resources required	High	Medium	Low
PROJECT OVERVIEW				
Area of consideration	Comment			
Project outcome				
Project objective	The purpose of the project is to understand the challenges that stakeholders experience in accounting for revenue transactions when using GRAP 9, GRAP 11, GRAP 23, IGRAP 1 and IGRAP 20 (hereafter "revenue-related Standards"), what the nature of these challenges are and how prevalent they are in the local environment. The project will also consider whether users' information needs are met through the information provided in the financial statements. IPSAS 47 introduces a new accounting model for revenue transactions in the public sector. IPSAS 47 replaced IPSAS on <i>Revenue from Exchange Transactions</i>, IPSAS 11 on <i>Construction Contracts</i>, and IPSAS 23 on			

	<i>Revenue from Non-exchange Transactions (Taxes and Transfers.</i> If challenges are experienced, or different information needs are noted, the project will consider whether the principles in IPSAS 47 are appropriate to address them.
Key issues that need to be addressed as part of this project	<i>Scope</i> Engage with preparers to understand their challenges in applying the current revenue-related Standards and, if challenges exist, understand the nature and prevalence of these and the extent to which the new accounting model for revenue transactions in IPSAS 47 can be considered to address the challenges. Also, engage with users to understand whether they need different information to that provided in financial statements and whether IPSAS 47 can be considered to address these needs. The project will also consider the impact of the Board's project dealing with transfer expenses, if any, on accounting for revenue. The project focuses on entities that apply the Standards of GRAP in accounting for revenue transactions.
	<i>Nature of output to be developed</i> The outcome of the project will be an Issues Paper that summarises the findings from this phase of the project. These findings will also be used to decide the next steps.
	<i>Previous deliberations by the Board</i> Other than developing: • IGRAP 1 that explains how an entity should apply the "probable" recognition criterion when deciding whether to recognise revenue from exchange and non-exchange transactions, and • IGRAP 20 that explains how an entity should account for changes or adjustments to revenue after the revenue was initially recognised, the Board did not previously discuss challenges experienced by stakeholders in applying GRAP 9, GRAP 11 and GRAP 23. The Board noted challenges with the timing of revenue recognition, and how adjustments to revenue impact related statutory receivable as part of its Post-implementation Review of GRAP 108 on <i>Statutory Receivables</i>. In considering the new accounting model for revenue transactions introduced in IFRS 15 on <i>Revenue from Contracts with Customers</i>, the Board issued a Research Paper on <i>Impact of IFRS 15 on Revenue in the Public Sector</i>. IFRS 15 was a significant reference point for the IPSASB in the development of IPSAS 47.

	<i>Guidance developed by the Secretariat in response to issues raised by stakeholders</i> <u>Frequently Asked Questions</u> FAQ 5.1 on <i>How should entities account for non-exchange revenue, such as transfer payments received?</i> FAQ 5.2 on <i>Should revenue received from licence fees and similar transactions be accounted for as exchange or non-exchange revenue by the issuer?</i> FAQ 5.3 on <i>Do in-kind benefits only involve goods and services provided by individuals and how should in-kind benefits be accounted for?</i> FAQ 5.4 on <i>What is the effect of IGRAP 1 on traffic fines?</i> FAQ 5.5 on <i>What is the interaction between GRAP 20 and GRAP 23 for services in-kind?</i> FAQ 5.6 on <i>How should entities account for revenue related to donated assets, e.g. land and buildings?</i> FAQ 7.1 on <i>How should a municipality account for free or subsidised goods and services, as well as rebated provided to its customers and other foregone revenue?</i>
	<i>Key issues to be considered</i> The project aims to identify whether preparers experience challenges with the application of the revenue-related Standards, the nature and prevalence of these (if any), and if challenges exist, whether these challenges can be addressed through IPSAS 47 principles that introduce a new accounting model for revenue transactions. The project will also consider whether users need different information to that provided in financial statements and whether IPSAS 47 can be considered to address these. The key issues to be considered in the project are: • Understand local challenges, their nature and prevalence in applying the revenue-related Standards. • Understand whether the financial statements provide the information needed by users to hold entities accountable and to inform decision-making. • Consider whether the principles in IPSAS 47 would address challenges experienced and different information needs from users, if any. • If it is concluded that IPSAS 47 can address challenges and user needs, assess whether the new accounting model for revenue in IPSAS 47 will: - create new judgement challenges, such as identifying enforceable rights and obligations;

	- work for all types of revenue transactions, for example taxes; - require the withdrawal, replacement or amendment of other guidance such as IGRAP 1 and IGRAP 20; - require the development of additional examples or application guidance to address local challenges; and - necessitate the development of additional disclosure requirements on revenue in addition to those required in IPSAS 47. • If stakeholders propose that IPSAS 47 be considered to address existing revenue-related Standards, whether the guidance on receivables in IPSAS 47 will require amendments to the principles in GRAP 104 on <i>Financial Instruments</i> and/or GRAP 108. • Consider lessons learnt and work undertaken on the transfer expenses project that are relevant to this project.
Environment	
Legislation or regulatory requirements affecting the project	Legislation or regulatory requirements to be considered in understanding challenges related to accounting for revenue include: • Division of Revenue Act (DORA) • MFMA • PFMA • Municipal Budget Regulations • mSCOA
Existing accounting guidance in the Standards of GRAP, IPSAS or IFRS Accounting Standards	<u>Standards of GRAP</u> The Standard of GRAP on <i>Revenue from Exchange Transactions</i> (GRAP 9) The Standard of GRAP on <i>Construction Contracts</i> (GRAP 11) The Standard of GRAP on <i>Revenue from Non-exchange Transactions (Taxes and Transfers)</i> (GRAP 23) The Standard of GRAP on <i>Financial Instruments</i> (GRAP 104) The Standard of GRAP on <i>Statutory Receivables</i> (GRAP 108) The Standard of GRAP on <i>Accounting by Principals and Agents</i> (GRAP 109) The Interpretation of the Standards of GRAP on <i>Applying the Probability Test on Initial Recognition of Revenue</i> (IGRAP 1) The Interpretation of the Standards of GRAP on <i>Assets Received from Customers</i> (IGRAP 10)

	The Interpretation of the Standards of GRAP on <i>Revenue – Barter Transactions Involving Advertising Services</i> (IGRAP 15) IGRAP 20 on <i>Accounting for Adjustments to Revenue</i> The <i>Conceptual Framework for General Purpose Financial Reporting</i> <u>Other ASB publications</u> Research Paper on <i>Impact of IFRS 15 on Revenue in the Public Sector</i> <u>IPSAS</u> The IPSASB's <i>Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities</i> IPSAS 47 on <i>Revenue</i> <u>IFRS</u> IFRS 15 on <i>Revenue from Contracts with Customers</i> <u>Other</u> GRAP Knowledge Hub - Guidance on Construction Contracts
Practices in other countries	New Zealand consultation on developing a revenue Standard using IPSAS 47
Use of experts	None needed.
Stakeholders	
Entities in the public sector affected by this project	All entities in the public sector that apply Standards of GRAP.
Key stakeholders to be consulted during the project	Stakeholder participation will include both preparers and users of the financial statements. <i>Preparers</i> A representative group of preparers from public entities (including the Financial Sector Conduct Authority), local government, Parliament and legislatures, and TVET and CET colleges. Consultants involved in the preparation of financial statements on behalf of these entities. <i>Users</i> Reserve Bank Stats SA Resource providers such as financial institutions Rating agencies National Treasury – Office of the Accountant-General, Intergovernmental Relations Unit, Public Finance, Budget Office and Assets and Liability Management Municipal councillors

	<i>Auditors and other Technical Advisors</i> Audit firms (specifically technical divisions). <i>Representatives of auditors and accountants</i> Professional bodies (e.g. SAICA, CIGFARO, SALGA, SAIPA and SAIGA).
Linkages	
ASB projects	Transfer Expenses Post-implementation Review of GRAP 108
IPSASB projects	IPSAS 47 on <i>Revenue</i> Questions to the IPSASB's Application Group Discussions at the Financial Reporting Implementation Forum
IASB projects	None
Local reforms in public financial management	None
Project plan	
Key milestones and timing	See Annexure for the roadmap.

Annexure – Road map on Assessing challenges with applying revenue-related Standards

Milestone		Timing	Stakeholder	Linkages
1.	Research on IPSAS 47 and local concerns on revenue transactions	March 2027 – September 2027 [Q4 2026/27 – Q2 2027/28]	Internal discussion	Transfer Expenses project
			Stakeholder engagement	
2	Draft Issues Paper	October 2027 – December 2027 [Q3 2027/28]	Developed from the outcome of the research	Transfer Expenses project
			Internal discussion	
			Project group engagements	
			Present to Technical Committee	
			Present to Board	

Document management		
Prepared by:	A Botha	13 August 2026
Revised by:		
Approved by:	Board	