

**What is the difference
between a condition and a
restriction in GRAP 23
*Revenue from Non-exchange
(Transactions Taxes and
Transfers)?***

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Based on Standards of GRAP effective 1 April 2024





Disclaimer

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Conditions on transferred assets

- Stipulations that specify that the future economic benefits or service potential embodied in the asset is required:
 - to be consumed by the recipient as specified OR
 - future economic benefits or service potential must be returned to the transferor.
- Recipient of asset incurs present obligation to transfer future economic benefits or service potential. Therefore, recipient initially recognises:

→ Asset

→ Revenue

→ Liability



Restriction on transferred assets

- Stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.
- Gaining control of an asset does not impose on the recipient a present obligation to transfer future economic benefits or service potential. Recipient initially recognises:

→ Asset

→ Revenue



Condition vs restriction

Substance over Form

The requirement to return the asset or future economic benefits or service potential is enforceable and would be enforced by the transferor.



Yes



Condition



No



Restriction



Recognition of assets

- Recognise an asset when entity gains control of resources that:
 - meet the definition of an asset; and
 - satisfy the recognition criteria.
- Control - exclude or regulate the access of others to the benefits of an asset.
- Announcement by government of an intention to transfer resources to an entity is not in itself sufficient to identify resources as controlled by the entity.
- Entity will need to establish enforceability of its control of resources before it can recognise an asset.

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