

# Going concern – What it means in the public sector and what entities should disclose

September 2024





# 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.***





# Preparing financial statements on a going concern basis

Amendments to GRAP 1:

- when appropriate or inappropriate to prepare financial statements on a going concern basis
- additional disclosures on going concern

**NB** - these amendments are NOT yet effective

(continue to apply GRAP 1 included in the GRAP Reporting Framework 1 April 2024)





# Going concern: Inappropriate

- ✘ **Inappropriate** to prepare financial statements on going concern basis if:
- there is an intention to liquidate entity, cease operations or if no realistic alternative to do so





# Going concern: Appropriate

✓ **Appropriate** to prepare financial statements on going concern basis if **NO** intention to liquidate the entity or cease operations

Going concern basis remains appropriate when some or all of an entity's functions are transferred or merged

- GRAP 105, GRAP 106, GRAP 107
- GRAP 100






# Going concern disclosures

- Significant judgements and assumptions to conclude on going concern appropriateness
- When one or more material uncertainties:
  - Fact that uncertainty exists
  - Events and conditions that gave rise to uncertainty
  - Effects of uncertainty on current/future periods
  - Management's plans to address and mitigate effect





# Additional going concern guidance and disclosures

- Not yet effective
- Amendments and disclosures will be applied prospectively from effective date
- Access changes  [GRAP 1 – ASB](#)





# Going concern Fact Sheets

- Fact Sheet #1 – Assessing going concern [GRAP-1-Fact-sheet-1-Assessing-going-concern.pdf \(asb.co.za\)](#)
- Fact Sheet #2 – Preparing financial statements on a basis other than going concern [GRAP-1-Fact-sheet-2-Preparing-AFS-on-a-basis-other-than-going-concern.pdf \(asb.co.za\)](#)
- Fact Sheet #1 NOT yet effective





# Access the content



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Slides on ASB  
website

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

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