

FREQUENTLY ASKED QUESTIONS 3.3

*How does an entity
account for naturally
occurring non-
purchased water?*

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How does an entity account for naturally occurring non-purchased water?

Recognition

- Water that is naturally occurring or **in its natural state** meets the definition of a non-living resource in GRAP 110. Examples: rivers, streams, lakes, boreholes.
- GRAP 110 explains that **control** of naturally occurring water cannot be demonstrated **until it is extracted**.
- Apply the Standards of GRAP and the [Asset Decision Tree](#) to classify extracted water. Where the definition of inventory is met, GRAP 12 is applied.
- Recognition criteria must be met.



How does an entity account for naturally occurring non-purchased water?

Measurement

- Entities to develop their own accounting policies to measure water **using the principles in GRAP 12.**

Initially measured as:

- costs incurred to bring the inventory to its current location and condition including related infrastructure costs; plus
- costs of conversion.

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