GRAP 104 on *Financial Instruments* (Revised)

Your guide to understanding and applying the revised Standard

This article is part of a series of articles that discuss the key amendments to GRAP 104 (revised). GRAP 104 is the authoritative source. Other supplementary resources are intended to be read alongside GRAP 104 and do not replace or override its guidance. The article has been prepared by the Secretariat of the ASB for information purposes only. It has not been reviewed, approved, or otherwise acted on by the Board.

Have you committed to provide another party a loan? Here is what you should know about GRAP 104 *Financial Instrument* (revised 2019)

? ***What are loan commitments?*** Loan commitments are commitments to provide credit, in the form of a loan, under pre-specified terms and conditions.

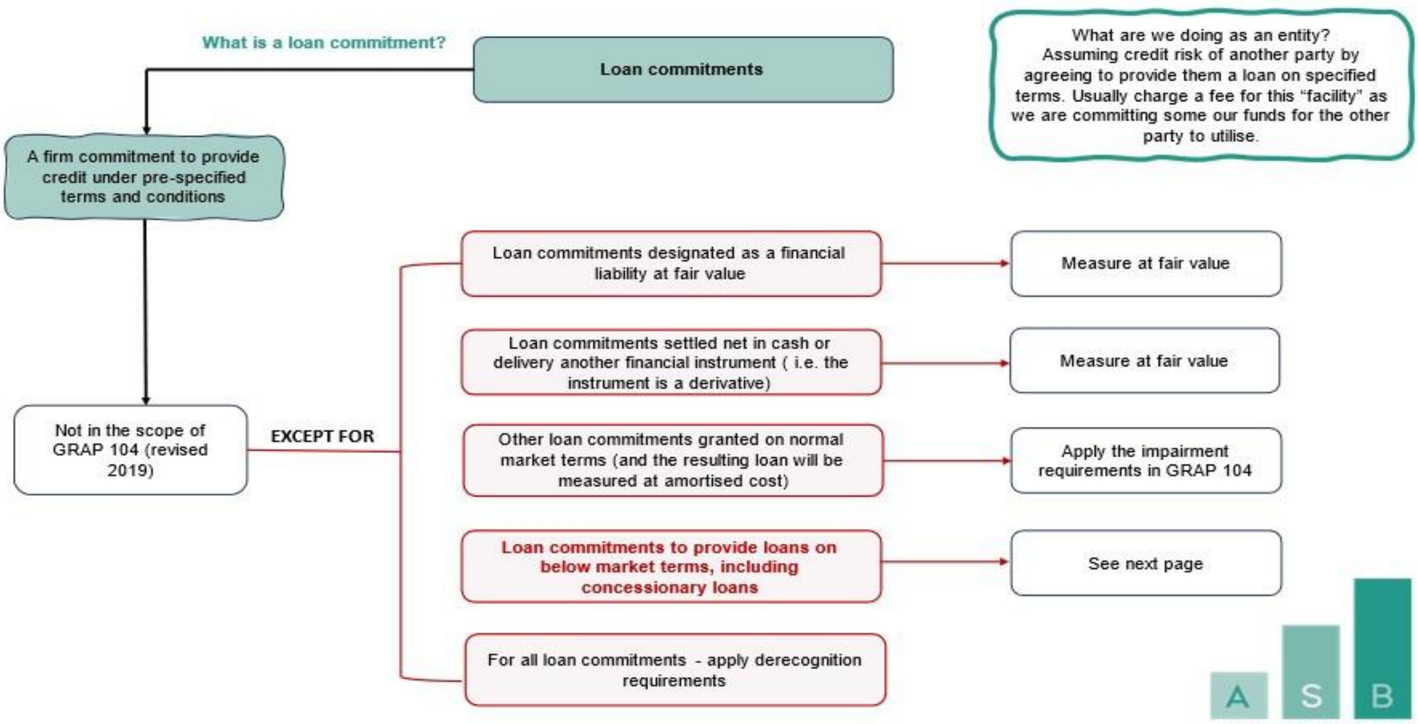
The previous GRAP 104 on *Financial Instruments* (2009) - which entities will apply for the last time when preparing their 2024/25 financial statements - scopes out loan commitments, except for the derecognition and disclosure requirements.

What are the changes?

There are changes to the scope of GRAP 104 (revised 2019) for loan commitments. These changes apply from 1 April 2025. The flow chart below outlines the new requirements. This can be accessed on the ASB website here.

Scope of GRAP 104 (revised 2019)

The flow chart explains the scope of GRAP 104 (revised 2019) as follows:

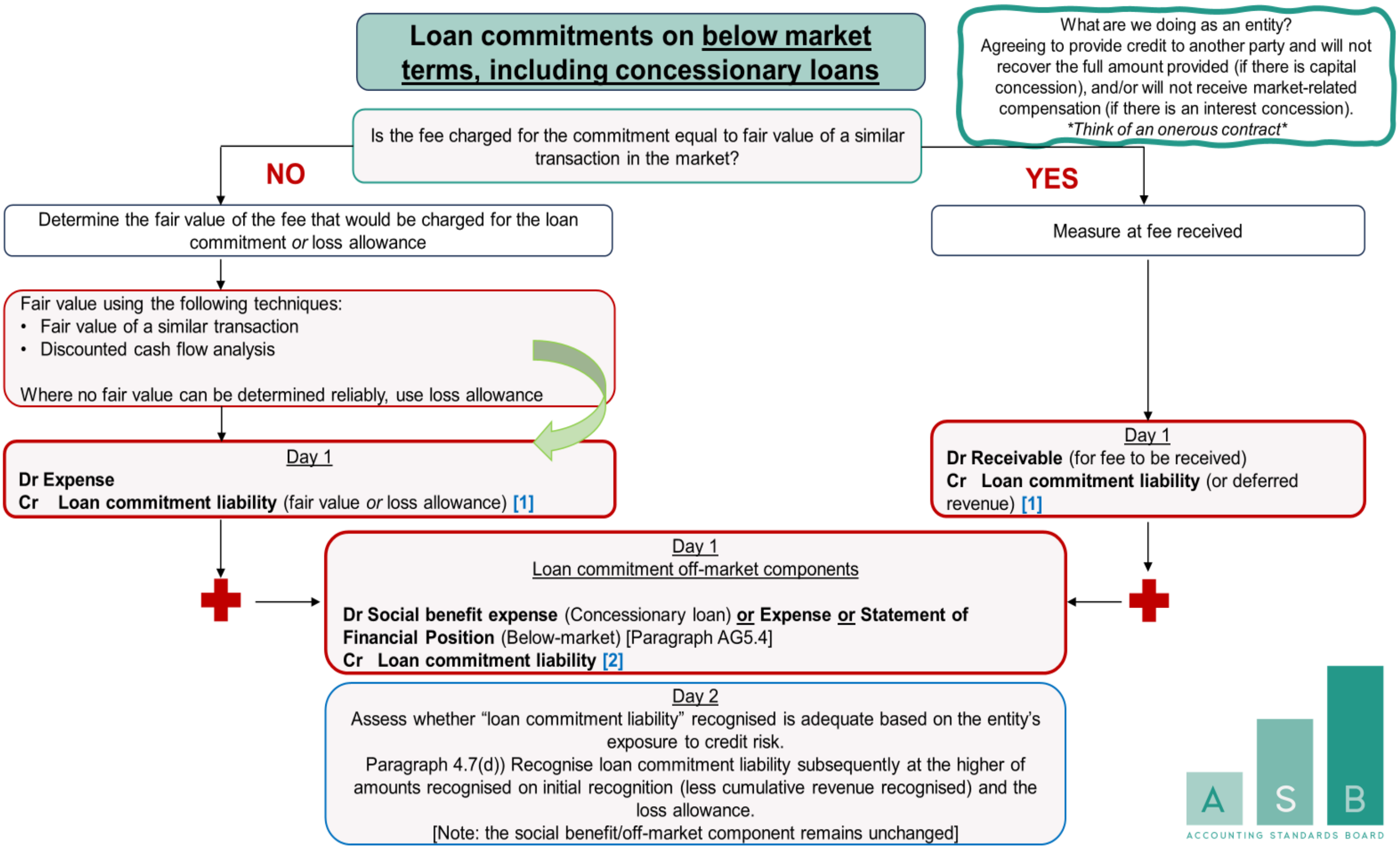


As illustrated in the diagram, some loan commitments are now fully in the scope of GRAP 104, while for others, only the impairment requirements of GRAP 104 apply. As per the previous requirements, the derecognition and disclosure requirements of GRAP 104 apply to all loan commitments.

Loan commitments on below market terms, including concessionary loans

In the public sector, entities may not always transact on market terms. Entities provide concessionary loans to other entities for public policy reasons and loan commitments are sometimes provided in a non-exchange transaction, i.e. the entity providing the loan commitment does not charge a fee or the fee is not market-related.

The second part of the flow chart explains the accounting treatment for loan commitments on below market terms:



Other resources

For further guidance on loan commitments, refer to this fact sheet and a presentation on the ASB website.