



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.

Transitioning to the revised Standard of GRAP on *Financial Instruments* (GRAP 104)



The revised GRAP 104 is effective from 1 April 2025. The most significant changes are to the scope, classification and subsequent measurement of financial instruments. It is crucial for entities to be familiar with the new requirements and have a good understanding of how the changes will affect them. Entities should know where and how to obtain the necessary information to apply the new requirements in GRAP 104. The changes to the Standard will likely not only require changes to accounting policies, but also the entity's processes and systems.

Transitional provisions for GRAP 104 (2019)

The transitional provisions explain how the requirements should be applied on the initial adoption of the revised Standard. The transitional provisions are the same for all types of entities applying the Standards of GRAP.

The date of initial adoption of GRAP 104 (2019) is the effective date of the Standard i.e. financial years beginning on or after 1 April 2025. Entities are permitted to early adopt the Standard – here the date of initial adoption is the date the entity first applies the requirements of the Standard. Where an entity elects to early adopt, the entire Standard should be adopted and piecemeal adoption is not permitted.

There are general and specific transitional provisions to GRAP 104. The general transitional provision is to **apply GRAP 104 retrospectively** in accordance with GRAP 3 on *Accounting Policies, Changes in Accounting Estimates and Errors*. Retrospective application means applying the new accounting policy as if that policy was always applied. When an entity applies a new accounting policy retrospectively, it applies the policy to comparative information for prior periods as far back as is practicable. Entities should have already started gathering historical information in order to apply GRAP 104 retrospectively.

The transitional provisions of GRAP 104 provide relief with respect to the restatement of prior period information. **Entities are not required to restate** the comparative amounts in the financial statements in the year of adoption. Instead, **entities should adjust the opening balance of accumulated surplus or deficit** for the current period presented in the financial statements. This adjustment accounts for the effect of applying the changes retrospectively.

The specific transitional provisions provide relief to the classification, measurement and impairment of financial instruments. There is also specific disclosure entities are required to provide in the year of adoption.

After reading this article, are you confident that your entity is ready to implement GRAP 104? Access the [transitional provisions](#) and a [presentation](#) on the transitional provisions on the ASB website.