

GRAP 104 Q&A– Classification

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Classification – The question



When an instrument that is cash and cash equivalents fails the solely payments of principal and interest (SPPI) test, is it measured at fair value or amortised cost?

Pause and think: fair value or amortised cost?

Classification – The answer

If the SPPI test is NOT met
Measure at fair value (GRAP 104 paragraph 4.4)



If the SPPI test IS met
Measure at amortised cost (Paragraph 4.2)

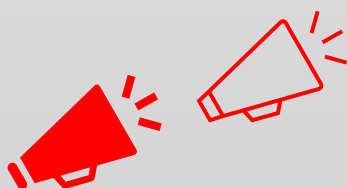


Remember that a financial asset is measured at amortised cost if :

The management model of the entity is to hold financial assets to collect contractual cash flows

AND

The contractual terms of the financial asset give rise, on specified dates, to cash flows that are SPPI on the outstanding amount.



Always go back to the management model and the terms and conditions of the arrangement.

Effective date

- **Effective date:** GRAP 104 (revised) applies to reporting periods beginning on or after **1 April 2025**.
- **Retrospective application:** the transitional provisions in the applicable Directives require the requirements of GRAP 104 (revised) to be applied retrospectively.
- **Authoritative source:** GRAP 104 is the authoritative source – these questions and answers are read alongside the Standard and do not replace or override its guidance.

EFFECTIVE DATE

**1 April
2025**

Applies to reporting periods beginning on
or after this date

Applied retrospectively



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