

Q&A on GRAP 104 on Financial Instruments (2019) - Transitional provisions

August 2026





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.

Q&A 1: Comparative figures

Question

For retrospective application per GRAP 3: if net accounts receivable was R100 per the old Standard and R80 per the revised Standard, which amount is the comparative figure? Should the R20 only be shown in the statement of changes in net assets?



Comparative figures

Answer

Comparative figures **do not need to be changed** in the first year of adoption.

The adjustment to opening balances for the current year (R20) can be shown in the notes and in the statement of changes in net assets as an **opening balance adjustment**

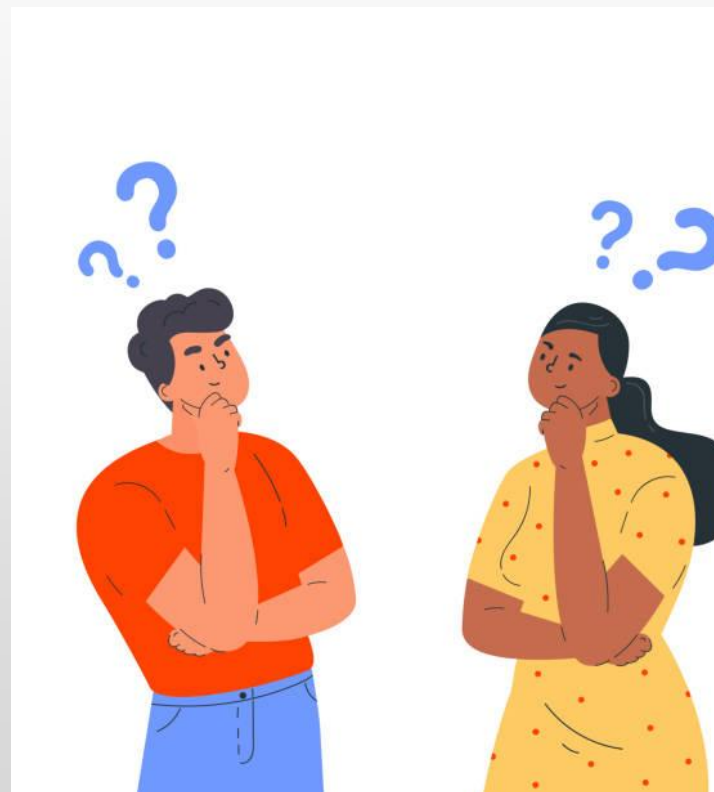


Directives: “...an entity is not required to restate prior periods.”

Expected credit losses

Question

If a provision for expected credit losses is raised for long outstanding receivables on the date of adoption of GRAP 104, and in that year the debt is repaid, should an entity still account for the credit losses and what disclosure should be provided, if any, since the financial instrument no longer exists at year-end?



Expected credit losses

Answer

If the instrument existed at the date of adoption, it affects the opening balance adjustment.

Impairment requirements are applied retrospectively per the Directives. Expected credit losses on the opening balance are recognised at that date.

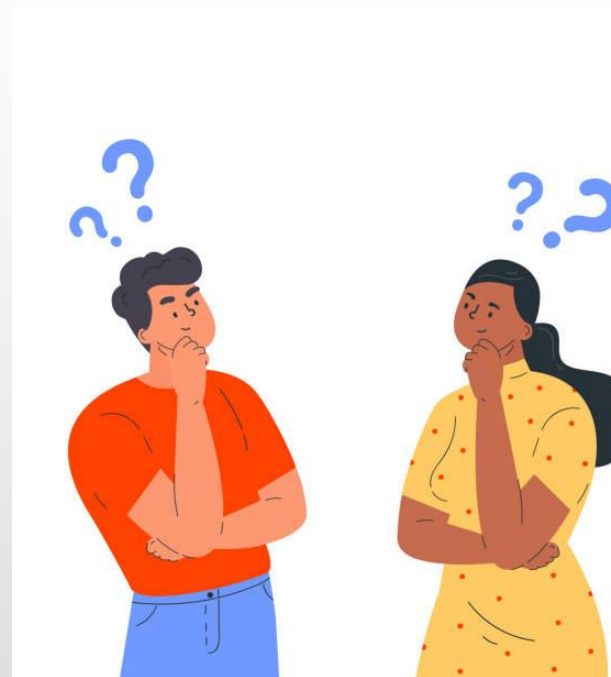
In-year changes in credit losses and derecognition follow revised GRAP 104



Loan commitments

Question

Does GRAP 104 (revised) apply to existing loan commitments or to new loan commitments entered into after 1 April 2025?



Loan commitments

Answer



The transitional provisions in the applicable Directives state that the requirements in GRAP 104 (revised) are applied retrospectively.

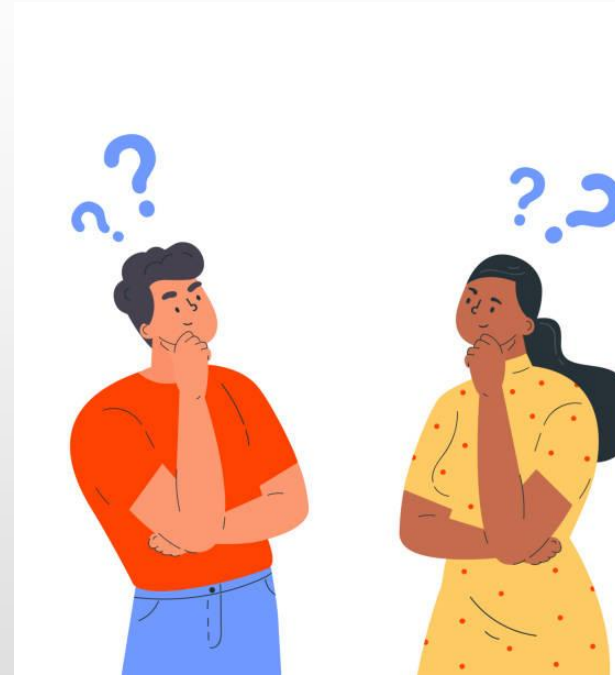
GRAP 104 (revised) applies to all loan commitments in existence on the date of adoption (1 April 2025).

It also applies to loan commitments entered into after this date.

Bad debts written off

Question

Does the recognition of bad debt written off against the allowance account per the revised Standard, instead of the bad debt written off expense account per the old Standard, indicate that an entity has a change in accounting policy on adoption of the revised Standard?



Bad debts written off

Answer

Neither the old nor the revised Standard specifies the expense account or line item for a write-off.

There is therefore no change in accounting policy as a result of adopting the revised Standard.

Paragraphs BC81. – BC82. refer to approaches used under the old Standard that may remain appropriate.



Resources

Scan to visit



Supporting Adoption of Standards – GRAP 104

- Standard and transitional provisions
- Fact Sheets and FAQs
- Q&As
- Presentations
- Placemats and Flow Charts
- Readiness and implementation
- Articles



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