8 October 2025

Fundamental changes to Standards of GRAP

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Chartered Institute of
Government Finance, Audit & Risk Officers

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Overview

1. GRAP Reporting Framework

2. Getting ready for GRAP 104 *Financial Instruments* (revised 2019)

3. Resources to support application of the Standards

1. GRAP Reporting Framework

GRAP Reporting Framework

2024/25

No new or amended Standards of GRAP or IGRAPs

2025/26

- **IGRAP 22 on *Foreign Currency Transactions and Advance Consideration***
- **GRAP 104 on *Financial Instruments* (revised 2019)**

2026/27

No new or amended Standards of GRAP or IGRAPs

To be determined…

- ***Improvements to Standards of GRAP*, 2023**
- **GRAP 1 on *Presentation of Financial Statements* (going concern)**
- **GRAP 103 on *Heritage Assets***
- **Amendments to GRAP 105, GRAP 106 and GRAP 107 on *Transfers of Functions and Mergers***

GRAP Reporting Framework

2025/26

IGRAP 22 on *Foreign* Currency *Transactions and Advance Consideration*	**GRAP 104 on *Financial Instruments (2019)***
IGRAP developed from IFRIC 22 on *Foreign* Currency *Transactions and Advance Consideration*	Replaces GRAP 104 (2009)
Effective 1 April 2025; Early adoption permitted	Effective 1 April 2025; Early adoption permitted (entire Standard)

2. Getting ready for GRAP 104 Financial Instruments (revised 2019)

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Ready for GRAP 104?

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Effective date: 1 April 2025

Be GRAP 104 fit!

- Understand the new requirements
- Familiar with how changes will affect your entity
- Understand where and how to obtain information to apply revised Standard
- Processes and systems changes
- Gather historical data for retrospective application

Key changes

Why?

Changes in international standards to address shortcomings in classification & measurement of financial instruments highlighted during financial crisis

What?

- *Scope* - financial guarantee contracts and some loan commitments now in scope. Previously in GRAP 19.
- *Classification* - same number of categories, classification principles substantially changed.
- *Subsequent measurement* – impairment model.

Key changes - SCOPE

Financial guarantee contracts and loan commitments now in scope. Previously in GRAP 19.

Loan commitments

- Not all are in scope of GRAP 104.
- Initial measurement at FV (usually = consideration received)
- Subsequently measured at higher of FV less amortisation and ECL.
- Measurement of *commitments to provide concessionary loans* includes the value of any social benefit provided.

Financial guarantee contracts

- Financial guarantees versus other guarantees.
- Initial measurement at FV (usually = consideration received)
- Subsequently measured at higher of FV less amortisation and ECL.

Key changes - CLASSIFICATION

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FINANCIAL ASSETS

	Old GRAP 104	New GRAP 104
Amortised cost	Non-derivative Fixed or determinable payments Not held for trading or designated at fair value	Management model – hold to collect cash flows Solely payments of principal and interest
Fair value	Derivatives, held for trading, designated at fair value	Management model – hold + sell, sell Do not meet SPPI

Key changes - IMPAIRMENT

Financial assets at amortised cost

Change in impairment model

Old GRAP 104	New GRAP 104
Incurred loss model Focusses on historical data Does not allow for timely action	Expected credit loss model Past, current and future data More timely decision making

New model

- Two step approach
    1) Determine period over which credit losses calculated
    2) Determine ECL
- Probability weighted

Transitional provisions

What are they and where are they included?

- Provide direction to preparers to implement new GRAP requirements
- Explain how requirements should be applied on initial adoption
- Included in relevant Directive for entity type
- For GRAP 104 - same in all Directives, i.e. same for all types of entities

Transitional provisions - GENERAL

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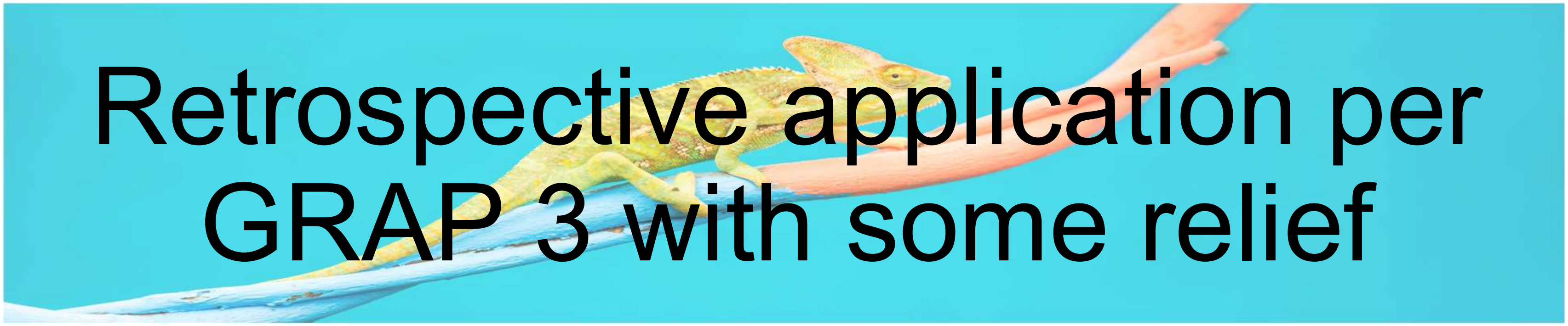


Retrospective application per GRAP 3 with some relief

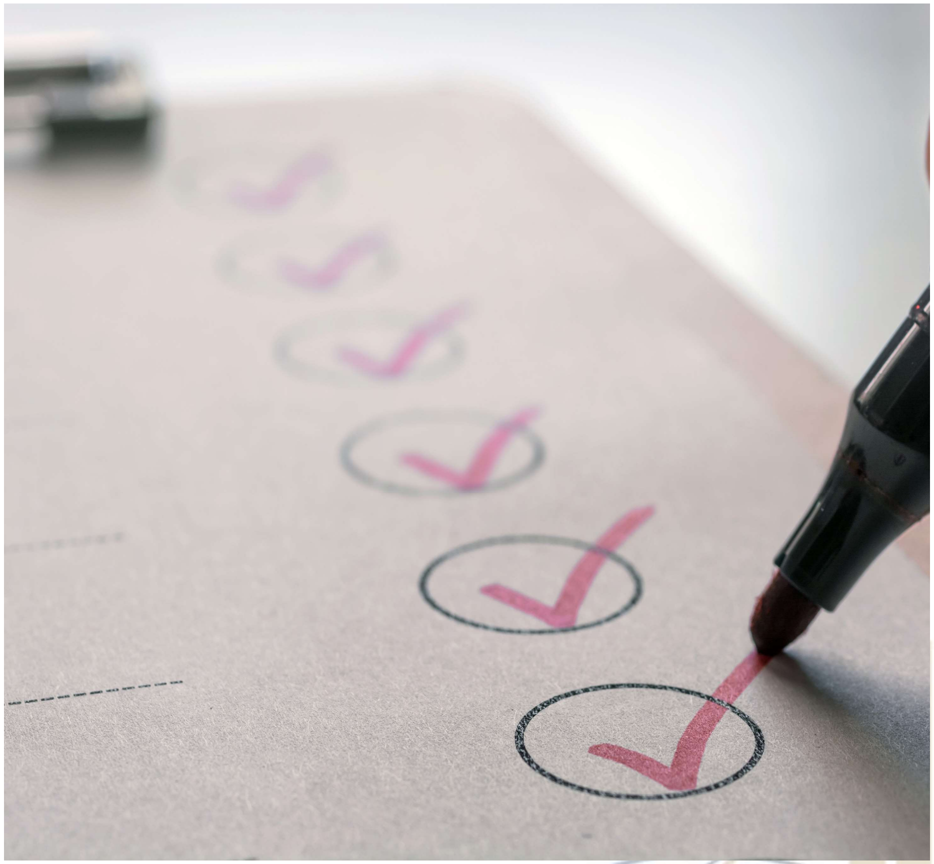
Apply retrospectively - as if that policy had always been applied.

Not required to restate prior period. Adjust opening balance of net assets of current period.

Retrospective application vs. Retrospective restatement

Transitional provisions - GENERAL

- Do not apply to financial instruments that have already been derecognised at date of adoption
- May early adopt entire Standard - piecemeal adoption not permitted
- Date of initial adoption = when entity first applies requirements



Transitional provisions - SPECIFIC

Classification & measurement

- On **date of initial adoption** - asses whether financial assets are held in **management model** with objective to hold assets in order to collect contractual cash flows.
- Based on **facts and circumstances** that exist at date of initial adoption.
- Resulting classification applied **retrospectively** irrespective of entity's management model in prior reporting periods.

Transitional provisions - SPECIFIC

Impairment

- Apply **retrospectively** - entities measure impairment losses using ECL at date of adoption.
- **Not required to restate** comparative information. Recognise adjustments to carrying amount in opening accumulated surplus or deficit.
- Use **reasonable & supportable information available without undue cost or effort** to determine credit risk at date FI initially recognised & compare to credit risk at date of initial adoption.
  - Undue cost/effort? -> recognise loss allowance at lifetime ECL at each reporting date until FI derecognised

Transitional provisions - SPECIFIC

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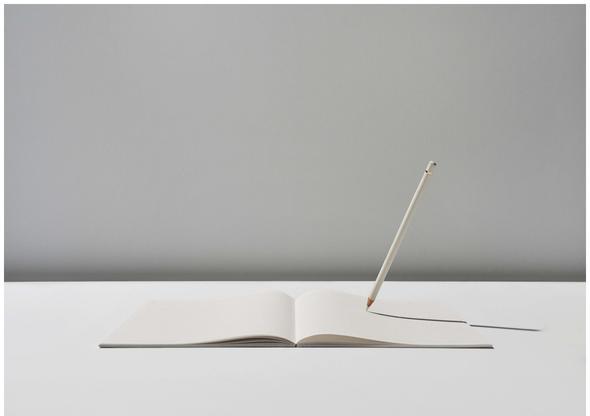
Disclosure



+ Further qualitative information

- **Quantitative disclosure** (table format)
  - **Classification:** Previous, current and carrying amounts for both
  - **Measurement:** FI previously measured at FVSD, now reclassified to amortised cost, distinguishing what Standard requires and entity elects.
- **Reconcile measurement**
  - Previous categories & asset classes with new categories & asset classes.
  - Ending impairment allowances to opening loss allowances.

Are you ready?

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Are you ready to apply GRAP 104 (2019)?

Access all the resources you need on the ASB website

Recording on ASB's YouTube channel:

https://www.youtube.com/watch?v=XlVjN5ZmEXo&t=1s

Scan me!

Are you ready?

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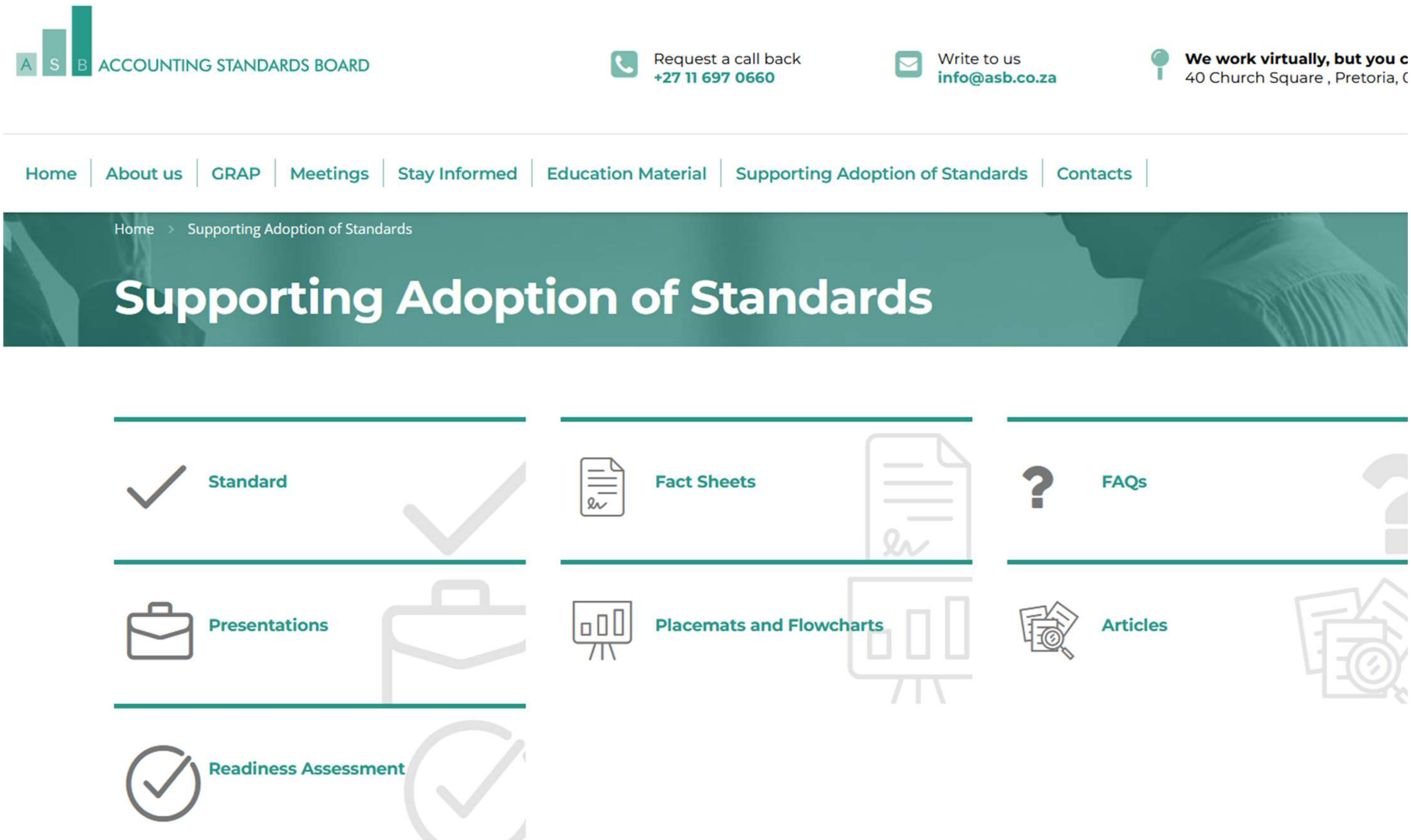

Are you ready?

- Take this poll to assess your readiness here or scan the QR code.

Poll your readiness to implement GRAP 104 on Financial Instruments (Revised 2019)

3. Resources to support application of the Standards

Other ASB initiatives

Look out for the following helpful resources published by ASB staff:

- Recording of VAT education session (1 October 2025)
- Talk to the staff (next: 4 November 2025)
- Reference Group – GRAP 104
- Knowledge Hub
- Education material for preparers: ASB YouTube Channel
- Education material for users (H2 2025)

Contact details

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Thank You!

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