Agenda Item 9: Financial Instruments Update Project

Dave Warren, PSAB Principal
Ross Smith, Deputy Director

IPSASB Meeting
March 7-10, 2017
Washington D.C., USA
Session Outline

- Project management (9.1.1-9.1.3, 9.2.4)
- ED development and specific issues (9.2.1-9.2.2)
- Instructions from September 2016 Meeting Actioned (9.2.3)
- Draft ED (9.6) – any additional comments
9.1.1 Project Management

September 2016:
• Agreed classification & measurement

December 2016:
• Agreed hedging, transition, & BCs, Page-by-page review of ED text and application guidance

March 2017:
• Approval of authoritative guidance including amendments to other IPSASs

April 2017 TBG Meeting:
• April 19-21 at The Royal Netherlands Institute of Chartered Accountants – Non-authoritative material

June 2017:
• Approval of draft ED, Enhanced At-a-Glance Document
9.1.2 Decisions – Recap

IPSASB Decisions – Draft ED

- Scope
- Definitions
- Classification
- Measurement
- Hedging
- Transitional Provisions
- BCs 1-14
- Page-by-page review ED text and Application Guidance
Financial Instruments: Update of IPSAS 28-30

9.2.1 ED Development – Amendments to Other IPSASs (1/4)
**Amendments to Other IPSASs**

- IAS 1 amendments – Reclassifications within Net Assets/Equity

- Transitional Relief – Option to Continue IPSAS 29 Hedging – SMC Proposed

- IPSAS 29 – Appendix B – Reassessment of Embedded Derivatives – Deleted
- IPSAS 29 – Appendix C – No Change to Appendix in IPSAS 29, Also replicated as Appendix B to IPSAS XX

- IPSAS 33 – Relief for credit assessments – Lifetime Expected Credit Losses
Proposed amendment to IPSAS 33 – Relief for credit assessments – Lifetime Expected Credit Losses:

122C. If, at the date of adoption of IPSASs, determining whether there has been a significant increase in credit risk since the initial recognition of a financial instrument would require undue cost or effort, an entity may elect to recognize a loss allowance at an amount equal to lifetime expected credit losses at each reporting date until that financial instrument is derecognized (unless that financial instrument is low credit risk at a reporting date, in which case paragraph 122B(a) applies).
Matters for consideration:

Does the IPSASB agree with:

• The proposed Amendments to Other IPSASs
• Deleting Appendix B to IPSAS 29
• Including Appendix B to IPSAS XX (formally Appendix C of IPSAS 29)
9.2.2 Financial Instruments-Improvements/Narrow Scope Amendments

- Number of minor amendments since IPSAS 28-30 published
- Staff and TBG recommend these be included in the ED
- See the addendum to Issues Paper 9.2.2

Matter for consideration:
Does the IPSASB agree with including amendments in the ED?
9.2.3 Instructions from December 2016 Meeting – Actioned (1/2)

Concessionary Loans

- IPSAS 30 Disclosure Amendments
- Transitional Relief – Concessionary Loans – SMC
- Concessionary Loan – Example with Principal Concession

BC for enhance At-a-Glance Document

Future flows – AG33 revisions
9.2.3 Instructions from December 2016 Meeting – Actioned (2/2)

**Matters for consideration:**

Does the IPSASB agree with:

- The Amendments to Concessionary Loans IPSAS 30
- Proposed SMC on transitional relief
- Proposed BC – enhanced educational material
- Illustrative example – principal concession
- Edits to AG33
Financial Instruments: Update of IPSAS 28-30

9.2.4 Finalization of ED

March 2017: approval of ED – authoritative

April 2017: Face-to-face finalization of non-authoritative

June 2017: Approve ED and At-a-Glance

July – August 2017: Finalize/Publish ED/At-a-Glance

- Time to complete finalization and formatting
- Other accompanying material
- Comment Period - time for constituents to review

Matter for consideration:
Does the IPSASB agree with ED finalization steps?