

## **Agenda Item 9: Public Sector Specific Financial Instruments**

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## Objective of Agenda Item

Consider and provide directions on key issues

### Materials Presented

- Agenda Item 9.1 Issues Paper
- Agenda Item 9.2 Draft of Introduction & Chapter 1: Monetary Gold of CP

## Background (paras. 3 – 5)

- March & June Meeting:
  - Discussion of issues: Monetary gold, Currency in Circulation and IMF transactions
  - Discussion of issues: Statutory Receivables & Payables and Securitizations

## Approach to developing the CP (Paras. 6 & 7)

- Comprehensive CP covering all issues identified
- Proposed structure:
  - Chapter 1: Monetary Gold
  - Chapter 2: Statutory Receivables
  - Chapter 3: Statutory Payables
  - Chapter 4: Securitizations
  - Chapter 5: Currency and Coin Issued by the Entity; and
  - Chapter 6: IMF SDRs and Other IMF Transactions.

*Matters for Consideration:*

*Agree with the organization & proposed split of chapters?*

## Monetary Gold (Paras. 8 - 11)

- Inconsistency in accounting for monetary gold – measurement
- Considered GFS and SNA
- Proposed Definition: “Gold bullion assets held by monetary authorities as reserve assets.”

*Matters for Consideration:*

*Agree with the definition of monetary gold and supporting descriptions (outlined in paras 2.14 – 2.18 in the CP)?*

## Scope (Paras. 12 - 14)

- Physical gold as defined in para 2.13 in CP
- Gold certificates, securities other securities linked to gold – not in scope
- Physical gold held with intention of making profits from extraction, processing and/or selling gold – not in scope.

*Matter for Consideration:*

*Agree with the proposed scope in the CP?*

## Recognition (Paras. 15 - 17)

- Recognize when monetary gold meets definition in 2.13 of CP & asset definition in CF
- Risk of uncertainty of existence and element reduced – tangible, global liquid market to transact
- Control can arise through acquisition, can be exercised even if not held directly (safekeeping)

*Matter for Consideration:*

*Any further considerations for initial recognition?*

## Measurement (Paras 18 - 22)

- Consistency in measurement - historical cost vs. fair value/current value
- Monetary Gold held by authorities to provide resilience and stability to monetary system
- Exit value likely to provide best measure of financial capacity
- Appropriateness of market value for initial recognition?

*Matters for Consideration:*

*Discuss use of Market Value-in an open, active and orderly market in comparison to historical cost.*

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## Derecognition and changes in value (Paras. 23 - 23)

- Derecognition when asset is sold or transferred
- Recognition of unrealized gains/losses – inconsistent in practice

*Matters for Consideration:*

*Should unrealized gains or losses due to changes in value of monetary gold be recognized:*

- *in the statement of performance; or*
- *as a reserve on the statement of financial position or directly in net assets/equity (net financial position)?*

## Disclosures (Para. 26)

- Proposed to include reconciliations of monetary gold by both carrying amount and quantity – enhances information available to users
- Proposal to develop a disclosure objective from a TBG member as opposed to specific disclosures

*Matter for Consideration:*

*Discuss the approach to disclosure of monetary gold in the CP?*



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