



## **Agenda Item 2: Public Sector Specific Financial Instruments**

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IPSASB Meeting

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Toronto, Canada

## Objective of Agenda Item

Review and approve CP

### Materials Presented

- Agenda Item 2.1 Issues Paper
- Agenda Item 2.2 Directions Issued – March 2016
- Agenda Item 2.3 Decisions – March 2016
- Agenda Item 2.4 Draft CP – Public Sector Financial Instruments

## Issuance of Currency – 2.1.1

- Proposed text inserted into CP paragraphs 3.16 - 3.17 to better describe the currency issuance process and explain monetary base

*Matter for Consideration:*

*Does the IPSASB agree with inclusion of paras 3.16 and 3.17?*

## Currency Approach Arguments – 2.1.2

Proposed text in agenda item 2.1.2, highlights counter arguments to the currency approaches in the CP:

- Why recognition of a liability may not be supported
- Why recognition of revenue in statement of net assets/equity may be supported

*Matter for Consideration:*

- *Does the IPSASB agree with adding the proposed text?*

## Currency Revenue Presentation – 2.1.3

- Paragraph 3.21 was amended to more clearly describe the nature of the legal obligation related to currency
- Paragraph 3.37 & SMC 3-1 included to highlight presentation options - revenue approach

*Matters for Consideration:*

*Does the IPSASB agree with-*

- *Proposed modifications to 3.21?*
- *Proposed text included in paragraph 3.37?*
- *Proposed SMC 3-1 on presentation options?*

## Monetary Gold SMCs– 2.1.4

Agenda item 2.1.4, include revised SMCs. Summary of each SMC below:

### Specific Matter for Comment–Chapter 4–1

*Should entities have the option to designate a measurement basis, based on their intentions in holding monetary gold assets (as noted in paragraphs 4.5-4.6)?*

### Specific Matter for Comment–Chapter 4–2

*Please describe when it would be appropriate to measure monetary gold assets at either:*

- i. Market value; or*
- ii. Historical cost?*

### *Matter for Consideration:*

- Does the IPSASB agree with the Revised SMCs?*

## IMF Quota Subscription Definition – 2.1.5

- March 2016 directions - subsequent adjustments to the IMF quota should be reflected in definition
- The proposed changes as follows:

5.9 The amount equal to the quota, paid in full assigned to the by the member on joining the IMF, and as adjusted subsequently that must be paid in full to become an IMF member".

5.10 The IMF periodically reviews and adjusts member quotas. Additional payments may be required at this time.

### *Matter for Consideration:*

- *Does the IPSASB agree with the revised definition and additional description?*

## IMF Quota Subscription and SDRs – 2.1.6

- Amendment to Table 5-2 to include net selling price as appropriate for subsequent measurement of the quota subscription because a redemption can be viewed as equivalent to a sale
- Modifications to Table 5-2 for the quota, SDR holdings and SDR allocations to consider initial and subsequent measurement
- Addition of a conclusion on the appropriate measurement basis for the quota, SDR holdings and SDR allocations, and inclusion of PV 5-2

*Matters for Consideration:*

*Does the IPSASB -*

- *Agree with the discussion of net selling price for the quota?*
- *Agree with the revised historical cost discussion (initial and subsequent measurement)?*
- *Agree with the conclusion in paragraph 5.20 and PV 5-2*



## Appendices – 2.1.7

### Changes to Appendix F:

- Scenarios 3 & 4 added (currency devaluation & additional payments)
- Scenarios re-ordered to better link to each other
- Scenario 8 – member country trades SDRs for F/X
- Scenario 11 – SDR department expenses payments by member

Appendix A - A.1 modified to note different sources of statistical guidance considered in CP development

### *Matters for Consideration:*

- *Do members agree with changes to Appendix F?*
- *Agree with additional text in Appendix A?*

## IMF Review & Comments – 2.1.8 (1/2)

IMF Comment	CP Revision/Proposal
IMF comments on definitions	IPSASB has agreed definitions, not recommended to reopen debate. Staff proposal for a footnote.
Addition of GFS terminology within CP text 'Stock Positions'	Accounting context – transactions sufficient. Footnote to clarify for GFS
IMF revised text on Currency Unions in paragraph 3.9	Staff has included proposed changes, see Agenda Paper 2.1.8 for details.
IMF feedback on Appendix F: Scenario 3	Staff has updated for IMF comments to split into scenario 3 and now Scenario 4
Comments on GFS presentation concepts	Presentation not the main focus for CP, consider at ED stage.
Editorials	Number of IMF proposed editorials made to the CP

## IMF Review & Comments – 2.1.8 (2/2)

### *Matters for Consideration:*

- *Does the IPSASB agree with staff proposals and actions related to the IMF comments?*

## CP Restructuring – 2.1.9

- Chapters combined and CP reviewed for consistency and conciseness
- Chapter 2: General Definitions created because definitions included relate to all the chapters in the CP
- Use of tables in Chapter 5 to better organize the discussion of recognition and measurement (table 5-1 and table 5-2)
- Appendices located at the end of document
- Revisions to note where statutory receivables and payables and public sector securitizations will be dealt with (Paragraph 1.9)

### *Matter for Consideration:*

- *Does the IPSASB agree the restructuring changes (to be reviewed during page-by-page review)?*

## SMCs & PVs – 2.1.10

- SMCs & PVs listed starting on page 3 of Agenda Item 2.4

PV/SMC	Agreed Previously	Notes
PV Chapter 2	Yes	Relocated from monetary gold chapter.
PV Chapter 3-1	Yes	None.
PV Chapter 3-2	Yes	Addition proposed – see Agenda Item 2.1.10.
SMC Chapter 3-1	No	Proposal from March 2016 – see Agenda Item 2.1.3.
PV Chapter 4	Yes	None.
SMC Chapter 4-1	Yes	Requested changes – see Agenda Item 2.1.4.
SMC Chapter 4-2	Yes	Requested changes – see Agenda Item 2.1.4.
PV Chapter 5-1	No	All chapters include definition PVs. See agenda 2.1.10.
PV Chapter 5-2	No	See Agenda Item 2.1.6.

### *Matter for Consideration:*

- Does the IPSASB agree the new / revised SMCs & PVs?*

## Approval of the CP – 2.1.11

- The IPSASB is asked to vote to approve the CP
- A longer than normal comment period is recommended to allow for outreach with monetary authorities

### *Matter for Consideration:*

- *Does the IPSASB approve of the CP and agree for the comment period end date of December 15, 2016?*



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