

PROJECT HISTORY

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Monetary Gold – Definitions

The IPSASB discussed the proposed modifications to the definition of “tangible gold” and the additional description noting that financial instruments which can result in the physical delivery of gold are considered in the scope of guidance. The IPSASB agreed with the proposed changes.

Monetary Gold – Preliminary View

In June 2015, the IPSASB directed staff to develop and include specific matters for comment (SMCs) as the chapters are developed.

Staff presented SMCs and a preliminary view (PV) for the chapter. The IPSASB considered whether a PV could be developed for all definitions in the CP. However, the IPSASB agreed that PVs for definitions should be developed for each chapter, given that all chapters are stand-alone with separate issues and considerations.

The IPSASB discussed the SMCs developed for the chapter. The IPSASB agreed to include a single SMC, asking constituents if the IPSASB should prescribe an accounting requirement for measurement at current value or historical cost and to include a further sub-option asking if preparers should be allowed to select a measurement basis (current value or historical cost) based on their intention in holding the gold assets. The IPSASB directed staff to consider emphasizing users’ requirements when developing the wording related to the SMCs.

Currency in Circulation – Definition

The IPSASB raised concerns over the revised “Domestic Currency in Circulation” definition. In particular, the IPSASB directed that the term “domestic” should be removed from the definition because it may create confusion in those jurisdictions using a foreign currency, such as the US dollar (USD, as a domestic currency and legal tender. However, the liabilities related to the foreign currency used as legal tender, are recognized by the foreign monetary authority which issues them, rather than the domestic monetary authority. Therefore in the case when a non-US jurisdiction adopts the USD as legal tender, the liabilities for the USD are recognized by the US monetary authority.

The IPSASB considered the different types of currency arrangements which exist as follows:

- Currency issued by a monetary authority for its economy;
- Currency issued by a monetary authority for a currency union; and
- Currency issued by a monetary authority for a foreign economy which has been adopted without formal agreement.

The IPSASB directed that each of the different types of currency arrangements be identified and explained in the chapter.

Currency in Circulation – Notes

The IPSASB considered the options presented in the draft chapter on Currency in Circulation. The IPSASB agreed that, as presented, the options focused too much on the current practices of preparers and that more consideration of other options which reflect users' perspectives is necessary.

The IPSASB provided a specific direction to revise the discussion of the legal liability approach to consider guidance in the Conceptual Framework in regards to legally binding and non-legally binding obligations. Further, the IPSASB directed that greater consideration of alternative accounting treatments should be included in the CP. Currently the CP focuses on the current practices of preparers. It should be developed to consider different options for dealing with the credit entry in the financial statements when currency is issued into circulation. This development should consider guidance in the Conceptual Framework.

Currency in Circulation – Coins

Similar to the discussion on notes, the IPSASB directed that the options for accounting for coins in the CP, should reflect the perspective of all users and not focus on current practice in accounting for coins by preparers only. Further the IPSASB questioned if there is a conceptual difference between notes and coins and asked staff to consider the issue further.

Currency in Circulation – Examples

The IPSASB discussed including generic examples and directed that the revised chapter should include examples for each option, as this would be helpful for constituents to understand the differences between each option.