



December, 2016

Dear Sir,

RESPONSE TO THE CONSULTATION PAPER ON PUBLIC SECTOR SPECIFIC FINANCIAL INSTRUMENTS.

Association of National Accountants of Nigeria is very pleased to comment on Consultation Paper on Public Sector Specific Financial Instruments.

Our Response:

Comment 1:

ANAN agrees with the preliminary views of IPSASB as provided in 2.9 (a) on the definition of monetary authority. However, the Association suggests that the term "or federal" should be added to "national" in prentices.

The Association also agrees with the preliminary view of the Board on the definition of the revised assets in 2.9 (b). The basis of the Association's agreement is the need for consistency and alignment between IPSASB standards and GFS guidelines. This is necessary to guarantee quality and universality of public sector financial reports. This view is interdem with the objectives of the IPSASB published policy paper on process for considering GFS Reporting Guidelines during development of IPSAS published in 2014.

Comment 2:

The Association concurs with the preliminary view of IPSASB as contained in 3.10 (a) on the definition of currency in circulation. The basis for this agreement is the case of Zimbabwe where the domestic currency in use is the Us dollar for all transactions in the country which agrees with the concept of dollarisation as mentioned in 3.8 and this came about as a result of their local currency losing its function as a store of value.

Comment 3:

The Association supports the preliminary view of IPSASB as contained in 3.30 (a) that the accounting treatment for both notes and coins should be consistent and a liability recognised when they are issued except in the absence of a legal or non-legally binding obligation on the part of the monetary authority. Justification for the support is that in a

jurisdiction where coins are not issued or encouraged to be spent the concomitant effect is inflation as a result of rounding up a figure since there is no unit of coins to be given in exchange for the balance and in most cases the practice then becomes clausterisation of items to make up for unit of notes without coins. Another reason in support of this argument is that the production of the seemingly unrecognised coins would have captured a cost of production without an associated value.

Finally, the Association agrees with the fact that the definition of notes and coins (as currency) clearly satisfy the definition and criteria of liability as contained in IPSASB Conceptual Framework.

Comment 4:

ANAN agrees with the preliminary view of IPSASB as contained in 4.14 (a) and (b) on the definitions of Monetary gold and tangible gold in as much as the monetary gold is held by the monetary authority as reserve assets. It can therefore not be regarded as financial assets because of its physical nature and defective nature of being imposed by parties in settlement of a contractual obligation.

On tangible gold, we agree because we cannot deviate from the international acceptable norm (rules).

Comment 5:

It is a considered opinion of the Association that entities should not have options to designate a measurement basis based on their intention in holding monetary gold assets as noted in para. 45 - 46. The reason for this is that the general assumption as it relates to monetary authority is that monetary gold are reserved assets except an event occurs which proves otherwise. This is analogous to a treatment of PPE by private sector entities where it is generally assumed that such assets will be held by the entities for a long period of time for use in generating future economic resources and therefore generally classified as non-current asset. In the same manner, monetary gold acquired by monetary authorities to be assumed to be tangible assets that would be used as reserve assets without indeterminate date.

IPSASB may, however, make a provision to the effect that where this general assumption is violated, the monetary authority should disclose that and treat the physical/tangible gold in that circumstance as gold acquired for trading.

The Association also agrees with the IPSASB position that tangible gold acquired as reserve assets should be measured on the basis of historical cost while tangible gold acquired for trading should be measured on market value basis.

Comment 6:

ANAN agrees with the preliminary view of IPSASB as provided in 5.12 (a) on the definition of IMF Quota Subscription because it provides members with membership in IMF and that membership brings rights, benefits and obligations.

Comment 7:

ANAN agrees with the preliminary view of IPSASB as provided in 5.12 (b) on the definition of SDR Holdings because it provides members with a reserve asset, which can only be used to obtain foreign currency from other members through IMF.

Comment 8:

ANAN agrees with the preliminary view of IPSASB as provided in 5.12 (c) on the definition of SDR Allocations because it represents the obligations assumed when SDR holdings are distributed to members.

ABOUT ANAN

Association of National Accountants of Nigeria (ANAN) is a statutorily recognized Professional Accountancy body in Nigeria. The body is charged among others, with the duty of advancing the science of accountancy.

The Association was formed on 1st January, 1979 and operates under the ANAN Act 76 of 1993(Cap A26 LFN 2004), working in the public interest. The Association regulates its practising and non-practising members, and is overseen by the Financial Reporting Council of Nigeria.

Active ANAN members are 17,282, they are either FCNA OR CNA and are found in Business, Practice, Academic and Public Sector in all the States of Nigeria and Overseas. The members provide professional expertise to various users of their services.

ANAN is a member of the International Federation of Accountants (IFAC), International Association for Accounting Education & Research (IAAER), The Pan African Federation of Accountants (PAFA), and Accountancy Bodies in West Africa (ABWA).

Yours faithfully,

ASSOCIATION OF NATIONAL ACCOUNTANTS OF NIGERIA



DR. SUNDAY A. EKUNE, FCNA

Registrar/Chief Executive