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Mr Ian Carruthers  
Chairman  
International Public Sector Accounting Standards Board  
529 Fifth Avenue  
New York, NY 10017  
USA

Via online submission: [www.ipsasb.org](http://www.ipsasb.org)

Dear Ian

**Exposure Draft 69: Financial Instruments**

CPA Australia represents the diverse interests of more than 164,000 members working in 150 countries and regions around the world. We make this submission on behalf of our members and in the broader public interest.

CPA Australia supports the proposed guidance developed by the International Public Sector Accounting Standards Board (IPSASB) to augment existing guidance in IPSAS 41 *Financial Instruments* (IPSAS 41) when accounting for Public Sector Specific Financial Instruments. In finalising the proposed guidance, we believe that IPSAS 41 would benefit from elaborating on the description of the terms “gold bullion” and “monetary gold”. We have provided our views on these matters in our response to Specific Matter for Comment 1 in the attachment to this letter.

If you require further information on the views expressed in this submission, please contact Ram Subramanian, Policy Adviser – Reporting, on +61 3 9606 9755 or at [ram.subramanian@cpaaustralia.com.au](mailto:ram.subramanian@cpaaustralia.com.au).

Your sincerely

**Dr. Gary Pflugrath**  
Executive General Manager, Policy and Advocacy



## Attachment

### Specific Matter for Comment 1:

**Do you agree with the proposed amendments to IPSAS 41, *Financial Instruments*?  
If not, what changes would you make to the proposals?**

As stated in the cover letter, we agree with the additions proposed by the IPSASB to existing guidance in IPSAS 41 *Financial Instruments*.

### Gold Bullion

Paragraph BC18 of IPSAS 41 includes a statement that “*gold bullion has a wider meaning than monetary gold*”. Whilst we agree with this statement, there is no further description or definition in IPSAS 41 around the term “monetary gold”. CPA Australia is of the view that it would be beneficial to include a clear definition or description, in addition to the attributes describing monetary gold as proposed. For example, The Consultation Paper *Public Sector Specific Financial Instruments* issued by the IPSASB in July 2016 included a proposed definition that “**Monetary Gold** is tangible gold held by monetary authorities as reserve assets”. This proposed definition, along with the accompanying proposed definition of tangible gold included in the Consultation Paper could provide a better understanding of what is meant by monetary gold. Similarly, in the Implementation Guidance under *B1 Definition of a Financial Instrument: Gold Bullion*, gold bullion is defined as a commodity. The reference to gold bullion as a commodity provides the rationale to clarify the definition of gold bullion by emphasising the features of commodities and how they relate to the definition of gold bullion.

### Monetary Gold

We agree with the proposed additions in paragraphs BC18A, BC18B, BC18C and BC18D.

### Illustrative Examples

We agree with proposed additions.

### Implementation Guidance

We generally agree with the additions suggested by the IPSASB emphasising that monetary gold, similar to gold bullion, is not a financial instrument but “*has many of the characteristics of a financial asset*” (B.1.1). We note that the proposed paragraph BC18A lists several characteristics monetary gold shares with financial assets. We believe including this list in the Implementation Guidance under B.1.1 would support the statement that monetary gold has many of the characteristics of a financial asset.

In addition to the recommendation that it would be generally appropriate to account for monetary gold in accordance with IPSAS 41, Paragraph B.1.1 also states that “*it may however be appropriate for an entity to consider other IPSAS depending on the facts and circumstances related to its holding of monetary gold*”. We suggest the IPSASB considers the provision of examples/possible scenarios to expand on what is meant by “*facts and circumstances*” in this statement.

We agree with the proposed additions in paragraphs B.1.2.1, B.1.2.2 and B.1.2.3.