IPSASB CONSULTATION PAPER: FINANCIAL INSTRUMENTS
CONSULTATION RESPONSE

MANJ KALAR
Manj has over 20 years’ experience working in public sector, focusing on implementation of accrual accounting across UK central Govt departments and the Whole of Government Accounts consolidation. She has advised a number of jurisdictions on implementing accrual accounting.

Manj has particular interest in supporting governments to address the practicalities of implementing IPSASs.
Dear IPSASB secretariat

Consultation Paper ED 62: Financial instruments

I am delighted to share my comments on the consultation paper: Exposure Draft 62 financial instruments.

The ambition to achieve greater convergence between the international financial reporting standards (IFRSs) and IPSASs is achieved with the proposals outlined; and it is better for jurisdictions where both IFRS and IPSASs are applied and the 3-year transition timetable offers a pragmatic solution that is consistent with the timescale for initial adoption of IPSASs (IPSAS 33.)

Specific responses to the IPSASB’s preliminary views and specific matters for comment are included in Annex A.

Overall it is a good paper. The fact that there are many more examples is helpful but some of the language is still a little difficult to understand (especially where English is not the first language.) More resources such as the webinar would be a great help.

Thank you for the opportunity to comment on the IPSASB’s paper on financial instruments. If there are any questions, please do not hesitate to contact me.

Yours sincerely,

Manj Kalar
Principal consultant
I support this proposal.

1. The proposal is consistent with IFRS9 and so achieve IPSASB’s overarching aim for greater convergence between IFRSs and IPSASs.
2. The proposal is principles based which is better than a rules based approach.
3. This allows greater flexibility for the entity, even though there are many examples in the ED document, these may not cover all possible scenarios (as it is designed to be principles based.)

I support this proposal.

There are benefits and dis-benefits from such an approach

The benefits for a 3-year implementation period include:

1. It allows time to work through all the impacts
2. It allows for sufficient time to gather all the relevant information e.g. data to complete the expected losses exercise etc.
3. It allows for a staggered approach – to test on a few government entities initially, review and refine before roll out to other government entities across a jurisdiction. This is especially helpful where there are capacity issues
(alongside the present financial reporting commitments) and capability issues
(lack of appropriately trained professional accountancy resource.)
4. It provides an opportunity to learn from one another/training across all
government entities for specific jurisdictions.
5. An opportunity to work through other scenarios (not identified previously)
6. This proposed approach is consistent with transition arrangements i.e. 3
years (IPSAS 33 first time adoption) and is consistent with the approach
adopted by IASB for the private sector. IFRS 9 Financial Instruments was
issued by the Board on 24 July 2014 and had a mandatory effective date of 1
January 2018.¹

The main dis-benefit of a 3-year implementation timetable:

1. There is a long lead time therefore international comparisons are reduced as
different jurisdictions will be on different adoption trajectories.

Therefore, for the reasons stated above a 3-year transition period is supported to
reap the benefits.

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**Specific Matter for Comment 3**

Do you agree with the proposed transition requirements in paragraphs 153-180,
consistent with those provided in IFRS 9? If not, what specific changes do you
recommend and why?

I support this proposal.

The proposed transition requirements as set out in paragraphs 153-180 offer
pragmatic options and are welcome. Lessons learned from the private sector
experience of implementing IFRS 9 will help different jurisdictions do the same over
the longer transition period.

Thank you for the opportunity to comment.

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