FOR IMMEDIATE RELEASE

Contacts:

Sylvia Barrett +1-212-286-9563
sylviabarrett@ifac.org
Richard Sasanow +1-212-471-8737
richardsasanow@ifac.org

IPSASB PUBLISHES THREE NEW STANDARDS ON FINANCIAL INSTRUMENTS

***(New York/January 19, 2010)* -** The International Public Sector Accounting Standards Board (IPSASB) has published three new standards that cover all aspects of the accounting for and disclosure of financial instruments: International Public Sector Accounting Standard (IPSAS) 28, *Financial Instruments: Presentation;* IPSAS 29*, Financial Instruments: Recognition and Measurement;* and IPSAS 30*, Financial Instruments: Disclosures.* They fill a significant gap in the IPSASB literature.

"These new IPSASs provide a coherent set of requirements that enhance accountability for financial instruments in the public sector; this need was reinforced by the global financial crisis, and the scale and range of interventions made by governments," states Andreas Bergmann, who became Chair of the IPSASB on January 1, 2010.

The three new IPSASs are primarily drawn from the International Accounting Standards Board's standards, but address a number of public sector-specific issues:

- IPSAS 28, *Financial Instruments: Presentation*, primarily draws on IAS 32 and establishes principles for presenting financial instruments as liabilities or equity, and for offsetting financial assets and financial liabilities.
- IPSAS 29, *Financial Instruments: Recognition and Measurement,* primarily draws on IAS 39, establishing principles for recognizing and measuring financial assets, financial liabilities, and some contracts to buy or sell non-financial items.
- IPSAS 30*, Financial Instruments: Disclosures,* draws on IFRS 7 and requires disclosures for the types of loans described in IPSAS 29. It enables users to evaluate: the significance of the financial instruments in the entity's financial position and performance; the nature and extent of risks arising from financial instruments to which the entity is exposed; and how those risks are managed.

These IPSASs address some key public sector issues, including financial guarantee contracts provided for nil or nominal consideration and concessionary loans.

- *Financial guarantee contracts provided for nil or nominal consideration* have been a feature of government interventions during the global crisis—often, they are for very large amounts and could not be provided by private sector guarantors. IPSAS 29 provides guidance on the accounting treatment of such guarantees, both at initial recognition and subsequently.

- *Concessionary loans* are granted or received at below market terms, often for social policy objectives. IPSAS 29 provides guidance on the determination of fair value. It also addresses the treatment of the difference between the fair value of a loan and the loan proceeds. IPSAS 30 requires disclosures relating to such loans.

"The IPSASB recognizes the need to closely monitor global developments in the accounting for financial instruments and to evaluate such changes promptly in a public sector context," says Mr. Bergmann, adding that, together with the soon-to-be-issued IPSAS on intangible assets, IPSASs 28–30 represent the substantial attainment of IPSAS convergence with IFRSs (dated December 2008).

IPSASs 28–30 are available to download free of charge from the IPSASB section of IFAC's Publications and Resources site (web.ifac.org/publications). The IPSASB encourages IFAC members, associates, regional accountancy bodies, and firms to use these materials and to promote their availability to members and employees.

About IFAC
IFAC (www.ifac.org) is the global organization for the accountancy profession dedicated to serving the public interest by strengthening the profession and contributing to the development of strong international economies. It is comprised of 159 members and associates in 124 countries and jurisdictions, representing more than 2.5 million accountants in public practice, education, government service, industry, and commerce.