

IPSASB Exposure Draft, ED 62
Financial Instruments

response to exposure draft

21 November 2017

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As the world's only professional accountancy body to specialise in public services, CIPFA's portfolio of qualifications are the foundation for a career in public finance. They include the benchmark professional qualification for public sector accountants as well as a postgraduate diploma for people already working in leadership positions. They are taught by our in-house CIPFA Education and Training Centre as well as other places of learning around the world.

We also champion high performance in public services, translating our experience and insight into clear advice and practical services. They include information and guidance, courses and conferences, property and asset management solutions, consultancy and interim people for a range of public sector clients.

Globally, CIPFA shows the way in public finance by standing up for sound public financial management and good governance. We work with donors, partner governments, accountancy bodies and the public sector around the world to advance public finance and support better public services.

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International Public Sector Accounting Standards Board
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CANADA
Submitted electronically

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Dear IPSASB secretariat

IPSASB ED 62, *Financial Instruments*

CIPFA is pleased to present its comments on this Exposure Draft, which has been reviewed by CIPFA's Accounting and Auditing Standards Panel.

We note that IPSAS 29 was developed and scoped to fully converge with IFRS financial instruments requirements. The differences from the IFRS material reflect only

- public sector terminology;
- formatting and US English differences;
- different placement of material
- additional public sector specific material relating to financial instruments which arise in the context of non-exchange transactions (e.g. concessionary loans)

ED 62 has been written to maintain this convergence, differing only in respect of the above differences, and because

- the IPSAS transitions to IFRS 9 based material will be made in a single step, rather than through several stages undertaken by IFRS appliers
- IPSASs do not include standards for Fair Value Measurement or Insurance.
- The ED provides for a 3 year implementation period

The public sector specific material has been rewritten where necessary to reflect the changed approaches in IFRS 9

We have reviewed the proposed changes, and in our view these maintain appropriate convergence with IFRS in line with IPSASB's *Process for Reviewing and Modifying IASB Documents*, while also making appropriate changes to the public sector specific material.

Response to Specific Matters for Comment

Responses to the SMCs are attached as an Annex.

I hope this is a helpful contribution to IPSASB's work in this area. If you have any questions about this response, please contact Steven Cain (e: steven.cain@cipfa.org, t: +44(0)20 7543 5794).

Yours sincerely

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CIPFA RESPONSES TO ITEMS RAISED IN THE REQUEST FOR COMMENTS**Specific Matter for Comment 1:**

Consistent with the relief provided in IFRS 9, the IPSASB has agreed in [draft] IPSAS [X] (ED 62) to allow an option for entities to continue to apply the IPSAS 29 hedging requirements. Do you agree with the IPSASB's proposal?

CIPFA agrees with this proposal.

Specific Matter for Comment 2:

The IPSASB recognizes that transition to the new standard IPSAS [X] (ED 62) may present implementation challenges as a result of the number of significant changes proposed. Therefore, the IPSASB intends to provide a 3 year implementation period until IPSAS [X] (ED62) is effective (early adoption will be permitted). Do you agree with the proposed 3-year implementation period before [draft] IPSAS [X] (ED 62) becomes mandatory? Please explain.

CIPFA agrees with this proposal.

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?

CIPFA agrees with this proposal.