IPSAS 41 at a glance

IPSAS 41 Financial Instruments · one-page reference

Core Knowledge

CORE PRINCIPLE

Classify each financial asset by its management model and its contractual cash flows, measure it at amortised cost, FVNA or FVSD, hold a loss allowance for expected credit losses, and remove it only when its rights expire, are waived or pass on (IPSAS 41.39, 41.75, 41.14).

Topic	The question	The test	Reference	Where it shows
1 **Scope**	**Is it inside IPSAS 41?**	Only contracts create financial assets and liabilities. Statutory items such as taxes are outside.	**2; IPSAS 28 AG19; IPSAS 47.31**	Whole set
2 **Classify assets**	**Which category?**	Collect, with principal-and-interest cash flows: amortised cost. Collect and sell: FVNA. Otherwise FVSD, or the equity election.	**39-43**	Position, notes
3 **Measure**	**At what amount?**	Fair value plus transaction costs (none at FVSD), then interest at the effective rate.	**57, 69**	Position, performance
4 **Below-market deals**	**Loan, grant or both?**	A concessionary loan starts at fair value; the gap is expense for the lender, revenue for the borrower. A free guarantee starts at fair value.	**45(c), AG118, AG125**	Performance, notes
5 **Credit losses**	**How big is the allowance?**	12-month ECL until credit risk rises significantly, then lifetime. Receivables with no significant financing part: always lifetime.	**75-77, 87**	Position, performance
6 **Derecognise**	**When does it leave the books?**	An asset when its rights expire, are waived or pass on; a liability when extinguished or its terms change substantially.	**14, 17, 35, 36**	Position, performance

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