

VII Meeting on Central Bank Budgetary and Accounting Aspects

Conclusions and Recommendations



Considering that:

The different work teams widely analyzed and discussed the standards regarding:

- 1) Reciprocal payment and credit agreements
- 2) Currency issuing and circulation
- 3) Monetary regulation operations
- 4) Patrimony versions A and B, and
- 5) Financial statements in their versions A and B.

The Accounting and Budget Committee of Central Bank in its capacity of coordinator of work teams

Recommends:

Attach to the standard document of reciprocal payment and credit agreement in the heading of recording and valuation criteria the methodology for dividing records, as indicated in the respective agreements, in two accounts: a debtor one (account "A") and one creditor one (account "B"). As a consequence, it is recommended to modify the paragraph corresponding to the record of operations in the *Rules of Presentation in the Financial Statements*.

Regarding the standards of Currency issuing and circulation, the Committee concluded in recommending their application with the amendments to the writing that conceptually do not affect the analyzed standard and in carrying out the incorporation to the same of the following topics:

- Foresee the possibility that the currency deposits and withdrawals are not exclusively made through the current accounts of Banks.
- Consider that the new currency withdrawals can be used by other agents that are not institutions of credit.
- Due to the materiality of the stock of non-issued coins and bills in the possession of the Central Bank, it is considered convenient that to submit the detail of the same in notes to the financial statements.

In regard to the standards of Currency regulation operations, it was agreed to approve the document presented with amendments in its writing.

In relation to the standards of Patrimony and financial statements, the Committee proved that the consensus necessary to approve in this meeting their contents was not generated based in the following considerations:

- In the standard, in its versions A and B, appears the existence of positive results (profit) not analyzing the situation of negative results (loss), situation currently present in many central banks of the region.
- To restate the definitions in the concepts of Distributing and Non-distributing results so they can be adjusted to the accounting principles generally accepted, those that constitute the basic setting for the elaboration of the financial statement and exposition of the patrimony.
- Results distribution criteria that exceed the setting of the application analysis of the countable principles are established being of competence the organisms of decision under the applicable laws and regulations in each one of the countries.

According to what was previously exposed it is recommended to continue the discussion of the topic in order to obtain the standards that allow a uniform application in the Central Bank. The Committee commits itself to elaborate the new documents collecting the recommendations exposed and the important contributions left by the discussions held in the three work teams. These documents will be placed in the Web site of CEMLA within a term of two months approximately as of the date in which the agreement with the standards of approval of the standards included in the Minutes of the Meeting of the Committee of last February proceeds.

On the other hand, the Committee considers convenient to elaborate specific standards for operations with documents of the government.

Likewise, it is believed to be convenient that the CEMLA referees the necessary means to collect the emerging information from the organic letters of laws of the Central Banks regarding the distribution of profit, coverage of losses and treatment of exchange fluctuations.

Regarding the standards of some operations of reserve assets presented in the VI Meeting carried out in Trinidad and Tobago last year and that were not discussed, the Committee will load the document proposed in the Web site of the CEMLA when the current meeting is over in order to proceed according to the above mentioned standards.

Lima, June 14th, 2000