

**INFORMAL
SESSION TO
ENGAGE**

FO/DIS/21/27
Correction 1

March 15, 2021

To: Members of the Executive Board

From: The Secretary

Subject: **The Fund's Income Position for FY 2021—Interim Update**

Board Action: The attached corrections to FO/DIS/21/27 (2/23/21) have been provided by the staff:

**Factual Errors Not
Affecting the
Presentation of
Staff's Analysis or
Views**

Pages 25 and 27

Questions: Mr. Bradbury, FIN (ext. 39034)
Ms. Manno, FIN (ext. 38175)
Mr. Nana, FIN (ext. 38849)

Annex VI. Illustrative Financial Statement Disclosures (Option 1 and Option 2)

Option 1: Ring-fencing within Special Reserve

Statements of Changes in Reserves, Resources, and Retained Earnings for the Financial Years Ended April 30, 2020, and 2019

(in millions of SDRs)

General Resources Account										Total
Note	Special Reserve			General Reserve			Investment account retained earnings	Special Disbursement Account Resources		
	Reserve	Remeasurement of defined benefit obligations	Special Reserve Total	Reserve	Remeasurement of defined benefit obligations	General Reserve Total				
Balance at April 30, 2018		8,877.0	1,137.0	10,014.0	10,269.0	401.0	10,670.0	658.0	9.0	21,351.0
Net income		150.0		150.0	151.0		151.0	689.0		990.0
Other comprehensive loss			(182.0)	(182.0)		(183.0)	(183.0)			(365.0)
Total comprehensive income/(loss)	16	150.0	(182.0)	(32.0)	151.0	(183.0)	(32.0)	689.0		625.0
Transfer of Investment Account income	16	125.0		125.0	126.0		126.0	(251.0)		
Balance at April 30, 2019		9,152.0	955.0	10,107.0	10,546.0	218.0	10,764.0	1,096.0	9.0	21,976.0
Net income/(loss)		1,011.0		1,011.0	-			431.0	(9.0)	1,433.0
Other comprehensive income/(loss)			(2,880.0)	(2,880.0)						(2,880.0)
Total comprehensive income/(loss)	16	1,011.0	(2,880.0)	(1,869.0)	-			431.0	(9.0)	(1,447.0)
Transfer of Investment Account income	16	319.0		319.0				(319.0)		
Balance at April 30, 2020		10,482.0	(1,925.0)	8,557.0	10,546.0	218.0	10,764.0	1,208.0	-	20,529.0

Note: Example assumes application to IAS 19 gains and losses from FY20 onwards. This is for illustration purposes only as the decision approved at the April Income paper discussion allocated the full FY20 GRA net loss to the Special Reserve.

Annex VII. IAS 19—Assessment of Comparator Institutions

Entity	GAAP	Presentation of defined benefit remeasurement ¹	Where are defined benefit remeasurements reflected in the statement of changes in equity/resources?
Bank of Canada	IFRS	Option 1	Ring-fenced in retained earnings
EBRD	IFRS	Option 1	Ring-fenced in retained earnings
Bank for International Settlements	None	Option 2	Separate account within equity
Reserve Bank of Australia	AAS	Option 2	Separate account within equity
South African Reserve Bank	SARB Act	Option 2	Separate account within equity
African Development Bank	IFRS	Option 2	Separate account within equity
IBRD	US GAAP ²	N/A	N/A. Disclosed in notes to the financial statements. ³
Asian Development Bank	US GAAP	N/A	N/A. Disclosed in notes to the financial statements. ⁴
Bank of England	IFRS	N/A	Retained Earnings
Reserve Bank of New Zealand	NZ accounting standards	N/A	Operating expenses
IMF	IFRS	N/A	Included fully in special/general reserve, not ringfenced at the moment.

¹ Under option 1+2 remeasurement gains/losses on post-employment benefits are recorded in a separate reserve or account within equity and shown separately in the statement of changes in equity/reserves.

² Under IAS 19, actuarial gains and losses are recognized in OCI and are never recycled to net income in subsequent periods but may be transferred within equity (e.g., from OCI into retained earnings). US GAAP allows entities to recognize actuarial gains and losses in OCI or net income initially. Subsequently, any gains or losses recognized in OCI are recognized in net income under a 'corridor' approach. Under this approach, a corridor is calculated at 10 percent of the greater of the defined benefit obligation or the market-related value of plan assets. Cumulative actuarial gains and losses in excess of the corridor are amortized on a straight line basis to net income over the expected average remaining working lives of plan participants.

³ IBRD does not show the actuarial gains/losses separately in the main statements. Disclosure is made in the note on accumulated comprehensive income note, which shows the amount in accumulated comprehensive income resulting from actuarial gains/loss. IBRD allocates part of net income, excluding the aforementioned amounts in OCI, to a pension reserve, which consists of the difference between the cumulative actual funding of the pension and postretirement benefits plans, and the cumulative accounting income or expense for these plans, from prior fiscal years. This is disclosed in the reserve note.

⁴ Asian Development Bank does not show the actuarial gains/losses separately in the Statement of Changes in Equity. The portion of accumulated comprehensive income attributable to unrealized actuarial gains/losses is disclosed in the note on accumulated comprehensive income.