

## HOE LEES IK DIT ?

- **BANK FOR INTERNATIONAL SETTLEMENTS**  
BIS PAPERS n 71: “ **CENTRAL BANK FINANCES** ”
- DE BIB IS DE CENTRALE BANK DER CENTRALE BANKEN;
- IN DEZE “PAPER” WORDEN DE BOEKHOUDMETHODES BESPROKEN VAN CENTRALE BANKEN, HIER MEER BEPAALD DIE VOOR DE VERWERKING VAN “DE INKOMSTEN” VOOR CENTRALE BANKEN;
- DE METHODE “FAIRE VALUE THROUGH EQUITY” IS DE METHODE WELKE DE ECB (EN DUS OOK DE NBB) HANTEERT;
- SAMENGEVAT:
  - 1) ENKEL GEREALISEERDE RESULTATEN WORDEN VERWERKT VIA DE RESULTATENREKENING,
  - 2) NIET GEREALISEERDE RESULTATEN WORDEN GEBOEKT IN HERWAARDERINGSREKENINGEN (TOT REALISATIE),
- “ **HERWAARDERINGSREKENINGEN ZIJN BALANSPOSTEN WELKE EFFECTIEF DEEL UITMAKEN VAN HET EIGEN VERMOGEN** ”
- “ DAT ONGEREALISEERDE WINSTEN (HERWAARDERINGSREKENINGEN) DEEL UITMAKEN VAN HET EIGEN VERMOGEN IS IN OVEREENSTEMMING MET HET IDEE DAT **ZULKE MEERWAARDEN TOEBEHOREN AAN DE EIGENAARS** ”

## WAT DENK IK DAN ?

- DE BIB HANTEERT DE ZIENSWIJZE: **DE CENTRALE BANK IS EIGENAAR VAN HAAR ACTIVA (GOUDVOORRADEN), HET VERMOGEN VAN DE VENNOOTSCHAP HOORT TOE AAN HAAR AANDEELHOUDERS !!**
- DIT IS DE ENIGE MANIER WAAROP EIGENDOMSRECHTEN KUNNEN WORDEN UITGEVOERD !!
- **WIE ZIJN DE EIGENAARS VAN DE VENNOOTSCHAP NBB ? VOLGENS ARTIKEL 4 VAN DE STATUTEN OOK!**
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## EN WAT DENKT U ?



BANK FOR INTERNATIONAL SETTLEMENTS

# BIS Papers

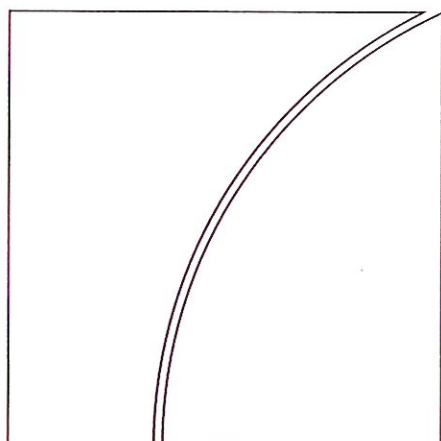
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## Central bank finances

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sheets of 16 central banks by the three standard methods used to value instruments and recognise income (see box below). The results are shown in Figure 5, on the basis of five-year averages (2006 to 2010).

The three combinations of valuation and income recognition shown in Figure 5 are (consistent with the terminology presented in the box):

- The proportion of the total balance sheet that is treated according to fair value through P&L is shown by the proportion of blue (labelled "Revaluations go to P&L" in the key to the figure) in each central bank's rectangle.<sup>41, 42</sup>
- The proportion treated according to fair value through equity is shown in green (labelled "Revaluations go to equity" in the key).<sup>41, 42</sup>
- The proportion treated according to amortised cost (sometimes called "historic cost") is shown in red (labelled "Not revaluing" in the key).<sup>41</sup>
- Where one of the three accounting methods is not used at all, we insert a hairline-width placeholder.

### Three common accounting treatments for income:

Accounting for income arising from financial positions involves choices on both the *valuation* of assets and liabilities, and the *recognition of income* arising from changes in value. There are three common combinations of valuation and income recognition. They are:

**Fair value through Profit and Loss (P&L).** Assets and liabilities are measured at "fair values" (often indicated by market values), and all changes in value as well as accruals are recognised as income (hence being reflected in the P&L statement).

**Fair value through equity.** Assets and liabilities are measured at fair value, but only accruals and realised gains and losses (from sales) are included in the P&L account. Unrealised changes in value are not recorded as profit/loss but are instead recorded either (i) directly in revaluation accounts (balance sheet items that effectively constitute part of equity) or (ii) in the statement of Other Comprehensive Income, which flows into the reporting entity's equity. That these unrealised changes in value are considered equity items is consistent with the idea that such changes in value belong to the owners.

**Amortised cost/face value.** Assets and liabilities are not revalued but are instead recorded at their acquisition (or some other historic cost) or face value if appropriate, amortised for premiums paid or discounts received. There is thus no recognition of income from changes in market values (or other indicators of current value) – if such changes occur for the instrument being accounted.

In all three cases, regular contractual flows of interest payments and receipts (if applicable) are recorded as income.

<sup>41</sup> The overall width of the rectangle depicted for each central bank is scaled to the sum of assets and liabilities, except equity, of that central bank, averaged over the five years to 2010. The relative width of each coloured block within the rectangle is calculated from the average shares over the five years of the assets and liabilities that were subject to the corresponding accounting treatment.

<sup>42</sup> For central banks using the ESCB accounting methodology, or similar asymmetric treatments of revaluation income, the proportions of the balance sheet shown as being treated as fair value through equity are overstated, and the proportions shown as fair value through P&L a correspondingly understated. This is because the asymmetric treatment routes part of the income (all gains) to revaluation accounts, and part (losses greater than the corresponding revaluation account buffer) to P&L. The proportions treated each way thus vary with circumstances. For simplicity, all assets and liabilities subject to asymmetric treatment are shown as being revaluing to revaluation accounts in equity.