

Application of accrual principles to debt arrears

Time of recording and treatment of arrears should be harmonized in the various macro-economic statistics.

No transactions should be imputed when a liability goes into arrears (i.e., the debt continues to be recorded in the original instrument).

If the original contract provided for a change in the characteristics of a financial instrument when it goes into arrears, this change should be recorded as a reclassification in the other change in volume of assets account.

If the contract is renegotiated, the consequences are to be recorded as new transactions.

It was suggested that consideration of these issues should be included in the paper concerning non-performing loans which the IMF has agreed to prepare.