

Addition to Guide for the completion of statistical returns by public-sector institutions, April 2005

1.2 Valuation

The current market price or fair value of a derivative financial instrument represents the value of a claim of one party to the derivative contract on another party on the date to which the reporting form relates. The current market value of assets and liabilities implicit in derivative contracts should therefore be valued at fair value. In determining the fair value of derivative financial instruments observable prices in the financial markets should be used to marked-to-market these instruments. In the absence of observable prices, valuation techniques based on financial models or the net present value of future cash flows could be applied.

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