

**25 October 2021**

John Stanford  
Technical Director  
International Public Sector Accounting Standards Board  
277 Wellington Street West  
Toronto Ontario M5V 3H2  
Canada

Dear John,

**IPSASB Exposure Draft 76, Conceptual Framework Update: Chapter 7, Measurement of assets and liabilities in financial statements**

The Institute of Certified Public Accountants of Kenya (ICPAK) welcomes the opportunity to comment on the Exposure Draft (ED) 76, Conceptual Framework update: Chapter 7, Measurement of assets and liabilities in financial statements.

Please find below the responses which we have provided to the questions raised in the Exposure Draft.

Kindly contact us using the details below should you require any additional information or clarification; [cliff.nyandoro@icpak.com](mailto:cliff.nyandoro@icpak.com) Tel: +254 721 578 138.

CPA Cliff Nyandoro



Head of Technical Services  
(Accounting and Auditing Standards)  
For: Professional Standards Committee

EXPOSURE DRAFT 76, CONCEPTUAL FRAMEWORK UPDATE: CHAPTER 7,  
MEASUREMENT OF ASSETS AND LIABILITIES IN FINANCIAL STATEMENTS

**1. Specific Matter for Comment 1:**

ED 76 proposes a measurement hierarchy. Do you agree with the three-tier hierarchy?  
If not, why not? How would you modify it?

*Yes, we agree with the proposed three-tier hierarchy.*

**2. Specific Matter for Comment 2:**

Do you agree with the proposed inclusion of fair value as a measurement basis for assets and liabilities with the same definition as in IFRS 13, *Fair Value Measurement*, in the Conceptual Framework?  
If not, why not?

*Yes, we agree.*

**3. Specific Matter for Comment 3:**

Do you agree with the proposed inclusion of current operational value as a measurement basis for assets in the Conceptual Framework?  
If not, why not?

*The Exposure Draft includes an Alternative View on current operational value.*

*Yes, we agree with the proposed inclusion of current operational value as a measurement basis for assets. However, we propose additional guidance be provided on accounting treatment of similar assets to enable comparability because the entity specific asset measurement approach is quite judgmental.*

**4. Specific Matter for Comment 4:**

It is proposed to substitute a general description of value in use (VIU) in both cash-generating and non-cash-generating contexts, for the previous broader discussion of VIU. This is because the applicability of VIU is limited to impairments. Do you agree with this proposed change?  
If not, why not? How would you approach VIU instead and why?

*We agree.*

**5. Specific Matter for Comment 5:**

Noting that ED 77, *Measurement*, proposes the use of the cost approach and the market approach as measurement techniques, do you agree with the proposed deletion of the following measurement bases from the Conceptual Framework:

- Market value—for assets and liabilities; and
- Replacement cost—for assets?

If not, which would you retain and why?

*Yes, we agree to the proposed deletion.*

**6. Specific Matter for Comment 6:**

The IPSASB considers that the retention of certain measurement bases that were in the 2014 Conceptual Framework is unnecessary. Do you agree with the proposed deletion of the following measurement bases from the Conceptual Framework?

- Net selling price—for assets -only used in inventories
- Cost of release—for liabilities -only used in liabilities
- Assumption price—for liabilities -only used in liabilities

If not, which would you retain and why?

*We would propose the retaining of the Net selling price—for assets -only used in inventories.*

**7. Specific Matter for Comment 7:**

Are there any other issues relating to Chapter 7: Measurement of Asset and Liabilities in Financial Statements of the Conceptual Framework that you would like to highlight?

*None for now.*