



Republic of Kenya



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Specific Matter for Comment 1: Prudence

In paragraphs 3.14A and 3.14B, the IPSASB has provided guidance on the role of prudence in supporting neutrality, in the context of qualitative characteristic of faithful presentation. Paragraphs BC3. 17A- BC3. 17E explain the reasons for this guidance. Do you agree with this approach?

If not, why not? How would you modify these paragraphs

Comment: PSASB agrees with the IPSASB's guidance on the role of prudence to support neutrality. It enhances the understanding and application of the qualitative characteristic of faithful presentation.

Specific Matter for Comment 2: Obscuring information as a Factor Relevant to Materiality Judgements

In discussing materiality in paragraph 3.32 the IPSASB has added obscuring to misstating or omitting information as factors relevant to materiality judgements. The reasons for this addition are paragraphs BC3.32A and BC3.32B.

Do you agree with the addition of obscuring information to factors relevant to materiality judgements? If not, why not?

Comment: PSASB agrees with the addition of the word obscuring to misstating and omitting as factors relevant to materiality judgements. We also agree with the basis of conclusions in Para BC3.32A and 32B arising from the revisions of the 2018 conceptual framework IAS 1 and IAS 8 by IASB.

Specific Matter for Comment 3: Rights- Based Approach to a Resource

Paragraphs 5.7A – 5.7 G reflect a rights- based approach to the description of resources in the context of an asset. The reasons for this approach are in paragraphs BC5.3A-BC5.3F.

Do you agree with the proposed change? If not, why?

Comment: Agreed. The use of rights-based approach to describe resources in the context of an asset, in PSASB's view has improved the understating of an asset itself and further enhanced the definition of this element.



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Specific Matter for Comment 4: Definition of a liability

The revised definition of a liability is in paragraph 5.14

A present obligation of the entity to transfer resources as a result of past events

The reasons of the definition are in paragraphs 5.18A-5.18 H. Do you agree with the revised definition? If you do not agree with the revised definition, what definition do you support and why?

Comment: PSASB agrees with the change in the definition of a liability. However, in line with IPSAS 23, the use of the word transfers in public sector connotes a different meaning that should be differentiated to avoid confusing the constituents.

Specific Matter for Comment 5: Guidance on the Transfer of Resources

The IPSASB has included guidance on the transfer of resources from 5.16 A-5.16F of the section on Liabilities. The reasons for including this guidance are on paragraphs BC5.19A-BC5. 19D. Do you agree with this guidance? If not, how would you modify it?

Comment: PSASB agrees with the guidance as it provides clarity on transfer of resources and the rationale for change from ' an outflow of resources. However, as indicated above, IPSASB may consider including a paragraph in the basis of conclusion to differentiate between these transfers and transfers in the context of IPSAS 23.

Specific Matter for Comment 6: Revised Structure of Guidance on Liabilities

In addition to including guidance on the transfer of resources, the IPSASB has restructured the guidance on liabilities so that it aligns better with the revised definition of a liability. This guidance is in paragraphs 5.14 A- 5.17D. Paragraphs BC5.18H explains the reasons for restructuring. Do you agree with this restructuring? If not, how would you modify it?

Comment: PSASB agrees with the restructuring as it provides more clarity on guidance on liabilities.



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Specific Matter for Comment 6: Unit of Account

The IPSASB has added a section on Unit of Account in paragraphs 5.26 A- 5.26 J. The reasons for proposing this section are in paragraphs BC5.36 A- BC5. 36 C. Do you agree with the addition of a section on Unit of Account and its content? If not, how would you modify it and why?

Comment: PSASB agrees with the inclusion of the Section on Unit of Account as it clarifies better the recognition and measurement of assets and liabilities and for the reasons given in the Basis for Conclusions (BC5.36 A- BC5. 36C).

Specific Matter for Comment 6: Accounting Principles for Binding Arrangements that are Equally Unperformed.

The IPSASB took the view that guidance on accounting principles for binding arrangements that are equally unperformed should be included in the Conceptual Framework, but that a separate section on the accounting principles for such binding arrangements is unnecessary. These principles are included in paragraphs 5.26 G- 5.26 H of the section on Unit of Account. The explanation is at paragraphs BC5. 36 D- BC5. 36 F.

Do you agree that

- a) Guidance on principles for binding arrangements that are equally unperformed is necessary, and if so
- b) such guidance should be included in the Unit of Account Section, rather than in a separate section

If you do not agree, please give your reasons.

Comment: PSASB agrees with the inclusion of the accounting principles for binding arrangements that are unequally performed under the section on Unit of Account.