

Institute of Certified Public Accountants of Kenya
CPA Centre, Ruaraka, Thika Road.
P. O. Box 59963 – 00200 Nairobi, Kenya
Tel: (020) 2304226/7; 8068570/1
Mobile: (+254) 727531006 / 733856262 / 721469796
Fax: (020) 8562206

Drop in box no. 164 Revlon Professional Plaza



Our Ref: PSD/ED08/2016

Thursday, 28 April 2016

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

Dear Mr Stanford,

RE: Exposure Draft ED 59: Proposed Amendments to International Public Sector Accounting Standard (IPSAS) 25, Employee Benefits

The Institute of Certified Public Accountants of Kenya (ICPAK) welcomes the opportunity to comment on the Exposure Draft (ED 59) - *59: Proposed Amendments to International Public Sector Accounting Standard (IPSAS) 25, Employee Benefits*, issued by the International Public Sector Accounting Standards Board (IPSASB) of IFAC.

The Institute supports the approach taken in this ED that aligns s, as far as possible, IPSAS 25 with International Accounting Standard (IAS) 19. Since IPSAS 25 was modelled along the earlier IAS 19 which has undergone several amendments since 2004, the current process of amending IPSAS 59 is mainly to align it to the revised IAS 19 and obtain necessary convergence. Those revisions to IAS 19 have made application more clear and linear, and have generally been non-controversial. We support the proposed amendments particularly the proposal to remove the 'corridor approach' from IPSAS 25, which will result in all changes in the present value of plan assets being recognised in the period in which they are incurred.

We also noted and support the board's decision in its continued divergence with IAS 19 in respect of determining the rate used to discount the post-employment defined benefit obligations. We believe that entities should be permitted to select the most appropriate discount rate based on their asset profile.

Institute of Certified Public Accountants of Kenya
CPA Centre, Ruaraka, Thika Road.
P. O. Box 59963 – 00200 Nairobi, Kenya
Tel: (020) 2304226/7; 8068570/1
Mobile: (+254) 727531006 / 733856262 / 721469796
Fax: (020) 8562206

Drop in box no. 164 Revlon Professional Plaza



Our Ref: PSD/ED08/2016

We have included our responses to each of the Specific Matters for Comment in an appendix to this letter.

If you would like to discuss these comments further, please contact the undersigned on nixon.omindi@icpak.com.

Yours Faithfully,

A handwritten signature in black ink, appearing to read 'Nixon Omindi', is positioned below the text 'Yours Faithfully,'.

Nixon Omindi

For Professional Standards Committee

Specific Matter for Comment 1

Do you agree with the proposals in the Exposure Draft for revision of IPSAS 25? If not, please indicate what proposed amendments you do not agree with and provide reasons.

Yes. The Institute agrees with the proposed revisions of IPSAS 25 contained in ED 59 as it aligns the standard with IAS 19 and obtain necessary convergence in application of the principles in the public sector.

Specific Matter for Comment 2

IPSAS 25 currently includes a section on Composite Social Security Programs (paragraphs 47-49). The IPSASB is considering deleting this section because the IPSASB is not aware that it has been applied in any jurisdiction. If you do not agree that this section should be deleted, please provide a reason for your response along with any proposed revisions.

We agree to the deletion as it does not apply in our jurisdiction and neither have we noted in any jurisdiction we interact with.

Comments on grammar and spelling

- *The grammar amendments to paragraph 50 do not sound right. This should be reverted to old text.*