



Republic of Kenya



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Ross Smith

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International Federation of Accountants
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Dear **Ross Smith**

EXPOSURE DRAFT 80: Improvements to IPSAS, 2021

The Public Sector Accounting Standards Board, Kenya is pleased to submit its comments on **ED 80: Improvements to IPSAS, 2021.**

The Public Sector Accounting Standards Board (PSASB), Kenya was established by the Public Finance Management Act (PFM) No.18 of 2012. The Board was gazetted by the Cabinet Secretary, National Treasury on 28th February 2014 and has been in operation since.

The Board is mandated to provide frameworks and set generally accepted standards for the development and management of accounting and financial systems by all state organs and Public entities in Kenya and to prescribe internal audit procedures which comply with the Public Finance Management Act, 2012.

PSASB Kenya welcomes the improvements proposed in the Exposure Draft 80 and our submissions on the improved sections of the standards is documented in the attachment for your consideration.

FREDRICK RIAGA
CHIEF EXECUTIVE OFFICER

Promoting Sound Financial Reporting and Internal Audit Standards in the Public Sector

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| IPSAS | Summary of Proposed Change in ED 80 | PSASB Comment |
|---|---|--|
| RPG 1, Reporting on the Long-Term Sustainability of an Entity's Finances | Indicate in the Basis for Conclusions that the Conceptual Framework and Social Benefits projects were completed. | PSASB agrees with the General Improvements to IPSAS relating to RPG 1 as presented in ED 80. |
| IPSAS 22, Disclosure of Financial Information About the General Government Sector | Updated to refer to latest edition of System of National Accounts, 2008 (2008 SNA). | PSASB agrees with the General Improvements to IPSAS |
| IPSAS 29, Financial Instruments: Recognition and Measurement (as applicable prior to the adoption of IPSAS 41, Financial Instruments) | <p>Proposes two types of amendments to the IPSASB's literature</p> <ul style="list-style-type: none"> a. Pre-replacement issues- temporary exceptions to the highly probable requirement, prospective assessments and separately identifiable risk components b. Replacement Issues <p>The ED proposes providing practical relief from changes to interest rate benchmark reform to both IPSAS 29 financial instruments; recognition and measurement applicable to prior and after adoption of IPSAS 41</p> | PSASB agrees with General Improvements to this IPSAS that provides practical relief from changes to interest rate benchmark reform prior and after adoption of IPSAS 41 Financial Instruments. |
| IPSAS 39, Employee Benefits. | Delete "composite" from the term "composite social security programs". | PSASB agrees with the deletion on this General Improvements to IPSAS |
| IPSAS 1, Presentation of Financial Statements. | Classification of liabilities amendments clarify a criterion in IAS 1 for classifying a liability as non-current; the requirement for an entity to have the right to defer settlement of the | PSASB agrees with the four clarifications provided by this ED in the quest to achieve IFRS Alignment Improvements to IPSAS |

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| | liability for at least 12 months after the reporting period | |
| IPSAS 17, Property, Plant, and Equipment. | Prohibit proceeds from selling items produced before asset is available for use to be deducted from the cost of property, plant, and equipment | PSASB agrees with IFRS Alignment Improvements to IPSAS provided in ED 80 in relation to IPSAS 17. |
| IPSAS 19, Provisions, Contingent Liabilities and Contingent Asset | Clarify the costs of fulfilling a contract when assessing whether a contract will be onerous | PSASB agrees with IFRS Alignment Improvements to IPSAS provided in ED 80 in relation to IPSAS 19 |
| IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). | Extend the exemption to allow cumulative translation differences to be based on the controlled entity's financial statements on date of adoption of IPSAS | PSASB agrees with IFRS Alignment Improvements to IPSAS provided in ED 80 in relation to IPSAS 33 |
| IPSAS 41, Financial Instruments, IPSAS 29, Financial Instruments: Recognition and Measurement (as amended by IPSAS 41), and IPSAS 30, Financial Instruments: | Interest Rate Benchmark Reform amendments are explained in more detail on page 3. | PSASB agrees with IFRS Alignment Improvements to IPSAS provided in ED 80 in relation to IPSAS 41 |
| IPSAS 41, Financial Instruments | Clarify the fees to include when applying the '10 percent' test to derecognize a financial liability. | PSASB agrees with IFRS Alignment Improvements to IPSAS provided in ED 80 in relation to IPSAS 41 |