

Ref: PSASB 1/12 Vol. IV (132)

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Ross Smith

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Dear *Ross Smith*

EXPOSURE DRAFT 91 LIMITED-SCOPE UPDATES TO FIRST-TIME ADOPTION OF ACCRUAL BASIS INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS (AMENDMENTS TO IPSAS 33).

The Public Sector Accounting Standards Board Kenya (PSASB) is mandated by section 194 of the Public Finance Management Act of Kenya, 2012, to prescribe frameworks and set generally accepted standards for the development and management of accounting and financial systems by all State organs and public entities.

We thank the IPSASB for publishing the proposal to amend IPSAS 33 (First-Time Adoption of Accrual Basis International Public Sector Accounting Standards) to restructure the existing authoritative guidance and include non-authoritative guidelines.

PSASB's comments on the Exposure Draft are outlined in the appendix to this letter.

Yours *Sincerely*



CPA GEORGINA MUCHAI
Ag. CHIEF EXECUTIVE OFFICER

Responses to Exposure Draft 91: Limited-scope updates to First-Time adoption of accrual basis International Public Sector Accounting Standards (IPSAS) (Amendments to IPSAS 33)

The objective of this ED is to propose amendments to IPSAS 33 by restructuring the existing authoritative guidance into a more understandable and user-friendly structure, promote the election of exemptions to apply IPSAS incrementally and as soon as possible and add a substantial amount of new non-authoritative guidance to better support first-time adopters in using IPSAS 33. The ED does not propose any changes to the objective, scope, or available exemptions in IPSAS 33.

Specific Matter for Comment 1

The IPSASB agreed to undertake this limited scope project to address stakeholder concerns in the application of IPSAS 33, to improve its effectiveness and user-friendliness. In response, the IPSASB propose to amend IPSAS 33 as follows:

- a. To revise authoritative text and Basis for Conclusions by rearranging the guidance by topic.
- b. To revise guidance to improve understandability and reduce duplication.
- c. To revise relevant guidance to encourage the first-time adopter to apply IPSAS incrementally and as soon as possible by emphasizing the choice to elect to apply or not apply the available exemptions.
- d. To add non-authoritative guidance (particularly under implementation guidance) to support the understanding and application of IPSAS 33; and
- e. To add non-authoritative guidance on the pre-adoption planning and preparation phase of the transition to accrual basis IPSAS.

Do you agree with the proposed amendments? If not, please explain your reasons.

PSASB Kenya supports the amendments as they will enhance the user-friendliness and clarity of the standard. With reduced duplication and additional guidance, the revisions will make the application of IPSAS 33 much easier to first time adopters.

Specific Matter for Comment 2

The definition of "deemed cost" was previously deleted from the IPSAS 33 as a consequential amendment through IPSAS 46, Measurement. The IPSASB agreed that the definition of "deemed cost" is important for the understanding of the exemptions in the Standard relating to the use of deemed cost, and therefore propose to include a copy of the IPSAS 46 definition of deemed cost in IPSAS 33.

Do you agree with the inclusion of the definition of "deemed cost"? If not, please explain your reasons.

PSASB Kenya agrees with the proposal. During the first time adoption, the application of deemed cost is significantly valuable and fundamental, especially where the historical value of assets is unavailable.