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Our Ref: PSD/ED005/2014

14 February 2014

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

Dear Stephanie,

RE: Exposure Draft ED 50: Investments in Associates and Joint Ventures

The Institute of Certified Public Accountants of Kenya (ICPAK) welcomes the opportunity to comment on the Exposure Draft (ED 50) – Investments in Associates and Joint Ventures, issued by the International Public Sector Accounting Standards Board (IPSASB) of the International Federation of Accountants (IFAC).

We acknowledge the Boards initiative to align the IPSAS along the basis on IFRSs as issued by the International Accounting Standards Board (IASB). We believe the proposals in the exposure draft; proposed scope is limited to investments where there are “quantifiable ownership interests” and exclusion of special treatment for temporary control/ significant influence reduces the element of subjectivity and ambiguity while accounting for investment in Associates and Joint Ventures.

We have included our responses to each of the Specific Matters for Comment and IPSASB’s Preliminary view in an appendix to this letter.

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

Yours Faithfully,

Nixon Omindi
For Professional Standard Committee

Specific Matter for Comment 1

Do you generally agree with the proposals in the Exposure Draft? If not, please provide reasons.

Yes. We are in agreement with the proposals.

Specific Matter for Comment 2

Do you agree with the proposal that the scope of the Exposure Draft be restricted to situations where there is a quantifiable ownership interest?

We are in agreement with the proposal to restrict the scope of this standard to situations where there is a quantifiable ownership interest. This is because of the many situations that can arise where the government funds different activities for the public good in a number of entities that have other options of sourcing funds. The ownership interest may not be quantifiable in such situations.

Specific Matter for Comment 3

Do you agree with the proposal to require the use of the equity method to account for investments in joint ventures? If not, please provide reasons and indicate your preferred treatment.

We agree with the use of equity method to account for investments in joint ventures.