



Republic of Kenya



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**CANADA**

**EXPOSURE DRAFT 69: PUBLIC SECTOR SPECIFIC FINANCIAL INSTRUMENTS:  
AMENDMENTS TO IPSAS 41, FINANCIAL INSTRUMENTS**

The Public Sector Accounting Standards Board, Kenya is pleased to submit its comments on **ED 69: Public Sector Specific Financial Instruments: Amendments to IPSAS 41, Financial Instruments**. The clarity provided by the Exposure Draft on additional guidance with respect to public sector specific financial instruments will improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about these instruments.

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 28<sup>th</sup> 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 response is documented in the attachment for your consideration.

With kind regards,

**CPA FREDRICK RIAGA**  
**CHIEF EXECUTIVE OFFICER, PUBLIC SECTOR ACCOUNTING STANDARDS BOARD**

**PSASB's Response to ED 69: Public Sector Specific Financial Instruments: Amendments to IPSAS 41**

**Specific Matter for Comment**

Do you agree with the proposed amendments to IPSAS 41, Financial Instruments? If not, what changes would you make to the proposal?

**PSASB's response**

*PSASB agrees with the proposed amendments to IPSAS 41, Financial Instruments. PSASB has considered the specific public sector financial instruments and agrees that although monetary gold shares many characteristics with cash, it's not a financial instruments because there is no contractual right to receive cash or another financial asset. We are also in agreement that paragraph 9-15 of IPSAS 3 is sufficient to provide guidance while an entity is assessing all facts specific to holding monetary gold. PSASB also agrees with the guidance provided that currency in circulation, IMF Quota and Special Drawing Rights are financial instruments. The amendments to IPSAS 41 will provide guidance and clarity to constituents on classification and measurement of public sector financial instruments with an aim of ensuring that information produced meets all the qualitative characteristics of general purpose financial statements.*