



Institute of Certified Public Accountants of Kenya

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Friday, July 29, 2005

CL 31

To Warren McGregor
IASB Member
International Accounting Standards Board
30 Cannon Street
London EC4M 6XH
United Kingdom

Dear Sir,

RE: Comments on Draft Memorandum of Understanding on the role of Accounting Standard Setters and their relationship with IASB.

We refer to the Draft Memorandum of Understanding and wish to observe that the proposals contained therein are timely and will indeed enhance the working relationships between IASB and Standard Setters.

We reiterate our support and commitment to working together with IASB in fulfilling its objective of developing and enforcing high quality accounting standards. Indeed, ICPAK spearheaded the adoption of IFRSs in the Kenya as far back as 1999.

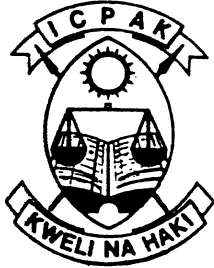
Our comments on specific aspects of the Memorandum are included below.

Yours faithfully,

Caroline J. Kigen
Director Professional Services



A member of Eastern Central and Southern African Federation of Accountants &
International Federation of Accountants



**Institute of
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of Kenya**

**COMMENTS ON DRAFT MEMORANDUM OF
UNDERSTANDING ON THE ROLE OF
ACCOUNTING STANDARD SETTERS AND
THEIR RELATIONSHIP WITH IASB**

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Working With Regulators

We agree with paragraph 2.3 & 2.4 that the national and regional accounting standard-setters, not the IASB, should take the prime responsibility for identifying and dealing with domestic regulatory barriers to adopting or converging with IFRSs.

Communication

We agree with paragraphs 3.15, 3.16, 3.17, 3.18, 3.19, 3.20, 3.21, 3.22 on communication.

We wish to reiterate the need to provide adequate time to ensure substantive and relevant responses to consultative documents issued by the IASB are prepared by standard setters. However, there should be a provision that the IASB can revise the time allocated for comments where there is overwhelming requests by standard setters and where the additional time is deemed necessary to facilitate substantive contributions.

Project role

ICPAK believes that proposal expressed in paragraphs 4.7, 4.8 & 4.9 are appropriate. However, a provision should be included that the IASB will maintain database of research projects being undertaken and provide information on the progress made on those projects. Such information should be updated regularly and be accessible to standard setters.

Comment Role On IASB Consultative Documents

ICPAK agrees with the proposal in paragraph 5.4. Standard setters should only provide timely comments to IASB on consultative documents, particularly on those issues that are of particular importance to their constituents or on which a standard-setter considers it can best contribute.

Application of Standards.

We agree with the recommendations in paragraph 6.6 and 6.7.

Interpretation:

ICPAK agrees with paragraph 7.6, 7.7 & 7.8. However, the language used in paragraph 7.7 may need to be modified ie replace “.....should issue its own interpretation only when it is compatible with IFRSs” to “.....should issue its own interpretation which should be compatible with IFRSs”.

Further, before adopting the approach expressed in paragraph 7.8, IASB should ensure that the issue in question has been adequately addressed and that all effort has been taken to address the concerns of the standard setter. This is particularly important for developing countries which may face unique problems and issues.

Education

We agree with paragraph 8.4, 8.5 & 8.6 on education. However for the standard-setter to be able to meet requirements as per section 8.5 & 8.6 there is need for closer collaboration between standard-setter and IASB. Further the IASB should make available any materials provided by any standard setter that is used in creating educational materials as well as the educational materials themselves. Standard setters should be encouraged to modify and tailor such materials to suit their own needs.