



**Institute of  
Certified Public Accountants  
of Kenya**

**ICPAK Comments on the Discussion Paper “Measurement  
Bases For Financial Accounting-Measurement on Initial  
Recognition**

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**Re: Comments on Discussion Paper “Measurement Bases for Financial Reporting-  
Measurement on Initial Recognition”**

Thanks for this opportunity to comment on the above Discussion Paper.

We commend the approach of reviewing all the measurement bases contained in the framework and the IFRSs together in one document as this provides an opportunity to reassess the conceptual basis of the various measurement bases used across the IFRSs.

We have gone through the paper which we find it to be comprehensive especially in highlighting the varied circumstances together with their respective available alternatives.

However, we have the following observations regarding the paper;

- Definition of the Current Cost. The difference between reproduction and replacement is not very clear since in our view replacement could encompass reproduction. The terms should be combined.
- On the fair value definition, the replacement of the word settled with exchanged with respect to liabilities does not in our view change the definition. Exchanging in our view is a mode of settlement. The term settled should be retained since it is the ultimate
- The preference of the market value measurement objective assumes public availability of information and knowledgeable market participants. This may be limited in our market and thus in such instances reliance will be placed on entity-specific measurement.
- We recognize that wide bid-ask spreads are indicative of market uncertainties. Therefore, other sources have to be determined for an indicative fair value. These sources could be comparison with securities in similar industries traded in other market jurisdictions.

Please note that we will appreciate if our comments on this paper remain confidential.

We look forward to the release of the exposure draft.

Thanks

Yours Faithfully

Edwin Ruttoh  
**For Chief Executive**