INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
OF UGANDA

Our Ref: STA/001

30 August 2021

IFRS Foundation
Columbus Building
7 Westferry Circus
Canary Wharf
London E14 4HD
United Kingdom

Dear Sir/Madam

EXPOSURE DRAFT AND COMMENT LETTERS—LACK OF EXCHANGEABILITY

The Institute of Certified Public Accountants of Uganda (ICPAU) is pleased to submit comments on the Exposure Draft and comment letters—Lack of Exchangeability as provided in **Appendix 1**.

We hope that the Board finds them helpful.

For any inquiries relating to this comment letter, kindly contact CPA Charles Lutimba by email at clutimba@icpau.co.ug

Yours faithfully,

CPA Mark Omona
DIRECTOR STANDARDS AND REGULATION
For: **SECRETARY/CEO**

Encl (ICPAU's comments on Exposure Draft and comment letters—Lack of Exchangeability)

NNN/…….

Appendix 1

Question 1—Assessing exchangeability between two currencies
Paragraph 8 of the draft amendments to IAS 21 specifies that a currency is exchangeable into another currency when an entity is able to exchange that currency for the other currency. Paragraphs A2–A11 of [draft] Appendix A to IAS 21 set out factors an entity considers in assessing exchangeability and specify how those factors affect the assessment. Paragraphs BC4–BC16 of the Basis for Conclusions explain the Board's rationale for this proposal. Do you agree with this proposal? Why or why not? If you disagree with the proposal, please explain what you suggest instead and why.

Our Response

Yes, ICPAU agrees with the proposed definition of exchangeability and the proposed requirements in paragraphs A5–A11 that specify how an entity assesses whether a currency is exchangeable into another currency.

Question 2—Determining the spot exchange rate when exchangeability is lacking
Paragraphs 19A–19C and paragraphs A12–A15 of the draft amendments to IAS 21 specify how an entity determines the spot exchange rate when a currency is not exchangeable into another currency. Paragraphs BC17–BC20 of the Basis for Conclusions explain the Board's rationale for this proposal. Do you agree with this proposal? Why or why not? If you disagree with the proposal, please explain what you suggest instead and why.

Our Response

Yes, ICPAU agrees with the amendments to IAS 21 specifying how an entity determines the spot exchange rate when a currency is not exchangeable into another currency. ICPAU welcomes the Board's proposal to align the process of how an entity determines spot exchange rate when a currency is not exchangeable into another with the hierarchy in IFRS 13 Fair Value Measurement.

Appendix 1

Question 3—Disclosure
Paragraphs 57A–57B and A16–A18 of the draft amendments to IAS 21 require an entity to disclose information that would enable users of its financial statements to understand how a lack of exchangeability between two currencies affects, or is expected to affect, its financial performance, financial position and cash flows. Paragraphs BC21–BC23 of the Basis for Conclusions explain the Board's rationale for this proposal. Do you agree with this proposal? Why or why not? If you disagree with the proposal, please explain what you suggest instead and why.

Our Response

Yes, ICPAU agrees with the proposed disclosure requirements. We believe these would enable users to understand how a lack of exchangeability affects preparers' financial statements, and the transitions requirements.

Question 4—Transition
Paragraphs 60L–60M of the draft amendments to IAS 21 require an entity to apply the amendments from the date of initial application, and permit earlier application. Paragraphs BC24–BC27 of the Basis for Conclusions explain the Board's rationale for this proposal. Do you agree with this proposal? Why or why not? If you disagree with the proposal, please explain what you suggest instead and why.

Our Response

Yes, ICPAU agrees with the proposed transition requirements.