



INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS OF KENYA

IFRS Workshop 25th to 26th June
Session Three: Integrated Reporting

Content



1. Definition
2. Brief history
3. The Integrated Reporting Framework
4. Benefits and Challenges of Integrated reporting
5. Issues that need to be considered
6. Examples

1. Definition



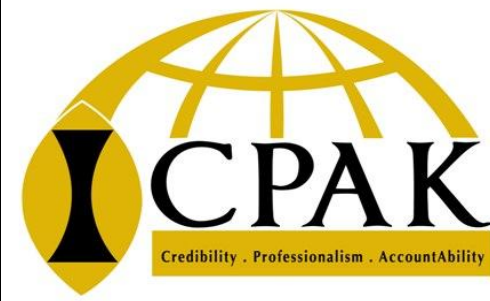
An integrated report is a concise communication about how an organization's strategy, governance, performance and prospects, in the context of its external environment, lead to the creation of value over the short, medium and long term.

1. Brief History



1. PWC: Value reporting Framework -1999
2. Integrated Reporting made mandatory in South Africa -2009
3. Setting up of the International Integrated Reporting Council – August 2010
4. Major Workshop on Integrated reporting- October 2010

1. Brief History



5. Integrated Reporting Discussion Paper
Launched in September 2011

6. Consultation Draft of the International
Framework -April 2013

7. International Integrated Reporting
Framework -December 2013

3. IR Framework



3. 1 Fundamental Concepts

1. Value Creation for the organization and others
2. The capitals
3. Value Creation process

3. IR Framework



3. 2 Six Capitals

1. Financial Capital – Funds like debt and equity
2. Manufactured capital – Physicals like buildings, equipment, roads, bridges
3. Intellectual capital – Patents, softwares
4. Human capital – people e.g. experience

3. IR Framework



3. 2 Six Capitals

5. Social capital – Relationship with communities, groups and other stakeholders i.e. social license

6. Natural capital – Renewable and non renewable resources and processes (water, minerals etc)

3. IR Framework



3. 3 Guiding principles

1. Strategic focus and future orientation
2. Connectivity of information
3. Stakeholder relationships
4. Materiality

3. IR Framework



3. 3 Guiding principles

5. Conciseness

6. Reliability and Completeness

7. Consistency and Comparability

3. IR Framework



3. 4. Content Elements

1. Organizational Overview and external environment
2. Governance
3. Business Model
4. Risks and opportunities

3. IR Framework



3. 4. Content Elements

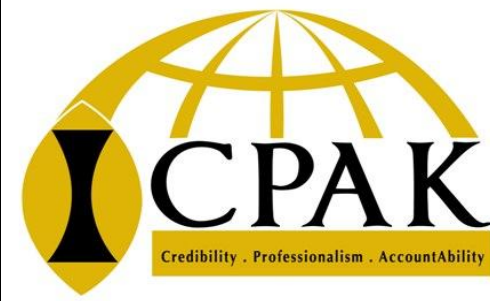
5. Strategy and Resource Allocation

6. Performance

7. Outlook

8. Basis of preparation and
Presentation

4. Benefits & Challenges



4.1 Benefits

1. Emphasizing need for long term planning
2. Thinking about business model in broader terms than money
3. Focus on creating value across the capital

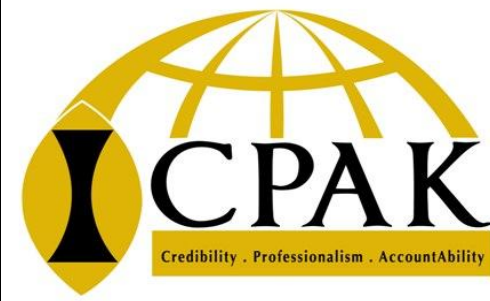
4. Benefits & Challenges



4.1 Benefits

1. Developing a structure of collaboration by breaking down the silos
2. Getting all stakeholders on board.
(Benefits also for each stakeholder)

4. Benefits & Challenges



4.2 Challenges

1. Lack of awareness
2. Preparers feel it is more of a burden – additional reports
3. There are some areas of overlaps
4. Requires time and resources

5. Way forward



1. IR is still work in progress.
2. Companies are still learning but we can improve on reporting.
3. Check www.iirc.org for more information and examples, but companies are on trial.