

A^{the} Accountant

LEARN • EXPLORE • SHARE

SEPTEMBER - OCTOBER 2016

www.icpak.com

Ksh 300
Ushs 9,000
Tshs 5,700
RWF 2,400



CAPPING OF INTEREST RATES *The way forward*

TRANSFER
PRICING
20

GLOBAL
ECONOMIC
MELTDOWN
28

BUYING KENYAN
CAN SAVE THE
ECONOMY
42

CUSTOMER
EXPERIENCE
MANAGEMENT
49



sage One

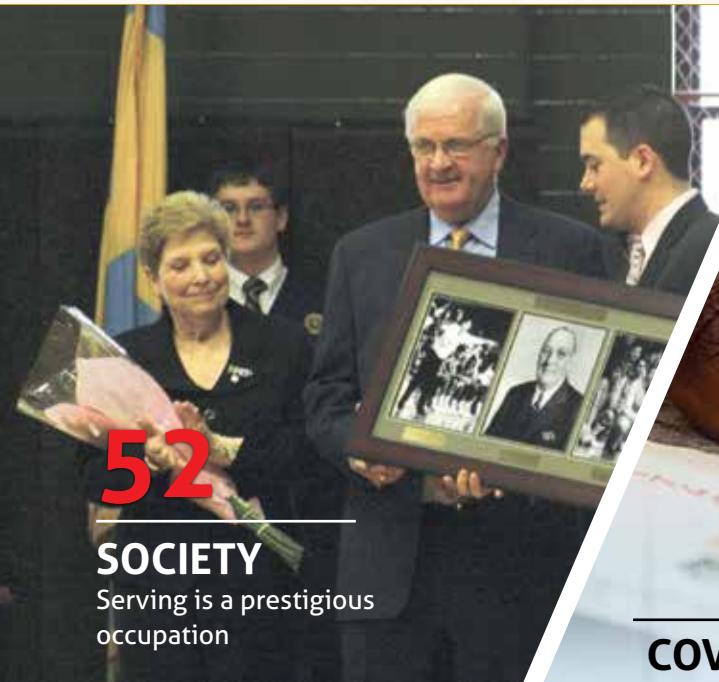
Are you tired of ...

- constantly chasing your clients for their accounting data?
- your office having to support many different versions of accounting software?
- spending unbillable time with data transfers?

***Contact us to learn more about Sage One, the Accountants Edition.
Secure online accounting software for your practice, and for your clients.***

Join the Sage One team on Thursday, 15 September 2016 at the Southern Sun Mayfair at 15:30 to find out more about the Sage One Accountants Edition and how you and your practice can benefit. E-mail anne.wambua@sage.com or call **020 403 6000** to book your seat!

020 403 6000 | sageoneafrica@sage.com
www.sageone.co.ke



52

SOCIETY

Serving is a prestigious occupation



38

COVER STORY

Capping of Interest Rates



54

ENVIRONMENT

Zero tolerance for the illegal trade in wildlife



66

PEN OFF

Regulations – And the need for regular reviews of those regulations



14

MANAGEMENT

The irrefutable value of an agenda in meetings



www.icpak.com

Members of the Council

Chairman
FCPA *Fernandes Barasa*

Vice Chairman
FCPA *Julius Mwatu*

Chief Executive
CPA *Dr. Patrick Ngumi (PhD)*

Council Members

FCPA *Pius Nduatih*
CPA *Wycliffe Shamiah*
CPA *Geoffrey Malombe*
CPA *Obare Nyaga*
CPA *Rose Mwaura*
CPA *Susan Oyatsi*
Ms. *Damaris Kimosop*
CPA *June Kivinda*
CPA *Samuel Okello*

Head of Publication/Editor

Mbugua Njoroge
mbugua.njoroge@icpak.com

Editorial Consultant

Angela Mutiso

Marketing & Advertising

Ideation Marketing
info@ideationmarketing.co.ke
Tel: +254 719 650 423

Staff Writer

Valerie Alusa

Design, Layout & Print
Colour Print

Publication and Circulation

ICPAK, CPA Centre, Thika Road
P.O. Box 59960-00200 City Square, Nairobi Kenya
Tel: +254 20 230 42 26/7
Mob: +254 721 469 796/169,
+254 727 531 006, +254 733 856 262
Fax: +254 20 856 22 06,
Email: memberservice@icpak.com

SHARE YOUR VIEWS



Email: accountant@icpak.com

Address: ICPAK, CPA Centre, Thika Road
P. O. Box 59963 - 00200 Nairobi Kenya

We are pleased to inform you that you can now get a copy of *The Accountant* journal from leading stores, supermarkets and vendors countrywide.

CS National Treasury Mr. Henry Rotich cuts ribbon signifying official opening of CPA Centre. Looking on is FCPA Fernandes Barasa (Chairman) and CPA Dr. Patrick Ngumi (Chief Executive)

Dear Reader,

President Uhuru Kenyatta's signature on the Banking Amendment Bill is a milestone in Kenya's financial sector. The Institute of Certified Public Accountants of Kenya commends the President for this gesture. The Institute is also pleased to note that the Head of State has vindicated ICPAK's earlier position on capping of interest rates. It is clear that the banking sector has been operating on an oligopolistic market mode, where credit pricing is not reflective of market fundamentals and thereby disadvantaging majority of consumers of banking services. The new law opens up a new world of possibilities for Kenyan bank services consumers. Setting lower caps on interest would provide a conducive environment to all.

As the Government prepares to implement the new law in coming weeks, we urge the policy makers to make certain proposals; for example it is critical that the government deals with its growing appetite for domestic debt and focuses on negotiating cheaper loans from external markets to avoid crowding the private sector out of the domestic market. The National Assembly needs to relook this Bill or generate a new Bill that will deal with the same issues under micro finance, shylocks and SACCOs or provide an alternative for vulnerable groups that the Bill intended to protect; Parliament needs to address the issue of capping other banking charges such as transactional cost and insurance. This might be used as pathway to compensate for the lost opportunities under interest rate capping law; Parliament has a duty to cushion users of mobile banking services

against unregulated interest rates. The Institute requests the President consider launching the long-awaited M-Akiba Treasury Bond facility to allow ordinary Kenyans to finance government borrowing through mobile banking as low Kshs 3,000. That is our cover story.

In meetings of whatever type, whether formal or informal, an agenda is paramount; it needs to be set at the beginning of any meeting and discussions. Just like research and survey, an objective must be set in a context before engagement. In corporate governance, agenda setting is paramount. An agenda is like the foundation of deliberations, resolutions and conclusion. If the agenda is not right, the outcomes of meetings become wanting. This fact is important so executives and board members ignore it at their peril. Just like in house-construction, if the foundation is faulty, it will be just a matter of time before a house tragically falls. We have this analysis in management under the heading -the irrefutable value of an agenda in meetings.

Transfer pricing is the general term for the pricing of cross-border, intra-firm transactions between related parties. It refers to the setting of prices for transactions between associated enterprises involving the transfer of property or services. These transactions are also referred to as "controlled" transactions, as distinct from "uncontrolled" transactions between companies that are not associated and can be assumed to operate independently ("on an arm's length basis") in setting terms for such transactions. Significant volume of global trade in the present day consists of international transfers of goods and services, capital and intangibles within a Multinational Enterprise (MNE) group; such transfers are known as "intra-group transactions".

It is noteworthy that a large and growing number of international transactions are no longer governed

entirely by market forces, but driven by the common interests of the entities of a group. In Business practice and development we explain what transfer pricing entails.

About eight years ago, the western world experienced an economic meltdown which economists described as the worst financial crisis since the Great Depression when the stock market crashed in October 29, 1929-throwing the Wall Street in unprecedented panic. The spillovers of that crash were to be felt for the next decade until 1939. Despite the fact that the credit crunch of 2008 was experienced principally in the US and parts of Europe, all economies that trade with the US got the shocks- thanks to systemic risk. This article in our finance and investment segment highlights some of the factors that led to the global debt crisis and experiences arising there from.

The issue of Public Finance Management (PFM) is one of stewardship. A few of us are mandated by the wider population to manage our collective resources for our common good. At the family level, finances must be properly managed, planned for, mobilized effectively and efficiently spent, if the family is to thrive. If the people responsible for doing this, usually the parents, do not undertake this responsibility diligently, the family will often experience cash problems; children will perhaps not continue their education for financial reasons or there will be challenges in accessing quality medical care, among many other challenges; It is the same with nations. You will find this article titled Public finance management perspectives under governance.

Finally, get pleasure from your regular features, like health, inspiration, book review, tid bits, society and pen off.

Mbugua Njoroge

Editor

Britam's subsidiary excites market with fresh investment ideas, eyes more institutional investors

By Magazine Reporter

Diversified financial services company Britam Holdings, is planning to grow the portfolio of investments under its asset-management arm, as it continues to consolidate its position as the market leader in fund management.

Britam Asset Managers Kenya Ltd (BAM), the investment subsidiary of Britam Holding and the largest fund manager by revenue in the country, is a major player in the wealth advisory and management segment and has consistently maintained the lead in the Kenyan market for the past four years.

The Company provides asset and wealth management solutions such as unit trusts, wealth management, property, and discretionary portfolio management.

The dedicated team of 60 professionals works to ensure they not only meet, but also exceed clients' investment needs and fulfill their financial goals. The Capital Markets Authority (CMA) and the Retirement Benefits Authority (RBA) have licensed BAM to operate as a Fund Manager.

Britam has kept its position at the forefront of the industry by introducing innovative products to fulfill the changing needs of these investors. BAM's Chief Executive Officer Mr Kenneth Kaniu, says that the company has a large stable of Collective Investment Schemes (CIS) – where a number of investors pool their money into a portfolio, which is then managed by professional investment managers.

"The Britam Money Market Fund, a CIS vehicle- invests in short term instruments such as Treasury Bills and bonds, commercial paper and bank deposits that mature within 12 months. The fund's objective is to derive interest income for investors in low risk environment. The fund is attractive to investors because of its flexibility," said Kaniu.

BAM's innovation culture has been recognized severally by the Think Business Investment Awards, where the fund has been presented with the best performing money market fund award.

Another notable CIS vehicle, The Bond Plus Fund, invests purely in Treasury and Corporate bonds, earning interest income,



Britam Group Managing Director Dr. Benson Wairegi and Kenneth Kaniu, CEO Britam Asset Managers cut a ribbon following the refurbishment of Langa'la House, a commercial property owned by Britam at Wilson airport.



Britam Asset Managers Senior Portfolio Manager Elizabeth Irungu making a presentation during the company's quarterly media briefing.

which is then disbursed to the unit holders every six months. This fund is considered a moderate risk fund with potential for stable and long run returns, and is best suited for unit holders looking for stable long-term income.

"We cater for various clients, including those interested in Kenya's vibrant stock market as well as those interested in treasury securities, through a professionally run equity fund called Britam Balanced Fund. The product is suitable for those looking for medium to long term investment vehicles, with decent returns," explained Kaniu.

One of the key investment channels, Britam Equities Fund, is an award winning unit trust that invests only in equities across the local, regional and offshore equity markets. It is suitable for investors looking for a long-term investment of five years or more. The fund invests across the region

thus providing proper risk diversification as well as high returns.

Besides investment, BAM also offers wealth management solutions to high net worth clients and institutions through the Britam Cash Management Solution and Active Strategies Fund.

"As professional fund managers, we also offer fund management services to pension schemes through segregated mandates and umbrella pension fund where retirement investments of multiple employers are pooled together, reducing the average cost per member and enhancing the overall returns and benefits to both the employer and the employees," said Kaniu.

With these innovations BAM aims to continue in the journey to deliver impressive returns taking advantage of Kenya's position as a favourite investment destination for different types of investors due to the relative political stability, favourable growth rate, and rising incomes that are fuelling demand for consumer goods and services.

Britam is a leading diversified financial services group, listed on the Nairobi Securities Exchange. The group has interests across the Eastern and Southern Africa region, with offices in Kenya, Uganda, Tanzania, Rwanda, South Sudan, Mozambique and Malawi.

The company offers a wide range of financial products and services in insurance, asset management, banking and property.

The product range includes life, health and general insurance, pensions, unit trusts, investment planning, wealth management, offshore investments, retirement planning, discretionary portfolio management, Property development and private equity.

EARN MORE MONEY, FINANCIAL SUCCESS.



Earn up to

10.61%^{*p.a.}

Save and benefit
from our investment
expertise.

MONEY MARKET FUND

For Details: ☎ 0703 094091 ✉ relationshipandsales@britam.com

*Effective rate as at 30th July 2016. Past performance is not a guide to future performance.
Value from investments and income therefrom may go up as well as down. In certain circumstances, the right to redeem the units may be suspended.

CLARIFICATION ON SOME ISSUES IN WITHHOLDING TAX

By FCPA Jim McFie, a Fellow of the Institute of Certified Public Accountants of Kenya

The other day I was given a pamphlet published by the Kenya Revenue Authority (KRA) entitled “With-holding tax overview” – henceforth, the document. The document states that the rate of withholding tax on “Interest earned from long term bearer bonds of 10 years and above” is 10% when paid to residents and 10% when paid to non-residents. However, in the latest Income Tax Act on the website of KRA, the Income Tax (Withholding) Tax Rules 2001 state in paragraph four, subparagraph one: “A person who makes a payment of, or on account of, any income which is subject to withholding tax shall deduct tax there from in the amount specified – (a) under paragraphs 3 and 5 of Head B of the Third Schedule”. Paragraph 3 of Head B of the Third Schedule reads: “The non-resident tax rates shall be – (e) (i) in respect of interest arising from a Government bearer bond of at least two years duration and interest and deemed interest, discount or original issue discount, fifteen percent of the gross sum payable; (ii) in respect of interest, arising from a bearer instrument other than a Government bearer bond of at least two years duration, twenty-five per cent of the gross amount payable”. Paragraph 5 reads: “The resident withholding tax rates shall be – (b) in respect of interest, discount or original issue discount arising from – (i) a bearer instrument other than a Government bearer bond of at least two years duration, twenty-five percent; (ii) a

Government Bearer Bond of at least two years duration and other sources, fifteen percent of the gross amount payable; (iii) bearer bonds with a maturity of ten years and above, ten percent of the gross amount payable”. The document published by KRA states that “the consequences of non-compliance by the agent (the payer of the interest) are: (i) tax which should have been recovered from the income of the payee will be recovered from the payer; and (ii) penalties and interest on late payment of the due tax are payable by the payer” – I have simplified that phraseology to make it more understandable.

The document also states: “The following types of Withholding Tax payable to Resident individuals becomes the final tax: Withholding Tax on qualifying Interest; Withholding Tax on qualifying Dividends”. The document goes on to say: “Where deducted from incomes of Residents, the following types of withholding Taxes are available for off-setting against assessment: (i) Withholding Tax charged on Non-qualifying Dividends; (v) Withholding Tax on Pension/ Provident fund, or lump sum payable to

Residents”.

Nowhere in the Income Tax Act does it actually say that “withholding tax on qualifying interest payable to a resident individual is final tax” or that “withholding tax on qualifying dividends payable to a resident individual is final tax”. From Section 2 of the Act, “qualifying interest” means the aggregate interest, discount or original issue discount receivable by a resident individual not a company) in any year of – (i) a bank or financial institution licensed under the Banking Act, or (ii) a Building Society registered under the Building Societies Act which in the case of housing bonds has been approved by the Cabinet Secretary for the purposes of this Act, or (iii) the Central Bank of Kenya:

Provided that – (a) interest earned on an account held jointly by a husband and wife shall be deemed to be qualifying interest; and (b) in the case of housing bonds, the aggregate amount of interest shall not exceed three hundred thousand shillings”. Section 34, (1) states: “Subject to this section – (a) tax upon the total income of an individual, other than that part of the total income comprising wife’s

Taxes

employment income, fringe benefits and the qualifying interest, shall be charged for a year of income at the individual rates for that year of income; (b) . . . (c) tax upon that part of the total income of an individual that comprises the qualifying interest shall be charged for a year of income at the qualifying interest rate of tax for that year of income –the “qualifying interest rate of tax” means the withholding tax rates of (i) ten per cent of the gross amount payable in the case of housing bonds; and(ii) twenty per cent of the gross amount payable in the case of bearer instruments; and(iii) fifteen per cent of the gross amount payable in any other case”. It is clear from Section 34, subsection (1), (a) and (c) that the withholding tax on qualifying interest is final tax, even though the phrase “final tax” is not used.

However, what is the position with qualifying dividends? In my own words, in order to simplify the definition in section 2 of the Act, a “qualifying dividend” is a dividend paid by a resident company to either another resident company which owns less than 12½% of the first resident company or a dividend paid by a resident company to a resident individual; a dividend paid by a designated co-operative society is not a qualifying

dividend.

Section 34(1)(d) states: “tax upon that part of the total income of a person that comprises qualifying dividends shall be charged for a year of income at the qualifying dividend rate of tax for that year of income” – that is 5%.

But what about “non-qualifying dividends”? At first sight, it would appear that a co-operative cannot pay a dividend. In section 2 of the Act, a dividend is defined as “any distribution (whether in cash or property, and whether made before or during a winding up) by a company to its shareholders with respect to their equity interest in the company, other than distributions made in complete liquidation of the company of capital which was originally paid directly into the company in connection with the issuance of equity interests”. But section 3(3)(b) comes to the rescue: “a bonus or interest paid by a designated co-operative society shall be deemed to be a dividend”.

Section 34(1)(f) states: “tax upon that part of total income that comprises dividends other than qualifying dividends shall be charged in a year of income at the resident withholding rate in respect of a dividend specified in the Third Schedule” – that is, 10%.

Compare carefully Section 34(1)(f)

with Section 34(1)(d). If withholding tax on qualifying dividends is final tax, withholding tax on non-qualifying dividends is also final tax.

Let us now turn to withdrawals from a registered pension or provident fund (the National Social Security Fund is deemed to be a registered provident fund). The Third Schedule, paragraph 5 states: “The resident withholding tax rates shall be – (d) (i) in respect of a payment of a pension or any withdrawal made after the expiry of fifteen years from the date of joining the fund, or on the attainment of the age of fifty years, or upon earlier retirement on the grounds of ill health or infirmity of body and (this “and” should be “or”)mind, from a registered pension fund, registered provident fund, the National Social Security Fund or a registered individual retirement fund, in excess of the tax-free amounts of Shs 600,000 or Shs 60,000 per full year of pensionable service with that employer, 10% on the first Shs.400,000, 15% on the next Shs.400,000, 20% on the next Shs.400,000, 25% on the next Shs.400,000 and 30% on any amount over Shs.1,600,000 of the amount in excess of the tax-free amount”: the next phrase contained in paragraph 5(d)(i) states: “Provided that the tax so deducted shall be final”.

ACCOUNTANTS/AUDITORS/CONSULTANTS PROFESSIONAL INDEMNITY INSURANCE PROPOSAL

SCOPE OF COVER:

The Professional Indemnity Policy covers awards arising out of court judgments, defense costs, loss of documents, fees and expenses against the insured in their professional capacity. This policy protects professionals from legal liability for any acts of negligence they may commit in the course of their duty.

As an accountant, you enjoy a unique level of trust. Your clients rely on you to get the figures right but however well prepared you are, accidents do happen and you need an insurance policy that protects you.

This policy can be simplified for firms choosing from the range of key limits to build a flexible policy with single premium, a single renewal date, and a single set of documents.

ADDITIONAL COVERS:

Personal accident for a min Kshs 643/- for Kshs 250K limit & Kshs 24,152/- for Kshs 10M limit

THE FOLLOWING ARE BENEFITS PAYABLE UNDER PI:

Court judgments/Awards/ Compensation costs for court attendance.

- Defense costs.
- Fees and expenses.
- Loss of documents.
- Mitigation costs.
- Last expense Kshs 30,000

UNDERWRITING CONSIDERATIONS

- Indemnity limit in question.
- Compliance with professional body minimum terms (proof to be filed)
- Copy of proposal form
- Copy of ID
- Copy of PIN certificate
- Previous insurance and claims history.

All Figures in Kshs.	LIMIT OF LIABILITY (ANY ONE CLAIM/ IN THE AGGREGATE)						Deductible (each & every Claim)
	Kshs 2,000,000	Kshs 5,000,000	Kshs 10,000,000	Kshs 20,000,000	Kshs 50,000,000		
Gross revenue							
Under Kshs 1,000,000	14,000	25,600	45,000	55,000	102,000		Kshs 20,000
Up to Kshs 2,000,000	15,000	27,500	47,500	59,600	122,000		Kshs 25,000
Up to Kshs 5,000,000	16,000	29,500	51,000	64,000	152,000		Kshs 30,000
Up to Kshs 10,000,000	18,000	33,000	53,500	68,800	177,000		Kshs 35,000
Up to Kshs 15,000,000	22,000	43,000	60,000	92,000	202,000		Kshs 40,000

(Note: if revenue exceeds Kshs 15,000,000 or a limit greater than Kshs 50,000,000 is required, please complete the standard “Professional Indemnity proposal Form” Upon receipt of the proposal Form, the underwriters will assess the application and revert). All premiums indicated above are subject to 0.45% premium tax and Kshs 40 Stamp Duty.



STATUTORY PROVISIONS OF COMPANIES ACT, 2015

By Geoffrey Odongo, odongo@aip-advocates.com

They affect the accounting and audit work carried out on private companies

The coming into effect of the provisions of the Companies Act, 2015 on the 15th of June 2016 will have a significant impact on the conduct of audit work relating to companies.

Some of the new terminologies and requirements on auditors that feature in the newly operationalized provisions of the Act that need consideration by persons engaged in accounting work for a private company are set out hereunder;

New terminology with regard to determination of the financial year of a company

The repealed Companies Act Cap 486 at section 148 required directors of a new company to present its profit and loss account and balance sheet at a general meeting of the company on a date not later than 18 months from its incorporation and subsequently once in every calendar year. The Companies Act, 2015 now introduces

the term accounting reference period to refer to the period in relation to which a company makes up its accounts (Section 632). The Act also comes up with the term accounting reference date and defines it as the last day of the month in which the anniversary of a company's incorporation occurs. According to section 633(3) of the Act, the accounting reference period of a newly incorporated company runs from its accounting reference date for a duration that should not be less than 6 months when computed from the date of the company's incorporation.

The accounting reference period for a newly incorporated company should, however, not go beyond an 18 month duration computed from the date of the company's incorporation. In addition, where a newly incorporated company is a subsidiary, the Act requires that its first accounting reference period allows for its subsequent accounting reference periods to be successive periods of 12 months that coincide with the financial year of its parent company. This is a mandatory

requirement of the Act at Section 632(4) that can only be departed from by the directors of a company where there are good reasons.

Description of proper accounting records to be kept by a company

Section 147 of the repealed statute made it mandatory for every company to keep proper books of account and went on to state that proper books of account would not be deemed to have been kept where a company failed to keep such books as were necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

The Companies Act 2015, in addition to requiring that every company keep proper accounting records at section 628, also clarifies the meaning of proper accounting records by providing three criteria that are to be met by accounting records of a company for them to be considered proper accounting records. First, they must show and explain the transactions of the

company. Second, they must disclose with reasonable accuracy up to the end of the previous three month trading period the financial position of the company. Lastly they should enable the directors of the company to ensure that every financial statement required to be prepared by the company complies with the requirements of the Act.

Enhanced auditors reporting requirements under the Companies Act, 2015

The repealed statute required auditors to make a report on accounts examined, the balance sheet and the profit and loss account. The Companies Act, 2015 requires an auditor to state his opinion on the following components of a company financial statements:

- The director's report stating whether in his opinion the information given therein for the financial year for which the financial statement is prepared is consistent with the statement (Section 728).
- The auditable part of the directors' remuneration report stating whether in his opinion it has been properly prepared in accordance with the provisions of the Companies Act (Section 729)
- Non-adherence of company directors' to the provisions of the Act as is the case where a company's financial statement and director's report are prepared in accordance with the small company's regime yet in the auditor's opinion the company is not entitled to do so.

Additional requirements connected to an auditor ceasing to hold office under the Companies Act, 2015

The Companies Act, 2015 just like the repealed statute provides a procedure to protect the auditor from unfair termination by allowing him to make representations at a general meeting. This entitlement was left to the discretion of the auditor. However, the Companies Act, 2015 now makes it a mandatory requirement for the auditor to lodge a statement of the circumstances connected with the auditor ceasing to hold office where the auditor resigns or fails to seek reappointment (Section 748).

The Act also accords a resigning auditor similar rights to those of an auditor that has been otherwise removed from office. The Act provides that a resigning auditor is entitled to make representations regarding his resignation in a similar manner to an auditor removed from office. The Act further makes it mandatory that a notice

The Companies Act, 2015 now introduces the term accounting reference period to refer to the period in relation to which a company makes up its accounts (Section 632).

by an auditor informing the company of his resignation be accompanied by a statement of the circumstances connected with the auditor ceasing to hold office. A resignation notice issued by an auditor that is not accompanied with the said statement is not considered to have taken effect.

An auditor that ceases to hold office before the end of the term for which the auditor was appointed must also notify the appropriate audit authority (Section 751). The said notification by the auditor is to be accompanied with the statement of the circumstances connected with the auditor ceasing to hold office.

Enactment of stiffer penalties to be levied on errant auditors

The Companies Act, 2015 has enhanced the penalties to auditors for failure to adhere to responsibilities required of them under the Act. Section 738(4) of the Act provides that an auditor will suffer a fine of one million Kenya shillings and or imprisonment for 3 years upon conviction for failure to state where he comes up with any one of the following opinions in his report in relation to a company under his audit:

- That the company has not kept adequate accounting records;
- That the company's financial statement is not in agreement with the company's accounting records;
- That he failed to obtain all the information and explanations that, to the best of the auditor's knowledge and belief, are necessary for the purposes of the audit;
- That a company has prepared a

financial statement and director's report in accordance with the small company's regime yet in the auditor's opinion they were not entitled to do so;

- The Act at Section 738 also provides for offences by the auditor in connection to his inclusion into his report on the financial statements information or an explanation that the auditor knew or ought to have known was false or misleading in a material respect.

In addition, an auditor that fails to lodge a statement of the circumstances connected with the auditor ceasing to hold office where the auditor resigns or fails to seek reappointment at the companies registered office as set out in Section 748 commits an offence and is liable to a fine of Five Hundred Thousand Kenya Shillings upon conviction. The auditor is further required to lodge the said statement with the Registrar of companies within a specified time frame set out at Section 750 of the Act failing which the auditor commits an offence and is liable upon conviction to a fine of one million Kenya shillings.

An auditor who having ceased to hold office fails to notify the appropriate audit authority as set out in section 751 of the Act commits an offence and is liable upon conviction to a fine of five hundred thousand Kenya shillings.

Enactment of penalties aimed at persons that hamper the auditor's right to information

Enhanced penalties have also come into effect to deal with instances where persons hamper an auditor's quest for information relating to his audit work. At Section 733 the Act levies a fine of up to one million Kenya shillings and/or three year imprisonment on a person convicted of knowingly making a materially false or misleading statement in accounting records and financial statements containing information or explanations that an auditor requires or is entitled to require. The said punishment is also imposed upon conviction for making such statement recklessly without caring whether the statement is true or false.

Conclusion

Accounting and audit practitioners would do well to acquaint themselves with the highlighted provisions of the Companies Act, 2015 to avoid having to pay hefty monetary fines in addition to the possibility of serving jail terms.



A JOURNEY TOWARDS TRANSFORMING FINANCIAL REPORTING IN THE PUBLIC SECTOR, EACH ENTITY AT A TIME

BACKGROUND

Kenya adopted International Accounting Standards (IAS) in 2000 through the Institute of Certified Public Accountants of Kenya (ICPAK). These standards included IFRS (formerly IAS) issued by the International Accounting Standards Board (IASB) and International Standards on Auditing (ISA) and other standards issued by the independent Boards and Committees of the International Federation of Accountants (IFAC).

These standards were however mainly used in the private sector whereas accounting in the public sector largely relied on Accounting Principals while preparing financial statements as there was no guidance on the standards applicable. Attempts to streamline financial reporting in the public sector were made in 2008, when the then Minister for Local Government issued a directive that all Local Authorities adopt International Public Sector Accounting Standards (IPSAS). However, there was no clear mechanism for effective capacity building to impact the competency and capability required for adoption of such standards. Other sectors of government were left to decide which "standards" were suitable for their operations. This saw a number of non Government Business Enterprises (GBEs) prepare annual reports and financial statements based on IFRS (International Financial Reporting Standards) whereas other entities simply summarised the government charts of accounts.

This non-uniformity made it difficult for the Auditor General to audit public sector entities as it was not clear what

constituted annual financial statements. There was therefore a need to streamline and co-ordinate efforts of improving financial reporting within the public sector. These culminated to the setting up of the Public Sector Accounting Standards Board (PSASB).

SETTING UP THE PUBLIC SECTOR ACCOUNTING STANDARDS BOARD (PSASB)

The Public Sector Accounting Standards Board (PSASB) was established as part of PFM reforms in Kenya following the promulgation of the new Constitution in 2010 and the subsequent enactment of the Public Finance Management (PFM) Act in 2012. The reforms are part of a wider global recognition of the necessity to improve financial management and the quality of financial information among public and private sector organizations.

The PSASB is a statutory, standard setting body established under the Sections 192 to 195 of the Public Financial Management Act, 2012. 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.

The mandate and functions of the PSASB are established pursuant to Sections 192 to 195 of the Public Financial Management Act, 2012. The purpose or mandate of the Board can be summarised as being to:

- Set generally accepted accounting and financial system standards for the public sector.

- Develop and pronounce generally accepted internal auditing standards.

- Mainstreaming of best practices for good governance, internal controls and risk management in the public sector.

The PSASB is therefore established as the 'de facto' and only authorised setter of financial accounting and internal audit standards for the public sector in Kenya. The Board is a representative entity and consists of nominees from the National Treasury, The Controller of Budget, the Intergovernmental Budget and Economic Council, the Auditor General, the Institute of Public Certified Accountants, the Association of Professional Societies of East Africa, the Capital Markets Authority, the Institute of Internal Auditors and the Institute of Certified Public Secretaries of Kenya.

Once formally established, the Board got off to a quick start in its activities. Board meetings commenced and a detailed work plan was developed outlining the key activities and tasks to be undertaken. The Board quickly established its Committees to oversee various aspects of its work as follows:

- Government Owned Entities Committee: to provide oversight on entities operating under IFRS and/or





IPSAS accrual such as commercial state corporations and Semi- Autonomous Government Agencies (SAGAs) under national and county governments.

- National and County Governments Committee: to oversee aspects relating to these entities including the various ministries, departments, agencies, county governments and similar entities that follow IPSAS Cash Standard;
- Strategy and Governance Committee: responsible for oversight of development and implementation of PSASB's strategy as well as implementation of effective governance structures.
- Internal Audit Committee: responsible for supervising PSASB's internal audit mandate.

These committees have been active and effective.

The Board is supported in its functions by a full time Secretariat which provides administrative and technical support in execution of its mandate and functions.

The Secretariat was established within the Directorate of Accounting Services at the National Treasury. Staff were seconded from a number of National Treasury Departments including the Directorate of Accounting Services (DAS), Directorate of Portfolio Management and Internal Audit. Additionally, technical staff were also seconded to the Secretariat from ICPAK.

The Secretariat is involved in preparation for Board meetings based on the schedule of Board meetings per the Board calendar and subsequent minuting of Board meetings, implementation of Board directions and technical assistance.

ADOPTION OF ACCOUNTING STANDARDS WITHIN THE PUBLIC SECTOR

Informed by need for the public

sector to be able to prepare more comprehensive and accurate financial statements that promote accountability while taking into account best international accounting practices and capacity of the relevant entities to comply with the new standards, the PSASB through a Gazette notice No. 94 dated 8th August 2014, signed by the Cabinet Secretary on 8 July 2014, adopted IPSAS and IFRS for use by public sector entities.

The Board categorised the application of these standards as:-

- i. The National and County governments and their respective entities to apply International Public Sector Accounting Standards (IPSAS) Cash based standard.
- ii. The Semi-Autonomous National County and Government Agencies to apply IPSAS Accrual based standards issued by International Public Sector Accounting Standards Board (IPSAB).
- iii. The State and County Corporations carrying out commercial activities to apply International Financial Reporting Standards (IFRS) while regulatory and non-commercial State and County Corporations are to apply IPSAS Accrual.
- iv. International Professional Practice Framework (IPPF) for Internal Auditing Standards.

The Board also directed an effective date of 1 July 2014 for mandatory adoption of the standards with early adoption encouraged for the financial year ended 30 June 2014. The Board subsequently issued illustrative financial statements for use by Public Sector entities under each of the categories.

On overall, the new reporting framework has been well assimilated by the public sector entities although there is still need for sustained capacity building across the spectrum.

CAPACITY BUILDING INITIATIVES

The National Treasury through the office of the Accountant General and in corroboration with the Board has carried out an extensive capacity building exercise as a way of managing the change

to new reporting framework. This yielded the desired results with the first set of financial statements prepared by the public sector entities under the new reporting framework being prepared for the financial year ended 30th June 2014.

The Board through a technical assistance grant from the World Bank & DANIDA (under the Kenya Governance Support Programme) contracted Deloitte, Ernst & Young and PricewaterhouseCoopers to build capacity within State Corporations, Ministries, Department & Agencies, and County Governments respectively. The technical support is mainly in the preparation of annual and in-year reports for public sector entities on the basis of standards promulgated and in line with the illustrative financial statements issued. This has helped the Board achieve the desired effect within a relatively short time.

The consultants also trained the Financial Reporting Unit based at the National Treasury on consolidation procedures and thereafter provided technical support towards the consolidation process. They assisted the National Treasury to develop a simplified financial statement review checklist that was used by quality reviewers during the financial statements review. The checklist covers both the financial statements prepared in accordance with International Financial Reporting Standards (IFRS) and International Public Sector Accounting Standards (IPSAS) Framework.

For purposes of sustained capacity building, this technical support is expected continue for the next three years aimed at building a critical mass of well trained finance officers across the public sector.

The Board has also partnered with the Kenya Accountants and Secretarial National Examination Board (KASNEB) to include in its curriculum aspects of public sector finance management.. The KASNEB curriculum has now introduced public sector oriented courses in its curriculums aimed at producing accountants that are capable of being absorbed in the public sector without a need for further training on the PFM cycle.





CONSOLIDATION OF GOVERNMENT WIDE FINANCIAL STATEMENTS

Consolidated financial report is a useful instrument which provide a clear and overall image of the whole public sector to both internal and external users and are a key ingredient to promoting financial transparency and accountability within the public sector. Even though public sector consolidated financial statements are produced by only a few countries, they are beginning to play a special role in public sector accounting, and so many governments are increasingly buying into the idea of preparing government-wide financial statements.

In October 2014, Kenya through the office of Accountant General, National Treasury, prepared its first ever consolidated financial statements. The consolidated financial reports was prepared under the new framework and covered all Ministries, Departments and Agencies (MDAs), State Corporations (SC), Semi-Autonomous Government Agencies (SAGAs) and County Governments. Subsequently, the National Treasury has prepared the consolidated financial statements for financial year ended 30th June 2015.

The consolidated financial statements provide an overview of the position, performance and state of the public sector as a whole, which cannot be provided by the individual financial statements of each entity forming the group. The consolidated financial reports relate to a total of 557 public sector entities made up of 17 consolidated fund reports, 54 main MDAs, 83 development projects, 356 SC&SAGAs, and 47 county governments.

Although the preparation of consolidated financial statements has proved a complex and tedious process, this is an important milestone for both the public and the government in terms of easy of access to financial information pertaining to the public sector and therefore greater transparency and accountability.

The process has also assisted the National Treasury to arrive at a complete list of state corporations, regulatory agencies, funds, semi-autonomous government

agencies which the Auditor General can use to confirm the completeness of entities being audited.

FiRe AWARDS PARTNERSHIP

The FiRe Award, was initially a joint initiative of the Institute of Certified Public Accountants of Kenya (ICPAK), the Capital Market Authority (CMA) Kenya, and the Nairobi Securities Exchange (NSE). It was founded and held for the first time in 2002. The primary objective of the award is to strengthen financial markets and assist firms to attract investment, as well as allowing business entities to make disclosure of their activities which has enabled a wide range of stakeholders to use such information in making economic decisions.

The award is premised on three key objectives:

- Promotion of Financial Reporting excellence
- Fostering of sound corporate governance practices
- Enhancing corporate social investment and environmental reporting

The Award prides itself of a rigorous evaluation process using globally accepted principles and best practice standards. These guiding principles include International Financial Reporting Standards (IFRSs), International Public Sector Accounting Standards (IPSAS), best practices in governance and corporate citizenship as well as other requirements that are specific to a particular reporting entity. The Award is open to all organisations that prepare annual reports and financial statements. The Awards are not only a competition but also a healthy gauge for the compliance trends among corporate entities.

In 2014, the PSASB expressed interest to be a promoter of the FiRe award and



with effect from April 2015 the Board was admitted as a promoter of the FiRe Award. Over 200 public sector entities have so far participated in the exercise.

These entities have benefited from the feedback provided by the FiRe award secretariat and has given the entities an impetus for continuous improvement in their financial reporting. Going forward, the Board intends to continue encouraging more and more entities to take part in the award scheme.

KEY ACHIEVEMENTS, CHALLENGES AND WAY FORWARD

Promulgation of the first set of standards and guidelines to be applied in the development of financial reports: - The Board promulgated the applicable standards through a Gazette notice No. 94 dated 8th August 2014. This marked a turning point for public sector accounting in Kenya as it represented one of the most important changes in financial reporting within the public sector. This move also provided clarity and uniformity of standards to be applied within the public sector.

Training and capacity building: - The Board has trained over 5,000 accountants drawn from the Ministries, Departments and Agencies, State Corporations and Semi-Autonomous Government Agencies and County Governments within the two and a half years it has been in existence. This has enabled these entities better assimilate and apply the new reporting framework.

Development of reporting tools and automation of reports: - The Board developed illustrative financial statements that enabled the entities to easily apply the new reporting standards. The tools were tailored to suit the specific requirements of the target group of entities. In addition, quarterly reporting templates have also been issued by the Board for application from July 1 2016. These templates will go a long way in improving the reporting structure within the public sector to ensure



reliable and timely information as well as adherence to the PFM Act that requires public sector entities to prepare quarterly financial statements.

FY 2013/14 and 2014/15 financial reports were produced utilising the gazetted reporting standards from the PSASB:

- Public sector entities successfully prepared their financial statements for the FY 2013/14 and 2014/15 using the new reporting framework. This was as a result of extensive capacity building that followed the promulgation of the reporting framework

Partnership with FiRe awards scheme: -

The Board partnered with the FiRe award whose primary objective is to strengthen financial markets and attract investment in East Africa. The award scheme has since expanded its target group to include public sector. This has further enhanced the quality of financial statements prepared by public sector entities as well as visibility of the public sector. Public sector entities participated in the award for the first time in 2015 where some of the public entities were awarded within the IPSAS cash and IPSAS accrual categories. The Board encourages the public sector entities to participate in the FiRe award evaluation exercise as a way of promoting financial reporting.

This journey has not been without challenges. These challenges have informed the Board in setting out the way forward towards transforming financial reporting in the public sector.

The Board had a fairly aggressive timeline to commence its activities noting that the public sector's financial reporting is emerging from a historical background of significant challenges in the quality and timeliness of reporting and internal audit. As a result internal structures and processes are yet not fully established. Key functions are at a very early stage or do not fully exist.

The Board's mandate is in a highly technical area and as a result requires significant expertise in the different types of accounting standards, public financial

management and internal audit. This requires robust technical support from the Secretariat to its Board. Fully fledged functions and capabilities in research and development to support standard setting and training are not yet in place.

The Board is supported by a leanly staffed Secretariat initially composed of seconded staff from various Departments in the National Treasury and housed in the Directorate of Accounting Services. These employees have in addition to their regular responsibilities taken on the secretariat role. As a result, the Secretariat is not yet fully operationalised and appropriately staffed. As a way forward, the Board has recently developed an organisation structure and staff establishment for approval by the Salaries and Remuneration Commission (SRC) to pave way for a fully fledged secretariat.

The financial reporting landscape environment in which PSASB is operating is quite challenging and highly dynamic. The Board has had to overcome the following challenges in managing the change to the new reporting framework:

- Varying levels of financial reporting and internal audit capability and preparedness to prepare financial reports based on the PSASB standards among the reporting entities.
- Resistance or push back from reporting entities in adopting the new reporting frameworks or changing basis of accounting to comply with PSASB's requirements.
- New governance structures at the County level with corresponding new public financial management requirements making the uptake of financial reporting standards at the County level a challenge.
- Inadequate and missing financial information due to record keeping challenges at many reporting entities leading to numerous unreconciled items, erroneous opening balances, incomplete disclosures, unreported subsidiary reporting entities, absence of prior audited financial statements among other challenges.

The Board is in the process of creating awareness among its stakeholders and the general public on its role and mandate in order to gain buy in and compliance to its requirements.

WAY FORWARD

The changes introduced by the Board represent a paradigm shift with regards to accountability within the public sector in Kenya and presents significant benefits in Public Financial Management key among them the following:

- Enhanced quality of financial reports in terms of quality and completeness: -
- Reporting frameworks that better responds to the specialized needs of the various sectors within the public sector;
- Reports that respond to the management need for information;
- Greater accountability to the general public; and
- Easily auditable financial reports.

The Board will continue to be an agent of change and reforms in financial reporting with the aim to promoting high standards of financial reporting and good corporate governance one entity at a time. The Board also intends to be an influential and authoritative thought leader in technical and professional standards in accountancy and its related fields.

The Board is continually reviewing the relevance of the new reporting framework, identifying gaps and recommending remedial measures. Key among the anticipated changes includes the development of a roadmap to assist the MDAs who are currently using cash based IPSAS to migrate to accrual based IPSAS.

Looking forward, the Board is optimistic that its initiatives will drive the accounting and financial management of Kenya to the next level.

As they say, the journey of a thousand miles starts with a single step. The Board has already made several strides since its establishment in February 2014. The journey ahead of us is long, we need the support of all the stakeholders both from the public sector and private sector. Alone we can walk fast but together we shall walk far.

Author

Patrick O. Abachi

Head of the Secretariat to the Public Sector Accounting Standards Board (PSASB)



By Felix O. Okatch, okatchfelix@gmail.com

THE IRREFUTABLE VALUE OF AN AGENDA IN MEETINGS

In meetings of whatever type, whether formal or informal, an agenda is paramount. It needs to be set at the beginning of any meeting and discussions. Just like research and survey, an objective must be set in a context before engagement. Agenda therefore is the alfa and omega of a meeting in scope and scenario.

In corporate governance, agenda setting is paramount. Agenda is like the

foundation of deliberations, resolutions and conclusion. If the agenda is not right, then the outcomes of meetings become wanting. This fact is important but executives and board members ignore it at their peril. Just like in house-construction, if the foundation is faulty, then it will be just a matter of time before a house falls tragically.

In academic circles, dictionary definition of agenda is that it is a list of

plans, outline, things to be done, matters to be acted upon or voted for. Even if it is not voting then it could be for consensus to be achieved eventually and subsequently. Therefore an agenda is an agreed list of things to be discussed and resolved mutually.

In what is considered as a good meeting, agenda listing should start with usual prelude like confirmation of quorum for the meeting being called to order.

This is followed by voluntary declaration of interest on any agenda item by any member if he/she deems fit. An honest declaration set the highway for transparency and trust between and among members at a meeting. This is akin to laying cards on the table for the deliberations to be fair and transparent.

Another important prelude is the chairman should

ask members present to confirm the agenda, make changes or state otherwise. The matters proposed need not be radical from the set agenda but variations and methodology. They should seem relevant to the overall company objective.

After this brief interlude and concurrence, the pace is set for the meeting to start. The agenda becomes the roadmap and the sequence of the agenda becomes the milestones. It is very important that a chairman guides the meeting without being biased or partisan, lest this makes some withhold their honest contribution for fear to cross the path of a chairman and lead to a collision course. A meeting becomes biased if a chairman is advancing his personal agenda and views.

The CEO (Chief Executive Officer)/ Secretary needs to report the deliberations and discussions as they are nothing extenuate. The reporting needs to be judicial in view of the pros and cons of concluded. He needs not include his opinion. Like in research findings, concluding recommendations needs to flow from the results of deliberations.

A conclusion, if factual and objective, becomes reasonable and practical for management to implement. Management needs board decisions that are clear and implementable. A board should also have a panoramic view and envision the implantation formalities of its decisions. Agenda setting helps the planning process for the CEO and his staff. It also helps a board in its role of oversight, fiduciary responsibility and duty of care. Care of the company assets and liabilities on behalf of



shareholders and other stakeholders.

Nonetheless, experience is replete with board meetings where failures are common despite good agenda. This failure arises when a chairman is not charismatic and unaware of board group dynamics and unspecified interests. Some members hardly read from the same script. They might have more personal interests than the organization where they serve as board members. Therefore they can derail a good meeting and come up with unpopular personally skewed decisions deliberately. This is akin to acting from uninformed exogenous partisan facts. This can also be very bad to say the least. It can even border on unethical and bad decisions. In some cases directors have created situations that have led to being charged in a court of law. Agendas are important, but if irrelevant and partisan agendas are introduced mid way in the course of a scheduled meeting, they can cause injury. In the first place the discussants might not have the facts to enable informed deliberation and decision. It might put a chairman off guard if he/she was not partisan. It might cause acrimony among board/committee members when some think they know and others do not know. In some cases it can cause apathy and derail process of further discussions. The worst part of it is that it can put a CEO in an awkward position to envisage implementing what is not within a policy and strategy of an organization. Some board members could use such confusion to victimize their perceived enemies in the board and management. This has happened in many unreported instances.

Such decisions become difficult to

implement because they were not based on facts but heresy. They neither are researched nor supported by any data and information. Depending on the nature, such decisions without fact have tragically landed board members with legal suits against them jointly and severally.

In Kenya, there are many legal suits in the corridors of our courts. They range

from un-procedural sacking of CEOs, accusations of directors misusing the trust bestowed upon them by shareholders, insider trading and many more.

All this is the result of not following an agenda and introducing partisan agendas mid way. Consequences of last minute agenda items are that a board is deliberating on a matter that they were not prepared for. At this time and juncture, the information is usually scanty. Sometimes this mid way agenda is introduced when members are tired, exhausted and psychologically in the mood of ending a meeting.

In conclusion, success of a good meeting depends on a preset agenda and charisma of a chairman. The chairman needs to steer a meeting by following the preset agenda to a logical conclusion. Therefore, setting, planning and meticulously being able to follow agenda items help in getting a good outcome from a meeting. A resolution of a meeting needs to be based on the discussions which are agenda compliant. Lastly there must be logical and judicial recommendations based on the agenda discussed. All these emphasize the importance of agenda in formal meetings.

NB; Views expressed herein are personal and do not have any bearing directly or otherwise with any institution in general or in particular where I serve as a director, council member or consultant. This presentation is made for academic and educational purposes only. Any injury to third a third party is regretted since it was not intended to be so.



How to power a modern accounting practice **with cloud software**

The right technology can help you to run a more profitable and efficient accounting practice. Here's how Sage's online solutions can help you build your practice or take it to the next level.

Running your own accounting practice can offer you the satisfaction of being your own boss, achieving a better work-life balance, and perhaps even growing your earning power. Yet many accountants running their own business underestimate the challenges of finding clients and keeping their own administration in order.

Despite their grounding in finance, many accountants don't have specialist experience in areas of the business such as information technology, marketing, and human resources management. To succeed, you must be ready to operate in an environment of changing technology, increasingly demanding customers, and growing economic pressure.

"When you're in a business on your own, you can quickly run into a range of operational challenges - from a computer hard drive that fails during tax filing season to clients that haven't paid for your services, and from the challenge of managing multiple deadlines to the necessity of finding new customers," says Steven Cohen, Head of Sage One International (Africa, Australia, Middle East and Asia).

"The art of practice management is all about delivering dependable accounting, tax and related services to your clients while running a profitable business, so it's important to find the right advice and tools to help you run a profitable practice. Access to the right practice management software can help you meet all these goals," adds Cohen. "Such software automates many of the tasks involved in managing your relationships with your clients, the projects you do for them, and your team members' activities."

What should practice management software do?

A practice management system should ideally give you all the core features you need to run your own business in an easy-to-use and affordable solution, according to Cohen. If your practice management software can be integrated into the accounting software, and be the same software that you use to run your clients' accounts, then that is even better.

Here are some of the core features a practice management system should offer:

- **Project tracking and timesheets:** Your software should enable you to keep track of the different projects for clients and which team members are working on them. It should also allow you to track the hours each staff member is spending on a job.
- **Invoicing and debtors management:** The solution should allow you to generate invoices from your timesheets, allocate receipts and generate statements to streamline invoicing and management of debtors.
- **Management reporting:** It's also important to be able to track your expenses and profits, so that you can see which projects are profitable, where your running costs lie, how quickly your practice is growing, and so forth.
- **Security:** You need to be able to control access to features, reports, sensitive information and client records.
- **Customer relationship management (CRM):** It's important to keep accurate records of your customer relationships and to communication with your clients. For example Sage One software will alert you to certain important tasks not yet performed by your clients, and you can add value to your clients' lives by logging in to their company, making the correction and dropping your client a note to let them know the problems are resolved.

Cloud software offers a new paradigm

Cohen says that with software moving to the cloud, accountants can access their client's books and their practice's books with integrated practice management on any device, anywhere across the internet. This simplifies IT management for accounting practices and saves them time. Sage One Accountants' Edition is an online practice management solution that allows you to view all of your Sage One clients in one place, making it easy to manage and access their data.

Cohen says that a big plus of running your practice on Sage One is that you can recommend the software to your clients so that you and your customers can now use the same solution to run your operations. In the past, accounting practices often needed to run on different software to the solution they used to run their clients' businesses.

"You get access to exactly the same Sage One functionality as your clients, plus added features to help you manage your clients and tasks," says Cohen. "Because it is a cloud-based solution, you can pay for it

as a monthly operating cost rather than needing to pay for a software licence upfront.

"What's more, you no longer need to worry about installing software on your PCs or backing up your data. You can access the data and the application from nearly any modern Web browser or from a mobile app."

Features and benefits

Some 43,000 businesses are already using the Sage One Accounting software, between them processing 7.5 million transactions a month. Sage One is a full accounting system, with all the features you need to run your own business as well as your clients' accounts. This includes a robust general ledger; customers, invoicing and quotes; management reporting; and more.

You and your clients can be logged in at the same time processing transactions - and you'll always know you'll have access to the latest live data from your clients' accounts. Moving to the cloud is an opportunity to get closer to your clients' businesses and transform your own working practices.

To help you keep on top of what you have to do, Sage One Qualified Advisers have access to the Accountants' Edition, and some of the features include the following:

- **My Clients:** From your My Clients list, you can have a view of tasks due or overdue, and with just one click, access your client's data in a matter of seconds.
- **Alerts:** Per client, Sage One will pop up an alert to notify you of important actions not yet performed within the clients books, such as unallocated bank entries, VAT submissions overdue or if bank feeds have not been performed.
- **My Tasks:** It is designed to help you keep track of the various accounting or bookkeeping tasks that you do for each of your clients on Sage One.
- **Accountant Dashboard:** This dashboard will provide you with a quick view of important information for your client: Profit & Loss, Bank Balances, Tasks and Notes, and important company information.

Integration with Sage Online Tools

An additional benefit of the Sage One Accounting software is its integration with Sage Online Tools, which enables you to build a digital presence and market your business using the Internet. Sage Online Tools allows you to quickly build a customised, professional website for your business, and optimise it for the search engines. You can also use it for managing your email and SMS lists for cost-effective marketing. You can also use it for managing your email and SMS lists for cost-effective marketing.

Join the Sage One team on Thursday, 15 September at the Southern Sun Mayfair at 15:30 and find out more about this amazing Accountants offer.
RSVP Anne.Wambua@sage.com or call **020 403 6000**.

Alternatively, visit www.sageone.co.ke for more information.



RECREATE YOUR PERSPECTIVE TO RECREATE YOUR ENVIRONMENT

By CPA Joseph Nyanchama, nyanchamajoseph@gmail.com

It was a beautiful sun drenched afternoon in Tombe primary school; my village school. Over two hundred of us, just from six to twelve years old, stood outside on the hard

dirt ground wearing our traditional sky-blue school uniforms. At two O'clock in the afternoon, the temperature was already high and it was quite hot, but we were commanded not to move a muscle.

Droplets of perspiration fell from my brow and into my mouth. It was a day a top government official was paying a visit to our school. On that hot afternoon under the scorching uncovered sun, we sang

The most vile impression in our young minds was that we were born to serve and worship those in authority, that we were not capable of leadership, we were conditioned to “depend” on those in power and authority for life and value, trained that we could not determine our own destinies, chart our own future, and plan our lives; even as we became older

songs of praise and loyalty pledge to the president then.

The most vile impression in our young minds was that we were born to serve and worship those in authority, that we were not capable of leadership, we were conditioned to “depend” on those in power and authority for life and value, trained that we could not determine our own destinies, chart our own future, and plan our lives; even as we became older; (scarcity mentality) sees the economic world as a kind of a pie with only so many pieces to go round. This kind of mind indoctrination is manifested by the level of poverty in many African countries; Kenya included. One great author said, “Wealth is essentially a product of a man’s capacity to think.” In other words the number one cause of poverty is possessing a poor man’s mentality. This kind of mentality- the more I get on my plate, the less for everyone else; If I consider this to be a good thing that will benefit me and my group, I become confrontational, I intimidate, harass and make others feel inferior so that they do not challenge me. A person with such mentality only works with those who only protect his interests. In that case he believes that in order to get to the top he has to dislodge those above him and thread those beneath him. Success however, is a journey along the road on which we can all travel.

In the light of the foregoing, those in political leadership and other government institutions for example need to know that equity in nation building does not mean taking away from some to give to others. It means ensuring that wealth and the opportunity to build new wealth are distributed equally. The first rule of nation building, therefore, is to create wealth

and opportunity. An expanded economy benefits everyone without taking away from anyone. The duty of the government is to create conditions which will enable it to happen.

We do not live in a zero sum society where one community’s gain is another community’s loss. There is enough wealth and opportunity in this planet for everyone. It is up to man’s Ingenuity to tap it. Until you change the way you live, you cannot tap it. Therefore the cause of poverty is more of the mind than it is of the hand. It is more of mentality than it is of activity. As a man thinks in his heart, so is he. One man once said, “If you make a man believe that he is inferior, you do not need to compel him to be inferior; he will seek it himself.” That explains why a house servant never joins a master in the dining table even when he is permitted to do so. He decides by himself that he does not belong there.

What I know personally is that nature is neutral. The natural world, the market place, or our society does not care who you are or what you are. The law of cause and effect says that if you do what other successful people do, you will eventually get the results that other successful people get because nature is a neutral referee. It is this concept of equality of creation that will help you greatly in your life. It will help to free your mind from every sense and notion of dependency and a feeling of inferiority. This is where to start in your quest to recreate your perspective.

The economic recovery process of our country Kenya is hinged on change of perspective but not by efforts of foreigners. History shows that every recovery process was engineered by the thinking of the

nationals of that country, not foreigners. That is why Zig Ziglar said, “The most powerful nation in the world is not America after all but imagination.” He was referring to the thinking and imagination of the American people. In other words there is no way a family can be the force behind the economic recovery of another family as destiny is essentially a race of personal responsibility.

A change of perspective therefore is the cheapest way to experience a change of position. The healing of your mentality is the beginning of the recovery process of your dignity. This is because the quality of your mentality is what defines the quality of your destiny.

When President Barrack Obama visited Kenya recently, he said, “We have not inherited this land from our forebears, we have borrowed it from our children. So now is the time for us to do the hard work of living to that inheritance of building Kenya where the inherent dignity of every person is respected and protected.” Here in his statement, the US president is talking of protecting the dignity of the Kenyan people. It is important to recognize that nothing erodes human dignity like poverty. Poverty has no honor or dignity whatsoever attached to it. No wonder the comedian Joe E. Lewis used to say, “There is one thing money won’t buy, and that is poverty.”

So your performance as a person or a leader is a function of your perspective. With a poor perspective, you are sure to have a poor performance. Your mentality is what defines your destiny. Nature is God’s creation, environment is man’s creation. Therefore, recreate your perspective to recreate your environment.



TRANSFER PRICING

By CPA Irene Muthoni Wambugu, irene_wambugu@yahoo.com
and CPA Faith Mukami Muriuki, muriukifaith@gmail.com

What it really means

Transfer pricing is the general term for the pricing of cross-border, intra-firm transactions between related parties. Transfer pricing therefore refers to the setting of prices for transactions between associated enterprises involving the transfer of property or services. These transactions are also referred to as “controlled” transactions, as distinct from “uncontrolled” transactions between companies that are not associated and can be assumed to operate independently (“on an arm’s length basis”) in setting terms for such transactions.

Significant volume of global trade in the present day consists of international transfers of goods and services, capital and intangibles within a Multinational Enterprise (MNE) group; such transfers are called “intra-group transactions”. A large and growing number of international transactions are therefore no longer governed entirely by market forces,

but driven by the common interests of the entities of a group.

Transfer pricing does not necessarily involve tax avoidance, as the need to set such prices is a normal aspect of how MNEs must operate. Where the pricing does not accord with internationally applicable norms or with the arm’s length principle under domestic law, the tax administration may consider this to be “mispricing”, “incorrect pricing”, “unjustified pricing” or non-arm’s length pricing, and issues of tax avoidance and evasion may potentially arise.

Transfer Price beyond Taxation

Advance planning for transfer pricing allows multinational enterprise to consider implications beyond taxation. These may range from the effect of corporate restructuring, supply chain management, compensation plans and legal implication. For instance, a change

in a group transfer pricing policy that fails to recognize the effect that change will have on individual employees rewarded on a bonus system may not bring about the behavioral improvements management wish to achieve.

Legal matters that fall under the corporate general counsel's office should also be taken into account. In some cases there may be conflict between the tax planner's desire to locate certain functions, risks and assets in one jurisdiction and the lawyer's need to have recourse to the legal system

of another.

Matters such as intellectual property protection arising from cost sharing, treasury management issues arising from centralized activities such as cash pooling and areas of logistics and inventory management in co-ordination centre arrangements all require careful consideration.

Ultimately, transfer pricing policy should benefit a company in achieving its goal and not primarily designed for tax computation purpose.

Transfer Pricing Methods

Transfer pricing provides a divisional output valuation where output from one division becomes the input of another division within the same organization. This is often necessary to the operation of

profit or investment centres. Complexity in implementation arises from the availability of a number of valuation bases, each with their own implications for the ways in which an organization is to be managed. Transfer prices are necessary to the operation of performance measurement based on profit and investment. Transfer pricing can contribute directly to the process of departmental performance measurement and indirectly to the measurement of product performance.

Transfer pricing methods are concerned with the alternative means by which a transfer price can be set and its impact on organizations gauged. The Organization for Economic Cooperation and Development (OECD) provides five major transfer pricing methods; usually the appropriate method has to be applied to arrive at the appropriate arm's length price for a transaction.

The OECD transfer pricing methods are:

1. Comparable Uncontrolled Price (CUP)
2. Resale price
3. Cost-plus



THIKA GATEWAY LTD.

Empress Building, 4th Floor

Jalaram Road, Westlands

P.O. Box 38524 - 00623

Nairobi, Kenya

FOR A VISIT CALL US

+254 735 707 707

+254 717 304 497

AN ICONIC
PROJECT BY



SIGNATURE DEVELOPERS LTD.
Spreading Acres of Joy

FOR
SALE

A New Lifestyle for Thika

Thika Gateway Residency

THIKA GATEWAY PLAZA

OWN A PIECE OF THIKA !

THIKA GATEWAY PLAZA | THIKA GATEWAY RESIDENCY

Apartments
Available From

**KSh 10m
only ***

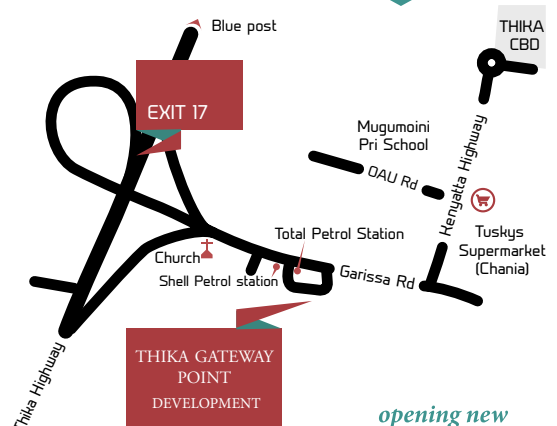
Limited time offer Pay 20 % now & balance on completion*

The most modern 3 bedroom apartments
with: Gym | Clubhouse | Swimming Pool
Generator | Borehole and many other facilities

Shops / Offices
Food Court | Kitchens
& Restaurant
Available From

**KSh 5m
only ***

Location Map



Plaza
Completing
Soon

opening new
horizon for Thika!

Project Bankers:



Mortgage Providers:



4. Profit-splits

5. Profit-Comparison

The first three methods are called “traditional transaction” methods and are “recommended” by the OECD and the last two are called “profit-based” methods; all these methods are generally accepted by national tax authorities.

1) Comparable uncontrolled price method (CUP) - The CUP method compares the price charged for a property or services transferred in a controlled transaction to the price charged for property or services transferred in a comparable uncontrolled transaction in comparable circumstances. This method is

supplier will make an appropriate profit in the light of market of conditions and functions he performed. What is obtained after adding markup to costs may be regarded as arm’s-length price of the original controlled transactions.

4) Profit-split methods- This method take the combined profits earned by two related parties from one or a series of transactions and then divide the profits using a defined basis that is aimed at replicating the division of profits that would have been anticipated in an agreement made at arm’s length. Arm’s-length pricing is derived from both parties by working back from profit to price.

countries. The high level of integration of international enterprises, the proliferation of intra-group trading in intangibles and services, and the use of sophisticated financing arrangements have increasingly made the arm’s length principle difficult to apply in practice. Some even contend that the arm’s length principle can only strictly be applicable in situations where direct comparable uncontrolled transactions exist.

Increasing globalisation, sophisticated communication systems and information technology allow an international enterprise to control the operations of its various subsidiaries from one or two



reliable where an independent enterprise sells the same product as that sold between two associated enterprises.

2) Resale price method -The resale-price method is used to determine price to be paid by reseller for a product purchased from an associated enterprise and resold to an independent enterprise. The purchase price is set so that the margin earned by reseller is sufficient to allow it to cover its selling and operating expenses and make an appropriate profit.

3) Cost-plus method- It is used to determine the price to be charged by a supplier of property or services to a related purchaser. The price is determined by adding to costs the supplier incurred an appropriate gross margin so that the

5) Profit-Comparison Methods-These methods seek to determine the level of profits that would have resulted from controlled transactions if return realized on the transaction had been equal to the return realized by the comparable independent enterprise. It compares the net profit margin of controlled transactions with the net profit margins of uncontrolled transactions.

Transfer Pricing as a Current and Future Issue for Developing Countries

Several issues arise when applying the arm’s length principle used in the existing OECD Transfer Pricing Guidelines to the domestic realities of developing

locations worldwide. Trade between associated enterprises is often in intangible items, such as services and software. Developed countries have undergone structural changes and are witnessing tremendous growth in their service sectors while having a declining demand for products. The nature of the world on which international tax principles are based, has changed significantly. All these issues raise challenges in applying the arm’s length concept to the globalised and integrated operations of international enterprises. Overall, it is clear that in the 21st century the arm’s length principle presents real challenges in allocating the income of highly integrated international enterprises.

Furthermore, it is widely accepted that transfer pricing is not an exact science and that the application of transfer pricing methods requires the application of information, skill and judgment by both taxpayers and tax authorities. In view of the skill, information and resource “gaps” in many developing countries, this can be very difficult for developing countries, often requiring their best officers, who may, after skilling-up leave the organisation in view of their special skills.

For all countries, but particularly for many developing countries, equipping an administration to deal fairly and effectively with transfer pricing issues seems to be a “taxing exercise”, both literally and figuratively speaking. Some of the specific challenges many developing countries particularly face in dealing effectively with transfer pricing issues are:

Lack of Comparables

One of the foundations of the arm’s length principle is comparative pricing. Proper comparability is often found difficult in practice, a factor which in the view of many weakens the continued validity of the principle itself. Application of arm’s length principle in developing countries has been difficult because in developing countries there tends to be fewer organized players in any given sector than in developed countries; finding proper comparable data can be very difficult; and in addition, the comparable information may be incomplete and in a form which is difficult to analyse because the resources and processes are not available.

Lack of knowledge and requisite skill sets

Transfer pricing methods are complex and time-consuming, often requiring time and attention from some of the most skilled and valuable human resources in both MNEs and tax administrations. Transfer pricing reports often run into hundreds of pages

with many legal and accounting experts employed to create them. This kind of complexity and knowledge- requirement puts tremendous strain on both the tax authorities and the taxpayers, especially in developing countries where resources tend to be scarce and the appropriate training in such a specialized area is not readily available.

Complexity

Rules based on the arm’s length principle are becoming increasingly difficult and complex to administer. Transfer pricing compliance today typically involves huge and expensive databases and high-level

of the two countries) has become a key transfer pricing issue in the context of developing countries.

Summary and Conclusions

Transfer pricing is generally considered the major international taxation issue faced by MNEs today. It is an enormously important issue for many countries, developing and developed. Even though responses to it will in some respects vary, transfer pricing is a complex and constantly evolving area and no government or MNE can afford to ignore it. Furthermore, from the government’s perspective, transfer pricing manipulation reduces revenue

available for country development, and with increasing globalisation, the potential loss of revenue may run into billions of dollars.

In conclusion while worldwide markets continue to open up and the intensity of MNEs establishments continues, the following key areas still remain a barrier to effective International trade and organizations setting their business beyond their country of incorporation and the need to be considered:

- The risk of very large local tax reassessments,

- The potential for double taxation because income has already been taxed elsewhere and relief under tax treaties is not available,
- The significant penalties and interest on overdue tax
- The potential to carry forward the impact of unfavourable revenue determinations, creating further liabilities in future periods
- The uncertainty to the group’s worldwide tax burden, leading to the risk of earnings restatements and investor lawsuits conflicts with customs and indirect tax reporting requirements and conflicts with regulatory authorities,
- The damage to reputation and diminution of brand value as a consequence of the perception of being a bad corporate citizen

Transfer pricing is generally considered the major international taxation issue faced by MNEs today. It is an enormously important issue for many countries, developing and developed. Even though responses to it will in some respects vary, transfer pricing is a complex and constantly evolving area and no government or MNE can afford to ignore it.

expertise to handle.

Growth of the “intangible economy”

Physical limitations, which have long defined traditional taxation concepts, no longer apply and the application of international tax concepts to the internet and related e-commerce transactions is sometimes problematic and unclear.

“Location savings”

Some countries take the view that the economic benefit arising from moving operations to a low-cost jurisdiction, i.e., “location savings”, should accrue to that country, where such operations are actually carried out. Accordingly the determination of location savings, and its allocation between the group companies (and thus, between the tax authorities

A
U
D
I
T

By CPA Maroa Julius Mwitwa, Juliusmaroas@gmail.com

IS THE SHIFT TO POST AUDIT REVIEWS A DROP IN THE OCEAN?

Pre audit according to Kwame Nkrumah University of Science and Technology (2015) is an audit approach of reviewing payment vouchers before payments are done whereas Post audit is an audit approach where supporting documents are reviewed weeks/ months after the transactions have taken place.

So, as fellow auditors can see, majority of our clients mostly for internal audit and more so our fellow staff, are currently wondering if the internal auditors of today add any value to their operations and towards the sustainability of County governments. This has created a doubting mind to our clients as they seem to see us, as auditors of history given the nature of our present work and the fact that the government has encouraged a shift from pre- audit to post-audit. Indeed this has been odd since the majority think

that after money has been spent any audit query raised, won't have as much impact as it would have had, if it had been raised prior to spending during pre- audit periods thus, more money will be lost during post- audits.

Due to this outcry, I am motivated to shed light on this because I see the call for post audit by the government of Kenya as the best call; as it gives an auditor time to learn the processes and also creates an enabling environment for mentorship and continuous learning for our clients who might be our staff. Through use of post- audit system, I will recall the article of the Internal auditor, from a watch dog to a partner and stress that post audits encourage team work, improve interactions, improve clientele relationships with the auditor and enable those charged with various responsibilities of approving and or authorizing transactions to be cautious when executing their duties.

Post audits have also, in a well working environment with systems and support from the management, made the work of external auditors easier as they place reliance on the work done by internal auditors.

We should understand that currently risk management is the order of the day as much as some Senior Management staff still believe that pre-audit should be conducted by audit staff other than accounts supervisors or examiners. It may sound true to them but to me as an upcoming internal auditor, I think during post audit, emphasis should be placed on review of controls weaknesses and how it can be improved to prevent future breach of controls.

It's the role of management to ensure the controls governing management of funds are effective to enable the achievement of company's business objective, enable reliable financial reporting on its operation, ensure there is no misappropriation of its assets and minimize cost of capital. Post audit exercises are crucial in preventing debilitating misstatements in a company's records and reports.

With the inception of county governments where the structures are not yet ripe and the role of internal audit has not been embraced fully, it's ideal to understand that when post audit is done, it enables the initiation of new control measures that are key to growth and prosperity based on the auditor's recommendations; e.g. assume an auditor recommends the use of automated system for revenue collection due to the risks posed by manual system after undertaking a post-audit of records posted. It's definitely good if you work as per the recommendations because the benefits are long term and minimize risk.

The importance of post audit exercises should be embraced even in capital budgeting decisions. Remember that with the new era of digital world-like use of Integrated financial management information system (IFMIS), Government pay, IPPD, RTGS and electronic pay, their validity and authenticity in terms of transactions, can only be established through post-audit exercises where errors and omissions to include fraud can be noted and taken to management for response.

During post-audit exercise, an auditor is not an examiner nor a monitoring and evaluation officer nor a government inspectorate but an adviser whose main intention is not to handcuff you but to

save you from being handcuffed incase of extremes. Hence, we need to remember that when an auditor sends recommendations and gives timelines, they should never be ignored as all the recommendations are meant for your safety and the safety of the

During post-audit exercise, an auditor is not an examiner nor a monitoring and evaluation officer nor a government inspectorate but an adviser whose main intention is not to handcuff you but to save you from being handcuffed incase of extremes.

organization in terms of prosperity.

It's also through post audit that an auditor is able to advice on the risk level and its effects both in the short and long term by suggesting some recommendations to mitigate the risk as the auditor is able to perform a wide coverage using substantive test and analytical procedures. In addition, in post audit, the issue of effective and efficient utilization of a company's resources will also be highlighted as the auditors through their advisory framework may advise on the same.

Dezoort, Harrison, and Taylor (2006), predict that post audit-reviews increase accountability via feedback pressure. Feedback pressure occurs when an auditor recommends in the following form; the amount of Kshs.XYZ be fully accounted for by employee ABC or department xxx. This will create pressure to the employee to meet the same but is a healthy one for both organization and employee.

In case of capital investment decisions, post-audit reviews will help to ensure that anticipated benefits are eventually obtained and also ensure capital spending does not exceed the amount authorized. This is actually applicable to County governments and National government on development expenditures.

Post audit review is also a provider of great information to use on future project engagements and is more of an evaluation of project's goals and activity achievement as measured against the project plan, budget, time deadlines, and quality of deliverables, specification and client satisfaction.

In case of projects audit, post-audit will do more than pre-audit; in that it will help the auditor, audit committee and management to understand the following key questions;

1. Was the project goal achieved? Given that in public sector in case of request for money it must be accompanied by an objective mostly trainings, construction works etc.
2. Was the project work done on time, within budget, and according to specifications? This mainly applies to procurement works through a peruse of the BQs(Bill of Quantities) where I believe as an auditor the BQ should just be a benchmark as the contractor needs to do more than what is in the BQ.
3. Was the client satisfied with project results? This can be looked upon based on the call for corporate social responsibility (CSR).
4. Was the business value realized?
5. What worked well and what did not work well?

Post audits also help the auditors to inform the management on the status of their assets and liabilities mostly when performing quarterly or yearly audits.

In conclusion, I can say the shift to post-audit is not a drop in the ocean and for auditors this is the best move we should embrace. It may sound challenging and tricky at the moment but in the long run we would sing auditors'hymn appreciating the improvements done due to our recommendations. We will feel relaxed, appreciative and motivated to do more when we perform a Post-audit, recommend and have our recommendations acted upon by management for a better tomorrow and for the future prosperity of our nation. Let's together embrace the change as auditors as our children will be happy too when they become future managers.

About ACCA

ACCA (the Association of Chartered Certified Accountants) is the global body for professional accountants. We aim to offer business-relevant, first-choice qualifications to people of application, ability and ambition around the world who seek a rewarding career in accountancy, finance and management.

Founded in 1904, ACCA has consistently held unique core values: opportunity, diversity, innovation, integrity and accountability. We believe that accountants bring value to economies in all stages of development. We aim to develop capacity in the profession and encourage the adoption of global standards. Our values are aligned to the needs of employers in all sectors and we ensure that, through our qualifications, we prepare accountants for business. We seek to open up the profession to people of all backgrounds and remove artificial

barriers, innovating our qualifications and their delivery to meet the diverse needs of trainee professionals and their employers.

ACCA works to strengthen a global profession based on the application of consistent standards, which we believe best supports international business and the desire of talented people to have successful, international careers. We champion the needs of small and medium sized business (SMEs) and emerging economies, and promote the value of sustainable business.

To achieve this we work with global bodies such as the International Federation of Accountants (IFAC) and with over 80 global partnerships. Above all, we seek to bring long-term value to economies in which we develop and support professional accountants.

We support our **178,000** members and **455,000** students in **181** countries, helping them to develop successful careers in

accounting and business, with the skills required by employers. We work through a network of **95** offices and centres and more than **7,110** Approved Employers worldwide, who provide high standards of employee learning and development. Through our public interest remit, we promote appropriate regulation of accounting and conduct relevant research to ensure accountancy continues to grow in reputation and influence.

ACCA works in the public interest, assuring that its members are appropriately regulated for the work they carry out and, promoting principles-based approaches to regulation. We actively seek to enhance the public value of accounting in society through international research and we take a progressive stance on global issues to ensure accountancy as a profession continues to grow in reputation and influence.

Go further
with globally
recognized
ACCA

Think Ahead

ACCA

Take advantage of the ACCA-ICPAK partnership to expand your career horizons

Special offer for ICPAK members!

If you're an ICPAK member and register for ACCA you'll get to:

- Enjoy a 60% waiver on the initial registration fee which is down to £32.
- Get a 100% waiver for up to eight exemptions.

Register for ACCA today and access this great opportunity to be a part of 2 great accountancy bodies.

Call **0724255918** or email acca.kenya@accaglobal.com for more details.

www.accaglobal.com

SAROVA
Holidays
2016

Getaway to the Wild!



Indulge your free spirit in the wild with exquisite accomodation and spectacular view of wildlife all at the comfort of your room



Sarova Salt Lick Game Lodge

KShs 5,500

Per Person sharing, Per night

Single room supplement KShs 3,500/=

Sarova Taita Hills Game Lodge

KShs 5,000

Per Person sharing, Per night

Single room supplement KShs 2,500/=

Validity: 4th August to 21st December, 2016

Book & Enjoy.

1. 10% off on food & beverage.
2. 10% off on tulla treatments.
3. 10% off on guided nature walks.
4. Earn Sarova Zawadi Loyalty points off your Sarova Holidays booking.

Terms & Conditions:

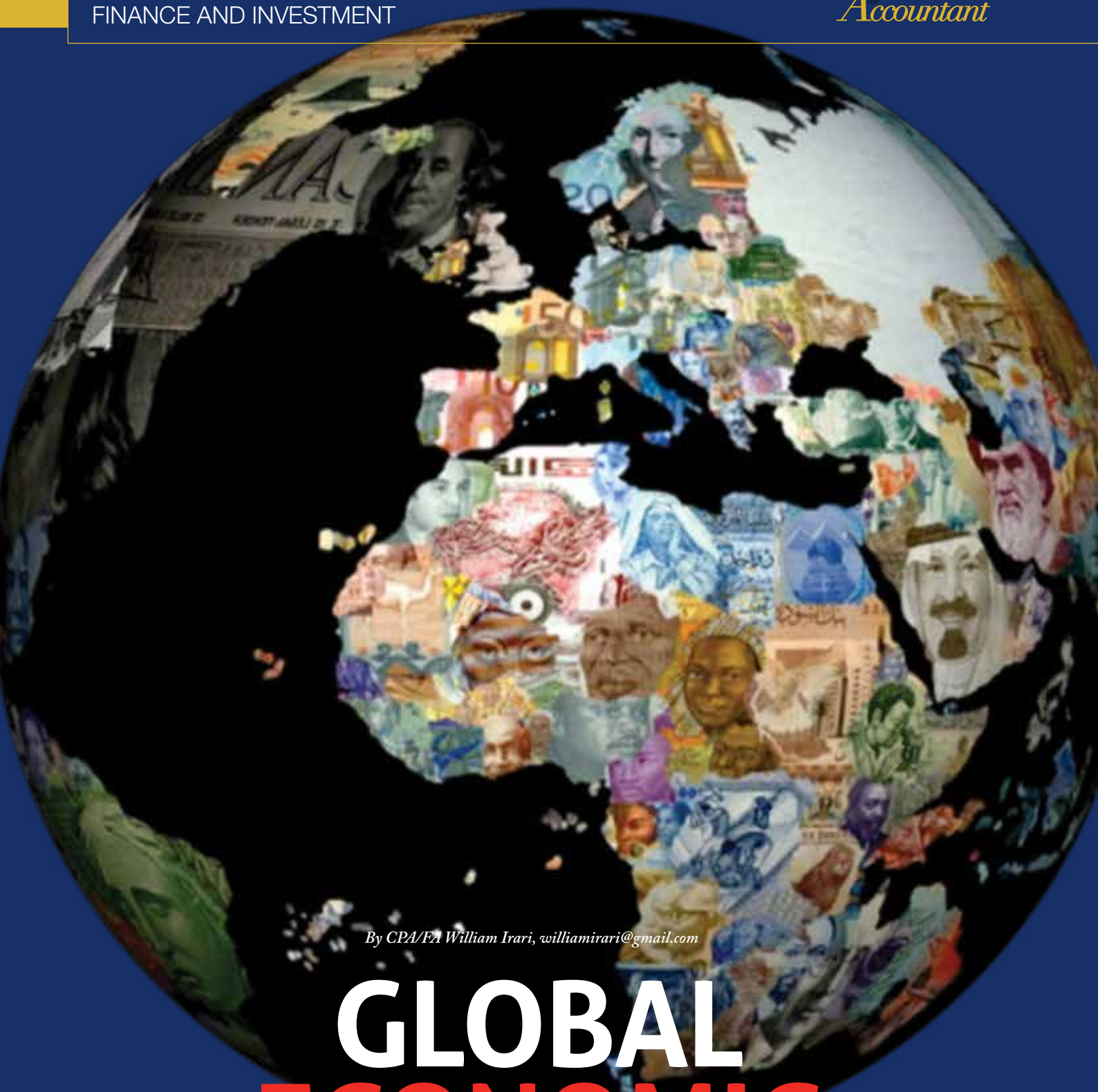
1. Rates are based on Full Board meal plan.
2. Free for children below 5 years sharing with an adult.
3. Sanctuary fees at Kshs. 275/= per person per night.
4. Rates are subject to availability.
5. Rates applicable to Residents of **Kenya, Uganda, Tanzania, Rwanda, Burundi, Republic of Sudan, Southern Sudan, Ethiopia and Eritrea.**
6. Minimum age for children at Sarova Salt Lick Game Lodge is 5 years.
7. Terms and conditions apply.

Contact Central Reservations Office on:
Tel: +254 709 111 000
Email: centralreservations@sarovahotels.com

BOOK & PAY ONLINE ON:

www.sarovahotels.com





By CPA/EA William Irari, williamirari@gmail.com

GLOBAL ECONOMIC MELTDOWN

Lessons Learnt

About 8 years ago, on or around 2008, the western world experienced an economic meltdown (financial crisis) which economists described as the worst financial crisis since the Great Depression when the stock market crashed in October 29, 1929 throwing the Wall Street in unprecedented panic. The spillovers of that crash were to be felt for the next decade until 1939. Despite the fact that the credit crunch of 2008 was experienced principally in United States of America and parts of Europe, no doubt all economies that trade with US got the shocks thanks to systemic risk.

This article is going to highlight some of the causes that led to the global debt crisis and experiences arising there from.

- **Bursting of the housing bubble** – Soon after US 2001 terrorist attack, the government started a recovery programme to assist nationals rebuild their lives and at the same time counter the effects of dot-com generation that demanded robust economy. Home ownership was encouraged and mortgages became cheap and affordable. Buyers were lured with very low rates (the Congress had lowered the interest rates from 6.5% to 1%) though on the flipside, these were floating rates that kept rising steadily due to runaway inflation as the US Federal Reserve Bank had printed a lot of currency which was directly injected into the economy. This created a smokescreen that the economy was so robust, which in fact was a mere illusion.

- **Sub-prime lending** – An expansive threshold to qualify for a mortgage was relaxed allowing many nationals to access these facilities who ordinarily would not have afforded them. As these were Mortgaged Backed Securities (MBS) and Collateralized Mortgage Obligations (CMOs), there was imminent mismatch between the assets (houses) with the securities that backed them. In other words, mortgages were given without adequate collaterals and it wasn't long before mass evictions and foreclosures took centre-stage. The wage levels in the US had come down and widespread unemployment led to mortgage defaults.

- **Weak and fraudulent underwriting practices** – Due to greed for money and insatiable appetite for quick profits, due diligence seemed an unimportant factor in credit accreditation and caution for risk was thrown out of the window. Wide range of personalized financial products,

issuing of junk bonds, unsecured credit notes, etc were traded against a backdrop of very weak regulations and this led to overleveraging to already debt-burdened firms.

- **Easy credit conditions and predatory lending** – Most commercial banks lured their customers with easy credit terms by extending highly discounted interest rates. Contrary to the customers' beliefs that these rates were fixed, it turned out that they were floating rates which kept rising long after the loan was advanced. This led to massive defaults by borrowers with lenders experiencing huge losses as well. There was a lot of undercutting to secure deals and a big portfolio of loans was secured on very weak collaterals.

- **Deregulation of financial institutions** – is also considered a key source of the crisis. Though banks perform well in a liberalized economy, the need for regulation cannot be overemphasized. As demand for loan products increased, some banks lend more than their balance sheet could allow, margin-ratio requirement with the Federal Bank was not adhered to and disclosures were very scanty with most banks opting to hide dubious transactions under "off-balance sheet financing".

- **Financial innovation and incorrect pricing of risk** – It was during this time as a result of robust economic growth and excess liquidity, that most investment banks came up with variety of financial innovations such as, futures, swaps, options or generally what we refer to as derivatives. Few people knew about these new forms of financial assets and so the merchants took advantage to rip off investors and lack of regulations on these products

only worsened the situation. Due to the institution's avariciousness to make quick gains, risk profiling wasn't done and there was a lot of apparent mismatch between the loans issued and the assets/securities that backed them. This led to high exposure of risk, a factor that was ignored in pricing of these securities due to undercutting.

What were the impacts of this global financial crisis?

There is a saying that goes "When America sneezes, the other side of the globe catches the flu". This could not be further from the truth, going by the impacts that rocked parts of Asia, Europe and Africa. A good example is where one of the biggest insurance underwriters in US, American Insurance Group or AIG sought a bailout from Federal government. The local Kenyan subsidiary had to change its name to Chartis to 'unmask' itself from the parent company which was crawling on its knees. Years later after the AIG was bailed out, the local Chartis reverted its name to AIG.

Besides AIG, other firms like JP Morgan, General Motors, etc were also in the list of bailout by the US government. Others like Lehman Brothers, a financial services firm, were not as fortunate as they filed for bankruptcy in what is considered the largest filing in US history as by then the firm was holding \$600 billion in assets, where another ailing financial firm known as Wachovia ended up being acquired by Wells Fargo.

The ripple effect of the financial crisis was not felt in the US alone, but as indicated earlier due to systemic risk, most



of its trading partners got the shocks. In Kenya for example, petroleum prices shot up to unprecedented all time high. I recall one evening in February, 2009 that I fueled my car at KSH 110 per liter of super petrol, a critical moment, considering that today, 7 years later the same liter is less than KSH 90! A year before the global crisis, around 2006, the Nairobi Securities Exchange (NSE) was in a steep bullish run and by October that year, it was recording over 6,000 index points. Today, almost 10 years later, it has never recovered fully as analysts will tell you; the NSE 20 share index hardly reaches 4000 points. There are many other shock waves that were as a direct effect of the crisis, but we also have to consider whether there were any valuable lessons we learnt from the situation.

The aftermath and the lessons learnt

One of the actions that the US government took in late 2009 was to develop a framework known as Basel III. This was a comprehensive set of reform measures that were designed to improve the regulation, supervision and risk management within the banking sector. Largely seen as a response to the crisis, banks were required to maintain proper leverage ratios and meet certain capital requirements. The same was to replicate in Kenya where the capital base threshold for commercial banks was increased from 500 million to 1 billion with insurance firm going up to 500 million. On October 2008, the then US president, George W Bush signed into law the Emergency Economic Stabilization Act of 2008 which was commonly referred to as the bailout plan. With the Act in place, the treasury secretary was mandated to spend up to \$700 billion to buy assets (Mortgage Backed Securities) from ailing financial institutions and inject the cash directly to the banks.

Back in our motherland, we can learn that regulation of financial institutions is key to ensuring that disorder is kept at bay without gagging financial liberalization. Issues of corporate governance and adequate disclosures are taking centre-stage as measures of protecting the investing public and other stakeholders. Derivative markets are already here with us and very soon active trading of futures at the exchange will commence. As mentioned earlier, one of the causes of the

financial crisis was the reckless trading of risky assets (derivatives) where investors had little knowledge of the products. It is thus incumbent upon the CMA to roll out an investor training program which will inform the public of the advantages of the future markets as well as the pitfalls involved.

Last year saw a number of blue chip companies report losses to the tune of billions led by Kenya Airways, Mumias Sugar company, Uchumi, to mention a few. Though corruption, mismanagement, lack of corporate governance, etc have been cited as the major contributing factors to such dismal performance, there were other economic fundamentals responsible for the losses such as high

interest rates, escalating energy costs, inflation and exchange rates fluctuations (with the Kenyan shilling shrinking by 15% against the dollar). Nearly all the top ten equity investors in the country closed the year with book losses running into billions due to the bearish run experienced in our stock market. Perhaps it is time for the Kenyan government to come up with a bailout plan where it can establish a kitty to give a shot in the arm to its key assets like Kenya Airways.

It is imperative that a financial crisis is dealt with at the symptoms' level other than looking for solutions after the damage is so widespread to contain; even within the country that it originated from.



Back in our motherland, we can learn that regulation of financial institutions is key to ensuring that disorder is kept at bay without gagging financial liberalization. Issues of corporate governance and adequate disclosures are taking centre-stage as measures of protecting the investing public and other stakeholders.

TOYOTSU SERV

Monday - Friday:
7:00am - 5:15pm

Saturday:
8:00am - 1:00pm

**Closed on Sunday
& Public Holidays**



**TOYOTSU
SERVICE
CENTRE**

**Maliza
Car-Worry**

@ Enterprise Rd Opp Timsales.



**FREE CAR CLINIC
15TH OCTOBER 2016
FROM 8AM-4PM
KCA GROUNDS ICPAK BUILDING**



- 15% discount on genuine parts and labour
- Repair of all vehicles Makes
- Free safety checks
- Free car wash
- Car collection and delivery within Nairobi (subject to location and availability)
- Guaranteed genuine and authentic parts
- While you wait servicing
- Quick lane service within 60 minutes



**TOYOTA
GENUINE PARTS**

Enterprise Road, Opposite Timsales
Tel: 020 2592061/100,0702 968 504/490
Email: enquiries@toyotsucentre.com
Website: www.toyotsucentre.com
Twitter: @toyotsu_centre
Facebook: Toyotsu Service Center

By CPA Simon Peter Ole Nkeri

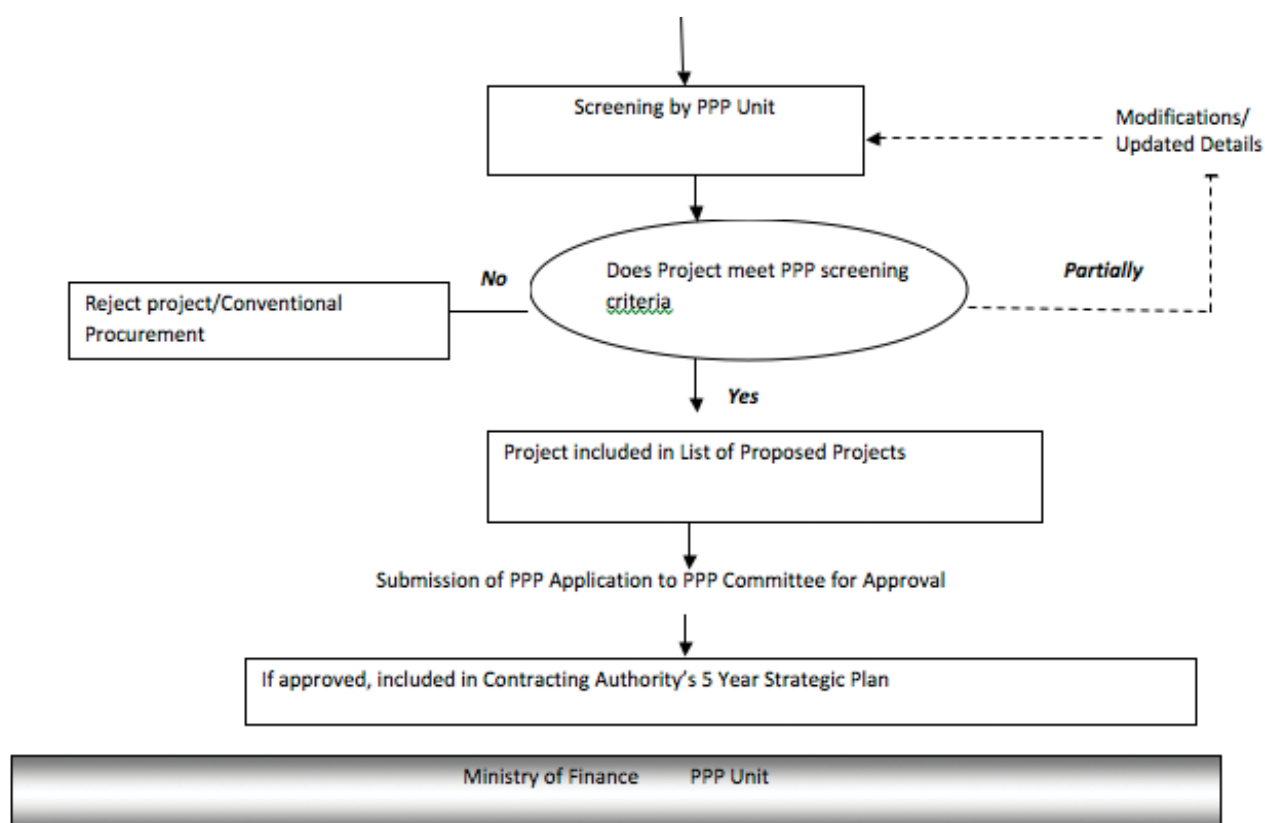
DEVELOPING SPECIAL ECONOMIC ZONES THROUGH PPPS

Continued from July - August issue...

Role of the PPP Unit

Screening and Approval Project Cycle

Contracting Authority Submits Project Proposal to PPP Unit



- 1) A Contracting Authority shall, before commencing negotiations with a private party ;
- (i) prescribe criteria against which the outcome of negotiations shall be evaluated;
- (ii) submit the proposal to the unit for consideration and recommendation;
- (iii) upon obtaining the recommendations of the unit, apply for and obtain approval from the PPP Committee to negotiate the contract; and
- (iv) conduct negotiations and award the tender in accordance with the prescribed process in the regulations to the PPP Act.

- consultation with the PPP Unit and upon the approval of the project proposal by the PPP Committee, undertake a feasibility study of the project it intends to implement under a public private partnership for the purpose of determining the viability of undertaking the project under the PPP Act.
- 2) In undertaking a feasibility study, a Contracting Authority shall consider;—
 - (a) the technical requirements of the project;
 - (b) the legal requirements to be met by the parties to the project;
 - (c) the social, economic and environmental

- 2) The contracting authority shall constitute a negotiating committee consisting of—
- (a) one person nominated by the unit from among its members;
- (b) one person nominated by the node from among its members;
- (c) such persons representing such State departments as the contracting authority may, in consultation with unit, consider necessary; and
- (d) where applicable, the transaction advisors appointed by the contracting authority under Section 36 of the PPP Act.



- 2) A Contracting Authority shall not consider a project for procurement under this section unless it is satisfied that—
- (a) the project shall provide value for money;
- (b) the project shall be affordable; and
- (c) the appropriate risks are transferred to the private party.

Section 33 of the PPP Act: - Feasibility Study

Under the PPP Act, a “Feasibility Study” means a study undertaken to explore the technical, financial, legal, social and environmental feasibility of undertaking an infrastructure or development facility as a public private partnership.

- 1) A Contracting Authority shall, in

- impact of the project; and
- (d) the affordability, value for money and public sector comparator for the project as prescribed in the PPP Regulations.

Section 52 of the PPP Act: - Negotiations

As appertains to negotiations, Section 52 of the PPP Act provides that:-

- 1) A Contracting Authority may, with the approval of the PPP Committee—
- (a) enter into negotiations with the successful bidder; and
- (b) request the second ranked bidder to extend the validity of its bid pending the completion of negotiations with the successful bidder.

- 3) The negotiating committee shall enter into negotiations with the successful bidder on the technical and financial terms of the project agreement.
- 4) The negotiations carried out and the resolution of the parties to the negotiations shall not result in an increase in pricing and shall not affect the non-negotiable terms and conditions specified as non-negotiable conditions in the invitation to tender, the financial structure, or the conditions in respect of which there were no reservations raised by the bidder.
- 5) The parties to a negotiation under this section shall not amend the negotiated terms and terms upon which the bid has been evaluated.
- 6) Where the parties to the negotiations carried out with the successful bidder are

unsuccessful, the Negotiating committee shall enter into negotiations with the second ranked bidder.

7) The provisions applicable to the first bidder shall apply in equal measure to the negotiations with the second ranked bidder.

8) The negotiating committee shall conduct the negotiations in accordance with the regulations made by the Cabinet Secretary under the PPP Act.

Establishment of a Project Company:

A project company in the context of the PPP Act means a special purpose vehicle company incorporated by a successful bidder for the purpose of undertaking a project in accordance with a project agreement executed by the parties under the PPP Act.

Section 59 of the PPP Act stipulates the following provisions with regards to a project company:-

1) A successful bidder shall establish a project company in accordance with the Companies Act (Cap. 486) for the purpose of undertaking a project in accordance with a project agreement executed by the parties under section 57 of the PPP Act.

2) A company established under subsection (1):-

(a) may include a public body as a minority shareholder in the company; and
(b) shall provide such performance security and fulfill such conditions as shall be specified in the project agreement and prescribed by the Cabinet Secretary under this Act.

3) The directors of a project company established under subsection (1) shall not wind up the company, alter the legal structure or reduce the share capital of the company unless the directors have applied for, and obtained the written approval of the contracting authority, which approval shall not be unreasonably withheld.

4) A majority shareholder of a project company shall not transfer any shares held in a project company before the issuance by the contracting authority, of an acceptance certificate confirming its acceptance of the quality of the project undertaken in accordance with the project

A project company in the context of the PPP Act means a special purpose vehicle company incorporated by a successful bidder for the purpose of undertaking a project in accordance with a project agreement executed by the parties under the PPP Act.

agreement executed by the parties under section 57 of the PPP Act.

5) Notwithstanding the provisions of the Companies Act, where transfer of shares results in the transfer of the control of a project company to a third party, the transfer shall not be valid unless the shareholder has applied for, and obtained the written approval of the contracting authority.

6) A project company shall not pledge its shares except for the purpose of financing the project.

Section 57 of the PPP Act: - Execution of a Contract

The Contracting Authority shall, where the Cabinet approves or Parliament ratifies the undertaking of a project as a public private partnership under the PPP

Act, execute the contract awarded to that bidder.

Section 60 of the PPP Act: - Publishing information upon execution of project agreement

(1) A contracting authority shall, upon the execution of a project agreement by the parties, publish in at least two newspapers of national circulation and in the electronic media, the results of the tender, whether 'competitively sourced or privately initiated', the following information-

- (a) The nature of the project;
- (b) The scope of the project;
- (c) The successful bidder;
- (d) The project cost at net present value;
- (e) The project value and tariff; and
- (f) The duration of the project.

(2) The PPP Committee may prescribe the manner in which the contracting authority shall publish the information specified under subsection (1).

HOW UNSOLICITED PROPOSALS ARE DEALT WITH IN SELECTED JURISDICTIONS

Different jurisdictions deal with unsolicited proposals in varied ways. The following four (4) selected jurisdictions have legal frameworks on unsolicited proposals that are uniquely different from the Kenya PPP legislative provisions for privately initiated investment proposals:

1) The Swiss Challenge

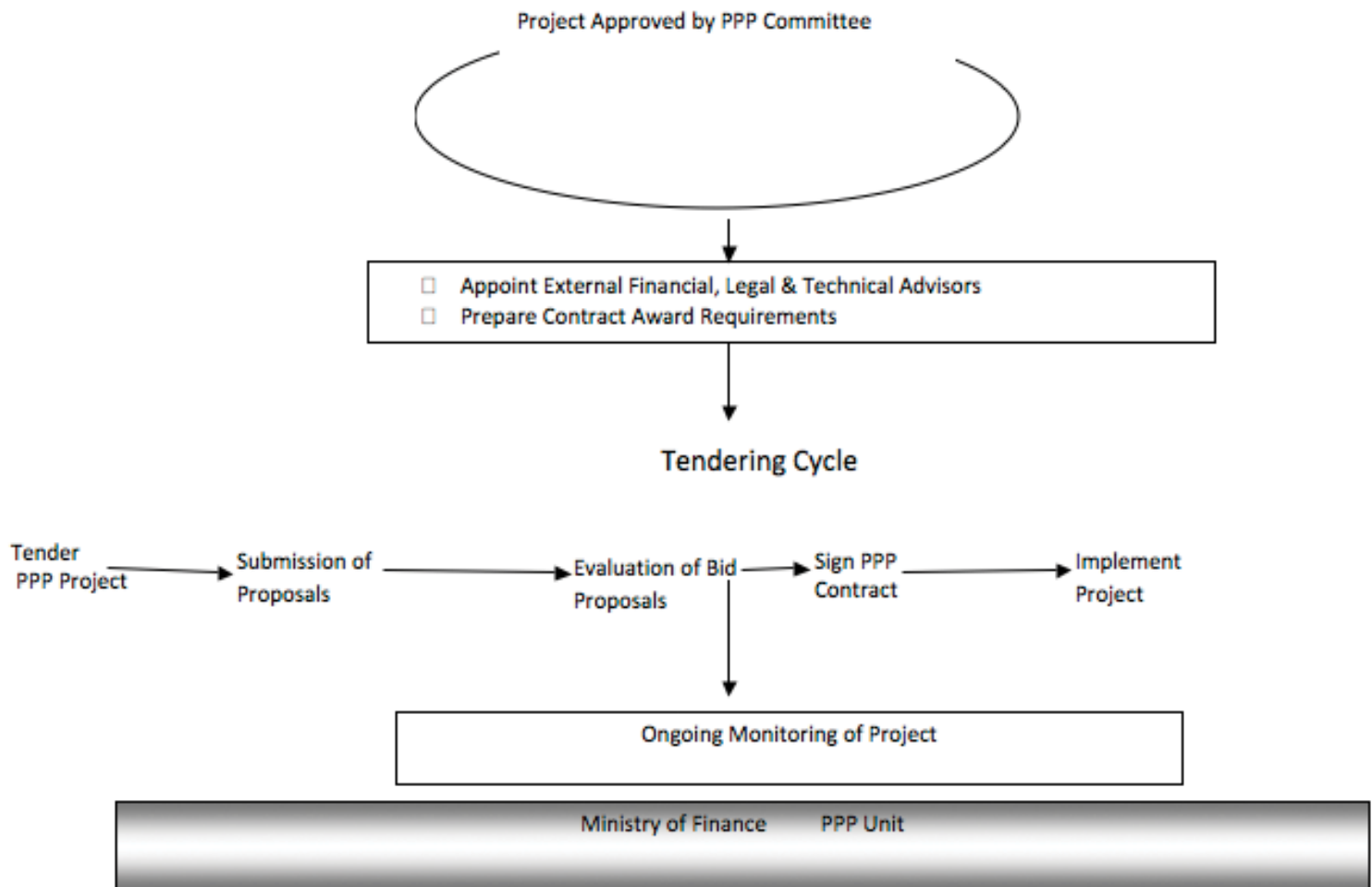
Under the Swiss Challenge once a concept paper is received and accepted upon payment of a fee to the PPP Entity, a Feasibility Study must be done and submitted within the next 60-90 days. Limited competition is subjected to the unsolicited bid. The originator must match the best bid arising from the limited competition so as to be allowed to proceed with the unsolicited proposal. If the originator fails to match the best bid, then the proposal shall be awarded to the best bidder.

2) The Ugandan Legal Framework

Ugandan PPP law provides that any unsolicited proposal must be subjected to COMPETITION ab initio without any recourse or favour to the innovator or originator thereof.

Role of the PPP Unit

Tendering and Project Monitoring Cycle



3) Nigerian Experience

Upon receipt of a concept paper for an unsolicited proposal and if deemed viable, the Nigerian Government takes over the proposal and undertakes a feasibility study using public funds. The proposal is then subjected to competition in line with existing legal frameworks. If the winner is found to be better than the innovator or originator of the unsolicited proposal by more than 15%, then such a proposal shall be awarded to the competitor with the winning bid. But if no bidder is better than the originator to the time of 15% or more, then the

innovator or originator is awarded the bid and allowed to proceed with the unsolicited proposal as originally conceived.

4) Philippines' Experience

The law allows the Philippine Government to subject any unsolicited proposals to public opinion. If the majority of the public is against it, then it shall be rejected and abandoned immediately. But if public opinion favours the unsolicited proposal, then it shall be subjected or floated to COMPETITION. In either case of

a public acceptance or rejection, the Government of the Philippines shall REFUND reasonable costs to the originator of the unsolicited proposal as may be deemed appropriate.

Note: Kenya's PPP Act neither compels the Government to take over unsolicited proposals as does the Nigerian law nor does require that the privately initiated investment proposal be subjected to competition as prescribed in Switzerland, Nigerian, Uganda and the Philippines.



PUBLIC FINANCE MANAGEMENT PERSPECTIVES

By John Ndunyu, johnndunyu@kpmg.co.ke

PFM capacity building and professionalisation

This article is derived from a presentation I recently gave at the 23rd annual conference for Accountant Generals from Eastern and Southern Africa, ESAAG. I thought I should share these thoughts with a wider audience. The whole issue about Public Finance Management (PFM) is one of stewardship. A few of us are mandated by the wider population to manage our collective resources for our common good. Think about your household. At the family level, finances must be properly managed, planned for, mobilised, effectively and efficiently spent if the family is to thrive. If the people responsible for doing this, usually the parents, do not undertake this responsibility diligently, the family will often experience cash problems; children will perhaps not continue their education

for financial reasons or there will be challenges in accessing quality medical care, among many other challenges one can think of.

It is the same with nations. Stewardship requires that those we have chosen to manage our collective resources on our behalf do so efficiently and effectively to improve our welfare; improvement of this welfare happens at an individual level as well as for entire communities. It includes access to quality healthcare, education, security, housing, clean environment, good infrastructure such as roads, communication etc. If resources are prudently managed in a manner that adds value to our economic activities, we experience growth in GDP and in revenues which avails more resources for provision of services to mwananchi. This in turn leads to satisfaction amongst the

populace who become more supportive of government policies and efforts. It is a continuous cycle.

This is the objective of PFM; to benefit citizens of a country. Good public finance practices become enablers for government policy implementation, efficient and effective resource allocation and use, fiscal discipline and transparency and accountability.

In this article, I will confine myself to capacity building of those we have entrusted with the responsibility to manage our collective resources.

What is capacity building?

A number of organisations, including CIDA (Canada), The European Commission (EC), UNDP and GTZ (Germany) have definitions of capacity building in relation to public finance



with the end result of reducing poverty, improve citizen's lives as well as enhance self-reliance. One may therefore want to audit the PFM reforms that various African countries have been engaged in over the years; to determine whether these have built capacity to be self-reliant, and whether they have led to improvements of the lives of ordinary citizens.

Capacity building dimensions

Public finance management capacity building efforts should be undertaken at the following levels: institutional, organisational, individual.

Institutional capacity building

Institutional level capacity building involves enabling environment (political leadership, public buy-in). Top political leadership have to provide the required leadership for capacity building to succeed. The support in pronouncements, sensitivity when making cabinet appointments, leading action that is necessary to send powerful messages regarding compliance with public financial management regulations are all important in creating an environment to change ways of working. Appointments and recruitments to the finance ministry (which is the owner of Public Financial Management efforts) should not be based on political considerations alone but should carefully consider the PFM reforms agenda. It can be frustrating for public service accountants if they see little or no progress with the reforms being implemented. The

end result may be resigning themselves to mechanistic compliance with the reform agenda, without a profound need to make real changes. Others may abandon the reforms altogether and even start sabotaging them. Management practice theory tells us that subordinates will adopt the organisational culture they see in place. If they see that from the highest office in the land to their leaders, there is a consistent message of upholding good public finance management practices, they are more likely to embrace those efforts. This also means that leaders should support policies that take trainings seriously (formal and informal). This sends the message that training courses that do not have demonstrable value to the trainee's role should not be approved.

Legislative framework

Public finance capacity building is a long term activity and resource consuming. It is important that it is properly anchored in law to ensure enforceability. Chapter 12 of the Constitution of Kenya, 2010 covers public finance matters ranging from revenue raising and sharing, budget management, control of finances and oversight. The PFM Act 2012 goes further to detail regulations regarding management and use of public finances. This can be regarded as the financial policies and procedures manual for government public finance management and has to be adhered to both at the National and County levels. The preamble of this Act states that it is AN ACT of Parliament to provide for the effective management of public finances by the national and county governments; the oversight responsibility of Parliament and county assemblies; the different responsibilities of government entities and other bodies, and for connected purposes.

Obviously the Act cannot cover all the details of daily operations in the public sector and needs to be supplemented by detailed policies and procedures manuals specific to the different activities undertaken by MDAs (Ministries, Departments and Agencies) as well as County governments. This is important because civil servants need to be guided on expected practice as they make decisions about financial transactions on a daily basis. It also forms a basis for training them on what is expected of their roles.

management. I have used two of those definitions (EC & UNDP) to capture what capacity building in the public sector should aim for:

European Commission: "To develop and strengthen structures, institutions and procedures that help to ensure: transparent and accountable governance in all public institutions; improve capacity to analyse, plan, formulate and implement policies in economic, social, environmental, research, science and technology fields; and in critical areas such as international negotiation."

United Nations Development Programme: Capacity is the "process by which individuals, organisations, and societies develop abilities to perform functions, solve problems, and set and achieve goals premised on ownership, choice, and self-esteem. "Capacity building is the "sustainable creation, retention, and utilization of capacity in order to reduce poverty, enhance self-reliance, and improve people's lives."

From the above, capacity building efforts should target institutions, structures, procedures, organizations and society to develop abilities to manage public resources in a transparent and accountable manner. There is mention of abilities to solve problems and achieve goals

***Top political
leadership
have to
provide the
required
leadership
for capacity
building to
succeed.***



CAPPING OF INTEREST RATES

The way forward

By FCPA Fernandes Barasa

President Uhuru Kenyatta's signature on the Banking Amendment Bill this week on Wednesday was a major milestone in Kenya's financial sector. The Institute of Certified Public Accountants of Kenya commends the President for this gesture.

Secondly, the Institute is pleased to note that the Head of State has vindicated our earlier position on capping of interest rates. It is apparent that the banking sector has been operating on an oligopolistic market mode, where credit pricing is not reflective of market fundamentals and thereby disadvantaging majority of consumers of banking services.

The new law opens up a new world of possibilities for Kenyan bank services consumers. Setting lower caps on interest would provide a conducive environment to all.

As the Government prepares to

implement the new law in coming weeks, we urge the policy makers to consider the following proposals:

a. It is critical that the government deals with its growing appetite for domestic debt and focus on negotiating cheaper loans from external markets to avoid crowding the private sector out of the domestic market.

b. The National Assembly needs to relook this Bill or generate a new Bill that will deal with the same issues under micro finance, shylocks and SACCOs or provide an alternative for vulnerable groups that the Bill intended to protect.

c. Parliament needs to address the issue of capping other banking charges such as transactional cost and insurance. This might be used as pathway to compensate for the lost opportunities under interest rate capping law.

d. Parliament has a duty to cushion users of mobile banking services against

unregulated interest rates if the spirit of interest rate capping is anything to go by.

e. The Institute requests the President consider launching the long-awaited M-Akiba Treasury Bond facility to allow ordinary Kenyans to finance government borrowing through mobile banking as low Kshs 3,000.

Once again we appreciate the President's gesture and believe that the stakeholders will embrace these reforms whole-heartedly.

2. Employment of Schools Bursars

The Institute lauds the planned employment and deployment of bursars in public institutions by the Ministry of Education. We are in total support of this plan which if well implemented will go along in ensuring proper utilization of public resources in our schools. As you may be aware, education has become



The new law opens up a new world of possibilities for Kenyan bank services consumers. Setting lower caps on interest would provide a conducive environment to all.

effective financial management in public secondary schools.

In light of this, the Institute appeals to the Cabinet Secretary to consider the following proposals during the hiring process of school bursars:

- a. School Bursars should be qualified accountants, and bona fide members of the Institute of Certified Public Accountants of Kenya (ICPAK).
- b. The school administrators should be accountable to the government as far as expenditure within the budget is concerned and should show a high degree of transparency and accountability. They should comply with the Constitution and PFM Act.
- c. Review of education, legal and policy framework in the country to conform with modern realities. This calls for an immediate dialogue with various stakeholders to urgently address any issues of concern.

3. Elections Campaign Regulations

The Institute takes cognizance of Campaign Financing Regulations that were released recently by the Independent Electoral Commission of Kenya (IEBC). While appreciating the good intention behind these regulations, we cannot afford to sit on our laurels.

We therefore recommend complete transparency of accounts through sound accountability. Each party and candidate should be required to present to the Campaign Finance Committee of the IEBC its audited financial statements within acceptable timelines. We propose that the audited financial statements of political parties and candidates be submitted to the Committee within three (3) months of the elections.

Electoral financing legislation and regulations should therefore consider in particular four (4) distinct aspects

relating to the transparency of political finance:

- Disclosure rules which oblige political parties to open up their financial accounts and reveal information on their levels of income, including the identity of donors, and expenditure.
- Reporting regulations stipulating that audited party accounts be made public and reported to the appropriate institution.
- Monitoring provisions for an independent body to inspect and control party accounts.
- Enforcement of a legal system of sanctions to ensure that regulations on party financing are not evaded and to impose penalties when the law is breached.

Disclosure rules in respect of campaign financing should adopt the following reporting guidelines:

- Disclosure provisions should distinguish between income and expenditure.
- Donations exceeding a certain minimum threshold should be disclosed.
- Donations should be itemized into standardized categories.
- Disclosure provisions should distinguish between the financing of political parties and the financing of candidates.
- Disclosure provisions should distinguish between routine party finances and electoral finances.
- Disclosure rules should include both national and local party finances.
- Disclosure should be a responsibility of donors, parties and candidates receiving donations.

It is a fact that electoral processes play a critical role in the governance of a nation. Political process being at the center of representative democracy, the process should therefore be supported by clear rules and regulations more so on financing and budgeting as a means of restoring public trust.

Kenya's largest growth industry and consumes a great deal of the government budget. Besides this, the introduction of cost sharing has burdened both parents and the communities surrounding the school since there is need for additional finance to back up the limited public funds provided by the government. With this kind of investment, parents and the communities in question require that there be proper financial management by the school administrators.

Notwithstanding this development, there are problems in schools over the management of funds. Parents have been kept in the dark over how much money has been received and spent in the schools. In fact, parents have complained of financial mismanagement with a good number of audit reports indicating that books of accounts are not properly kept in some schools. Such circumstances normally leave room for manipulation by unscrupulous persons who have access to school funds and therefore there is need to find out ways of ensuring efficient and

As Warren Buffet states, "Somebody once said that in looking for people to hire, you look for three qualities: integrity, intelligence, and energy. And if you don't have the first, the other two will kill you."

By Dr. Victor S Mutindab, vinivini48@yahoo.com

FORECASTING & PROPER PLANNING

As Entrepreneurs ponder over priorities for the rapidly rolling year, this may involve umpteen meetings with decision makers to lobby for buy-in and consensus, but any targeted and to be successful' goals would need a good plan.

Growth and success would mean different things to different Enterprises. Your plans could be as grand as multi-million-dollar turnover in the next three years, or looking to expand across different market segments.

Most entrepreneurs' goals are backed by incomplete or intrinsic cues, rather than linking to company strategy – inclusive of vision, governance and financial forecasts.

A case sample would be a growing enterprise in the ICT sector seeking to craft a business strategy. At first, the

management may remark and think about compensation and incentive structure. The marketing and product strategy would also come into play, as well as the Board / Directors having to chip in for emphasis on vital financial targets.

I am not saying these are skewed priorities. However, having many goals without linking them to strategy and taking into account the enterprises' performance, will result in a cocktail approach. It's important that you choose the right goals for your enterprise, more so built on solid research, with a clear plan of the tactics you will use to achieve them.

As the Guru of Management (Peter Drucker) remarks, "Unless commitment is made, there are only promises and hopes; but no plans."

So, what's the panacea? Here's an area-wide checklist to refer to whilst building

your "365-Day Action Plan":

1. Succession Planning

The transition from one CEO to another is monumental in an enterprises' lifespan. A smooth transition is critical to maintain confidence of investors, partners, customer and employees. In turn, this enables an incoming CEO with a sound platform from which to move the company forward. Specifically, I notice owner-managers having an aura of "feeling irreplaceable." This phenomenon threatens the entity's vision and long-term ambition. By the time a succession plan is required, it is far too late to start building one.

For enterprises that have a clear-cut succession plan, it must be linked to the strategic plan to ensure consistency and longevity. The Board / director's in conjunction with senior HR management,



should review the plan twice a year – taking into consideration relevant parameters of the envisaged leader. Collectively, the Board / director's should review company direction and strategy over a 5-7-year period, factoring in various scenarios with the use of analysis and foresight.

2. Product Portfolio

Self-help expert Kiyosaki states, "Most businesses think that product is the most important thing, but without great leadership, mission and a team that delivers results at a high level, even the best product won't make a company successful." Several times when advising clients, less emphasis is given on product strategy – optimizing this to market needs, listening to customers for viewpoints and improvements and evaluating product performance in comparison to competitors. You can say the right thing about a product and nobody will listen. You've got to say it in such a way that people will feel it in their gut. Because notably so, if they don't feel it, nothing will happen.

3. Talent

Research indicates that employees have three prime needs: interesting work, recognition for doing a good job, and being let in on things that are going on in the company. In today's integrated workplace, no leader can afford to neglect the challenge of engaging employees in creating the future.

Engagement was obscure in the past, but it's pretty much the whole game today. For any enterprise, regardless of its size or industry, it should focus into building a resilient organizational structure that recognizes and rewards performance, identifies talent – short and medium term, involves in decision making and pinpoints potential high performers who can build winning teams to strengthen organizational performance.

More often than not, an enterprise favors a reactive approach to attract and hire talent – for long that has been the *modus operandi*. Today, I work with diverse enterprises to build a robust future talent pipeline (6-9 months) by projecting their growth and its manpower needs in the short-medium term. As Warren Buffet states, "Somebody once said that in looking for people to hire, you look for three qualities: integrity, intelligence, and energy. And if you don't have the first, the other two will kill you."

4. Robust Processes

When was the last time you considered accountability, reporting and governance as key drivers to organizational permanence? Having processes is half-way to the summit, but developing tangible metrics is the course to victory. Today's organizations are faced with changing market dynamics where quick decision making and innovation are a pre-requisite. Hence, if your goals are not backed by clear and measureable metrics to track performance, decision making and governance, it won't be long before you end up on the drawing board reviewing your ambitions for the short and long-term future.

5. Proper Adoption of Social Media

One of the biggest challenges facing CEOs and a mammoth of enterprise's entrepreneurs in this year and moving

forward is how to effectively reach audiences online, specifically, social media. More than one million Kenyans use Twitter. Twitter growth in the country has doubled on a year on year basis. Gone are the days when information travelled through traditional forms such as brochures and flyers – as increased usage of social media is employed to effectively communicate press releases, offers, product advice, amongst others. However, as much as the adoption of social media has increased on an individual level, most enterprises have fallen prey to the failure of devising and adopting a social media strategy. I have dealt with business entities who once saw social media as a secondary go-to-market strategy. Today, they find their clientele demanding solutions to resolve their issues mostly through Twitter, Facebook and Instagram. Hence, reaching customers online will be one of the biggest challenges facing 'to-go-to' enterprises of choice in the modern times ahead.

Auditing the Past Experiences to inform the way forward

It is equally imperative to consider the following as you "audit" this in tandem with other enterprise leaders:

DO's

- What do you wish you had achieved before? What do you want to do more this year and this time round?
- Reflect on realistic goals i.e. You want them to be attainable, but you have to work just a little more to get there with available resources.
- Create a 365-Day Action Plan that details the steps you and your team need to take to achieve a goal. E.g. To increase Sales by 18%, the enterprise needs to hire two sales executives, open one new location and increase prices by 2%.
- Arrange for a monthly or quarterly meeting to see how your plan is unfolding. If there are obstacles from completing the item, work to mitigate it.

DON'T's

- Avoid generic resolutions like "grow my business." Be specific.
- DON'T set too many targets or go into greater detail than required. Too many details lead to confusion, conflicting goals, micro-management and failure to execute.



BUYING KENYAN CAN SAVE THE ECONOMY

By Ndirangu Ngunjiri, operations@watermarkconsultants.com

It is not only possible for manufacturing to lead the recovery of the Kenya with growth and hiring, it is a necessity. To help achieve a sustained economic recovery, our country needs a consumer-led commitment to buying Kenya-made products, which supports Kenyan manufacturing jobs and employment.

More Kenyan manufacturing jobs not only reduce the unemployment rate, but also expand the tax base to pay for benefits, like NSSF and NHIF. And jobs will come; every new job in auto manufacturing supports nine other jobs, from restaurant workers to parts makers.

In just the last several years Kenya has highly imported from China products such as tooth picks, which we can make from our local forest products waste. Our huge trade deficit, because we're importing far more than we're exporting, stifles potential economic growth. In the last years our national trade deficit reduced Kenya's potential economic growth by a quarter,

from 4 percent to 3 percent.

The answer to Kenya's economic problems is in our own backyard. The answer is: buy Kenyan. In doing so, we'll reduce our trade deficit, support a higher tax base and achieve greater economic growth.

"Buy Local"—you see the decal in the store window, the sign at the farmer's market, the bright, cheerful logos for local brands; the apparent message is "let's-support-local-business", a way to boost a community. But buying close to home may be more than a feel-good, it's worth-paying-more-for-local matter. A number of researchers and organizations are taking a closer look at how money flows, and what they're finding shows the profound economic impact of keeping money in town—and how the fate of many communities around the nation and the world increasingly depend on it.

At the most basic level, when you buy local more money stays in the community. When people buy produce at a Nakumatt

supermarket, Marigiti or sokomjinga market, twice the money stays in the community when folks buy at Marigiti market. That means those purchases are twice as efficient in terms of keeping the local economy alive.

Indeed, many local economies are languishing not because too little cash comes in, but as a result of what happens to that money. Money is like blood. It needs to keep moving around to keep the economy going, when money is spent elsewhere—at big supermarkets, non-locally owned utilities and other services such as on-line retailers—it flows out, like a wound." By shopping at the Kugeria shop instead of the Garden city, consumers keep their communities from becoming "ghost towns" like my village town Elburgon.

"Buy local" serve another function: alerting a community about gaps in the local market. For instance, if consumers keep turning to on-line or big-box stores for a particular product—say socks—this signals an opportunity for someone local



to make and sell socks. This is the way product innovations get made. The local producer adds creative elements that make either the product or materials used more appropriate to the place. For example, Molo where Merino sheep are raised might make lamb's wool socks and other goods. North Kinagop where potatoes are produced in large quantities, crisps factories can do very well.

The point is not that communities should suddenly seek to be self-sufficient in all ways, but rather shift the balance. Can you produce more locally? Of course you can if the raw materials are there, and the raw materials are often human beings. What about that higher cost of local goods? After all, big-box stores got to be big because their prices are low; the difference falls away once you consider the increase in local employment as well as the relationships that grow when people buy from people they know. Plus, one could argue, lower transportation, and therefore environmental, costs, and you know what you're getting—which as we've recently seen with suspected contamination in toys and other products from China, can be a concern.

There's also the matter of local/regional resilience. While now we're largely a service-providing nation, we're still just a generation away from being a nation of producers. The question is: what economic framework will help us reclaim those skills and that potential. We could find ourselves doubly stuck because domestic manufacturing is no longer set up to make all these products. While no community functions in isolation, supporting local

trade helps recreate the diversity of small businesses that are flexible and can adjust to changing needs and market conditions. Another argument for buying local is that it enhances the "velocity" of money, or circulation speed, in the area. The idea is that if currency circulates more quickly, the money passes through more hands—

At the most basic level, when you buy local more money stays in the community. When people buy produce at a Nakumatt supermarket, Marigiti or sokomjinga market, twice the money stays in the community when folks buy at Marigiti market.

and more people have had the benefit of the money and what it has purchased for them. If you're buying local and not at a chain or branch store, chances are that store is not making a huge profit, that means more goes into input costs—supplies and upkeep, printing, advertising, paying employees—which puts that money right back in the community.

As an economic principle, velocity has been considered a constant. It was stable in the 1950s, '60s, and '70s but starting in the '80s velocity has decreased as more money has been diverted to the financial sector. This scenario may benefit financial centers, but money tends to drain away from other places. In the last several months velocity has declined sharply because there's less GDP and more money. The money doesn't flow. More money is being printed, but it's not going into circulation.

As the nation limps through the recession, many towns and cities are hurting. "Buy-local" campaigns can help local economies withstand the downturn. For communities, this is a hopeful message in a recession because it's not about how much money you've got, but how much you can keep circulating without letting it leak out.

It's not enough to suggest that the Kenyans buy products made by Kenyans. But the problem is we don't have any way of knowing for sure what products are made by Kenyans and which products are made somewhere else. Business people in down town Nairobi manufacture in China and brand it "Made in Kenya."

HOW TO PLAN AND OPTIMIZE YOUR RETIREMENT INCOME

By CPA Calistus Wekesa Waswa, waswacali@yahoo.com

It is important for employees to be well disposed to retirement psychologically, economically and socially in order to lead a good productive life in retirement. At the beginning of this century before the western influence was felt by many Kenyans, family land units were sufficient to support all family members including those who worked away from home and returned home after retirement. The ethnic customs decreed that the welfare of the aged was the responsibility of the family and the community. However, due to increase in population the land units became smaller and were unable to support all family members. Also the young and educated people no longer felt bound by their customs to support the aged. The problem of aging and retirement is with us and it is compounded by the fact that many workers in the civil and parastatal companies have to retire at age 60 the compulsory retirement age in Kenya. Until the late 1970s aging and retirement were rare issues in Kenya. From 1980s we have witnessed real concern on aging and retirement throughout the country, in local newspapers and public addresses by prominent Kenyans. After you retire, you may discover that you want an additional stream of income for peace of mind in your golden years or maybe you want to pursue a second career and finance remains a scanty commodity.

Create a Sustainable Retirement Spending Plan

As you get ready for retirement, your focus

will likely start to shift from saving to spending. For many making this transition, a crucial question is: How do you set up a spending plan that lets you hang on to as much of your nest egg as possible even as you regularly tap your investments to support upcoming spending needs?

While some investors hope to make interest and dividend income their only source of funds for retirement spending, that strategy isn't necessary or even optimal for most investors. Interest or dividends alone may not provide the income you need—especially in a low-rate environment. And they don't need to.

Using your entire portfolio, is recommended including tapping into short-term reserves and regularly harvesting capital gains, if necessary. When applied to a portfolio that has the right building blocks of retirement income, this approach can help you create income, grow assets to help manage inflation, and provide liquid capital to weather a market downturn, if necessary. You might also consider depositing interest and dividends into your current spending bucket or your short-term reserve bucket, though many investors may choose to reinvest interest and dividends to help compound returns. You should structure your portfolio so it can deliver cash flow from a variety of building blocks when and how you need it, without giving up growth potential. This is the essence of modern retirement portfolio and distribution management. The key is to build a portfolio positioned to support current spending and future needs.

Bond ladders (a bond ladder is a

bond investment strategy in which you purchase individual bonds with staggered maturities, spreading investments across a particular time horizon and limiting exposure to any single bond or interest rate) have many uses, including helping to balance the desire for current income with the opportunity to benefit from potentially higher interest rates later on. Bond ladders can help generate predictable cash flow, while managing some of the volatility that results when interest rates rise or fall.

Allocate Funds in Retirement

According to the Social Security Administration, the average 65-year-old retiree can expect to live 17–20 years after leaving the workforce. However, with advances in health care leading to increasing longevity, it's widely recommended that you plan for a retirement of 30 years or longer. Therefore, how you invest your savings in retirement is crucial. Here's a guide for how to approach portfolio allocation in retirement.

a. Set aside one year of cash

Try to set aside enough cash—minus any regular income from rental properties, annuities, pensions, Social Security, etc.—to cover a year's worth of retirement expenses. Ideally, this money would be held in a relatively safe, liquid account, such as an interest-bearing bank account, money market fund or short-term certificate of deposit (CD).

b. Create a short-term reserve

Within your main portfolio, create a



short-term reserve to help weather a prolonged market downturn—it is recommended two to four years' worth of living expenses, if you can. This short-term reserve will prevent you from having to sell assets in the event of a down market. This money can be invested in high-quality, short-term fixed income investments, such as short-term bond funds.

c. Invest the rest of your portfolio

When it comes to your main portfolio, remember that your overarching goal is to create a mix of investments that work together to preserve capital, generate income and grow. Your specific mix of stock, bond and cash investments should be appropriate for your age, income

needs, financial goals, time horizon and comfort with risk. With a year's worth of cash on hand and a short-term reserve in place, invest the remainder of your portfolio in investments that align with your goals and risk tolerance.

d. Match your investments to your goals and needs.

The combination of stocks and bonds, along with an appropriate allocation to cash investments, can help protect you against market volatility while keeping you invested for long-term needs. Bonds provide a cushion that's generally less volatile than stocks and provide a regular source of income. Stocks provide potential for growth, as well as dividends that may increase over time.

Summary

The hard truth is that only a small minority are accumulating enough savings to provide for their income needs during decades in retirement. This uncomfortable reality is particularly true given the overall rise in life expectancy, sharply rising medical costs, the trend toward more active and costly retirement lifestyles, and, not least, the relentless toll of inflation. For the financially fortunate with sufficient personal savings, Social Security benefits, and corporate pensions to meet all their retirement income needs, the main financial challenges of retirement are how to invest and spend wisely and perhaps provide for their heirs as well.

"A woman has got to love a bad man once or twice in her life to be thankful for a good one."

Elizabeth Taylor & Mae West

By Angela Mutiso, cananews@gmail.com

TRAITS THAT MAKE MEN APPEALING

What would your character and status be if you did more to enhance your appearance? If you were to make a few necessary changes in the way you look, talk and behave, starting today, you may surprise yourself, because people will respect you more and treat you differently. How for example would well dressed smiling staff with integrity change the reputation of an organization? No man is faultless, but there is so much you can do to become a better person.

The Guardian newspaper, writing on jobs once reported that "Attractive applicants also have a better chance of getting better-paid jobs. And it's hardly surprising that one survey claimed workers spend a fifth of their salary trying to look good in the office, believing that image is increasingly important to their career." Indeed some companies have

have to make him more attractive. They believe he should have: a high self esteem, and that he should go for what he wants, he should always take the initiative to do things, he should appear like a leader, and pay attention to detail. He should be adaptable, compassionate and full of humor. Women look for men who look like they can be good fathers, are properly groomed, balanced, respectful, courageous have good friends and are organized.

A man is more appealing when he is honest, clean, humble, knows how to budget well, and take success in his stride. Someone who cares for his family, spends time with them and avoids confrontation at all costs will be appreciated by many. Women admire men who are morally upright, flexible, and tolerant and eager to learn, pray, read and are confident. These qualities, or at least most of them can sell a man well.

Integrity is stressed as one of the

suspected their integrity might still be at risk. Interestingly, most participants were able to find one or more customary activities in which their integrity was indeed compromised. However, once the participants evaluated the rewards and risks associated with compromising their integrity, they consistently concluded that the inevitable, long-term negative results overshadowed the appeal of the short-term gains. Without a doubt, integrity is directly related to producing consistent, long-term effectiveness and positive results.

Speaking further on integrity, Koslow advises; always keep your word. If a change in circumstances means that keeping your word would be life threatening or otherwise devastating, renegotiate with the intent of maintaining your integrity. He also points out that highly effective people never blame circumstances for their lack of results. Instead, they accept responsibility and recommit to the

In Kenya, more and more men are visiting salons. They require services such as manicure, pedicure and facials. They also go for haircuts (highest demand) for wet shaving, hair dye, Rasta, tattoos, massaging and waxing among others.

been known to stress that a good physical appearance for job applicants is an added advantage. Good looks do not necessarily mean your physical attributes. There are many things you can do to make yourself more presentable, more disarming and more influential. Men have actually been responding to this challenge, and are increasingly visiting beauty parlors and communication classes to change a few things. According to a recent research, men currently make up only 5-10% of the clientele of beauty salons. But this is changing rapidly and salon owners are working hard to make their salons attract and accommodate men.

What makes a man look good?

While no one can ever be tailor made for anyone, There are a few qualities that most people feel a man should

most important attributes a man should have. In his book 365 ways to become a millionaire (without being born one) Brian Koslow narrates that he was presenting a seminar on the subject of integrity to a group of professionals. It was remarkable to learn how many different interpretations there could be for one word; perhaps most fascinating were the many personal reactions that were brought out in each participant. This hot topic had all of the attendees assessing their own integrity-which is about personal wholeness, consistency, authenticity, and commitment to values and principles- in all of their daily interactions and activities.

He explains that in one of the exercises, they asked the participants to write down instances, in which they felt they might have compromised their integrity in the past, in which they

actions necessary to produce the intended results.

Confidence is another valuable quality. According to good guys swag (founded by Kris Wolfe) confidence is important to women because it demonstrates a man's inner strength. Manly confidence emanates a feeling of trust and safety which for women is extremely important. It suggests five practical steps every man can take to grow into a truly confident man. Briefly:

Find Your Identity

Finding your identity is one of the biggest keys to becoming a confident man. If you don't really know who you are, how can you trust yourself? It's impossible to rely confidently on something that is ambiguous or undefined. If you don't know who you are it's only logical you won't have.

Surround Yourself with People Who Believe In You

Spending time with people who believe in you is key to growing in confidence! Even when you have a solid identity and are rooted in truth, the encouragement of others who believe in you is important. Even if you trust yourself, every guy has moments where an extra word of encouragement is necessary to ask a girl out, apply for a new job, or make a risky investment.

Mentorship

Having friends that believe in you is helpful. Having a mentor that believes in who you are becoming is empowering. Receiving input, wisdom, and instruction from a trusted mentor naturally builds confidence in men. When you trust the voices speaking into your life you'll have more confidence to actually walk out that advice. A good mentor sees the areas of life where you're already confident and will encourage you in them, while still challenging you in the areas you need to grow in.

Don't Let Failure Pull You Down

If you're constantly beating yourself up for every mistake and shortcoming, it's difficult to grow in confidence as a man. Just because you fail once, don't throw your confidence away! Facing areas of past failure and conquering them brings life to men. Part of growing in confidence is overcoming obstacles. Failure is tough, but you'll gain a greater trust in yourself by not giving up.

Stay Patient, You'll Make It

Growing in true confidence takes time and effort. Sure, looking great and being fit can help improve confidence momentarily. True personal confidence goes beyond outward appearances. Growing in confidence comes from proper foundational identity & trusting yourself. You will feel empowered when you surround yourself with people who believe in you, and challenge you to grow.

So what do men do at the salon?

There's a big difference between giving a man a manicure and waxing his chest, or giving him a massage. A good male treatment menu should ideally be short, concise and cover all the basics a facial,

manicure and pedicure, waxing, massage. '80% of women surveyed didn't like hairy back. Men still have a lot of guilt about relaxing, turning off and letting go. It has been noted that younger men are more likely to take advantage of services offered at salons. 25% of men 18-34 report having a manicure or pedicure. Meanwhile, 38% of men aged 18-34 have had a facial or body treatment, compared to only 15% of men aged 55+. Indeed, 20% of men and 22% of women aged 18-34 have had a facial at a salon. While these treatments are not as "beauty focused" as women's treatments, they help men to look clean and groomed, a growing trend among the male population Mintel research finds. Among those men that do visit a salon for a haircut or other treatment, they go more frequently than their female counterparts. For example, 39% of men surveyed who have had a facial say they get one once a week, compared to 6% of women.

"It's possible that the segment of men who get beauty treatments are more concerned with their appearance, so they tend to visit salons more frequently," says Amy Ziegler, global personal care analyst at Mintel. "While these findings are interesting, it is important to keep in mind that men who get beauty services still make up a small portion of the population." guys are getting laser treatments to remove unwanted tattoos, fix a botched hair transplant, and most commonly, to erase acne scars, Dr. Schweiger says. "The most effective treatment for severe acne scarring is the Fractional CO2 laser, which pokes microscopic holes in the skin to stimulate the production of new collagen to fill in the acne scars and create smoother skin.

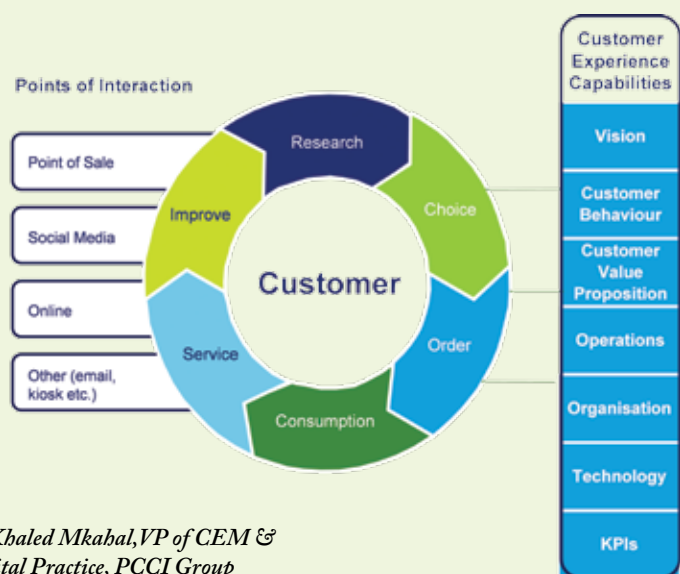
In Kenya, more and more men are visiting salons. They require services such as manicure, pedicure and facials. They also go for haircuts (highest demand) for wet shaving, hair dye, Rasta, tattoos, massaging and waxing among others. Salon owners who have recognized this are working overtime to ensure that they meet men's needs and such entrepreneurs seem to be advancing faster than they would have without this added advantage. Something shocking about Kenyan men according to a study is that there are a good number who do not brush their teeth regularly. Picking your nose and constantly chewing gum publicly are activities you should avoid at all costs.



Some interesting facts about men and women- Good men quotes

- Every woman deserves a man that can make her forget her heart was ever broken
- If someone is willing to cheat with you, they will cheat on you. As much as you hate to believe it, you are not the exception to the rule
- We met for a reason, either you are a blessing or a lesson
- When you love someone more than they deserve, surely they will hurt you more than you deserve
- A man's biggest mistake is giving another man the opportunity to make his woman smile
- Sometimes a man's purpose in a woman's life is to help her become a better woman for another man
- A good man, is a good man, whether in this church, or out of it... Brigham Young
- All good men are happy when they choose to be their own authors. Those who choose to have others edit their pathways, must live on the edge of another man'
- Evil prospers when good men do nothing- John Philpot Curran
- Do you want the truth?

CUSTOMER EXPERIENCE MANAGEMENT



By Khaled Mkahal, VP of CEM & Digital Practice, PCCI Group

Without any doubt the world has gone the digital direction becoming more focused on the Customer experience while trying to map customer interactions and generating useful information that will increase satisfaction, leading to continuous business growth. In-line with this trend, you will notice that people are more involved in exploring and researching what I like to call the 'three words'- Big data, Digital and Customer Experience Management (CEM), especially if they are working in service oriented sectors like Telecom, Banking and Travel and Tourism.

Keeping in mind the size and amount of information being exchanged daily brings up an important question - "Is there any clear common understanding that defines the Three Words? And can they really be separated?"

Unfortunately, there is none at the moment as this area is considered a growing non-mature space. Definitions and concepts keep evolving with new

approaches, strategies and best practices. We will try to address these areas from our understanding hoping it will help you, better understand and hence embrace these new trends.

Let us start with the Customer Experience (CX): It is the perceived experience by a customer of a certain product or service; the experience can be good, bad or normal. The ability to measure customer experience and manage this information, i.e. analyze it, improve it and reuse it to derive new services and products personalized to the customer is what we call Customer Experience Management. It is important to understand that the experience is holistic and cannot be segregated and hence the challenge in capturing it. In the CEM world this is referred to as measuring customer experience throughout the customer life cycle and against all touch points.

Let me give you an example. The experience of a customer who wants to stay in a particular hotel starts from the time he visits the hotel's website to book

a room until he checks out of the hotel. This includes his experience at the time of check in, while using the facilities of the hotel and finally when he makes the final payment. The question that now arises is how to measure his experience and ensure that the customer would not only return to the same hotel but also share his experience and recommend the hotel to his friends and colleagues which in turn would translate to more business for the hotel.

Digital: To explain this simply, digital is the form of data that customers generate during their interactions with different touch points. It also denotes the channels that the customer has used to transfer this data. It is definitely advantageous to have data captured in digital form as it helps improve the process of collecting the data thus increasing the ability to process it further.

If we go back to our hotel example, we can consider the hotel website that the customer used to book his room as the digital channel. The information that he was required to fill and the online payment he made are in the form of digital data.

Big Data: This is the data that is generated by all customer transactions for each and every product/service they have experienced.

Let's go back to the hotel example to understand this a little more; Here "big data" is the data generated by the customer (his profile, the country he is travelling from, number of days of stay, the room type, the means of payment, utilities access in the hotel like pool, gym, restaurants, feedback, complaints if any, etc.). It is of course easy to collect this type of data from one customer but imagine the size of the same data when collected for all the customers of the hotel over a long period of time. This cumulative data of all customers is what we call 'big data'. In fact in reality, customers can use multiple services at the same time generating more data.

It is important to be able to define and distinguish the different meanings of the 'three words' distinctly and although we believe they all come together in one gigantic process while working back to back as one of them is the input (Big Data), the second is the form and channel of the data (Digital) and the final one (CEM) is the engine and Processes which when applied to this data helps improve both customer satisfaction and business growth.



YOUR FACE DEFINES YOU

By Angela Mutiso, cananews@gmail.com

Your face may give away more than just your age. In fact, Eastern masters have long believed that our faces carry a wealth of predictions about our present and future. Changing your face can thus alter your life path, for the better or worse. It's no wonder that some passionate believers in the ancient art of face reading have been delicately enhancing their looks not just for vanity but to boost their personal happiness and fortunes.

The Chinese have always believed that the head and face impart the true essence of a person's character, and that the general directions of a person's destiny are revealed by the bone structure and features of the head and face. They say eyes are said to be the windows to your soul. Chinese face readers however believe that they are really windows to your fortune. An auspicious pair of eyes is bright and capable of holding a steady gaze. It does not matter what the shape, size or colouring of the eyes are, the most important aspect is the vitality that

shines through them. Also, regardless of its size, lips must never appear dry, since this symbolizes a 'drying up of luck'. They say.

Actually, by looking at your face, one can tell a lot about you; whether you are sick or fine, depressed or happy, normal or insane, fulfilled or drained. In this article, we will dwell more on face care. A good starting point in having a glowing face is to identify your skin type and to know how to take care of your face, your appearance and expression.

Let us look at face washing as a first step to achieving this oft' overlooked issue. Do you know the best way to wash your face other than just splashing water, rubbing soap and rinsing it? We wash our faces in different ways but following are some proven methods for washing your face. You will need a face towel, a cleanser, toner, moisturizer and a scrub. You should wash your hands thoroughly before using them to wash your face. Try not to touch your face often as you may transmit germs to it. It is necessary to dab

your face dry with a clean towel daily and if possible, change face towels every day. Oil, grime, and bacteria get locked in your towels so don't transfer these things back to yourself. Use a smaller sized hand towel or washcloth. After you wash and dry your face, apply an oil-free moisturizer. Even an oily skin needs to be moisturized. Vary the quantity you use based on how oily your skin feels.

Reduce the amount of moisturizer you use on oily areas. You can splash water on your face using your hands, or moisten a towel and use that to wet your skin. Wetting your skin before applying a cleanser will help the soap slide more easily across your skin, preventing you from having to use too much. Remember to use a little cleanser that works with your skin type. Apply it to your face in a circular motion, making sure each spot gets covered with a tiny amount of cleanser. Keep massaging in a circular motion for thirty seconds to a minute. Avoid using hand or body soap as your facial cleanser. Facial skin is more

sensitive than the skin elsewhere on the body, and harsher soaps can cause it to get dry and irritated. Plain coconut oil is a great natural makeup remover.

Exfoliating, the process of gently scrubbing your skin to remove dirt and dead skin cells can be done every few days to keep your pores from getting clogged and help your facial skin look fresh and bright. Use a facial scrub or a washcloth to rub your skin paying attention to areas that tend to be dry or oily. Exfoliating too often or too forcefully can irritate your skin. Try mixing 1 teaspoon honey, 1 teaspoon granulated sugar and 1 teaspoon water or milk as a facial scrub. Use warm water to rinse your face, making sure to wash away all traces of your cleanser and scrub. Use a towel to pat your face dry. Try not to rub your face when you dry it, since this can encourage wrinkles and irritate the skin. Apply a toner for a smooth appearance. Using toner is an optional step that's nice to try if you want your skin to look smooth; use cotton wool focusing on areas where your pores appear large; an alcohol free one is advisable. You can use half lemon juice and half water.

Dealing with acne

Washing once in the morning and once at night is a good habit for those with acne-prone skin. Washing in the morning refreshes your face and cleanses away bacteria that may have grown in the night, while washing at night is important for removing sweat, dirt and makeup from your skin. Washing your face more than twice a day could dry out and aggravate your skin. If you must wash your face more times, just splash lukewarm water. If you have acne, use cleansers specially designed for acne-prone skins. If you have acne, avoid using a scrub, use a soft face cloth instead and wash these cloths regularly.

It is better to use an oil-free moisturizer to protect acne-prone skin. Ensure your moisturizer is the right one. You can try it out on another part of your body first and check what happens after a few days is soothing to irritated skin and makes a great light, oil-free moisturizer. If your face is too oily however, avoid moisturizers altogether. If your skin is very dry, wash it only once a day. Night wash is important to remove dirt and sweat from your face before you go to sleep.

Upon waking up, just rinse your face with a splash of lukewarm water or a damp washcloth instead of going through your

full cleansing routine. Always finish with moisturizer to keep your skin from flaking.

Dry skin

Dry skin gets drier when you wash it, so it's important to choose your cleanser carefully. Look for a very light cleanser made for dry skin, or try using oil as your cleanser. To use oil, simply wet your face and apply your oil of choice (almond, olive, jojoba, coconut, etc.). Use a washcloth to rub your face in a circular motion, then rinse away the oil with warm water. Buy a cleanser that does not contain sodium laurel or laureth sulfate.

If your skin is very dry, dip a corner of a soft towel or cotton pad into coconut oil or rich oil. Rub the oil into your face using a circular motion. This will exfoliate and nourish your skin at the same time. Don't use abrasive material on your skin. Dry skin is more prone to tearing and wrinkling than normal or oily skin, so it's important to handle it gently. Hot water will cause dry skin to get even drier, so use cool or lukewarm water for rinsing. Using too much water is another way to dry out your skin, so just use a splash or two. You can also control the amount of water you use by wiping your face with a moist towel instead of splashing it with water.

Patting it dry will keep your skin from getting inflamed or flaking. Conclude with a rich moisturizer intended for dry facial skin to keep your skin looking fresh and hydrated. Natural moisturizers are often best for dry skin. Look for a moisturizer that contains shea butter, coco butter, or another rich, emollient ingredient that will protect your skin from drying out. If your skin tends to flake a few hours after washing it, try applying a dab of coconut oil or aloe to refresh your skin.

Oily skin

Meanwhile, oily skin can feel bad and lead to blackheads and acne. Determining which way to clean oily skin depends on your skin type, budget, and available time. A regular washing routine keeps your skin clean. The right use of facial masks, oils, and moisturizing lotions will help you achieve clean, healthy skin. Use a gentle face wash designed for oily skin. Use medicated cleansers. Salicylic acid clears blocked pores and reduces swelling and redness. Benzoyl peroxide is an exfoliator and kills bacteria. Sodium sulfacetamide fights the growth of bacteria.

Egg-white masks can firm your skin

and soak up excess oil. Lemon juice and mango are common ingredients for face masks. Hormonal reactions based on your diet and lifestyle trigger oil production. Reduce processed foods in your diet. Eat more fruits and vegetables and drink lots of water. Consider reducing your dairy intake because milk product hormones impact acne and oil production. Eating excess carbohydrates also increases acne. Flaxseed oil helps produce natural oil, reducing the need for excess oil production. Exercise more and reduce stress. If you have acne, do not attempt to pop your pimples. This can lead to scarring. Read labels on skin treatment ointments clearly.

Facial descriptions of facial expressions from kidlink; My face looks winning, cheerful, friendly, charming, smiling, radiant, warm, fun, funny, nice, serene, anguished, anxious, sullen, sad, cross, worried, menacing, pensive, lively expression, a tense face, a wild expression, gloomy, frowning, expressive.

Health Tips

- Prolonged use of an antifungal cream is usually completely effective. Some of these creams are over the counter, others by prescription.
- Fungus thrives in moist areas
- If the scalp is affected, oral medication will be required, and treatment is rather prolonged
- To get rid of head lice, the eggs (nits) must be removed. There are a number of over the counter shampoo treatments that work well
- Most kits also contain fine-tooth comb used to comb the nits out of the hair after shampooing. In reading the information, make sure the shampoo kills both the lice and eggs.

Additional information from Wikibow and webmed

By Joseph Nyanchama, nyanchamajoseph@gmail.com

SERVING IS A PRESTIGIOUS OCCUPATION



Speedy Morris (centre) with his wife Mimi and Roman Catholic athletic director Dennis DiGiovanni when he received a token of appreciation.

To receive an invitation is to be honored – to be held in high esteem. For that reason all invitations deserve a kind and thoughtful response. Invitations are special. Some are casual such as asking for a date to discuss a business idea. Some are significant such as offering someone a job while others are permanent such as a marriage proposal. But all are special nevertheless.

I read a story that appeared in 'Sports

magazine' about an invitation offered to Speedy Morris a basketball coach for Lassalle University. The story said that Morris was shaving when his wife told him that he was wanted on the phone by 'sports illustrated.' He got so excited over the prospect of national recognition that he hurried his shave and nicked himself. Not wanting to delay the caller, he ran out of the bathroom, lost his balance and tumbled down the stairs, limping with blood and lather on his face, he finally

got to the phone. Imagine that is how we respond when we are invited to take up leadership positions at the beginning.

Remember that heroes mirror a society. I mean study a nation's heroes for example Kenya and you will understand our nation. We honor those who embody our dreams. Gang members toast the ruthless, slaves esteem the freedom fighters, and cult members exalt the dominant. The fair lionize the strong and the oppressed hallow the courageous. It is strange to understand

how a person who was invited to take up an offer in a leadership position turns out to be a 'cult leader' exalted by a few.

I use the word cult to represent 'cartels' whose sole objective is to freeze organizations of enormous resources. This happens in many cases to parastatals. But when he/she was taking up the positions appeared strategic. What went wrong? They forget quickly and are not ready to reciprocate what the company has done for them. They claim that they are well read and one wonders, that they have never read common documented cases even from the Bible like that of Simon the leper on reciprocation.

Let me put this case of reciprocation into context so that such people may learn.

your hand on a leper's sore like Jesus did. So he didn't forget what Jesus had done. He couldn't forget that where there had been a nub, there was now a finger for his daughter to hold. Where there had been ulcerous sores there was now a skin for his wife to stroke. Simon knew what it was like to stare death in the face. He knew what it was like to have no home to call your own. He therefore wanted Jesus to know that if he ever needed a meal and a place to lay his head, there was one in Bethany to which he could go. In other words, Simon reciprocated.

In a similar manner most people looking for positions of leadership in organizations particularly parastatals find themselves in situations like that one of

informal groupings (cartels) that exist. After a while such groups gain ground and lure the leader to their side and the leader begins to make decisions that are not in the interest of the common good of society. I mean leaders must learn things right from the start.

Relating to this, there is a secret every shirt wearer must know. If you own a shirt and do not know it, here it is: Button the first button correctly. Take your time. Don't be in a rush. Look carefully in the mirror and then match the right button with the right hole.

If you do and get the first button right, then the rest will follow suit. If, however you don't get the first button right, every button thereafter will be buttoned



Speedy Morris along with his players and coaching staff after he set the record for most wins in the Philadelphia Catholic League

There is a man whose story is told in the Bible called Simon the leper. Simon the leper had stooped shoulders, fingerless hands, a scrubbed arm and an infected back draped in rags. But that was before Jesus' touch. After the touch he was healed. In reciprocation for his healing, Simon exhibited acts of love which steal the heart and leave impressions on the soul. Such an act of love was seen in the last week of the life of Jesus when he hosted him in his house; A demonstration of devotion which the world will never forget; An act of extravagant tenderness in which Jesus wasn't the giver but the receiver. This must have been a simple act but meant a lot to Jesus.

Simon knew that it was risky to have a wanted man in his house. At the same time he knew it was more risky to put

Simon the leper. They are so desperate from the beginning. They lobby for such positions and try to see every person who matters in positions of government. When they are finally offered such leadership positions, they respond by collecting the letters of offer like Speedy Morris who ran out of the bathroom, lost his balance and tumbled down the stairs, limping with blood and lather on his face when he was told that there was a call from 'Sports Illustrated.'

Now the question is; why do most people who are offered positions to deploy their gifts of leadership forget so quickly and do not pay back by protecting resources at their disposal? The answer lies in the fact that most leaders do not take time to study their organizations from the beginning and understand invisible

incorrectly. The result will be a lopsided shirt. Put the second button in the top hole or slide the second hole over the top button and, well, it just won't work.

Similarly, you start mismatching issues when you are newly recruited as a leader. You start messing up by not following procurement procedures and policies of the organization and by so doing you do not reciprocate the kind gestures of being offered the job by adding value. You pay people who bring no value at all and ignore the simple economics principle that says 'you do not pay a person for time but you pay him the value he puts in the time.'

The question to you as a leader is; why do you forget so quickly what you promised to deliver when you were given the job? Over to you!

By Staff Writer

ZERO TOLERANCE FOR THE ILLEGAL TRADE IN WILDLIFE



“On this World Environment Day, I urge people and governments everywhere to overcome indifference, combat greed and act to preserve our natural heritage for the benefit of this and future generations.” Secretary-General, Ban Ki-moon

This year's World Environment Day was marked on June 5th 2016. Angola was chosen to host World Environment Day because the country has been identified as making strong commitments to combat wildlife crime by shutting down its domestic ivory trade and taking action

to stop smuggling over its borders.

Angola's efforts to conserve wildlife have been recognized and lauded; to emphasize this point, UN News stressed that this year's World Environment Day celebrations are hosted by Angola, a country seeking to restore its elephant herds, conserve Africa's biodiversity-rich

wildlife, and safeguard the environment as it continues to rebuild after more than a quarter-century of civil war.

World Environment Day aims to inspire more people than ever before to take action to prevent the growing strain on planet Earth's natural systems from reaching the breaking point. The 2016



theme highlights the fight against the illegal trade in wildlife, which erodes precious biodiversity and threatens the survival of elephants, rhinos and tigers, as well as many other species. It also undermines our economies, communities and security. This year's slogan "Go Wild for Life" encourages you to spread the word about wildlife crime and the damage it does, and to challenge all those around you to do what they can to prevent it.

World Environment Day (WED) is observed every year on June 5 to raise global awareness to take positive environmental action to protect nature and the planet Earth. It is run by the United Nations Environment Programme (UNEP) "World Environment Day" (WED) is the United Nations' most important day for encouraging worldwide awareness and action for the protection of our environment. Since it began in 1974, it has grown to become a global platform for public outreach that is widely celebrated in over 100 countries." Wikipedia

"We have chosen this theme because damage from this trade has become so serious and so far reaching that urgent action is needed to reverse it," UNEP Executive Director Achim Steiner said in a video message on the occasion of the Day, celebrated annually on 5 June. The UN official underlined that the effects

"We have chosen this theme because damage from this trade has become so serious and so far reaching that urgent action is needed to reverse it,"

of wildlife trade include the destruction of natural capital in which many nations could build healthy tourism industries; the spread of corruption and the undermining of the rule of law all around the world; and the "fattening of purses" of the international crime syndicates.

"This must stop and the time to take action is long overdue," he insisted, calling on all individuals to use their "spheres of influence" to help end the illegal trade in wildlife by engaging in the "Go Wild for Life" campaign.

With the aim of reducing the demand for illegal wildlife products, the campaign stresses that greed, fashion, ignorance, indifference, investment, corruption, pseudo medicinal use and cultural belief should not be allowed to endanger any species of animal or plant or tree.

It is giving special attention to eight species in particular: orangutans, sea

turtles, pangolins, rosewoods, helmeted hornbills, tigers, elephants and rhinos.

Noting that Angola is this year's host country for World Environment Day, Mr. Steiner announced that the country is making strong commitments to combat wildlife crime by shutting down its domestic ivory trade and taking action to stop smuggling over its borders.

"We support the actions of countries like Angola to join this fight," he said. "We must be united in this cause, we must think globally, but also act locally and we must have zero tolerance for poaching and illegal trade in wildlife."

In a similar message, Yury Fedotov, Executive Director of the UN Office on Drugs and Crime (UNODC) said criminal networks and poachers have scant regard for biodiversity, or the terrible impact their actions have on our fragile environment and vulnerable communities.

Every country suffers either as a source, transit or destination for these products. UNODC's World Wildlife Crime Report shows that 7,000 species were found in more than 164,000 seizures affecting 120 countries.

"The global nature of this crime compels us to stand united and to promote global solutions to halt the catastrophic poaching and trafficking of wildlife. Our Wildlife Report is helping by providing a global assessment that will allow the international community to design effective and efficient solutions," he said, stressing that wildlife crime deprives people of a sustainable livelihood. "These crimes are also closely connected to fraud, money laundering, human trafficking, corruption and brutal violence, among other crimes," he said.

As such, UN Secretary-General Ban Ki-moon urged governments and citizens everywhere to help end the practice,

noting that there is "great cause for alarm," as elephants are being slaughtered for their ivory, rhinos for their horns, and pangolins for their scales.

"The United Nations and its many partners have resolved to tackle this illicit trade, including by setting clear targets to put an end to poaching in the Sustainable Development Goals (SDGs), adopted last year by all 193 Member States," he recalled.

Meanwhile, UNEP is underlining five quick steps that citizens can take action, including through arts and crafts exhibitions, film festivals, flash mobs and social media activities.

Why World Environment Day is Celebrated

According to indiacelebrating.com World environment day annual celebration campaign was started to address the huge environmental issues like wastage and

losses of food, deforestation, increasing global warming and so many. Every year celebration is planned according to the particular theme and slogan of the year to bring effectiveness in the campaign all through the world. It is celebrated to successfully get carbon neutrality, focusing on the forest management, reducing greenhouse effects, promoting bio-fuels production by planting on degraded lands, use of hydro-power to enhance electricity production, encourage common public to use solar water heaters, energy production through solar sources, developing new drainage systems, promoting coral reefs and mangroves restoration in order to get prevented from flooding and erosion including other ways of environmental preservation. Some of the objectives of the world environment day campaign are mentioned below:

- It is celebrated to make aware the common public about the environmental

With the aim of reducing the demand for illegal wildlife products, the campaign stresses that greed, fashion, ignorance, indifference, investment, corruption, pseudo medicinal use and cultural belief should not be allowed to endanger any species of animal or plant or tree. It is giving special attention to eight species in particular: orangutans, sea turtles, pangolins, rosewoods, helmeted hornbills, tigers, elephants and rhinos.



issues.

- Encourage common people from different society and communities to actively participate in the celebration as well as become an active agent in developing environmental safety measures.
- Let them know that community people are very essential to inhibit negative changes towards the environmental issues.
- Encourage people to make their nearby surroundings safe and clean to enjoy safer, cleaner and more prosperous future.

World Environment Day Theme and Slogan

Each year celebration of the World Environment Day is based on the particular theme decided by the United Nations to make the celebration more effective by encouraging mass people worldwide to hugely take part in addressing environmental issues on global scale. Year wise list of the themes and slogans of world environment day are mentioned below:

- The theme of the year 2016 was "Zero tolerance for the illegal trade in wildlife" (highlights the fight against the illegal trade in wildlife).
- The theme of the year 2015 was "One World, One Environment".
- The theme of the year 2014 was "small island developing states" or "SIDS" and "Raise your voice, not the sea level".
- The theme of the year 2013 was "Think. Eat. Save." And slogan was "Reduce Your Foodprint".
- The theme of the year 2012 was "Green Economy: Does it include you?".
- The theme of the year 2011 was "Forests: Nature at your Service".
- The theme of the year 2010 was "Many Species. One Planet. One Future".
- The theme of the year 2009 was "Your Planet Needs You – Unite to Combat Climate Change".
- The theme and slogan of the year 2008 was "CO₂, Kick the Habit – Towards a Low Carbon Economy".
- The theme of the year 2007 was "Melting Ice – a Hot Topic?".
- The theme of the year 2006 was "Deserts and Desertification" and slogan



was "Don't Desert Drylands!."

World Environment Day Quotes

Some of the famous quotes (written by the famous personalities) on world environment day are mentioned below:

- "The environment is everything that isn't me". – Albert Einstein
- "God has cared for these trees, saved them from drought, disease, avalanches, and a thousand tempests and floods. But he cannot save them from fools". – John Muir
- "Thank God men cannot fly, and lay waste the sky as well as the earth". – Henry David Thoreau
- "Never doubt that a small group of thoughtful, committed citizens can change the world; indeed, it's the only thing that ever has". – Margaret Mead
- "We won't have a society if we destroy the environment". – Margaret Mead
- "It is horrifying that we have to fight our own government to save the environment". – Ansel Adams
- "I think the environment should be put in the category of our national security. Defense of our resources is just as important as defense abroad. Otherwise what is there to defend"? – Robert Redford
- "Take a course in good water and air; and in the eternal youth of Nature you may renew your own. Go quietly, alone; no harm will befall you". – John Muir
- "Birds are indicators of the

environment. If they are in trouble, we know we'll soon be in trouble". – Roger Tory Peterson

- "By polluting clear water with slime you will never find good drinking water". – Aeschylus
- "If we do not permit the earth to produce beauty and joy, it will in the end not produce food, either". – Joseph Wood Krutch
- "They claim this mother of ours, the Earth, for their own use, and fence their neighbors away from her, and deface her with their buildings and their refuse". – Sitting Bull
- "Harmony with land is like harmony with a friend; you cannot cherish his right hand and chop off his left". –

Aldo Leopold

- "You will die but the carbon will not; its career does not end with you. It will return to the soil, and there a plant may take it up again in time, sending it once more on a cycle of plant and animal life". – Jacob Bronowski
- "People blame their environment. There is only one person to blame – and only one – themselves". – Robert Collier
- "I can find God in nature, in animals, in birds and the environment". – Pat Buckley
- "We must return to nature and nature's god". – Luther Burbank
- "The only way forward, if we are going to improve the quality of the environment, is to get everybody involved". – Richard Rogers
- "Journey with me to a true commitment to our environment. Journey with me to the serenity of leaving to our children a planet in equilibrium". – Paul Tsongas
- "Environmental degradation, overpopulation, refugees, narcotics, terrorism, world crime movements, and organized crime are worldwide problems that don't stop at a nation's borders". – Warren Christopher
- "Earth provides enough to satisfy every man's needs, but not every man's greed". – Mahatma Gandhi
- "What we are doing to the forests of the world is but a mirror reflection of what we are doing to ourselves and to one another". – Mahatma Gandhi

"It is time for Donald Trump to set the example for our country and the future of the Republican Party. While our Party has bestowed upon him the nomination, it is not accompanied by unfettered license to defame those who are the best among us. Lastly, I'd like to say to Mr. and Mrs. Khan: thank you for immigrating to America. We're a better country because of you. And you are certainly right; your son was the best of America, and the memory of his sacrifice will make us a better nation — and he will never be forgotten."

John McCain; speaking out about Donald Trump's comments toward the Khan family; several other Republicans have distanced themselves from the controversy.

"55 years young and that smile still gets me every single day. Happy birthday, Barack. I love you. -mo" Michelle Obama to her husband on his 55th birthday
Happy 55th, Barack! A brother to me, a best friend forever; (4th August 2016)

US Vice President Joe Biden's Birthday message to President Obama

"It is not wise to keep chicken by your bedside but the same knowledge can be translated to come up with chemicals that can be sprayed in the house or smeared on walls to keep the nuisance mosquitoes away from man....When this smell gets to the mosquito, it communicates that the animal or chicken is unsuitable for biting. Thus it moves to the next most preferred host who is man."

Dr. Andrew Githeko, Kenya Medical Research Unit Chief Research Officer, reacting to the findings that the smell of chicken by your bedside could be an effective control measure to keep away mosquitoes because mosquitoes do not like the smell of chicken.

"We intend to reduce the teacher-student ratio to a reasonable level. This will improve the quality of services delivered by teachers.... Our

current rate stands at 78 percent. This means that 136,000 KCPE candidates miss form one places. We would like to close this gap. To ensure all candidates get the opportunity for a secondary school education."

"People disagree every now and again but they don't resort to burning houses. If we burnt our homes every time we disagreed, we won't have anywhere to sleep."

Education Cabinet Secretary Fred Matiang'i; he was speaking at a prize giving ceremony at Kisii where he was guest of honour.

"The project is expected to ease traffic flow into and out of the city of Nairobi, and is one of the three major projects earmarked to decongest the city along the Northern Corridor alignment."

Kenya National Highways Authority (KENHA) Director General Peter Mundinia, noted. This follows a report that a Chinese engineering company has been contracted to revamp sections of Mombasa road, Uhuru Highway and Waiyaki way. This should ease traffic flow in Nairobi.

"Units made locally will be cheaper, translating to overall reduced costs."

Kenya Power Chief Executive Ben Chumo; commenting on the decision by a Chinese firm to build a factory in Kenya for prepaid meters to supply power utility firms in East Africa.

"Totally untrue."

Vatican Finance Chief being investigated by Australian police over child sexual abuse; denying the charges against him.

"Fever is a condition in which the body 'resets its thermostat' to a higher temperature. It is usually in response to an infection, although other illnesses may be associated with fever also."

-Children's health.

"Don't wait for someone else to make your life terrific. That's your

job."

-Unknown

"It is faith that steers us through stormy seas, faith that moves mountains and faith that jumps across the ocean. That faith is nothing but a living, wide-awake consciousness of God within. He who has achieved that faith wants nothing. Bodily diseased, he is spiritually healthy; physically poor, he rolls in spiritual riches." - The mind of Mahatma Gandhi... discussing the gospel of faith under limitations of Reason.

"You never achieve real success unless you like what you are doing" -Dale Carnegie.

Success is a never ending quest because there is no such thing as too much success and when you reach one goal it becomes habit to reach a new and higher goal.

-Andy Zeus Anderson

"You can't hit a target you cannot see and you cannot see a target you do not have."

-Zig Ziglar

"It is better to be defeated on principle than to win on lies."

-Arthur Calwell

If "Plan A" isn't working for you, always remember that there are 25 more letters in the alphabet! Failure is the path of least persistence! Keith Stieneke

"The majority of men meet with failure because of their lack of persistence in creating new plans to take the place of those which fail." -Napoleon Hill



Magical Rudisha

"It is great to win in such a big competition, my second gold, it's so great I'm so excited. It's the greatest moment of my life." Donald Rudisha; World 800 meter champion after clocking a seasonal best of 1 minute 42.15 seconds in the 2016 Rio Olympics.



Death Penalty

Turkish President Recep Tayyip Erdogan has told a huge rally in Istanbul that he would approve the return of the death penalty if it was backed by parliament and the public. He was speaking to hundreds of thousands of flag-waving supporters who had gathered in Turkey's biggest city. The rally followed the failed coup. Mr Erdogan also said the state would be cleansed of all supporters of the US-based cleric Fethullah Gulen. The cleric is blamed by the Turkish government for the attempted uprising. He denies any involvement. Religious figures and leaders of two of Turkey's three opposition parties attended the rally. The Kurdish party was not invited. *Source BBC.*



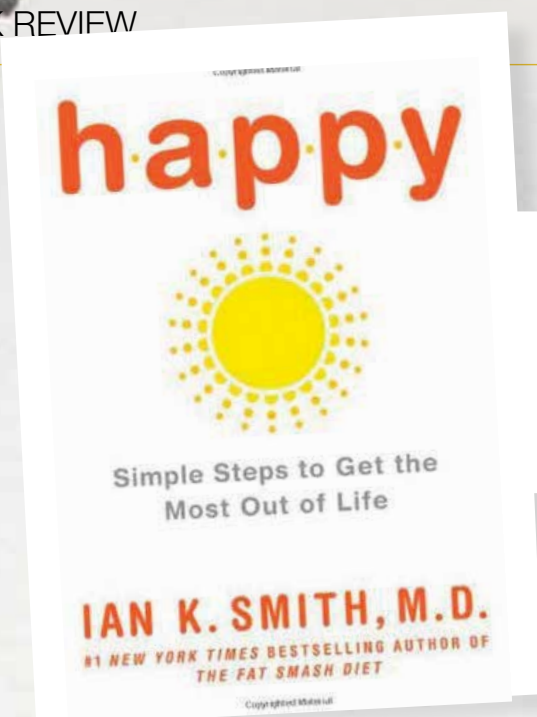
Made In Rwanda

A top South American technology firm has chosen to make its brand of laptops in Rwanda. Their mission is to increase access to technology in the country, and allow more Rwandans to communicate online from home. *Source CNN*



"Just quit and go": Protestors have a message for Zimbabwe President Robert Mugabe

Zimbabwe's President Robert Mugabe is facing a wave of public opposition that perhaps even he can't put down. Hundreds took to the streets on August 3rd 2016 to protest the introduction of new local bank notes- the government's attempt to step cash shortage. In addition to using tear gas and water cannons, police charged on the demonstrators and beat them with batons until they dispersed. Mugabe is known for his harsh silencing of critics. But He's failed to quell protests over new policies that Zimbabweans worry will worsen the already struggling economy, among them a ban on imports, a delay in paying government salaries, and most recently the reintroduction of local bank notes. Ever since declaring its own currency defunct in 2009, Zimbabwe has relied on a basket of currencies that includes the US dollar, the South African rand, the British sterling, and most recently the Chinese Yuan. A temporary WhatsApp blackout did little to stop protestors from mobilizing under the online campaign #Zim Shutdown. Demonstrators, including a group that described themselves as unemployed university graduates, wore graduation gowns and held posters that read, "Just quit and go, I'll forgive you." Others wrapped the national flag, now a symbol of the protest movement, around a cross. Mugabe, 92, and now in his 36th year as president, plans to stand in the next election in 2018. *Source Quartz Africa*



Reviewed by Angela Mutiso, cananews@gmail.com

Title: Happy: Simple steps to get the most out of life
Author: Ian Smith M.D
Category: Inspiration
Publisher: St. Martin's Press

Become the person you want to be!

In *Happy*, Smith exposes the sometimes surprising secrets of enduring happiness: you don't have to overhaul your life to change its tone. Simple steps you can start today will put you on the path to your own personal high-water mark of positive feelings.

Several positive reviews have been made about this book by Ian Smith. BookCocktails dotcom says *Happy* examines the quality of life. How we live and the way we respond to life challenges impact our state of happiness. Some questions worth pondering: Is having money the key to happiness? Having quality relationship with friends and family? Traveling? Is our happiness predestined by our genetic make-up? Not only does Dr. Ian explore these questions in *Happy*, he provides activity sheets throughout the book to help obtain happiness in your life.

The reviewer notes that; one of my favorite sections of the book is the discussion of the "rocking chair test". The "rocking chair test" is simply fast forwarding your life to the age of 80 and reflecting on the decisions you made. Are you going to be rocking in your chair thinking about would've, could've, should've or will you be rocking in your chair knowing that you have lived a life of no regrets? It all goes back to the question, "Are you living or just surviving?" The good news is that you can make a conscious decision today to allow more happiness in

your life. You can find happiness in a job you dislike, challenges you face, or juggling a busy schedule if you actively pursue it. The benefits are enormous.

According to *Happy*, people who are happy enjoy a better quality of life, can appreciate the simple things in life, live longer, are healthier, and have better relationships with others. If you are always negative, depressed, and believe that everything bad in life always happens to you, I encourage you to pick up this book to learn how to release the happiness in you. When you are happy, you don't make a big deal out of little things. Happiness is contagious. People will want to be around you. However, it would be unrealistic to suggest that happy people aren't prone to problems.

Meanwhile Bridget in her review says; All of us go through a time in our lives when being happy just doesn't seem realistic. When I was going through my divorce, I wasn't even able to remember what that five letter word meant. I wish that I would have had a copy of this book back then. She explains that Ian breaks the emotions down for you in an easy to understand manner that has such a positive feel to it that you can't help but feel better. In her view, here is what you will learn from reading this book: How to be optimistic; Why optimism and realism are not opposites; How to get outside yourself; The importance of family and community; Why involvement leads to contentment;

Shedding the treadmill mentality of getting and spending; Tapping the power of simple pleasures; Mastering modern life to live in the moment; --What we can learn from the Danish people; How to be, not just to do.

When you read this book you can see that Ian motivates and reassures readers that they are capable of happiness by setting their mentality and not giving up- states another reader. *Happy* has had several reviews and very high ratings. Reviewers point out that- Ian Smith has inspired millions to lose weight-through his effective and best-selling diet books, *The Fat Smash Diet*, *Extreme Fat Smash Diet*, and *The 4-Day Diet*; through his outreach work on State Farm's 50 Million Pound Challenge; and through his numerous television and radio appearances and speaking engagements throughout the United States.

In counseling and motivating dieters- and in observing his feelings about his own life - Smith learned that while achieving hard-fought and worthy goals can help make a person happy, even these real and measurable achievements aren't what makes happiness stick. In *Happy*, he's discovered the keys to enduring contentment.

You can too. Pick it up and join in the fun. You deserve to be happy. Don't you?

This book is available at Amazon.com



KASNEB

Providing globally competitive professionals



The mandate of KASNEB is the development of syllabuses, conduct of professional, diploma and technician examinations and certification of candidates in accountancy, finance, credit, governance and management, information technology and related disciplines; the promotion of its qualifications nationally and internationally and the accreditation of relevant training institutions.



PROFESSIONAL QUALIFICATIONS



Certified Public Accountants (CPA)



Certified Secretaries (CS)



Certified Information Communication Technologists (CICT)



Certified Investment and Financial Analysts (CIFA)



Certified Credit Professionals (CCP)

Minimum entry requirements for professional qualifications:

- Kenya Certificate of Secondary Education (KCSE) with a mean grade of at least grade C+ (C plus) provided the applicant has obtained a minimum of grade C+ (C plus) in both English and Mathematics or equivalent qualifications.
- A degree or diploma from a recognised training institution.

DIPLOMA QUALIFICATIONS



Accounting Technicians Diploma (ATD)



Diploma in Information Communication Technology (DICT)



Diploma in Credit Management (DCM)

Minimum entry requirements for diploma qualifications:

Kenya Certificate of Secondary Education (KCSE) with a mean grade of at least grade C- (C Minus) or equivalent qualifications.

Why pursue a KASNEB qualification

- Internationally recognised
- Highly rated by employers
- International mobility
- Membership to professional institutes of repute
- Credit transfers with institutions of higher learning

KASNEB invites eligible applicants to register for the above qualifications. Exemptions will be granted to holders of relevant degrees and diplomas from recognised universities, institutions of higher learning and other examination bodies.

ICPAK ANNUAL TOURNAMENT RAIS

By Staff Writer

A total of 1.4 million shillings was raised during 2016 ICPAK Annual Charity golf tournament which was held in Muthaiga Golf and Country Club on 5th August 2016. During the event six students were awarded scholarships to pursue university education. This brings the total number of ICPAK scholarship beneficiaries to nine. The scheme was launched in 2015 to support needy students pursue university education in finance or accounting related courses.

ICPAK Chief Executive CPA Dr. Patrick Ngumi presents certificates to ICPAK scholarship beneficiaries 2016.



CHARITY GOLF ES Ksh1.4 MILLION

ICPAK Chief Executive CPA Dr Patrick Ngumi (right) receives a dummy cheque from Mr. Cromwell K. Kedemi (centre) of National Bank - the overall sponsors of the ICPAK Charity Golf tournament 2016. Looking on is Mr. Larry Mazoeah of National Bank.



ICPAK Chief Executive CPA Dr Patrick Ngumi (right) presents a trophy to the overall winner.



A golfer displays his skills during the ICPAK charity golf tournament.

Sharon Gatonye
Sgatonye@outlook.com
The Black & White Kitchen

A bowl of delicious yummiest soup. It's big in flavour and full of comfort for that, quick meal to keep you warm.

Carrot, Orange and Ginger Soup



Serves 4
Total time: 35 min

1 kg Carrot, large cubes
1 pcs Onion, large cubes
25ml Olive oil
1 pcs Orange, zest and juice
2cm piece of Ginger, peeled and chopped
1 tsp Cinnamon powder
750ml Water
250ml Cream
4 slice of Bread, toasted
30g Cheddar cheese, grated

- Into a pot at medium heat, place the oil, onions and carrots, sauté until soft.
- Add the Orange zest and juice, ginger and cinnamon, stir for a 1 minute.
- Pour in the hot water and cove with a lid; allow to simmer for 15-20 minute.
- Remove the lid and add the cream.
- Blitz until smooth consistency.
- Serve into bowls with a slice of toast and sprinkle cheese.

Pasta Caponata



Serves 4
Total time: 35 min

1 Large Eggplant
50ml Olive oil
1 Tbsp red wine vinegar
1Tbsp Brown sugar
2 cloves of Garlic, peeled and sliced
2 sprigs of thyme
8 Tomatoes, chopped
320g Dried spaghetti
Salt and Pepper to season

- Cut the eggplant into small cubes.
- Place a large pan on medium heat; add olive oil and fry of the eggplants with constant stirring for 15min.
- Add the brown sugar and red wine vinegar.
- Peel and Finely Slice the garlic add to the pan and fry for 1 minute.
- Add in the chopped tomatoes into the pan. Bring to a boil, and then reduce to a gentle simmer for around 15 minutes.
- Cook the pasta according to packet instruction in a pot plenty water and drain.
- Season the sauce to perfection, then toss the pasta through it.
- Serve with sprinkled Fresh Thyme.



By FCPA Jim McFie, a Fellow of the Institute of Certified Public Accountants of Kenya

REGULATIONS

- And The Need For Regular Reviews Of Those Regulations

David Booth and Frederick Golooba-Mutebi wrote a paper in 2014 entitled “How the international system hinders the consolidation of developmental regimes in Africa”. In the paper they claim that Kenya is one of the African countries that have most commonly fallen short of reasonable expectations about their performance in economic transformation. It is also the country whose economic underperformance is most usually attributed by economists to the functioning of the national political system or what the authors call the political settlement. They ask whether, as may be argued, Kenya has repeatedly failed to acquire the characteristics of a developmental regime despite appearing well positioned to do so: has the international system had a part in this and, if so, through which mechanisms?

How do the authors define a developmental regime? Their answer is that, as a minimum, a regime would

qualify as developmental on the basis of its economic and social policies. A developmental regime would be one that is actively promoting and supporting a productivity revolution in agriculture and/or pursuing a deliberate ‘industrial policy’ with a view to building capabilities and acquiring new comparative advantages for exploitation within regional or global markets.

It must be remembered that the authors wrote their work in late 2013 and since that time a number of changes have occurred in Kenya. The authors state that it is not unreasonable to speculate that Kenya could have had, and could yet have, a developmental regime: at the end of the colonial period and in the first decade after independence, Kenya hosted one of Africa’s most notable experiences in smallholder-based agricultural development: unfortunately, the policies and institutions that supported this early success did not endure very far into the 1970s, and, in particular, the pattern of pro-rural public investment

was never as pro-poor as in comparable Southeast Asian countries, such as Malaysia. However, it is interesting to speculate what could have happened if Kenya had continued to be an exception to the African norm of rural neglect. As it was, capital accumulation straddling the agricultural and urban industrial and services sectors created the beginnings of an indigenous capitalist class – a relative rarity in sub-Saharan Africa. Together with locational and other advantages, this gave Kenya a head start in attracting foreign investment into manufacturing. By the 1970s, Kenya was relatively well placed to begin the transition from ‘easy’ import substitution to internationally competitive export manufacturing, as was observed at the time. The collapse of the East African Community at the end of the decade was a blow to production for the regional market. But the EAC debacle did not prevent and indeed could have stimulated a turn outwards to meet the then global market demand for labour-intensive manufactures, emulating Southeast

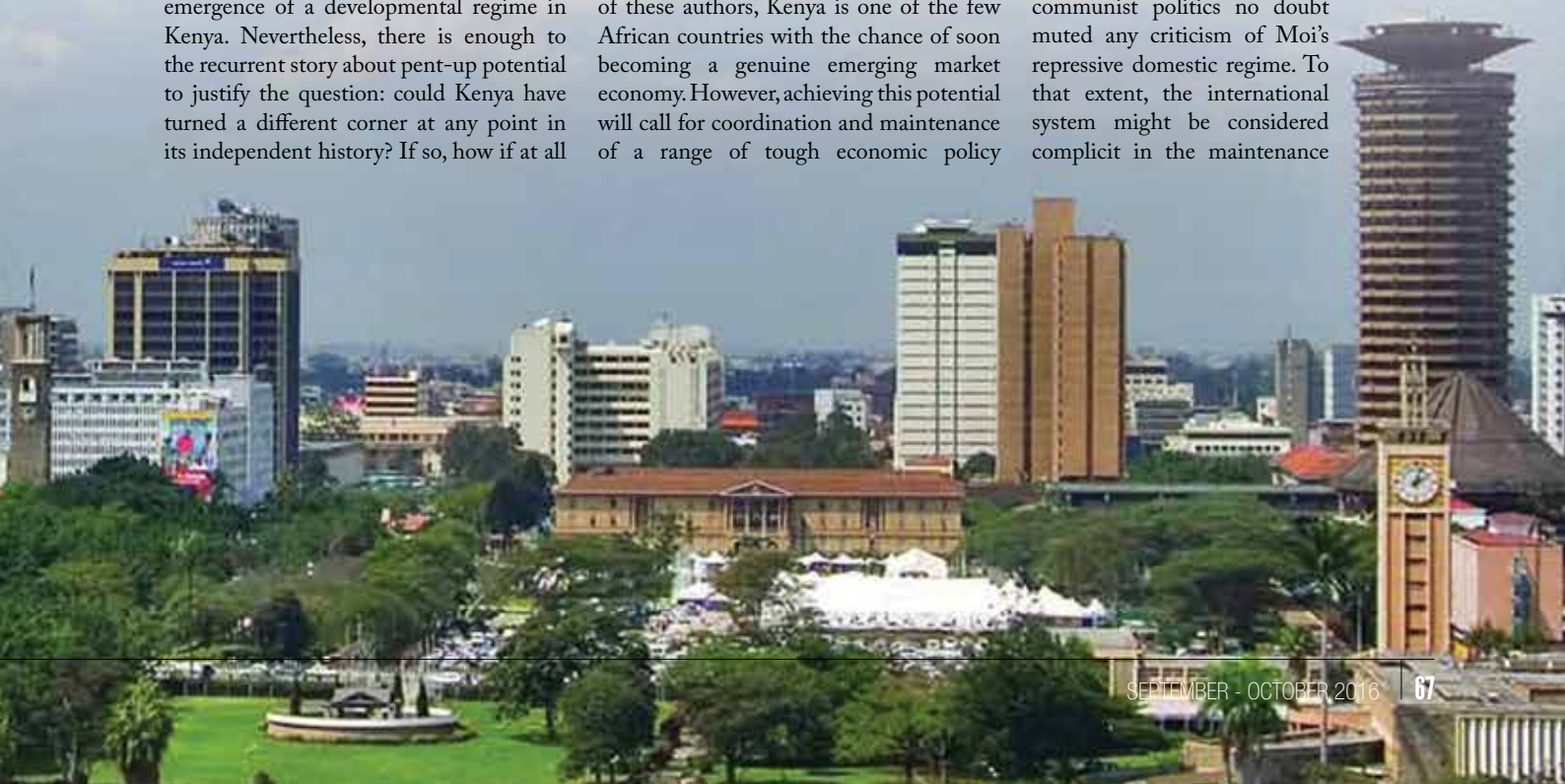
Asia and stealing a march on pre-reform China. It did not happen, of course. Instead, the Kenyan economy experienced two decades of declining bureaucratic quality, economic uncertainty and fitful growth under President Daniel arap Moi. The 'developmental patrimonialism' that had afforded political protection to effective public organisations under Jomo Kenyatta evaporated. In the mid-2000s, however, a renewal of some of the incentives and linkages responsible for earlier success led to a period of faster growth and fiscal consolidation under the first term of President Mwai Kibaki (2003-7). A further period of uncertainty was brought on by the global economic downturn and the enforced power-sharing that ended post-election violence of 2008. However, according to some observers Kenya in 2013 appeared set to resume fast growth, with a new generation of African-owned businesses responding to a much improved investment climate and a new opening towards Asia under President Uhuru Kenyatta. But the authors point out that it is unclear how much economic transformation will accompany the expected revival of growth. They go on to claim that there is little certainty about the real economic programme of the Jubilee coalition government led by Uhuru Kenyatta and William Ruto. Could policy reforms and closer relations with China make Kenya a favoured location for Chinese firms outsourcing some of their production as domestic real wages rise? For the moment, this is mere speculation. It is certainly premature to announce the emergence of a developmental regime in Kenya. Nevertheless, there is enough to the recurrent story about pent-up potential to justify the question: could Kenya have turned a different corner at any point in its independent history? If so, how if at all

have international factors contributed to the directions that were actually taken? The authors claim that it is self-evident that the factors underlying Kenya's failure to realise its development potential are primarily political and domestic. They go on to point out that analysts of the economy of Kenya speak with one voice about the fundamental role of policy and politics in restraining growth and transformation. In explaining slow growth in the 1980s and 1990s, commentators give some role to external and internal shocks but they give decisive significance to Moi's destruction of the incentive structure that produced the economic successes of the previous decades. Under this heading they include political capture of both institutions and bureaucrats; increased risk and uncertainty, with policies becoming extremely short term; and larger policy-induced risks arising from the frequency of policy reversals. The policy context included a lack of political commitment to manufactured exports promotion. The result was that Kenya 'did not exploit globalization to increase manufactured exports, given its coastal location, relatively cheap labour, and basically market-friendly orientation'. As noted above, the economy performed better in the mid-2000s. However, a recent growth diagnostic analysis concludes: 'the biggest challenges facing a substantial investment take-off in Kenya are ... a combination of weaknesses in ... infrastructure and human capital, and the "appropriability risks" associated with political instability and pervasive corruption in public life'. In the opinion of these authors, Kenya is one of the few African countries with the chance of soon becoming a genuine emerging market economy. However, achieving this potential will call for coordination and maintenance of a range of tough economic policy

measures, the political feasibility of which involves answering the following question: 'Can institutions be designed that can accommodate or overcome the deep ethnic divisions that exist within Kenyan society, but do so in a manner that is conducive to what the Growth Commission referred to as "capable, credible and committed government"?'

The authors of the study state that this question is fundamental; but they first ask whether the international system constrained the policy choices made by Kenyan leaders (or the policy processes that governed those choices) at any of the critical moments for agriculture or industrial policy. They claim that it did not, except in the limited sense that Kenyans opted to follow slavishly some of the less appropriate ideas and models available on the global scene. At the time that Kenyan rural development policy retreated from the goals and methods established at the end of the colonial period, the influence and the conditionalities of the World Bank and donors were decidedly pro-rural and pro-poor. There is very little basis for blaming this policy option on the international system. Other studies have shown, there is a strong case for seeing it as a result of the ideas about farming and rural life that Kenyan leaders acquired during their colonial upbringing, but that is a rather different matter.

The authors point out that it is often argued with some reason that the West helped to keep Moi in power during the final years of the Cold War. Kenya's strategic position and Moi's solidly anti-communist politics no doubt muted any criticism of Moi's repressive domestic regime. To that extent, the international system might be considered complicit in the maintenance



of anti-developmental policies and institutions during the 1980s and after. But the authors add that Moi was very far from being a puppet of the West. He maintained himself in power primarily by means of an effective system of patronage and control. It was this system that did so much harm to the investment climate and the balance of the economy. The extent to which Moi's patronage system was holding back economic performance became apparent when, for the first time in a generation, in 2003, the leadership of the government changed. In other words, Kenya missed major opportunities not for lack of policy space but by not exploiting the available policy space to its advantage. This happened for reasons linked to the country's particular political history. Attention therefore needs to shift to the structural conditions underlying that history. This takes us to another level at which it is fruitful to consider the influence of international constraints.

The authors ask why has Kenya had the post-independence history it has had? They point out that most observers, including many Kenyans, give essentially voluntaristic answers to this question. Moi and his supporters, or alternatively the political elite as a whole, has been insufficiently far sighted, or insufficiently committed to high standards of governance. For years, Kenyans were content with the model of single-party rule established by Jomo Kenyatta, which was fine so long as Jomo Kenyatta was in charge but had serious disadvantages when a different leader took control. With the advent of multi-partyism in the 1990s, the political elite embarked on a vicious and unprincipled struggle for access to the rents reserved for those in power. Bad governance by those holding executive power was made worse by a political constitution that provided few checks and balances. The struggle to change the constitution had been fiercely resisted by leaders whose commitment to liberal-democratic values has remained questionable.

I mention the conclusions of Booth and Golooba-Mutebi because the International Federation of Accountants (IFAC) and the Institute of Chartered Accountants of England and Wales (ICAEW), on 22 July 2016 held a Roundtable Event in New York which calls for outcome-focused regulation and regular reviews of those regulations; however, senior executives, regulators and academics all conclude that

*In the final analysis,
good laws do not
produce good people:
there are many other
factors that lead to a
society where people
in high positions
can be trusted;
where people in high
positions are needful
of the good of the
country; where the
average person in
society can live her
or his life without
fear of being stolen
from by thieves.*

strong corporate governance must bolster regulatory efforts. Faye Choudhury, the Chief Executive Officer of IFAC, noted that: "There is a critical need to review and evaluate regulations on an ongoing basis, and to ensure purpose-built regulation going forward, in order to strengthen the global economy and financial system." But the group emphasized that regulation alone cannot solve problems. It must be partnered with stronger corporate governance, and with the embedding of ethics and of values in all organizations from the top down. These are essential to restore the public's trust in government and both the public and private sector: today trust is lacking in many jurisdictions; restoring trust continues to be a vital goal. "How can we ensure a duty of care to markets and society?" asked roundtable participant Baroness Sharon Bowles: "If you get corporate governance right, it

can eliminate the need to regulate every eventuality—the corporate governance space is as important as the regulatory space. And the professions that advise businesses play an important role." The current compliance culture, participants said, has replaced responsibility and professionalism with rule-following and "box ticking." In addition, this culture can lead to overreaction and risk aversion, stifling risk-taking that is essential for entrepreneurialism and growth. The Chief Executive of ICAEW, Michael Izza, stated: "We all agree that getting the future of regulation right is vital for the global economy. Regulation must be proportionate. We need to avoid on the one hand growing to a scale where compliance is so complex and costly it is a barrier to all but the largest firms, and on the other obsessive simplicity to the extent that it no longer protects against systemic failure. It will be important for everyone to work together and innovate to find the best solutions."

The group of participants at the roundtable noted that many responses to the financial crisis of 2008 were fundamentally national and fragmented, whereas business is increasingly global. Participants called for more coordinated rules and consistent implementation, in line with calls from the G-20 and other global organizations since 2009. Additional points of consensus from the roundtable included the importance of proportionality to protect small- and medium-sized entities—an engine of global economic growth—from over-regulation and the need for enhanced dialogue across the stakeholder spectrum.

In the final analysis, good laws do not produce good people: there are many other factors that lead to a society where people in high positions can be trusted; where people in high positions are needful of the good of the country; where the average person in society can live her or his life without fear of being stolen from by thieves, and yes, by policemen and by policewomen. A headline on one of the pages of a Sunday newspaper claims that Kenya is a country headed for ruin: a variety of people have confided similar views to me: we have to be aware that someone has to pay for extravagance – let it not be our children and grandchildren: we must play our part in changing Kenya for the better, by being honest, hard-working and understanding professionals and family members.

*ICPAK thanks
all its 2016
Annual Charity Golf
Tournament Sponsors*



Think Ahead



Deloitte.



KASNEB

Providing globally competitive professionals



Asanteni Sana!

MUTHAIGA S^QUARE

“An Iconic Tribute to Nairobi with a Dream Location”



Integrated Development

FOR SALE

Muthaiga Square Plaza:

- * Plaza consists of spacious Showrooms, Banking Hall & Mini-Supermarket on Ground Floor. Restaurant, Food Court & Shops on 1st Floor. 2nd & 3rd Floors - Space for Offices, Doctor's Clinic, Salon & much more.....
- * 2 Lifts exclusively for Plaza access
- * Ample car parking facility available - 3 Basements
- * 24 hour security & CCTV
- * 24 hour back-up generator
- * Borehole water facility

Excellent Investment Opportunity

CALL US :

+254 735 707 707

+254 717 304 497

Call for viewing sample Apartment & Offices

SDL
SIGNATURE DEVELOPERS LTD.
Spreading Acres of Joy



Muthaiga Square Residency:

- 3 Residential wings, each with 2 apartments per floor, served by 2 high speed elevators
- Three types of 3 bedroom (all en-suite) apartments to choose from
- All apartments with bright living spaces and functional design
- All the residential wings are independent and detached from each other, allowing total privacy to each segment
- Modular open plan kitchen + store and concealed clothes drying and utility area
- Family Fun Time on 4th Floor --> Communal Terrace Deck open to sky with possibility of multi-recreational facilities like jogging track, children's playing area, heated Infinity swimming pool, gym and clubhouse
- Private mini theatre on 13th floor for multi-purpose use by residents
- Landscaped garden area
- WC for domestic staff on each floor
- All modern amenities

Give yourself a deserving lifestyle...

Your Opportunity to own a piece of MUTHAIGA S^QUARE

Construction In Progress

DEVELOPER

Muthaiga Courts Ltd
Empress Office Suites,
4th Floor, Jaralam Road,
Westlands

P. O. Box 38524 - 00623
Nairobi, Kenya

*You are everywhere
in Nairobi from
Muthaiga Square!*

www.muthaigasquare.co.ke
info@muthaigasquare.co.ke



Project banker and
Mortgage Providers:

iMBank
LIMITED

Mortgage
Providers:

KCB S&S MORTGAGES