

Status update on IFRSs, IPSASs and Integrated Reporting adoption in Kenya

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IFRSs Overview



Why IFRSs?

The International Accounting Standards Board (IASB) was established in 2001 to develop International Financial Reporting Standards (IFRS).

Kenya, like other jurisdictions which have embraced IFRSs has been adopting the IFRSs gradually, and ICPAK has been supporting and overseeing the implementation of the Standards.

The regulators such as the Nairobi Securities Exchange (NSE) and the Capital Markets Authority (CMA) have assisted in ensuring that organizations under their supervision adopt IFRSs, in addition to prudential guidelines as set by them.

IPSASs Overview



Why IPSASs?

The International Public Accounting Standards Board (IPSASB) develops accounting standards for public sector entities referred to as Public Sector Accounting Standards (IPSASs).

The IPSASB recognizes the significant benefits of achieving consistent and comparable financial information across various jurisdictions across the world.

The Board believes that the IPSASs will play a key role in enabling these benefits to be realized globally.

List of IPSASs



List of Accrual Basis IPSAS Issued

Accrual Based IPSASs			
IPSAS 1	Presentation of Financial Statements	IPSAS 17	Property, Plant, and Equipment
IPSAS 2	Cash Flow Statements	IPSAS 18	Segment Reporting
IPSAS 3	Accounting Policies, Changes in Accounting Estimates and Errors	IPSAS 19	Provisions, Contingent Liabilities and Contingent Assets
IPSAS 4	The Effects of Changes in Foreign Exchange Rates	IPSAS 20	Related Party Disclosures
IPSAS 5	Borrowing Costs	IPSAS 21	Impairment of Non-Cash-Generating Assets
IPSAS 6	Consolidated and Separate Financial Statements	IPSAS 22	Disclosure of Information About General Government Sector
IPSAS 7	Investments in Associates	IPSAS 23	Revenue from Non-Exchange Transactions (Taxes and Transfers)
IPSAS 8	Interests in Joint Ventures	IPSAS 24	Presentation of Budget Information in Financial Statements
IPSAS 9	Revenue from Exchange Transactions	IPSAS 25	Employee Benefits
IPSAS 10	Financial Reporting in Hyperinflationary Economies	IPSAS 26	Impairment of Cash-Generating Assets
IPSAS 11	Construction Contracts	IPSAS 27	Agriculture
IPSAS 12	Inventories	IPSAS 28	Financial Instruments: Presentation
IPSAS 13	Leases	IPSAS 29	Financial Instruments: Recognition and Measurement
IPSAS 14	Events after the Reporting Date	IPSAS 30	Financial Instruments: Disclosures
IPSAS 15	Financial Instruments: Disclosure and Presentation	IPSAS 31	Intangible Assets
IPSAS 16	Investment Property	IPSAS 32	Service Concession Arrangements: Grantor

Introduction to IPSASs Accrual...cont'd



There is a close relationship between accrual basis International Public Sector Accounting Standards (IPSASs) and International Financial Reporting Standards (IFRSs).

This is due to the fact that accrual basis IPSASs are largely premised on the principles of IFRSs.

The requirements of those standards are largely applicable to the public sector, much the same way they are applicable to the private sector entities.

They also deal with public sector specific financial reporting issues that are not dealt with in IFRSs.

Introduction to IPSASs Accrual



The objective of drawing from IFRS is to ensure greater **comparability** between private and public sector reporting when accounting for similar types of transactions.

However:

IFRSs are developed primarily for **profit-oriented entities**; while IPSASs apply to public sector entities whose key mandate is to provide services for social good and public welfare.

The IPSASB encourages the adoption of IPSASs and the **harmonization** of national requirements with IPSASs.

Introduction to IPSASs Accrual...cont'd



Accrual basis IPSAS are applicable to all public sector entities other than Government Business Enterprises (GBEs), which apply IFRS.

Currently, there are 37 accrual basis IPSAS (IPSAS 1 – 38, after withdrawal of IPSAS 15 in 2013).

The Public Sector Accounting Standard Board (PSASB) has prescribed accrual basis IPSAS for all MDAs who were previously reporting under IFRS.

It is expected that all MDAs in Kenya will transit to accrual basis IPSAS when the relevant financial data becomes available and reliable over time.

Introduction to IPSASs Accrual....cont'd



The Public Sector Accounting Standards Board (PSASB) is the body within the government that is charged with overseeing the implementation of public sector accounting standards in Kenya.

ICPAK and PSASB have partnered in ensuring compliance and excellence in financial reporting in the Kenyan public sector through supporting the FiRE Award.

The PSASB which has been operating as a department within the National Treasury but is now moving to be independent complete with its own Secretariat and offices.

Introduction to IPSAS Cash



Mandatory

- Consolidated Statement of Cash Receipts and Payments
 - Statement of Comparison of Budget and Actual amounts
 - Notes to financial statements
- *Cash flow statement - For our current template.*

Voluntary

- Statement of Cash Assets and Fund Balances
- Notes to financial statements
- Statement of Outstanding Invoices (Liabilities)
- Statement of Unjustified Advances and Loans
- Non-financial assets disclosure notes
- Statement of Contingent Liabilities

Integrated Reporting



Integrated report?

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

The Integrated Reporting Framework and guidelines have been developed and issued by The International Integrated Reporting Council (IIRC).

IIRC is a global coalition of regulators, investors, companies, standard setters, the accounting professionals and NGOs. The coalition is keen on promoting communication about **value creation** as the next step in the evolution of **corporate reporting**.

Integrated Reporting



Objective of Integrated reporting

The IIRC's mission is to establish integrated reporting and thinking within mainstream business practice as the norm in the public and private sectors.

The IIRC's vision is to align capital allocation and corporate behaviour to wider goals of financial stability and sustainable development through the cycle of integrated reporting and thinking.

The Breakthrough phase (2014-2017)

The IIRC's Breakthrough Phase is the move from the creation of the International <IR> Framework and market testing to development and early adoption by reporting organizations around the world. The IIRC's objective for this phase is to achieve a *meaningful shift towards early adoption of the International <IR> Framework*.

Integrated Reporting in Kenya



Some of the organizations which have adopted Integrated reporting in Kenya include;

- Kenya Commercial Bank
- Barclays Bank
- Safaricom Limited
- Standard Chartered Bank
- Cooperative Bank
- Yana
- Equity Bank

It is hoped that many firms more will take up the IR Framework, including those in the SME Sector.

Interactive Session



END
Thank You!

