

THE FUTURE OF ACCOUNTANCY

Presentation by:

CPA John Boscow
Financial Controller, Salwa Kenya Limited
Wednesday, 22nd August 2018

Contents



- ❑ Introduction
- ❑ The History of Accountancy
- ❑ The Modern Trends In Accountancy
- ❑ The Future of Accountancy
- ❑ Interactive Session

Introduction



- ❑ The accountancy profession in Kenya has journeyed for over half a century from a less formal, unknown profession to a recognized and respectable role. Tasked with safeguarding public interest, accountants are not only responsible for proper financial management but also greatly contribute to the longevity of institutions. ICPAK, as a regulator endeavours to develop the profession to world class standards and has made significant strides towards this goal.

Introduction....



As the Institute celebrates its 40th year of existence, it is an opportune time to take stock of the progress made so far while laying out strategies towards attaining set goals. An analysis of the last four decades reveals a path discernible by clear vision, focused effort, agility and milestones achieved. The profession has faced noteworthy transformation in the recent years including the modernization of tax systems and new reporting standards.

Introduction....



Public finance management reforms and devolution are further incidences which have altered the face of the profession in the country. Despite this dynamism, Kenya's accountancy profession has continued to develop, becoming one of the biggest on the continent.

The History of Accountancy



- ❑ The name that looms largest in early accounting history is Luca Pacioli, who in 1494 first described the system of double-entry bookkeeping used by Venetian merchants
- ❑ Chartered Accountants were the first accountants to form a professional accounting body, initially established in Scotland in 1854.
- ❑ The title is an internationally recognized professional designation; the [Certified Public Accountant](#) designation is generally equivalent to it.

The History of Accountancy



- ❑ IAS were the first international accounting standards that were issued by the International Accounting Standards Committee (IASC), formed in 1973. The goal then, as it remains today, was to make it easier to compare businesses around the world, increase transparency and trust in financial reporting and foster global trade and investment

The History of Accountancy



- ❑ The Accountants Act of 1978, as amended in 2008, establishes the Institute of Certified Public Accountants of Kenya (ICPAK) as the recognized accounting and auditing standard-setter. In December 1999, ICPAK adopted IFRS as issued by the IASB without modifications including the effective date and in 2010 IFRS for small- and medium-sized entities (SMEs) became effective.

The History of Accountancy



- ❑ All entities that are not publicly accountable, as defined by ICPAK, may choose between using IFRS for SMEs or full IFRS. The Companies Act 2015 introduced a regime for SMEs which exempts them from audits, but stipulates that they must prepare financial statements and submit the statements as returns to the register for every reporting period.

The Modern Trends in Accountancy



❑ The most critical question that we need to ask ourselves is this:

“Is Accounts a **Department** or a **Function** in an organization”

The Modern Trends in Accountancy



Department – “a division of a large organization such as a government, university, or business, dealing with a specific area of activity” or “an area of special expertise or responsibility”

“... that's not my department”

Function – “an activity that is natural to or the purpose of a person or thing”

“...bridges perform the function of providing access across water”

The Modern Trends in Accountancy



- ❑ Accounting or Finance is not only a department that is confined to a specific place within the organization but a function that cuts across the entire organization
- ❑ Accountants are expected to give business support instead of just providing numbers and figures.

The Modern Trends in Accountancy



Some of the developments in Accountancy include:

- ❑ Strengthening of the Accountancy body (ICPAK)
- ❑ Adoption of the IFRS
- ❑ Increased use of Computerized Accounting Systems
- ❑ Increased roles and responsibility of Accountants

The Future of Accountancy



The three most critical developments that are shaping the future of Accountancy include:

1) Technological advancement

- a) Cloud computing - the practice of using a network of remote servers hosted on the Internet to store, manage, and process data, rather than a local server or a personal computer.



The Future of Accountancy



b) Innovation in Tax softwares and accounting systems such as ERP and online payment systems

c) Mobile Accounting : Xero Software company (Based in New Zealand) is developing a mobile apps which helps accounting firms manage their business while on-the-move. Firms can reconcile, send invoices, add receipts and create expense claims from smartphones or tablets (Sage X3)

The Future of Accountancy



2. Globalization

- ❖ IFRS which cuts across developing nations, emerging markets and well established industrial nations
- ❖ GAAPs are continuously changing and hence the accountants have to be constantly informed



The Future of Accountancy



3) Enhanced stakeholders expectations

a) Internal organizational demands across departments.

b) Business owners demands – Most organizations esp SME have owners who are also actively involved in the management

The Future of Accountancy



c) Tougher regulations – fuelled by among others, massive tax avoidance, transfer pricing, money laundering

d) All round knowledge eg economic situations and specialized areas eg taxation

The Future of Accountancy



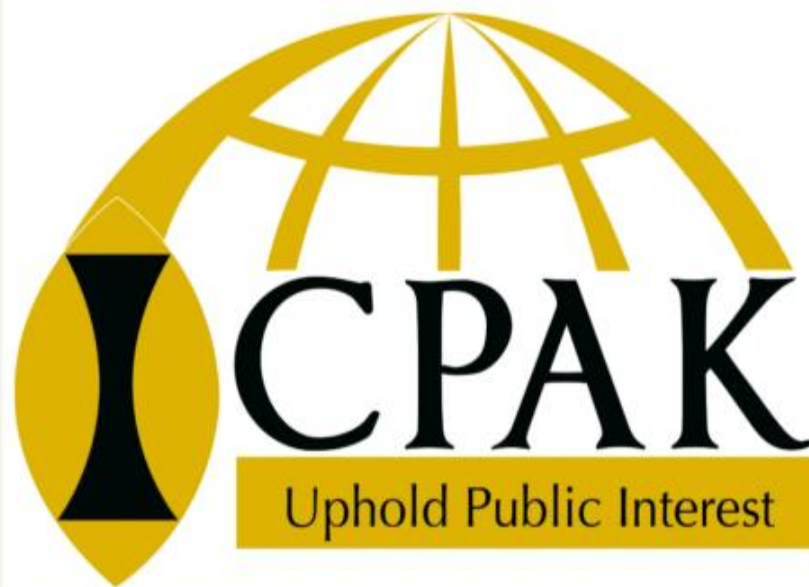
Old Logo – Member Focus

Based on the well being and professional conduct of the member



New Logo – Public Focus

Based on the public expectations and ensuring that accountants work for the benefit of the public good.



The Future of Accountancy



What's Next For Accountants

Interactive Session