



Soaring Beyond **The Horizons**

ICPAK Annual Report 2019



Forward

The beginning of 2019, like many new year's was greeted with joy and excitement. It was a year that ancient Romans would have gladly christened, *annus mirabilis* or a wonderful year. To Kenyans, the year signified good tidings. To many, this was the year for economic rebirth, revival, and renewal. After a strenuous political season that had characterized the previous few years, calm had returned. The ice started to thaw in March 2018 with the famous handshake, effectively bringing to an end political temperatures that allowed the country to reflect and began a new chapter based on mutual understanding.

However, a closer look at 2019 performance scorecard paints a different picture. According to Kenya National Bureau of Statistics, Kenya's GDP grew by 5.4% in 2019, a slight decline from 6.3% recorded in 2018, largely driven by the services sector. Whereas various sectors recorded growth, the micro, small and medium enterprises, who contribute about 40% of Kenya's GDP, especially the informal sector, rated 2019 a difficult economic year.

Nevertheless Kenya achieved some notable milestones at macro level. One of Kenya's proudest moments came in November 2019 when her flag was hoisted high in Vienna, Austria after Eliud Kipchoge successfully ran the INEOS marathon under 1:59 minutes. Further, the country successfully demonetized its Kshs.1,000 old series notes and replaced these with new ones. This process saw Kenya realize various monetary and governance objectives. Further, in line with country's demographic policies, a national census was conducted in August 2019. Unlike the previous censuses which were analogue 2019 Census was digital and paperless. This allowed for more and faster data collection, collation, and analysis. On the financial front, the year also saw removal of interest rate capping on commercial banks loans. The move was aimed at addressing slowed borrowing and to stimulate commercial loans uptake by small and medium sized businesses.

At the corporate level, 2019 saw the inception of implementation of the Institute's 2019-2021 Strategic Plan. Major milestones were achieved as highlighted in subsequent sections of this Report. To cement its leadership position among its professional peers, the Institute, for the second time in its history, elected FCPA Rose Mwaura as the second woman to the Chairman's office. This demonstrates the Institute's commitment to gender diversity, inclusivity, equity, and equality in its governance. The Institute also continued with its key mandate of upholding public interest. This was achieved through robust engagement with stakeholders such as National Treasury, Parliament, KRA, counties and the private sector. By engaging with National Treasury and Parliament the Institute contributed in the budget making process and gave its views on public finance management and accountability at the two levels of government. The Institute in partnership with the Financial Reporting Awards partners appreciated Nyandarua and Makueni counties for attaining unqualified audit reports. These and much more are detailed in the 2019 annual report.

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Quick Overview

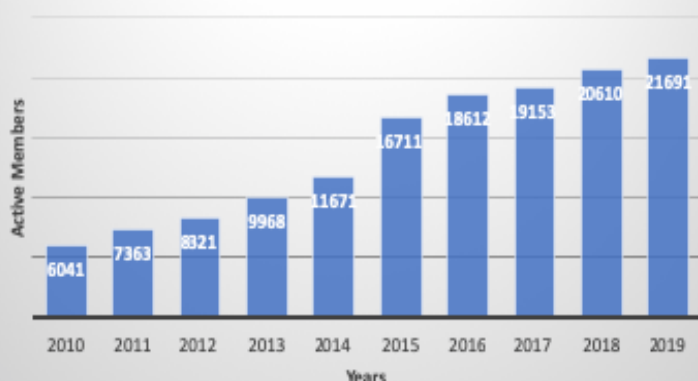




Growing Professional Membership

During the year, the Institute registered 2,142 new members. Total active membership grew by 5% from 20,610 in year 2018 to 21,691 in year 2019. Full membership increased to 19,758 while associate membership increased to 1,933.

GROWTH IN ACTIVE MEMBERS



Total Revenue Trend

In the year 2019, ICPAK registered a revenue growth of 13% from Kshs 814 million to Kshs 921 million in 2019. Subscription and CPD events remain the main revenue streams contributing 29% and 68% respectively of the total revenue.

Revenue growth

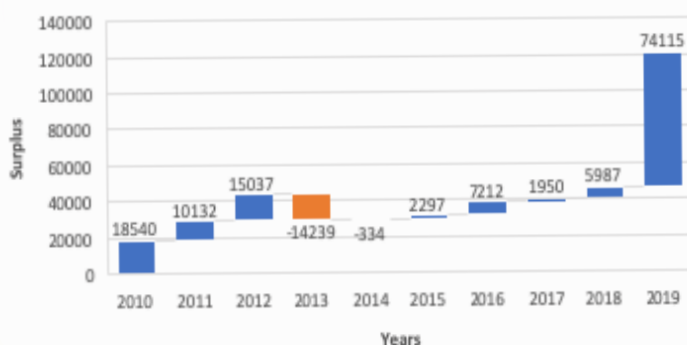


Surplus Perspective



OPERATING SURPLUS

■ Increase ■ Decrease ■ Total

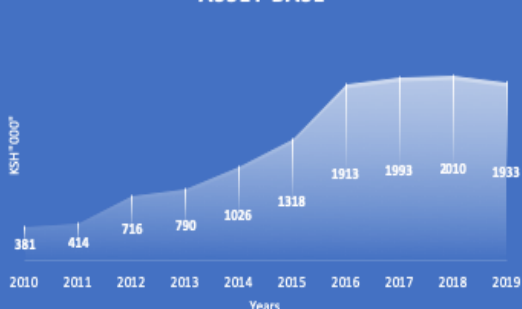


In 2019, the Institute achieved an operating surplus of Kshs 74 million and an overall deficit of Kshs 47 million. The deficit was majorly contributed by loss of value in the investment in property. However, operating surplus increased from Kshs 6 million in 2018 to Kshs 74 million in 2019. The continued growth in surplus is attributed to the good stewardship, consistent growth in membership revenue from subscriptions, CPD events and thrifty financial management.

Total Assets

The Institute continued to realize growth in its total assets. CPA Centre building remains the major asset of the Institute. The Institute recorded a slight reduction in asset base due to loss of value on investment property in 2019.

ASSET BASE



CPD Trainings



In line with its core mandate, ICPAK continued to conduct CPD trainings to promote and develop professional competence within its membership. During the year, the Institute conducted over 161 trainings in 2019. The events covered myriad of issues including accountancy professional standards, corporate governance and ethics, taxation among others.

A section of delegates members during the 35th Annual Seminar.

National Presence



ICPAK is cognizant of need to be vigilant and also to be grounded on its mandate of advising on financial accountability. To achieve this, the Institute engaged the County and National Government, Parliament, accountability institutions and the media on matters of public interest.

Photo caption: Central Bank Governor Dr. Partrick Njoroge with FCPA Rose Mwaura MBS, ICPAK Chairman and the Deputy Governor of Central Bank CPA Sheila M'mbijewe.

Global Leadership



ICPAK is a member of International Federation of Accountants (IFAC) and Pan-African Federation of Accountants (PAFA). As such, it prides itself as a key contributor to events and activities of IFAC and PAFA. The Institute has representatives in the IFAC board and Committees namely; International Accounting Education Standards Board (IAESB), Small and Medium Practices (SMP) Committee and IFAC Nominating Committee. The Institute also has representatives in the PAFA board. As a confirmation of the Institute's leadership role within the region, IFAC granted ICPAK and ACCA a consultancy to help other Professional Accountancy Organizations (PAOs) in Africa to improve their ICT infrastructure. In addition, World Bank contracted ICPAK and kasneb to assist OPC Burundi to develop its structures. As envisaged in its Strategic Plan ICPAK continued to maintain its global leadership through continued engagement with other global institutions for MRA and MoUs.

Photo caption: Seated from left: Mark Chau Head, of Business Development; Andrew Hunter, CEO CPA Australia; CPA Edwin Makori, CEO ICPAK; and FCPA Rose Mwaura MBS, ICPAK Chairman. Standing from left: Martin Mwaura, a Kenyan residing in Australia; Gary Pflugrath, Head of Policy and Advocacy; FCPA Dr. Nicholas Letting, CEO kasneb; Amb. Isaiya Kabira; and Stephen Kuria, a member of ICPAK Australian Chapter and the Chair of Kenya Chamber of Commerce in Australia.

Accountancy Profession Regulation



As the regulatory governing body, ICPAK has the responsibility to promote, review and enforce high standard of service and performance. The Institute assists members to attain professional requirements and meet their compliance obligation, through training on Professional Development, Audit Quality Assurance (AQA) and Disciplinary Process.

People



The profession endeavors to have a positive social impact through its commitment to serving people's interest. This is driven by ICPAK appreciation of the surrounding communities. In 2019, the Institute continued to support various CSR activities such as scholarships to needy students, participating in environmental conservation efforts and donation to institutions.

Photo caption: Some of ICPAK members who attended ICPAK Open Day in 2019 have fun.

Institutional Strengthening

ICPAK believes in a robust secretariat which is achieved through attracting and retaining top talents. To retain this robust team the Institute maintains an elaborate capacity building program. This has enabled the Institute to effectively and efficiently serve its members and other stakeholders.

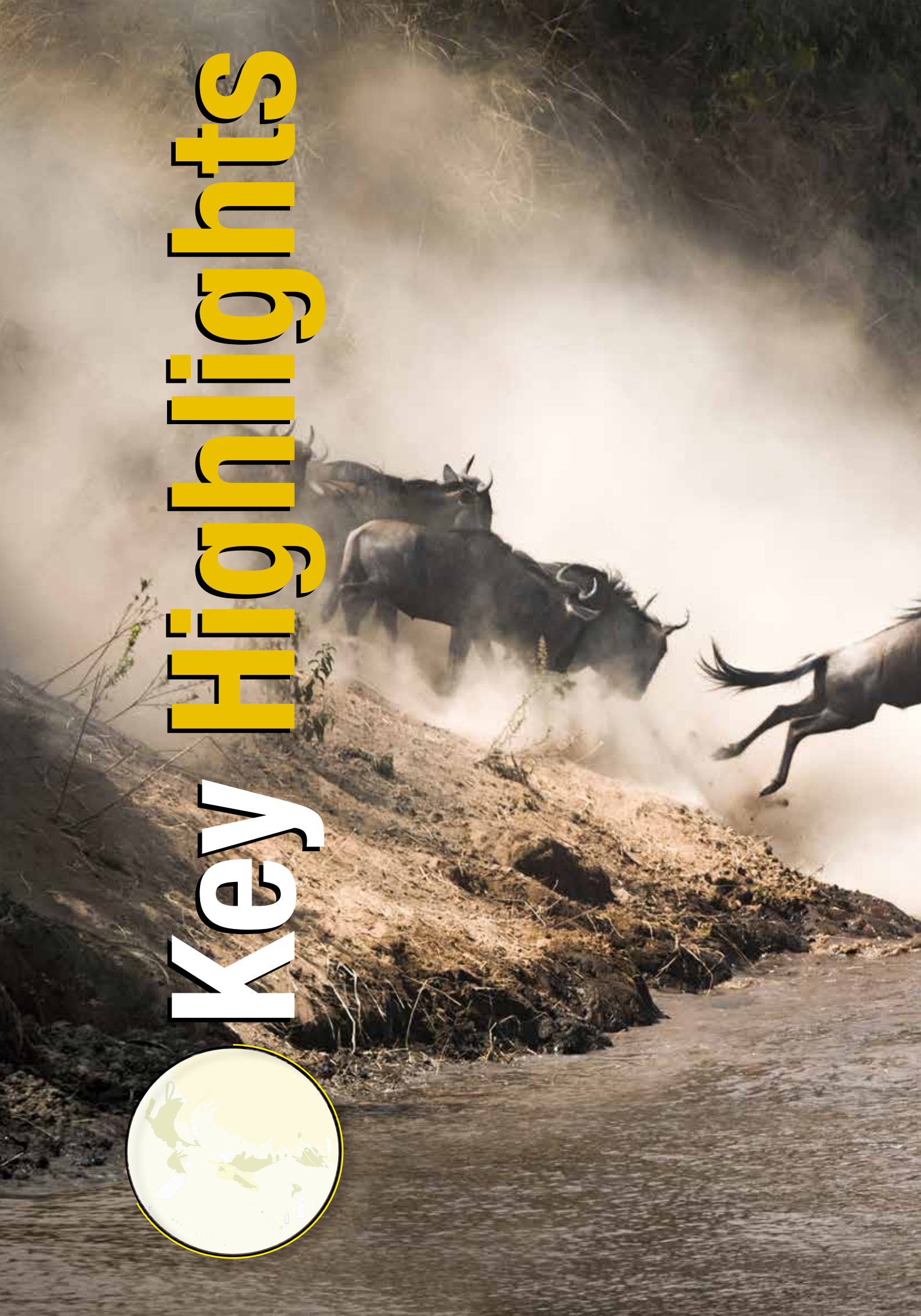






Key

Highlights





About Us

Institute of Certified Public Accountants of Kenya (ICPAK)

“The Institute of Certified Public Accountants of Kenya (ICPAK) is the statutory body of Accountants established in 1978, and draws its mandate from the Accountants Act No.15 of 2008. It is also a member of the Pan African Federation of Accountants (PAFA) and the International Federation of Accountants (IFAC), the global Accountancy umbrella body.”

ICPAK STRATEGIC DIRECTION

ICPAK STRATEGIC PLAN 2019-2021

Vision Statement

A world class Professional Accountancy Institute.

Mission Statement

Develop and promote internationally recognized accountancy profession that upholds public interest through effective regulation, research and innovation.

Credo

Credibility Professionalism Accountability

Core Values

- Credibility:** We resolve to promote high ethical standards in accounting practice and reinforce our mandate of championing public interest.
- Professionalism:** We maintain a high level of knowledge, skills and standards as we provide excellent services to our members and stakeholders.
- Accountability:** We are obliged to account for our activities, accept responsibility for our actions and conduct our operations in a transparent manner.
- Inclusivity:** We recognise and honour the fundamental value and dignity of all individuals, through forming and maintaining an environment that respects diverse traditions, heritages, and experiences.

Functions of the Institute

The functions of the Institute are to:

- Promote standards of professional competence and practice amongst members of the Institute,
- Promote research into the subjects of accountancy

and finance and related matters, and the publication of books, periodicals, journals and articles in connection therewith,

- Promote the international recognition of the Institute,
- Advise the Examinations Board on matters relating to examinations standards and policies,
- Advise the Minister on matters relating to financial accountability in all sectors of the economy,
- Carry out any other functions prescribed for it under any of the other provisions of this Act or any other written law; and,
- Do anything incidental or conducive to the performance of any of the preceding functions.

The Role of the Council

The Council is the governing body of ICPAK and is responsible for the overall governance of the Institute. It comprises non-executive members including the chairman and six members elected from among the Institute's membership. In addition, two members of the Council are nominated by the Cabinet Secretary of National Treasury of whom one is drawn from the Ministry of National Treasury and the other from a profession other than the Accountancy and represents users of accounting services. One Council member represents the Capital Markets Authority, a body charged with the regulation and development of the Capital Markets in Kenya. One other member of the Council is nominated by the Kenya Accountants and Secretaries National Examination Board (KASNEB) a body charged with overseeing and administering the professional accountancy examinations in Kenya.

The roles of the Council as stipulated in the Accountants' Act include:

- Issuing standards of professional practice, including accounting and auditing standards which shall form the basis of accountancy practice for members in the preparations, verifications and auditing of the financial statements, monitoring controls,
- Issuing by-laws, regulations and guidelines to govern

matters affecting the operations of the Institute.

Other functions and roles of the Council include:

- i. **Strategic Leadership:** Approving, monitoring and guiding the implementation of the Institute's Strategic plan,
- ii. **Performance Evaluation:** Setting performance target and reviewing of the Institute's results to ensure the achievement of the operational plans,
- iii. **Integrity of Financial Reporting:** Reviewing and
- iv. **Risk Management and Compliance:** Monitoring and reviewing the policies and procedures put in place by the management to ensure that the various risks facing the Institute are effectively mitigated and various regulatory and legislative requirements are complied with.



NOTICE OF THE 42ND ANNUAL GENERAL MEETING

NOTICE OF AND AGENDA FOR THE 42ND ANNUAL GENERAL MEETING OF THE INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS OF KENYA TO BE HELD ON FRIDAY THE 12TH JUNE 2020 VIRTUALLY FROM ICPAK CPA CENTRE, THIKA ROAD, NAIROBI .

NOTICE IS HEREBY given that the 42nd Annual General Meeting of the Institute of Certified Public Accountants of Kenya will be held via electronic communication, on Friday, 12th June, 2020 at 10:00 am to transact the following business:

AGENDA

1. To read the notice convening the meeting, table the proxies received, note apologies and confirm the presence of a quorum.
2. To consider and adopt the Minutes of the 41st Annual General Meeting and consider matters arising therefrom.
3. To receive and adopt the Council Report for the year 2019.
4. To receive, consider and approve the Annual Report and Financial Statements of the Institute for the year ended 31st December 2019 together with the Auditor's Report thereon.
5. To consider and appoint Parker Randall East Africa, having shown willingness to continue in office, as the Independent Auditor of the Institute for the financial year ending 31st December 2020 and authorize the Council to fix the remuneration of the Auditor.
6. To present the elected Council Member in accordance with First Schedule 5 (3) (b) and the Institute's Election Regulations.
7. To consider Any Other Business (A.O.B) for which due notification will have been received seven (7) days before the AGM. Such notification to be received by the Secretary not later than Thursday 4th June, 2020 via mail to ceo@icpak.com or hard copy addressed to CEO and Secretary to Council.

NOTE: The First Schedule to the Accountants Act, No. 15, 2008, Section 11, (3 & 4) provides that a member entitled to attend and vote at the Annual General Meeting and who is unable to attend, is entitled to appoint a proxy to attend and vote on his or her behalf. To be valid, a proxy form must be duly completed by the member and be deposited with the Secretary to Council to be received not later than 3.00pm on Monday 8th June, 2020 at CPA Centre, Thika Road, Nairobi.



By order of Council
CPA Edwin Makori
Secretary to Council and Chief Executive Officer
29th May 2020



The background features a sunburst pattern with alternating yellow and black rays radiating from the center. In the center is a yellow badge with a dark blue border and a white inner border. The badge has a scalloped, cloud-like shape. The text "Messages from the Chairman & CEO" is centered within the badge, flanked by two horizontal white lines.

Messages from the Chairman & CEO





Dear members, it is a great honour to present to you the annual report and financial statements for the year ended 31st December 2019. Allow me to briefly report to you matters on a few areas of interest.

Stakeholder Engagements

The Institute has continued to carry out robust stakeholder engagements with county governments, the national government and the legislature. In the last twelve months, the Institute was able to engage with the county governments of Kericho, Narok, Garissa, Kakamega, Laikipia, Kisii and Nyamira. The Institute also held engagements with other stakeholders, including the National Treasury, Kenya Revenue Authority, the Salaries and Remuneration Commission, the Multi-Agency Taskforce on Corruption, Transparency International Kenya, CPA Australia among others. These engagements are part of the Institute's advocacy effort on matters that impact accountants, the accounting profession and nation as a whole. They also serve to educate various institutions on the role that accountants play.

Participation in Legislative and Policy Formulation

The Institute has also continually positioned itself as a key contributor during formulation of legislative and policy frameworks in the country. I am pleased to note that this year we have submitted input that has not only strengthened policy and legislative formulation but has also given credibility to the process. The Institute submitted its views and enriched the following documents: Budget Policy Statement 2019; Finance Bill 2019; Public Finance Amendment Bill 2019; and the Statute Law (Amendment) Bill, 2019.

The Institute met the Senate Committee on Finance and Budget on two occasions to make submissions on Public Finance Management Amendment Bill 2019, and Public Finance Management National Government Amendment Regulations 2019. The Institute also met and held discussions with the Central Bank of Kenya Governor and the Director of Public Prosecution.

International Partnerships

On partnerships, the Institute prides itself for having successfully entered into Mutual Recognition Agreements (MRAs) with CPA Australia, South African Institute of Chartered Accountants (SAICA), and the Institute of Chartered Accountants of England & Wales (ICAEW). At the same time, the Institute signed an MoU with The Institute of Chartered Accountants of India (ICAI) in January 2019. I am proud to report that the Institute is exploring a possibility of entering into a similar arrangement with the American Institute of Certified Public Accountants (AICPA).

These MRAs and MoUs are meant to promote global mobility and ensure that our members are globally competitive and transformative in their accounting assignments. I urge members to take advantage of these arrangements and harness opportunities as a result thereof.

Technology and the CPA Qualification

Rapid changes in technology that directly impact the practice of accountancy have necessitated a review of the nature of training required for qualification as a CPA. ICPAK jointly with kasneb are reviewing the CPA qualification syllabus with a focus on emphasis on courses on practical technology, business acumen, and communication skills in addition to core accountancy foundational courses. It is anticipated that the new syllabus will be applied to the 2021 CPA examinations. These changes are critical as they will allow our members to remain competitive in the global arena. In addition, the Institute is working to revamp its CPD programs to increase the focus on technology.

Member Protection and Whistle-blowing

In February 2020, the Institute signed a Memorandum of Understanding with Transparency International Kenya. The purpose of this MOU is first and foremost to offer physical protection to any of our members who choose to whistle blow on matters of ethics, integrity and accountability.

The MOU provides for ICPAK and Transparency Kenya to carry out the following activities jointly, among others; collaborate in promoting a culture of ethics, whistleblowing, protection of whistle-blowers and enactment of a Whistle-blower Protection Act

in Kenya; develop curriculum and carry out capacity building primarily in the areas of ethics, human rights, integrity and accountability; exchange and share information, where relevant; and undertake research jointly on matters that are of interest to the public or on emerging issues.

Corporate Social Responsibility

On the CSR front, the Institute has continued to position itself as a responsible corporate citizen. This responsibility is demonstrated through a scholarship program which is funded through two major golf tournaments and members' contributions. The intention of this scholarship fund is to assist bright and needy students to access university education. We appeal to our members and well-wishers to continue assisting us in this regard to enable us to expand the program to benefit as many needy students as possible.

The Institute supported the Eldama Ravine Half Marathon that was held in October 2019 as part of its initiative in helping conserve the environment and educate needy children.

Disciplinary

Section 31 of the Accountants Act establishes the Disciplinary Committee which is mandated to take disciplinary action against the Institute's members who contravene the provisions of section 30(1) of the Act and the guidelines established by the Council. The Committee comprises seven members who are appointed by the National Treasury.

My top priority after taking office in June 2019 was to cure the lacuna that had arisen due to the end of terms, between 2017 and 2018, for four members of the Committee, leaving it non-functional. The National Treasury had appointed two members to the Committee on 16th November, 2018, however the term of the Chairman of the Committee had also lapsed. In August 2019, the National Treasury reappointed the Chairman and one other member, giving the Institute a fully functioning Disciplinary Committee.

I am pleased to report that the Committee has held several sittings in the year to clear the backlog of cases and made tremendous progress by clearing a number of cases that were pending from 2014 to 2019. The Committee received seven (7) new matters for inquiry out of twenty (20) complaints lodged to the Institute between 2017 and 2019. The Committee is also in the process of reviewing the ICPAK Policy on Discipline of Members to bring it in line with the Amendments to the Accountants Act, the Constitution of Kenya and other relevant Statutes.

I am also happy to note that aggrieved members are adopting Alternative Dispute Resolution (ADR) as a mechanism to resolve grievances especially between members or with clients. ADR leads to faster resolution of matters and generally creates a win-win situation for both parties.

State of ICPAK Council

At the Council level, I wish to thank members for their faith in me and for extending their support towards my candidacy in June 2019. Allow me to appreciate and congratulate the following members who joined Council at the same time: FCPA George Mokua, CPA Dr. Elizabeth Kalunda and CPA Risper Olick.

Allow me to also thank FCPA Julius Mwatu, the immediate past

Chairman, CPA Denish Osodo, former Vice Chairman, FCPA Pius Nduatih, FCPA Obare Nyaega, and CPA Isaac Njuguna, all former Council members, for having contributed positively towards ICPAK's transformational agenda.

At the same time, I am proud to note that the CPA brand presence is taking root not only in the public sector but also in the private sector. It is pleasing to note that major corporates such as Kenya Airways, KPLC, Safaricom, UAP Old Mutual, KCB, Britam, Equity, AIG, among many others have tapped their CEO's from our profession. We are enormously proud of our members leading these and other organisations and providing the right level of leadership.

At the International level, the IFAC Board appointed our own member, FCPA Dr. Winnie Iminza Nyamute to IFAC Council. We take this opportunity to congratulate FCPA Nyamute for her well-deserved appointment. We also congratulate FCPA Michael Mbaya and CPA Margaret Muinde for their appointment to IFAC committees. Lastly, I wish to appreciate FCPA Mtange, whose term as IFAC Nominating Committee member came to an end in June 2019.

Locally, we congratulate CPA Dr. Margaret Nyakang'o, who was appointed as the Controller of Budget. The contributions of the immediate former Controller of Budget FCPA Agnes Odhiambo and those of the immediate former Auditor General FCPA Edward Ouko are also noteworthy. Their distinguished service has done the Institute and profession proud.

Research on Accountancy Matters

Regarding research, the Institute released the Tax Amnesty Study Report on 1st October 2019. The report highlights the uptake of tax amnesty and its impact in Kenya as introduced in the Finance Act 2016. This was meant to allow Kenyans to expatriate their foreign held finances and assets to boost the Kenyan economic basket and help fund the fiscal deficit.

Conclusion

I wish to sincerely appreciate your support and patronage. Indeed, the Institute is where it is today because of your consistent, unequalled loyalty and the confidence you have shown towards its vision.

The Council, Management, staff and the entire ICPAK fraternity says a big THANK YOU for the support of all our members. We re-commit ourselves to growing member value propositions by providing member focused products and services. We also appreciate all our business partners, stakeholders and the regulators who have tirelessly provided invaluable support throughout the year.

To our employees, I wish to express my sincere gratitude for making year 2019 a fruitful one by diligently playing your part. Lastly, I thank my fellow Council members for your contribution, dedication, and support as we together propel this great organization to greater heights.

Let our star continue shining and illuminating the valleys, lowlands and highlands of our country Kenya. Let us continue to hold dear and live up to the words of our national Anthem, *"Let one and all arise, with hearts both strong and true, service be our earnest endeavor, and our homeland of Kenya, heritage of splendor, firm may we stand to defend."*

FCPA Rose Mwaura, MBS



The Institute continues to build a strong CPA Brand through developing competent professionals in order to be future ready. Key to note is that Artificial Intelligence (AI) is expected to significantly influence the profession. Organizations have since begun using automated accounting processes. While it is envisaged that technology will replace the traditional accountant, it is important that accountants equip themselves with the knowledge and skill in order to deal with the rapidly changing environment. Of importance to note is that Big Data Analytics require high level of understanding and manipulation so as to enable organizations make informed decisions. Those charged with training/ educating accountants will also be expected to embrace the changing landscape on accounting technology in order to effectively prepare students for their future careers within the profession.

Launch of the Future of Accountancy Study by ICPAK and ACCA

During the review period, and in conjunction with ACCA, ICPAK launched a study on the Future of Accountancy: Drivers of change and future skills in Kenya. Key trends had been identified by members of both institutes through a survey and round tables. Notable is that the results considered what the new trends meant for the professional accountant, the expectation and the value of the new and existing technical and inter-personal competencies. While Big Data may be helpful in decision-making, it comes with its challenges. For instance, digital transformation has been associated with cyber security. Therefore, as Accountants embrace social media strategies, they need to be wary of development associated with new business models as they are the heart of organizations.

Dynamics in the Accountancy Profession

Volatility and uncertainty have been the order of the day

in the world's economy. Fundamental and rapid changes continue to be experienced amidst turbulence. For instance, Coronavirus pandemic has had a huge negative impact on the global economy.

Most airlines have since stopped flying to China and business negatively affected some of which have stalled. Developing and emerging economies are likely to suffer more as poorer countries could be ill-equipped to tackle issues around the virus spread. Similarly, the pandemic is likely to affect the CPD calendar of events.

Continuous Professional Development (CPD) Events

Continuous Professional Development is an ongoing process throughout the career of professionals. So important is CPD as it ensures that a professional continues to be competent within their career. The Institute continues to uphold public interest through its credibility, professionalism and accountability as well as offer CPD trainings at local, national and international level. In 2019, a total of 165 were held. CPD increases public confidence of both the professional and the profession. The planning and mounting of CPD programmes cannot be over-emphasized as it is a career-long obligation for professionals.

Technical Updates

As the promoter of professional standards, the Institute has continued to engage with the International Federation of Accountants (IFAC), the Pan African Federation of Accountants (PAFA), Kenya Accountants and Secretaries National Examinations Board (KASNEB) and other stakeholders with a view of promoting and enhancing the accounting professional standards.

At PAFA level, the Institute continues to propel and advance Pan Africanist agenda that seeks to empower African countries with qualified accountancy profession workforce. In a partnership

with IFAC, PAFA and World Bank, the Institute is currently mentoring members of PAOs in Africa that include Burundi and previously Rwanda. We have also set our eyes on emerging economies in the region such as Southern Sudan and Ethiopia. To ensure public and private companies adhere to financial reporting standards, the Institute in conjunction with Nairobi Securities Exchange (NSE), Capital Markets Authority (CMA) and Public Sector Accounting Standards Board (PSASB) have religiously promoted the Financial Reporting Award (FiRe) for the last 18 years. Last year's edition (2019) recorded the highest number of entries since its inception in 2002. The award attracted 687 entries from both public and private sectors entities that were evaluated compared to 122 entries in 2002.

Conclusion

As I welcome you to read the Annual Report, I would like to appreciate our Esteemed Members, Council and Secretariat for their support to the Institute. Together, I have no doubt that we will be able to steer ICPAK to greater heights as we endeavor to be a world class professional accountancy Institute. As per our mission statement, the Institute will continue to develop and promote internationally recognized standards that uphold public interest through effective regulation, research and innovation.

CPA Edwin Makori
Chief Executive Officer

Management Discussion and Analysis



Membership

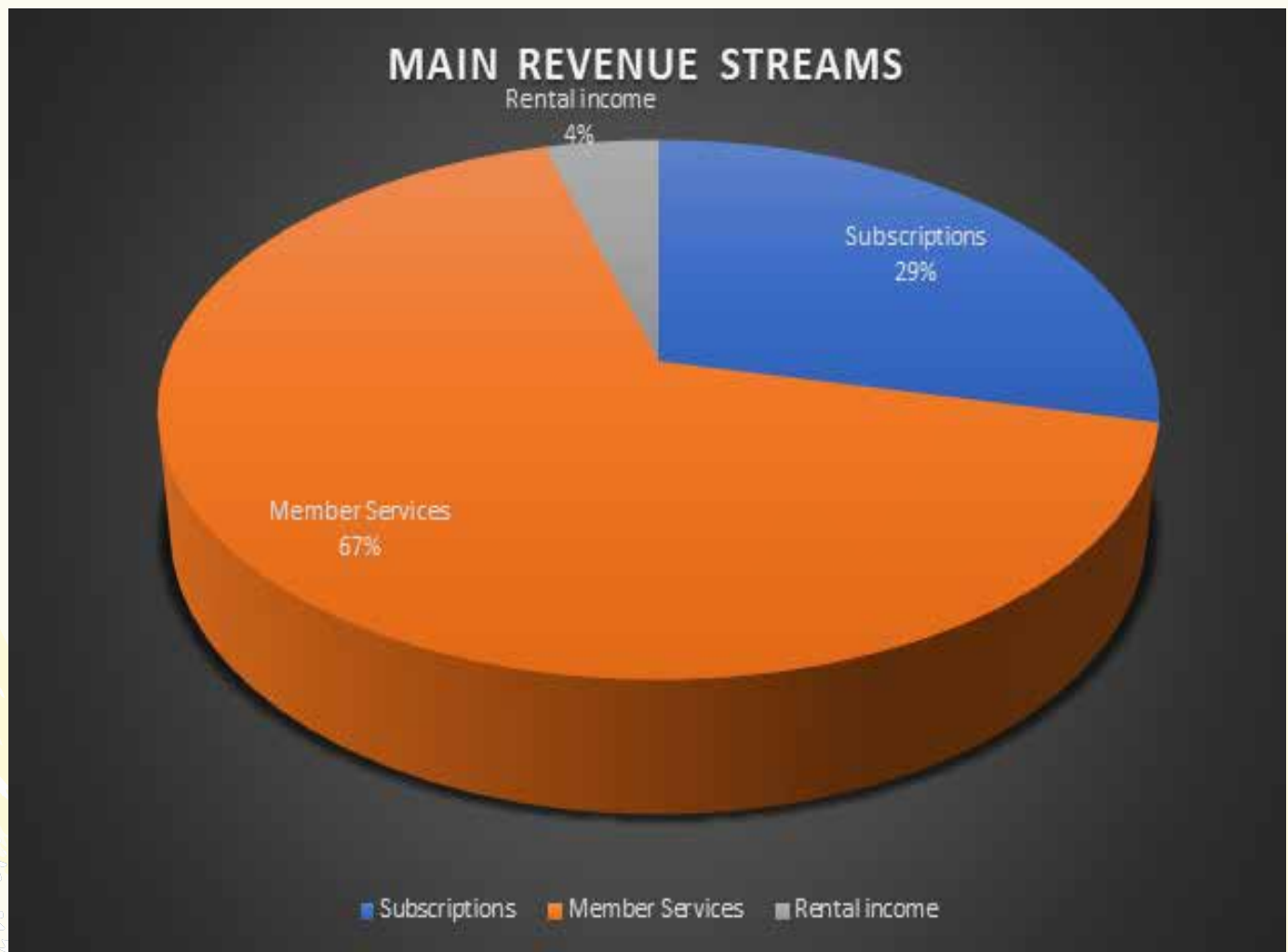
The Institute is proud to be among the top three Professional Accountancy Organizations (PAOs) in Africa in terms of membership. This rare fit is traceable from the first members registered in 1978 through the past four decades. In the year ended 2019 the Institute continued to experience growth in membership bringing the total registered members to 25,255.

This membership growth is highly attributed to aggressive marketing of the profession, targeted member recruitment drives and adoption of various retention strategies. They range from continuous monitoring and evaluation of customer satisfaction to engagement with members on service delivery. ICPAK continue to conduct customer satisfaction survey every year. This helps in determining whether it has achieved the set targets of above 70% satisfaction index. Further, the Institute conducts CPD events rating, and, in the year, it attained an average rating of 3.22 to a scale of 4.

Furthermore, the Institute has kept the process of members profiling as continuous exercise. This process of profiling of membership continues to enhance the service delivery to members.

Revenue Growth

In the year 2019, total revenue grew to Kshs.921 million up from Kshs.814 million in the year 2018. This represents a growth of 13% in comparison with the previous year. Seminar income grew by 12%, subscription income by 18%, In-house training income was relatively the same, while rental income grew by 29%. This growth was attributed to improved performance in seminars, other CPD events and growth in membership. During the year ICPAK maintained a balance between cost optimization and service delivery to its members. This equilibrium allowed the Institute to grow its income while at the same time responsive to the core services to its membership. Further, the Institute continued to play a key



role as a corporate citizen with increased CSR activities. CSR income during the year remained relatively the same as previous year, however, CSR activities and cost incurred by the Institute increased by 18% from prior years.

Gross rental income increased from Kshs.31 million to Kshs.40 million in 2019. The increase in rental revenue was highly attributed to uptake of additional spaces by existing tenants as well as new tenants. However, uptake of the vacant space was not as envisaged due to slow growth in the real estate sector of the economy. This is however expected to change in future as the Institute embarks on an ambitious marketing strategy of the CPA Centre. So far, several organizations including government ministries, state department and agencies have expressed interest in taking up space at the Centre. With this, the Institute is optimistic of an increase in uptake of vacant spaces, though at a slow pace.

Operating Cost

2019 is the first year of implementation for the new Strategic Plan 2019-2021. This strategy was crafted to have elaborate strategic activities envisioned to steer the Institute to greater heights within the four pillars; Development and Regulation of Accountancy Profession, Positioning for Influence, Enhancing Member Experience and Institutional Sustainability. It has been a delicate balance albeit with success to achieve

full implementation of these activities amid meeting increased demands from membership. ICPAK therefore embarked on cost optimization strategies in addition to application of 80/20 rule. These saw allocation of scarce resources to areas that have higher impact on the overall performance. Despite scaling up of the Institute operations, operating expenses grew marginally by 11%, in 2019.

Operating Surplus

Continuous posting of surplus by ICPAK are salient indicators for better services to the membership and the future stability of the Institute. It is for this reason that the Institute strives to continually grow its surplus. In the year 2019, operational surplus of KSh 74 million was realized compared to KSh 6 million in 2018.

Stakeholder Engagement

The Institute remained active in upholding public interest on matters governance, accountability and devolution. It continued to have collegial and productive dialogue with Parliament, National Treasury, Kenya Revenue Authority, Auditor-General's office, County Governments, Office of Controller of Budget and Business Membership Organizations among others on a raft of issues touching on public finance, integrity and accountability.

Kenya Economic Outlook 2019



In the year 2019, the economy was estimated to have expanded by 5.6%. In the Budget Outlook and review Paper 2019, the Kenyan economy growth was supported by the stable macro-economic environment, investments in the strategic areas under the “Big Four” Plan in addition to existing business and consumer confidence in the economy.

The economy was derailed by risks such as escalation of global trade-related tensions, uncertainties in the global financial markets particularly regarding the U.S. economic and trade policies, a rise in oil prices and weather-related shocks. However, the Government was vigilant in monitoring risks and responding appropriately.

Similarly, African Development Bank estimated that Real GDP of Kenya grew by 5.9% in 2019, driven by household consumption and investment on the demand side and services on the supply side such as public administration, information technology, finance and insurance, and transport and storage. During the period, exchange rate remained stable from 5.0% of GDP in 2018 to 4.9% in 2019. Foreign exchange reserves were equivalent to 6 months of imports rising from \$9 billion in 2018 to \$9.4 billion at the end of August 2019. Public debt rose to 58% of GDP in 2019, up from 41% in 2013, and became more non-concessional (67%) than concessional (33%).

This positive outlook mainly reflects favorable weather, increased crude oil production and exports, continuing foreign direct investment, the benefits of the African Continental Free Trade Agreement, and the government’s commitment to the Big Four Agenda aimed at industrialization in health, housing, agriculture, and manufacturing.

World Bank projected Kenya’s economic growth to expand at 5.8% for 2019 and to settle at around 5.9% over the medium term. The weakening of private investment partly reflected crowding out from widening fiscal deficits and related limited access to credit by the private sector that grew by about 6.3% in August 2019. The World Bank proposes actions to increase revenue, make revenue projections more realistic, and strengthen expenditure controls and cash management. In addition, the Kenyan government needs to re-balance the public debt portfolio to reduce its vulnerability to market instability and create the necessary fiscal space.

Social scene

On the social scene, 2019 witnessed rapid urbanization with an estimate of 27.5 % of the total population living in urban areas. The country’s rate of urbanization currently stands at 4.2% above the 3.5% continental average resulting in a housing deficit of an estimated two million units. The result has been

that over 60% of urban households are living in informal settlements, a situation that could worsen with the increasing urbanization rate. However, the initiatives such as the affordable housing scheme already put in place by the government of Kenya will address the issue. Affordable housing is a key tenet of our constitution. This is well articulated under Article 42(1) (b) of the Constitution, 2010 grants every Kenyan the right to accessible and adequate housing, and to reasonable standards of sanitation.

- Towards Universal Health Coverage, the pilot project continued in the year 2019 in selected counties namely Machakos, Nyeri, Isiolo and Kisumu. According to the Ministry of Health, a total of Kshs. 4 billion was invested in the 4 Pilot Counties to support five key areas:
- Public Health Services: For County Health Management Teams (CHMT) supervision including sub-Counties, Public health inspection and disease surveillance;
- Community Health Services: 30% was for Community Health Volunteers (CHV) kits, the remainder was for community formation, capacity building, community dialogue and action days;
- Health Systems Strengthening: Employment of Staff on contract basis and Monitoring and Evaluation programs;
- Basic and specialized services: 70% of the money went to KEMSA for commodities and supplies and basic

equipment for level 2-3. 30% went to the Counties for operations and maintenance to level 4 and 5 ; and

- Specialized services: for access of services in level 6.

In the same period, Kenya National Bureau of Statistics (KNBS) conducted census in August 2019. The total enumerated population was 47,564,296 of which 23,548,056 were Males, 24,014,716 were Females and 1,524 were Intersex. Females accounted for 50.5% of the total population. The population grew to 47.6 Million in 2019 from 37.7 Million in 2009. The intercensal growth rate declined to 2.2% in 2019, from 2.9% in 2009. Average Household Size declined to 3.9 in 2019 from 4.2 in 2009.

Economic scene

In 2019, the country witnessed the commissioning of both passenger and freight services on the standard gauge railway (SGR). This was under the second phase of the SGR 120.49km (Phase 2A) project which extended operations to Suswa from Nairobi. Additionally, the first berth at the proposed 32-berth Lamu Port was completed in August 2019, setting pace for operationalization of the country's second major seaport.

President Uhuru Kenyatta also commissioned the construction of the Kshs.62.1 billion JKIA-Westland's expressways in October 2019.

Demonetization as a policy strategy has taken different formats across the globe as part of measures to curb corruption, terror finance, fraud, money laundering and counterfeits. In



H.E. President Uhuru Kenyatta unveils a plaque to mark official launch of the Ongata Rongai Standard Gauge Railway Station.

Kenya, demonetization was implemented through a directive by the Central Bank of Kenya (CBK) that required all persons in possession of the one thousand notes to exchange those notes with new generation notes, after which the older ceased to be legal tender on October 1 2019. This process saw Central Bank of Kenya demonetize Kshs.217.6 million pieces of the Kshs.1,000 old series notes.

Political Scene

On the political front, the Building Bridges Initiative (BBI)

Task- force released its report on 27th November 2019 to the public for further discussion and consultations. The main aim of BBI was to look at 9 issues enumerated in Agreement between President Uhuru Kenyatta and Rt. Hon Raila Odinga. These issues were ethnic antagonism, corruption, divisive elections, safety and security, responsibilities and rights, inclusivity, shared prosperity, lack of national ethos and devolution. These matters have occupied public discourse since the country became independent in 1963.



photo: statehouse

H.E President Uhuru Kenyatta receives the BBI report from the BBI taskforce accompanied with the Deputy President H.E Dr. William Ruto and former Prime Minister Rt. Hon Raila Odinga.



H.E President Uhuru Kenyatta holding hands with the Deputy President H.E Dr. William Ruto and former Prime Minister Hon. Raila Odinga in a show of unity during the launch of the Building Bridges Initiative (BBI) Report at Bomas of Kenya, Nairobi.

Major events that shaped Kenya in 2019

No Human Is Limited Challenge: 01:59:40:2



Photo: standardmedia.co.ke



Ineos champion Eliud Kipchoge celebrates in Vienna after completing breaking the world record of running a marathon under two hours.

President Uhuru Kenyatta awards Mr. Eliud Kipchoge with prestigious Elder of the Order of the Golden Heart (EGH) Award after setting the new world record during the 2019 Mashujaa Day.

On October 12, 2019 in Vienna Austria, with support from INEOS, Eliud Kipchoge broke the 2-hour mark for running the marathon. Running on the challenge “No Human Is Limited”, Eliud inspired others to overcome their own personal barriers. Until the INEOS challenge, Eliud was the world record holder

for the marathon with a record time of 2:01:39 set in Berlin in 2018. He is the reigning Olympic marathon champion and has won the London Marathon four times, the Berlin Marathon three times and the Chicago Marathon once. Eliud smashed the world marathon record by running 01:59:40.2.

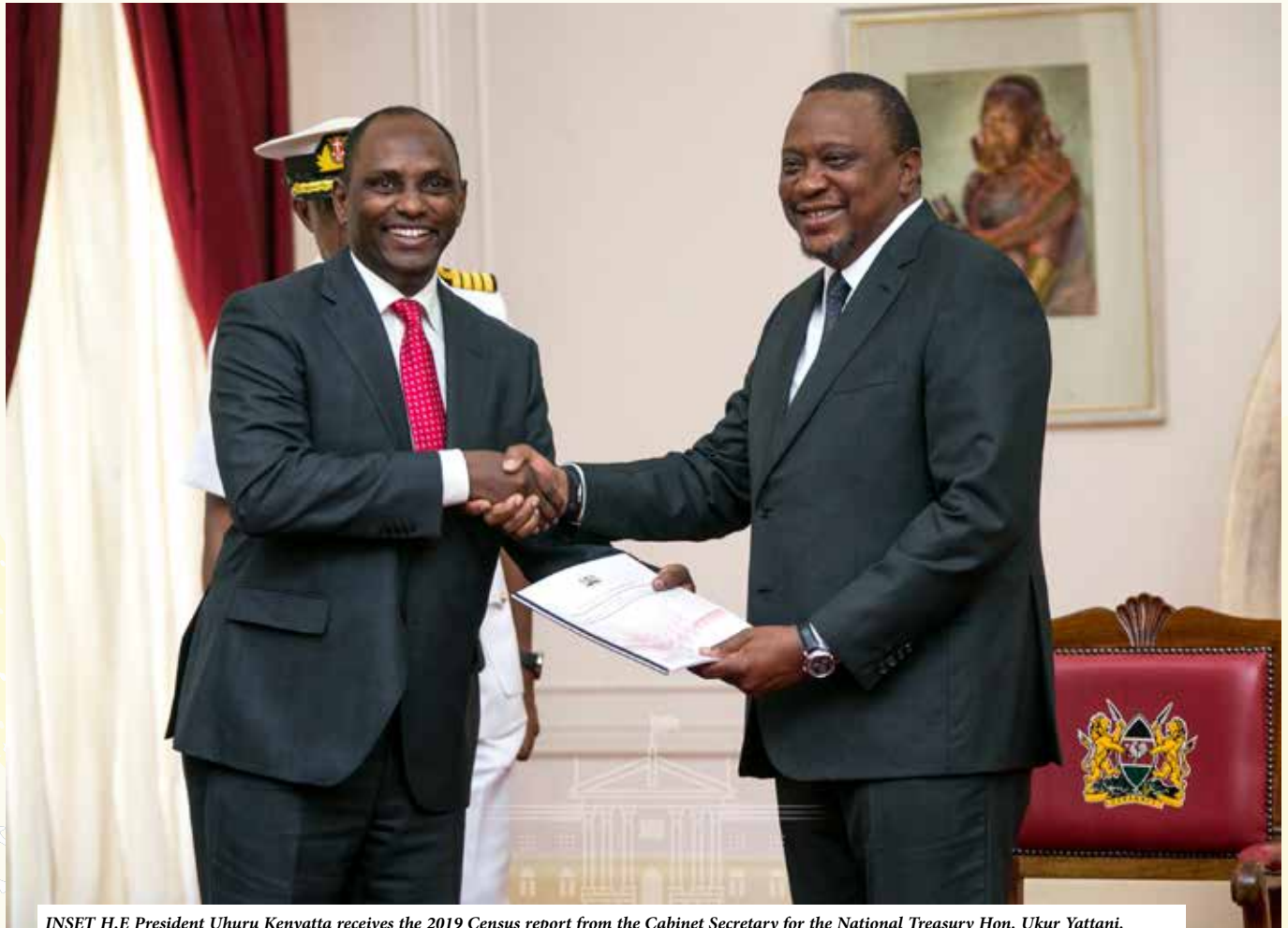
Harambee Starlets crowned 2019 CECAFA Women's champions

Kenya football achieved a major football milestone on 25th November 2019 when Harambee Starlets won their first ever Cecafa Women's Championship title in Dar es Salaam. Starlets won the tournament in a brilliant fashion with a 100% unbeaten record, won both the golden gloves and golden boot, scored 24 goals and conceded none. The tournament had 8 countries representing the greater East African region and is organized by Council for East and Central Africa Football Associations (CECAFA).



Kenya Harambee Starlets celebrate a goal during their first leg of Tokyo 2020 Olympic qualifier match against Zambia at Moi International Sports Centre, Kasarani on Friday, Nov 8, 2019

2019 Census In Kenya



INSET H.E President Uhuru Kenyatta receives the 2019 Census report from the Cabinet Secretary for the National Treasury Hon. Ukur Yattani.

History tells us that the word census originated in ancient Rome and is derived from the Latin word censere which means (“to estimate”). In the ancient days, just like today, census played a crucial role in the administration of an economy. It was used to determine taxes and project what income would be generated. In Kenya, census is undertaken after every 10 years.

While there are various definitions of the term Census, Collins English Dictionary define it as an official survey of the population of a country that is carried out in order to find out how many people live within its jurisdiction. It seeks to obtain demographic data such as people’s ages, gender and economic livelihoods and jobs.

The National Bureau of Statistics spearheaded the 2019 census on behalf of the government. The exercise took place from 24th to 31st August 2019. This was the 8th Census to be conducted in the country. It was also the first paperless exercise, whereby mobile technology was utilised during mapping and enumeration. The first census was carried out in 1948 with subsequent ones being undertaken in 1962, 1969, 1979, 1989, 1999 and in 2009.

“

Results revealed that Kenya has a diverse population totaling 47,564,296. Males were at 23,548,056, females at 24,014,716 and 1,524 were inter-sex.

Demonetization



INSET H.E President Uhuru Kenyatta displays new legal tender notes of the Kenya currency. Looking on is Central Bank Governor Dr. Partrick Njoroge

In October 2019, the Central Bank of Kenya issued a directive requiring all persons in possession of the one thousand notes to exchange those notes, after which the older one will cease to be a legal tender by October 1 2019. This process saw Central Bank of Kenya demonetize 217.6 million pieces of the Kshs.1,000 old series notes. The demonetization policy was implemented by the Kenyan government to achieve various monetary and governance objectives.

Demonetization as a policy is not a new concept. Many countries have in the past adopted different formats as part of measures to curb corruption, terror financing, fraud, money laundering and counterfeits among other objectives. Demonetization has thus been defined as a process of removing a currency from general usage as a legal tender or circulation of money in a country. It can also be viewed as an act where the old unit of currency gets retired and replaced with a new currency unit. Kenya is not the first country to undertake demonetization exercise. Other countries as has demonetized their currencies including India in 2016, Myanmar in 1985, the European Union member states in 2002, Australia in 1996, Ghana in 2007, Nigeria in 1984, Fiji in 1969 and Singapore in 1945.

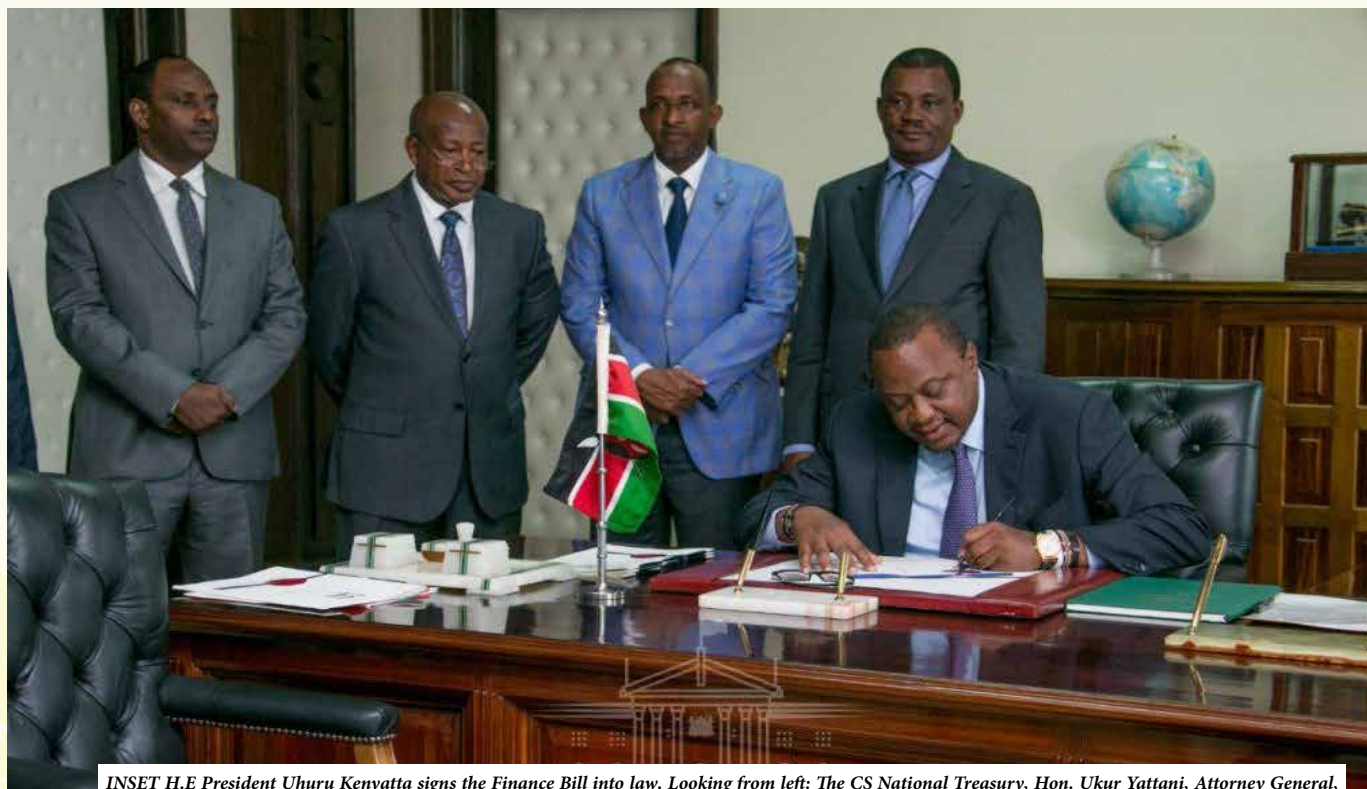
Experiences from other jurisdictions indicate that the intensity of demonetization effects have mixed results. At the initial stage, it might lead to a shortfall in cash in circulation which will impact small businesses, households and individuals that mainly depend on cash transactions as cash assets will be returned to the banks for exchange. But as the economy is remonetized and conditions normalize, the uncertainty eventually dissipates.

On a positive note, the government and the economy at large stand to gain due to expansion of tax base and revenue. This is due to the fact that as many people are likely to deposit large sums of money in their accounts and if its source is not disclosed satisfactorily be subjected to income tax scrutiny and hence net more tax payers in the process. This process further helps to net in proceeds from corruption, and illicit trade into the public coffers. The increased earnings mean more development and provision of essential services. Moreover, the demonetization has led to a paradigm shift towards cashless transactions. This has many advantages to the economy, the government, the public and to the financial system at large. The Kenyan economy has already witnessed a shift towards cashless transactions in some sectors since implementation of the Central Bank directive on currency demonetization.

Other
currency
notes



Removal of Interest Rate Capping



INSET H.E President Uhuru Kenyatta signs the Finance Bill into law. Looking from left: The CS National Treasury, Hon. Ukur Yattani, Attorney General, Paul Kihara Kariuki, National Assembly Majority Leader, Aden Duale and the Speaker of the National Assembly Justin Muturi.

The Year 2019 witnessed the repeal of the interest capping law through the Finance Act 2019. The Act amended the Banking Act by deleting Section 33B, which provided for capping of interest rates charged by banks. Interest rates cap was introduced in 2016 through an amendment to the Banking Act.

The Act put a cap on the rate of interest charged for loans and fixed the minimum rate of interest that such institutions must pay on deposits held.

One of the unintended consequences of this law since its introduction in 2016, was the decline in private sector lending. In the run-up to the enactment of the Finance Act 2019, the National Assembly had removed the provision relating to the repeal of the interest capping law in the Finance Bill 2019 prior to submission of the same to the President for assent. However, the President vetoed it in a memo to the National Assembly, citing unintended effects of interest rate capping.

The Institute supported the interest cap law based on reasons that it protected consumers from high interest rates, increased access to finance and made loans affordable for economic growth.

Before its enactment, the average interest rate had surged from 12% in November 2004, climaxing at 18% in August 2016. In the Institute's assessment, lenders had failed to self-regulate which forced the lawmakers to step in.

The Institute also noted that the slowdown in growth of

private sector credit, during the cap period, was not entirely attributed to interest rate capping, but many other factors came to play including increased domestic borrowing by the Government. Government borrowing led to edging out of the private sector players including small and medium lenders. The Institute will continue to engage with all stakeholder with a view of strengthening the financial services regulatory framework for the benefit of the economy, consumers and the public at large.



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Governors Facing Corruption Cases Barred from Accessing Their Offices

On July 24, 2019 the High Court being presided by Justice Mumbi Ngugi made a landmark ruling that required governors facing corruption charges should step aside until their cases are concluded. The Court of Appeal later upheld Justice Ngugi's ruling sealing the fate of Kenyan elected leaders with corruption cases.

In the past, county governors charged with an offense would plead not guilty, secure release by paying cash bail, and then

return to their normal lives where police fear they interfered with investigations.

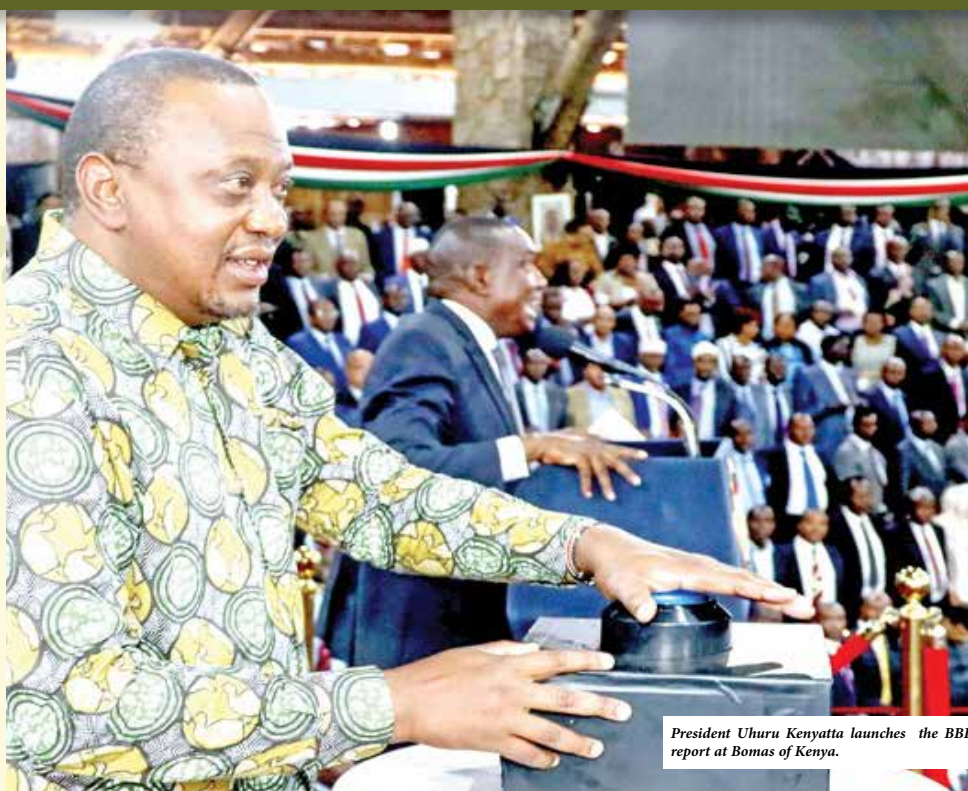
Governors Moses Lenolkulal (Samburu), Ferdinand Waititu (Kiambu) and Mike Sonko (Nairobi) are currently barred from office until their corruption cases are concluded. Several Members of Parliament have pending cases in court and may soon be affected by Justice Ngugi's ruling. Several MCAs are also embroiled in criminal cases including misappropriation of public funds.



INSET FROM LEFT: H.E. Moses Lenolkulal (Samburu), H.E. Mike Sonko (Nairobi) and H.E. Ferdinand Waititu (Kiambu)

“In the past, county governors charged with an offense would plead not guilty, secure release by paying cash bail, and then return to their normal lives.”

The Building Bridges Initiative (BBI)



President Uhuru Kenyatta launches the BBI report at Bomas of Kenya.

On March 9, 2018, H.E. President Uhuru Kenyatta and former Prime Minister Raila Odinga, decided to bury their political hatchet for the sake of the country's social, economic, and political welfare. The two leaders agreed to set up a 14-member Taskforce which was mandated with the responsibility of formulating modalities for implementing the eight-point agenda of their agreement.

After several months, moving around the country collecting views, the team compiled an initial report which was launched by the President and the former Prime Minister on 26th November 2019 at the Bomas of Kenya.

Climate change and sustainability



A recent study report reveals that more than a half of Kenyans believe that humans are to blame for the worsening climatic conditions. According to the 2019 Afro-Barometer Experience and Awareness of Climate Change survey, 59 percent of Kenyans are of the view that human activities are to blame for the rise in climate change.

The report shows that a good number of Kenyans are aware of climate change and that they strongly believe it has a negative implication. The findings of the report are made more interesting with the statistics indicating that human influence on climate change is especially high among people with post-secondary education (59 percent) while low among those without formal education (42 percent).

The Afro-Barometer report, among many other recommendations concludes that increased literacy on climate change among African countries will likely motivate preparedness and actions.

Overall, even beyond the findings of the survey, one cannot

fail to observe that climate change has become more frequent and unpredictable as human activities churn out billions of tons of carbon dioxide into the atmosphere. This calls for concerted effort to slow down the impact of this destructive trend.

Governments across the world, climate advocates and professionals are calling upon everyone globally to embrace sustainable practices that will save the world from the effects of climate change.

Leading these calls is the United Nations (UN) which promotes the 17 Sustainable Development Goals (SDGs) which among them advocate for mitigation of the effects of climate change. Goal number 13 on Climate Action explicitly recognizes this need.

Accordingly, the UN notes that Climate change presents the single biggest threat to development, and its widespread, unprecedented impacts disproportionately burden the poorest and most vulnerable. Thus, urgent action to combat climate change and minimize its disruptions is integral to the successful implementation of the SDGs.



The accountants and other professionals have equally been called upon to assist organizations conserve the environment and report on the steps and actions being undertaken by organizations to promote sustainable business practices. Hence, the increased need for sustainability reporting.

In their call to action, leaders of the global accounting body, the International Federation of Accountants (IFAC) have recently asked accountants across the world to consciously integrate climate change risk into organizational strategy, finance, operations, and communications.

There is also a greater emphasis now for the accounting professionals globally to support sustainable decision-making. Leaders of the accounting profession across the world made a united stand in February 2020 in calling for accountants to put their skills to work to help businesses fight climate change.

Fourteen accounting bodies representing members worldwide published a “Call to Action” urging accounting professionals to put sustainability and the fight against climate change at the forefront of their work.

It was observed that the accounting profession has long focused on assessing and managing financial risks. However, the global risks being seen today, and particularly environment-related risks, are pushing the accounting profession to expand its remit.

Evidently, and increasingly so, this issue is relevant to accountants because of their role in risk management and the fact that climate change has emerged as a significant risk. Accountants also have a responsibility to act in the public interest.

With the world coming under threat of human actions which have negative impact on the environment and climate change, there is greater need for sustainability efforts to ensure that businesses continue to operate as going concerns into the foreseeable future.

The Call to Action to accountants, all professionals and indeed all humanity cannot be more than timely. The Time to Act is NOW!



**WE ARE CALLING ON
ACCOUNTANTS TO
TAKE ACTION ON
CLIMATE CHANGE**

#OurClimateCounts



Governance





GOVERNANCE STRUCTURE

Council and its Committees

ICPAK is led by an 11 member Council comprising of:

- A Chairman and six members elected from the Institute's membership
- One member representing the Cabinet Secretary responsible for matters relating to finance;
- One member representing the Cabinet Secretary

- responsible for matters relating to finance, to represent a profession other than accountancy;
- One member representing kasneb;
- One member representing Capital Markets Authority.

The Governance framework with various committees is as shown in the chart below;



The Role of the Council

The role of the Council as stipulated in the Accountants' Act includes:

- i. Issuing standards of professional practice, including accounting and auditing standards which shall form the basis of accountancy practice for members in the preparations, verifications and auditing of the financial statements;
- ii. Issuing by-laws, regulations and guidelines to govern matters affecting the operations of the Institute.

Other functions and responsibilities of the Council include:

- iii. **Strategic Leadership:** Approving, monitoring and guiding the implementation of the Institute's Strategic Plan;
- iv. **Performance Evaluation:** Setting performance targets and reviewing of the Institute's results so as to ensure the achievement of strategic and operational plans;
- v. **Integrity of Financial Reporting:** Ensuring strong development, reviewing and monitoring controls, policies and procedures put in place to ensure integrity in the Institute's accounting records and the financial statements;
- vi. **Risk Management and Compliance:** Formulating and implementing policies and procedures

that ensures various risks facing the Institute are effectively mitigated and various regulator and legislative requirements are complied with;

- vii. **Stakeholders' Interest:** Guiding the Institute so as to ensure the fulfillment of the interests of various stakeholders besides reviewing and monitoring corporate governance and corporate social responsibility practices;
- viii. **Executive Review:** Approving appointment and remuneration of the Chief Executive Officer and other key staff as well as monitoring and reviewing their performance.

Activities of the Council

It is the responsibility of the Chairman and the office of the Chief Executive Officer to work closely in planning the annual programme and agenda for Institute.

Delineation of Functions and Responsibilities

The roles of the Chairman and the Chief Executive Officer are separate and interdependent. There is a delineation of responsibilities that ensures that no one office has unfettered powers of decision making.



ICPAK Chairman FCPA Rose Mwaura, hands over some of the Research Reports by ICPAK to the National Treasury PS Dr. Julius Muia. Together with her are Council members: FCPA George Mokua, FCPA Dr. Nichlous Letting, CPA Susan Oyatsi, FCPA Samuel Okello, CPA Dr. Elizabeth Kalunda, CPA Risper Olick, ICPAK CEO CPA Edwin Makori. The PS was accompanied by CPA Geoffrey Malombe, CPA Bernard Ndung'u and Dr. Geoffrey Mwau.







FCPA Rose Mwaura, MBS
ICPAK Chairman

FCPA Rose Mwaura was elected as Chairman of the Institute in June 2019. She owns and manages a business advisory firm, Rockville Consulting Limited. She previously served as an advisory and audit Partner with Deloitte East Africa.

FCPA Mwaura serves as an independent board member on the Board of Jubilee Life Insurance Company of Kenya (JLICK) and chairs the Board Audit Committee of JLICK. She also chairs the Legal and Regulatory Committee of the Kenya National Chamber of Commerce & Industry.

FCPA Mwaura has over 24 years of proven experience in audit and assurance, governance, risk management, business continuity management, financial management, internal audit, and board operations as a result of her responsibility for a variety of clients during her long career. She has extensive local and international experience in the private and public sectors having worked with management and boards of directors in East Africa, the United States and India.

FCPA Mwaura has had a long involvement with ICPAK. In 2013, she became an active member of the Member Services Committee (MSC) and was later elected to ICPAK Council in 2014. In 2017, FCPA Mwaura was re-elected to the ICPAK Council to serve a second term. She served as the ICPAK National Vice Chairman for the year 2017/2018. She has also served as a Convenor of the Practitioners Development Committee, Convenor of the Devolution work stream, Convenor of the Public Policy and Governance Committee and Convenor of the Nominations Committee.

In December 2018, FCPA Mwaura was honoured with a Presidential Award of the Order of the Moran of the Burning Spear (MBS) for her contributions to the Accounting Profession. In December 2019, she was awarded a fellowship by the Institute.

FCPA Mwaura holds a Bachelor of Commerce (Hons) Accounting Option degree from the University of Nairobi. She is also a Certified Public Accountant of Kenya (CPA(K)).



CPA Edwin Makori,
Chief Executive Officer & Secretary
to Council

CPA Edwin Makori is the Chief Executive Officer at the Institute of Certified Public Accountants of Kenya (ICPAK). Before his appointment to his current position, he was the head of Professional Services Division overseeing the technical issues, accounting and auditing standards, ethical standards regulation, compliance, audit quality monitoring (assurance), registration, public policy and governance and research.

He has also been instrumental in the coordination and organization of the Financial Reporting Award (FiRe Award) which recognizes financial reporting excellence in Kenya and the East African region. He pioneered the FiRe awards for the public sector entities.

CPA Makori has previously lectured in the School of Business at Egerton University and Nairobi University, Kenya. As a faculty member, he focused on Strategy, Finance and accounting work. He has previously practiced as an auditor in a renowned audit firm and also served as a Finance Director at various government (public sector) entities and private sector and held senior management positions in many other organizations.

CPA Makori has an undergraduate degree in Commerce (Finance and Accounting) and an MBA in Finance from the University of Nairobi. He is also a certified ERP Consultant, CISA and a member of ISACA and Institute of Leadership Management (ILM).

CPA Makori serves a board member in the Kenya Accountants and Secretaries National Examination Board (KASNEB), regionally serves in the Interim Oversight Board (IOB) for African Professionalization Initiative, Africa Integrated Reporting Council (AIRC) and has served on several national and international boards including the International Accounting Education Standards Board (IAESB) as a technical advisor.



FCPA George Mokua,
Vice Chairman

FCPA George Mokua is the Vice-Chairman of ICPAK Council having been elected to Council in 2019. He holds a master's degree in Business Administration from University of Free State, South Africa and a bachelor's degree in Business Management (Accounting), from Moi University, in Kenya.

FCPA Mokua is the CEO and Managing Partner of Mokua Onwonga & Company and Company Secretary of Kenya Petroleum Refineries Limited. He is also a member of the Institute of Certified Secretaries (ICS).

In addition, he has previously served the Institute as: A Committee member of ICPAK Coast Branch, Hon Secretary and CPD Convener ICPAK Coast Branch; Vice Chairman of ICPAK Coast Branch; Member of ICPAK Review of Accountants Act and Financial Reporting Oversight Authority Bill Task Force; Convener Devolution and Branches Work Stream; Member of Professional Development Committee of ICPAK Council; Member of Legislative Affairs Subcommittee of Public Policy and Governance Committee of ICPAK Council; and Convener Professional Development Committee. In 2012, he was awarded Commendation for distinguished contribution to the Profession and in 2016 he was awarded Institute's Fellowship.



FCPA Samuel Okello,
Council Member

FCPA Samuel Okello is a seasoned Accountant with over 16 years experience in governance, policy, and finance. He is currently a manager at the Central Bank of Kenya.

Previously he worked with Barclays Bank of Kenya, University of Nairobi Enterprises and Services (UNES) Ltd. and University of Nairobi (College of Agriculture and Veterinary Sciences) among others. FCPA Samuel holds an MBA (Finance) and B. Com (Accounting option) from University of Nairobi. He holds a Diploma in Risk Management in Finance and Banking (RFMB) courtesy of the Swedish International Development Agency (SIDA). His professional qualifications include CPA (K), CPS finalist and CISA.

He is a member of the Institute's Council, convener of Member Services Committee, member of Public Policy and Governance Committee and former convener Finance and Strategy Committee. He is also a Board Member of Banki Kuu Sacco (2015-to-date) where he currently serves as the Honorary Secretary and former chairman of its Credit committee. FCPA Okello also previously served in the Finance and Audit Committee of the Kenya Bankers Association as a nominee of the Central Bank of Kenya (CBK).



CPA Susan Khakasa Oyatsi,
Council Member

CPA Susan Oyatsi is a Council Member serving her second term and is the Convener of Member Services Committee. During her first term, she chaired the Public Sector Committee, was a member of Public Policy and Governance Committee, Professional Standards Committee, and a Council member of Association of Women Accountants of Kenya.

CPA Susan is a Certified Public Accountant with over 10 years' experience in both public and private sector. She is the Head of Finance at the Judiciary. Previously she served as Chief Accountant at the Energy Regulatory Commission (ERC), Head of Management Accounts and Credit Control at Heritage Insurance and Head of Business in Academia for 3 years. She holds a Master of Business Administration (MBA) degree from the University of Nairobi and a Bachelor's degree in Business Education from Kenyatta University.

She is also a member of Information Systems Audit & Control Association (ISACA), an international professional association that deals with IT governance issues and a qualified Quality Internal Auditor of ISO 9001:2008 Quality Management System (QMS). CPA Susan is a trained Director on Corporate Governance by Centre for Corporate Governance (CCG).



**FCPA Wyckliffe M. Shamiah,
Council Member**

Holds a bachelor's degree in Economics and Mathematics and also a Master's in Business Administration (Finance) from University of Nairobi, Kenya. He is a Certified Public Accountant of Kenya and a member of the Institute of Certified Public Accountants of Kenya (ICPAK- which is the regulator of accountancy profession in Kenya). He received his ICPAK commendation in 2013 as well as ICPAK Fellowship in 2016. FCPA Shamiah is currently the Acting CEO of Capital Markets Authority (CMA) where he has worked for the last 22 years in various capacities. He has gained wide experience in operations of capital markets. He chairs various committees within the Authority including the Technical arm (CnF).

He has served the Kenyan Accountancy Institute in various capacities having been an evaluator during the initial Best Presented accounts awards which later transformed to FiRe Award and sat on the FiRe Award Technical Committee for various years. He has also served on the ICPAK Innovations Committee in 2003 and Financial Services Committee of ICPAK in 2009, mainly bringing on board developments in capital markets and the financial sector in general. He has represented Capital Markets Authority at ICPAK Council since 2009.

At ICPAK Council he has been a member of Research and Development Committee as well as the Audit, Risk and Compliance Committee where he was the Convenor in 2016/17.

He advocates for integrity and transparency in ensuring there is compliance to set standards as far as possible. FCPA Shamiah is an alumna of the U.S International Visitors Programme and an Associate of Toronto Leadership Center.

He has equally been the Chairperson of TC 68 (Financial Services Technical Committee) of Kenya Bureau of Standards (KEBS). He was awarded a certificate of completion for the SMREA Program, March 2018, Harvard University, John F. Kennedy School of Government, Executive Education.

Currently he is also the Chairman of the Market Supervision and Risk Management sub-committee of the East African Securities Regulators Forum (EASRA), a regional securities regulators umbrella organization in the East African Community (EAC). He sits on the Financial Stability Board Regional Group of Sub-Sahara representing Kenya and capital markets, Kenya.



FCPA Dr. Nicholas Letting, Council Member

FCPA Dr. Letting is the current kasneb Secretary/Chief Executive Officer. He is the immediate past Vice Chancellor/Chief Executive Officer (CEO) of the Management University of Africa (MUA). He is a member of Council of the Institute of Certified Public Accountants of Kenya (ICPAK) and chairs Audit and Risk Committee. He has served as Council Member and Chairman of Finance, Strategy and General Purposes Committee at the former Kenya Institute of Education (KIE), now Kenya Institute of Curriculum Development (KICD) since 2011 to 2019.

Dr Letting is a respected scholar – industry practitioner, committed professional, facilitator in conferences, an astute administrator, investments and financial analyst and a transformative leader with over 20 years of work experience.

He began his career at BAT Kenya where he served for over 8 years. He later joined the Kenya Institute of Management (KIM) in 2006 where he served for over five (5) years as deputy Executive Director/CEO in charge of Company of the Year Awards (COYA), capacity building, training, consultancy, membership, SME and Media services up to September 2011.

In 2011 he joined Management University of Africa (MUA) where he served at various positions. He initially served as a lecturer before his appointment as the Vice – Chancellor/CEO in 2013 and served for six (6) years heading finance, academic affairs (including research and examinations) and administrative functions. During his tenure, he led in the development of seven (7) academic degree programmes accredited by the Commission for University Education (CUE). He served MUA up to April 2019 when he joined kasneb as Chief Executive Officer.

FCPA Dr. Nicholas Letting (continued)

He has successfully supervised six (6) PhD and (36) Masters Students and has published widely in internationally refereed journals. He is an External Examiner in three Universities namely the University of Nairobi, JKUAT and Dedan Kimathi University. In addition, he has consulted with international organizations such as UNDP. He has presented papers in corporate governance, institutional development, performance management in the US, the UK, Brazil, Tanzania, South Africa, Egypt, Rwanda, India, Thailand, the Netherlands and Belgium.

He is an Honorary Treasurer, Association of Professional Societies of East Africa (APSEA), member of the Public Sector Accounting Standards Board (PSASB). Formerly he was a Council Member and Chairman of ICPSK now Institute of Certified Secretaries (ICS). He is Chairman, Board of Management of Karura Adventist School. He is also a member of National Commission for Science Technology and Innovations (NACOSTI). He is a Fellow of ICPAK, ICS and KIM. He is a member of IoD, ICIFA and IHRM.

He holds a Doctor of Philosophy (PhD) in Business Administration (Strategic Management), MBA and Bcom degrees from the University of Nairobi. He is a Certified Public Accountant (CPA), Certified Secretary (CS) and Certified Investments and Financial Analyst (CIFA) holding Final Examinations Certificates from kasneb.



CPA Anne Wangeci,
Council Member

CPA Anne Wangeci has a professional career spanning over 15 years in both private and public sectors with experience in Public finance management and accounting, risk and internal audit. She is currently a Senior Internal Auditor at Egerton University and has previously worked in the Finance department at the same Institution.

Prior to joining Egerton University, she worked at Christian Children's Fund Kenya (CCF), International Rescue Committee (Kenya) and UAP Insurance Company.

CPA Anne holds an MBA (Finance) from Egerton University, BSc. in International Business Administration (Accounting Option) from USIU-Kenya and is a Certified Public Accountant CPA. She is a Member in good standing at ICPAK and also a member of AWAK.

Prior to joining Council, she served as a Chairperson of ICPAK Central Rift Branch. She was awarded with an ICPAK commendation in 2017. She serves as Convenor of Finance and Strategy Committee and also as a member of Member Services Committee.



CPA Risper Olick,
Council Member

CPA Risper Olick is an accomplished accountant with over 14 years work experience in the NPO sector. She is currently the Finance and Administration Manager at Amnesty International Kenya. She previously worked with World Vision Kenya as Finance and Supply Chain Officer.

Currently, she is a member of the Council, co-convenor of Member Services Committee and a member of Finance and Strategy Committee. She served as a member of the member services committee from 2017 to 2019 when she got elected into the council.

In the period slightly under one year that she's been in the council, she has sought collaboration between ICPAK, and Amnesty International Kenya and other partners interested in whistle blowers' protection under the ICPAK whistle-blower initiative. She is passionate and keen to promote ICPAK brand visibility that would increase opportunities for members, mentorship of young accountants and on issues of accountability and good governance.

CPA Olick has an undergraduate degree in Accounting (B-Com) and an MBA (Finance) from the University of Nairobi, a CPA (K), a qualified Certified Secretary (CS) and a certified Grants Accountant.

CPA Olick is also a member of Association of Women Accountants of Kenya (AWAK), serves in Siaya County assembly audit committee as the deputy chairperson, is the chairperson of BOM at Otel Secondary and a Trustee and treasurer of Young Women Leadership Institute (YWLI).



**CPA. Dr. Elizabeth Kalunda,
Council Member**

Dr. Elizabeth Kalunda is currently an Assistant Professor of Finance and Accounting at the United States International University- Africa (USIU-A), Chandaria School of Business.

As council member she serves in the Research and Development committee as the convener and is a member of the Audit Risk and Compliance; Adhoc Human Resource; and Elections Petition Committees.

She currently serves in the Audit Committee of Nairobi County Government and the Board of Directors of Kasarani Technical and Vocational College (TIVET). She is a Consultant for the Commission for University Education.

She previously served at the Institute of Certified Public Accountant of Kenya; Dedan Kimathi University of technology; Government Training Institute, Embu; and Teachers Service Commission. She possesses a Doctor of Philosophy in Business Administration and a Master's in Business Administration both from the University of Nairobi and a Bachelor of Education Degree from Moi University.



**CPA, FA Jona Wala,
Council Member**

CPA FA Jona Wala has been in forefront in championing public sector accountancy and financial management. He has been practicing accountancy and finance in both the public and private sector for over 24 years. He is currently Senior Deputy Accountant General in Kenya.

He has experience in managing teams and projects covering finance, IT, administration, human resource, procurement, audit and technology, assurance, and software implementation projects.

CPA Wala is a member in good standing of various professional bodies including Institute of Certified Public Accountants Kenya (ICPAK), Institute of Certified Investment and Financial Analyst of Kenya (ICIFA)K, and Chartered Security & Investment Analyst MCSI(UK).

He holds BA (Mathematics & Economics) from Egerton University (Kenya), Master in Banking and Finance for Development from Giordano Del Amore (Milan, Italy) and currently a candidate of Doctor of Management at Case Western Reserve University (Cleveland, Ohio, USA).

As part of his responsibilities at the National Treasury, CPA Jona Wala is the Registrar to Registration of Certified Public Secretaries of Kenya and co-opted Board member serving at the Public Sector Accounting Standards Board and the National Council for Law Reporting. CPA Wala serves as an alternate Council member at the Institute of Certified Public Accountants of Kenya and Kenya Dairy Board.



**Ms. Damaris Kimosop,
Council Member**

Ms. Damaris Kimosop served as a Council member of ICPAK, representing other professions in the Council. Ms. Kimosop was first appointed to the Council on 1st March 2014 by Cabinet Secretary for the National Treasury for a period of three years. She was re-appointed on 1st April 2017 to serve for another three-year term. Her term ended on 31st March 2020.

Ms. Kimosop is a HR professional and has worked in various organizations leading the HR function. She is currently the Country HR Head-Eastern Africa Region at Bayer East Africa Ltd. She holds a bachelor's degree and an MBA from the University of Nairobi. Damaris also holds a Diploma in Human Resources and is a Certified Strategic Human Resource Professional (SHRP).

Ms. Kimosop was a member of Member Services Committee and a Co-Convener of Audit, Risk and Compliance Committee.





Council and



its Committees

Council Oversight Role Through Council Committees

At ICPAK, the Council and Management are committed to the highest level of corporate governance. The Institute believes this is paramount for business integrity and maintaining its stakeholders' trust. The Institute business principles are informed by the core values and the standards that ensures ICPAK operate within the confines of law with objective of serving its members and public. The Institute believes that its spheres of influence with regards to good corporate governance should be extended to stakeholders and business relationships. The Institute engages with stakeholders in a mutually beneficial and sustainable manner in an environment of equity, mutual respect and honesty. The Institute conducts all its corporate engagements through observance of the highest standards of professional ethics that promotes Credibility, Professionalism and Accountability.

Council Appointment and Attendance

Membership to the Council is based on a formal and transparent process as set out in the Accountant Act read together with Institute By-Laws. The table below summarizes the Council meetings and attendance thereof.

Committee Member	Role	When appointed	When re-tired	Meeting attendance in 2019
FCPA Rose Mwaura MBS	Chairman (From Jun-19)	Jun-14		12/14
FCPA George Mokua	Vice Chair (From Jul-19)	Jun-19		5/5
FCPA Julius Mwatu	Chairman (Up to Jun-19)	Jun-11	Jun-19	9/9
CPA Denish Osodo	Vice Chair (Up to Jun-19)	Jun-17	Jun-19	6/9
CPA Susan Oyatsi	Member	Jun-14		10/14
FCPA Wycliffe Shamiah	Member	Jun -09		5/14
Ms. Damaris Kimosop	Member	Mar-14		11/14
CPA Geoffrey Malombe	Member		Nov-19	7/12
FCPA Samuel Okello	Member	Jun-15		14/14
FCPA Obare Nyaega	Member	Jun-13	Jun-19	6/9
CPA Isaac Njuguna	Member (From Jan-19 to Apr-19)	Jan-19	Apr-19	4/4
CPA Anne Wangeci	Member	Jun-18		12/14
FCPA Dr. Nicholas Letting	Member	May-19		7/9
CPA Dr. Elizabeth Kalunda	Member	Jun-19		5/5
CPA Risper Olick	Member	Jun-19		5/5
CPA Jona Wala	Member	Dec-19		1/2



ICPAK Chairman FCPA Rose Mwaura, ICPAK CEO CPA Edwin Makori, immediate former Vice Chairman CPA Denish Osodo, Council members: FCPA Samuel Okello, CPA Susan Oyatsi, and Ms. Damaris Kimosop and former Council members: FCPA Pius Nduatih and FCPA Obare Nyaega and CPA June Kivinda in a past AGM.

Professional Standards Committee

This Committee is responsible for the Institute's Standard Setting Role and the Implementation of Standards as promulgated by the Council. The Committee participates in setting and ensuring implementation of the respective standards in; financial reporting; public sector accounting; auditing and assurance; accounting education; ethics and financial services including laws and regulations impacting the sectors.

Committee Member	Role	When appointed	When retired	Meeting attendance in 2019
FCPA Michael Mugasa	Convener	Aug-13		2/2
CPA Joseph Kariuki	Co-Convener	Aug-14		2/2
CPA Sylvester Kiini	Member	Aug-17		2/2
CPA Asif Chaudhry	Member	Aug-13		1/2
CPA Fredrick Macharia	Member	Jun-15		1/2
CPA Anne Muraya	Member	Aug-13		2/2
FCPA Richard Njoroge	Member	Aug-13	Jun-19	2/2
FCPA Simon Fisher	Member	Aug-13		2/2
CPA Georgina Muchai	Member	Aug-13		2/2
CPA David Gichana	Member	Aug-13	Jun-19	0/2
FCPA George Mokua	Member	Aug-19		0/2
FCPA Geoffrey Injeni	Member	Aug-19		0/2
CPA Eric Muriithi	Member	Aug-19		2/2
FCPA Samuel Okello	Member	Aug-19		1/2
CPA Evanson Ng'ang'a	Member	Aug-19		2/2
CPA David Mwindi	Member	Aug-13	Aug-19	0/2



ICPAK Chairman FCPA Rose Mwaura, immediate former ICPAK Chairman FCPA Julius Mwatu, CEO CPA Edwin Makori and chief Manager, Professional Services CPA Dr. Nebart Avutswa pose with new practitioners 2019 at the CPA Centre.

Practitioners Development Committee

This Committee is tasked with the responsibility to develop, plan, organize and monitor the implementation of various initiatives and programs. These programs are aimed at building the capacity for Institute's members in practice, with a specific focus on the Small and Medium Practitioners (SMPs).

Committee Member	Role	When appointed	When retired	Meeting attendance in 2019
FCPA George Mokua	Convener	Jul-19		2/2
FCPA Georgina Malombe	Member	Jul-19		1/2
CPA Christine Sabwa	Member	Jul-19		2/2
CPA Herbert Wasike	Member	Aug-17		2/2
CPA Kennedy Njoroge	Member	Jul-19		1/2
CPA Bethwel Kirwa	Member	Jul-19		2/2
CPA Patrick Nganga	Member	Jul-19		1/2
CPA Haron Motari	Member	Jul-19		2/2
CPA Joseph Masika	Member	Aug-17		1/2
FCPA Said Abeid	Member	Jul-19		2/2
CPA Leah Nganga	Member	Aug-17		2/2
CPA Isaac Kamau	Member	Jul-19		1/2



ICPAK Chairman FCPA Rose Mwaura, immediate former Chairman FCPA Julius Mwatia, former Chairman FCPA Benson Okundi, ICPAK CEO CPA Edwin Makori, immediate former Vice Chairman CPA Denish Osodo, Council members: FCPA Samuel Okello and CPA Risper Olick, Nyanza Branch CPD Convener, CPA Mollen Achayo, Chief Manager Professional Services Division, CPA Dr. Nebart Avutswa and former Training and Development Manager, CPA Makokha Wanjala during the launch of the Members' Handbook 2019.

Public Policy and Governance Committee

This Committee is charged with the stewardship of the Institute's Public Interest role including the Advisory Role to the National Treasury, Public Financial Management, Professionalism in the Public Sector, Devolved Funds such as the CDF and Local Authorities, Parliamentary Oversight Role and Public Governance. The committee also looks at Taxation and Budgeting including laws and regulations pertaining to taxation and leading to the Institute's participation in both the national and county budgeting process.

Committee Member	Role	When appointed	When retired	Meeting attendance in 2019
FCPA Julius Mwatu	Convener	Jun-15	Jun-19	3/3
FCPA Rose Mwaura	Convenor (From Jun-19)	Jun-17		3/5
FCPA Philip Muema	Co-Convener (Jun-17 to Jun-19)	Jun-15		3/5
FCPA Samuel Okello	Member	Jun-17	Jun-19	3/3
CPA Solomon Ngahu	Member	Jun-17	Jun-19	2/3
CPA David Gichana	Member	Jun-17	Jun-19	1/3
CPA Samuel Kirenge	Member	Jun-17		4/5
FCPA Isaak Shabbir	Member	Jun-17	Jun-19	2/3
CPA Muthoni Wangai	Member	Jun-17		4/5
FCPA Andrew Tanui	Member	Jun-13		4/5
CPA Anne Wangeci	Member	Jul-19		2/2
CPA Charles Ringera	Co-Convener	Jul-19		2/2
FCPA Rose Osoro	Member	Jul-19		2/2
CPA Reuben Korir	Member	Jul-19		1/2
CPA Abdihafid Yarow	Member	Jul-19		2/2



ICPAK Chairman FCPA Rose Mwaura, MBS with Kenya's High Commissioner to South Africa Ambassador Jean Kamau, ICPAK CEO CPA Edwin Makori, South African Chapter Chairman FCPA Patrick Kabuya, Board Member CPA Edward Okaro together with some of the delegates that attended the South African 4th Chapter Seminar.

Research and Development Committee (RDC)

The Committee's terms of reference are derived from the mandate of the Institute as provided in the Accountants Act Section 8 (b) "To promote research in the subject of accountancy and finance and related matters and the publication of books, periodicals, journals and articles in connection therewith".

Committee Member	Role	When appointed	When retired	Meeting attendance in 2019
CPA Dr. Elizabeth Kalunda	Convener (From Jun-19)	Jun-19		2/2
FCPA Obare Nyaega	Convener (Jun-17 to Jun-19)	Jun-17	Jun-19	1/1
CPA Julius Mathenge	Member	Jun-17	Jun-19	1/1
FCPA Geoffrey Injeni	Member	Jun-17	Jun-19	1/1
CPA Dr. Millcent Omukaga	Member	Jun-17	Jun-19	1/1
CPA Dr. Josphat Lishenga	Member	Jun-17	Jun-17	0/1
CPA John Mutie	Member	Jun-17	Jun-19	1/1
CPA Silas Menge	Member	Jun-17	Jun-19	1/1
CPA Mercy Ong'onge	Member	Jun-19		1/2
CPA John Kwambai	Member	Jun-19		1/2
CPA Sammy Kimunguni	Member	Jun-19		2/2
CPA Judith Bonareri	Member	Jun-19		1/2
CPA Evans Ombiso	Member	Jun-19		1/2
CPA Moses Deking	Member	Jun-19		2/2
CPA Jackson Waweru	Member	Jun-19		1/2



ICPAK Chairman FCPA Rose Mwaura, hands over some of the Research Reports by ICPAK to the National Treasury PS Dr. Julius Muia. Together with her are Council members: FCPA George Mokuu, FCPA Dr. Nicholous Letting, CPA Susan Oyatsi, FCPA Samuel Okello, CPA Dr. Elizabeth Kalunda, CPA Risper Olick, ICPAK CEO CPA Edwin Makori. The PS was accompanied by CPA Geoffrey Malombe, CPA Bernard Nding'u and Dr. Geoffrey Mwau.

Audit, Risk and Compliance Committee

The Audit, Risk and Compliance Committee assists the Council in fulfilling its oversight role in various functions and responsibilities. These include; the financial reporting process, the system of internal controls, the audit process and the Institute's process for monitoring compliance with laws and regulations as well as the Code of Conduct. In addition, the Committee continuously evaluates the effectiveness of the risk management processes within the Institute and ensures that adequate risk management strategies are being implemented.

Committee Member	Role	When appointed	When retired	Meeting attendance in 2019
FCPA Dr Nicholas Letting	Convener (From Dec-19)	Dec-19		1/1
Ms. Damaris Kimosop	Co-Convener (From Jun-19)	Jun-16		4/5
CPA Geoffry Malombe	Convener (Jun-19 to Nov-19)	Jul-19	Nov-19	2/4
CPA Denish Osodo	Convener (Jul-17 to Jun-19)	Jun-15	Jun-19	2/2
CPA Abraham Kiptum	Co-Convener (Jul-17 to Jun-19)	Jun-15	Jun-19	1/2
CPA Martin Kamau	Member	Aug-17	Jun-19	2/2
CPA Dalton Mwaghogho	Member	Aug-17		5/5
CPA Eric Audi	Member	Jun-15	Jun-19	1/2
CPA Dr. John Kinyua	Member	Aug-17		5/5
CPA Juma Kenneth	Member	Jun-15	Jun-19	1/2
CPA Fredrick Odera	Member	Aug-17	Jun-19	2/2
CPA John Matuti	Member	Jun-15	Jun-19	1/2
CPA Francis Kitonyi	Member	Jul-19		3/3
CPA Freda Mitambo	Member	Jul-19		2/3
CPA Njeri Mwaniki	Member	Jul-19		2/3
CPA David Kaberia	Member	Jul-19		3/3
CPA Costantine Mwikamba	Member	Jul-19		2/3
CPA Dr. Elizabeth Kalunda	Member	Jul-19		3/3
CPA Francis Langat	Member	Jul-19		3/3



Member Services Committee

This committee is tasked with the responsibility of understanding member needs and formulating recommendations for Council consideration on how to address the needs so identified. This Committee oversees the implementation of Continuous Professional Development (CPD) policies and guidelines, adoption and implementation of the International Education Standards (IESs), development and implementation of CPD calendar. The Committee is also tasked to develop marketing strategies and member recruitment and retention strategies, develop sector specific products and services for members such as those in the Public Sector, Private Sector, Non-Government, Not for Profit Sectors and develop products for various categories of members. This include the young associates (under 35s) and the coordination of continuous improvement in quality service provision to members including evaluation of member satisfaction levels.

Committee Member	Role	When appointed	When retired	Meeting attendance in 2019
CPA Susan Oyatsi	Co-Convener (2018) Convener (From Jun-19)	Jun-19		1/3
CPA Risper Olick	Co-Convener (From Jun-19)	Jun-17		4/5
CPA Joshua Kamwere	Member	Jun-15	Jun-19	1/2
CPA Adan Jarso	Member	Jun-17		3/3
CPA Mollen Achayo	Member	Jun-17	Jun-19	1/2
CPA Joseph Njoroge	Member	Jun-19		2/3
CPA Sarah Chumba	Member	Jun-19		2/3
CPA Eric Gachoki	Member	Jun-19		2/3
CPA Joy Kithinji	Member	Jun-19		2/3
CPA Andrew Bulemi	Member	Jun-19		1/3
CPA Charles Tung'a	Member	Jun-19		1/3
CPA Collins Maubi	Member	Jun-19		2/3
CPA Bernard Muli	Member	Jun-19		2/3
CPA Josephine Isoka	Member	Jun-19		2/3



Member Services Committee members led by the Convener & Council Member CPA Susan Oyatsi (Middle).

Finance And Strategy Committee

This committee oversees the strategy implementation on behalf of the Council, reviews operations & administration and make recommendations regarding policies and reviewing of financial performance including the Institute's budget. The scope also includes reviewing of the Financial Statements, ratio analysis, management accounting, debt management and management of investments.

Committee Member	Role	When appointed	When retired	Meeting attendance in 2019
FCPA Samuel Okello	Convener (From Jun-19)	Jul-19		2/2
FCPA Dr. Nicholas Letting	Co-Convener (From Jun-19)	(From Jul-19)		1/2
CPA Anne Wangeci	Co-Convener (From Jun-18 to Jun-19)	Aug-17	Jun-19	3/3
FCPA Obare Nyaega	Convener (From Jan-19 to Jun-19)	Jan-19	Jun-19	2/2
CPA Dr. Joshua Aroni	Member	Jul-19		2/2
CPA Fredrick Otero	Member	Jun-19		1/2
CPA George Otieno	Member	Jun-15	Jun-19	2/3
CPA Joseph Nzou	Member	Aug-17	Jun-19	2/3
CPA Evans Moturi	Member	Aug-17		5/5
CPA Peter Mukoya	Member	Jan-16	Jun-19	3/3
CPA Newton Kihara	Member	Aug-17		5/5
CPA Rosemary Nyokabi	Member	Jun-19		2/5
CPA David Mbithi	Member	Jun-15	Jun-19	2/3
CPA Fredrick Toloyi	Member	Jul-19		1/2
CPA Gerald Gakima	Member	Jul-19		2/2
CPA Risper Olick	Member	Jul-19		2/2
CPA Margaret Muinde	Member	Aug-17		3/5



Registration and Quality Assurance Committee

Registration and Quality Assurance Committee (RQAC) receives, considers and approves applications for registration of accountants and grants practicing certificates and annual licenses in accordance with the provisions of the Accountants Act. In addition, it monitors compliance with professional quality assurance and other standards published by the Council for observance by the members of the Institute.

Committee Member	Role	When appointed	When retired	Meeting attendance in 2019
FCPA Dr. Jim Mcfie	Convener	Jun-14		4/4
FCPA Daniel Ndonye	Member	Jun-14		4/4
CPA Yusuf Omari	Member	Jun-14		1/4
CPA Beatrice Gathirwa	Member	Jun-14		3/4
CPA Mary Maalu	Member	Jun-14		3/4
CPA Christabel Osango	Member	Jun-14		3/4
CPA Joyce Mbaabu	Member	Jun-14		3/4

Disciplinary Committee

ICPAK Disciplinary Committee was established pursuant to article 31(1) of the accountants ct of 2008. The Committee is mandated to consider evidence of the results of the investigations undertaken by the Institute; make inquiry into the matters involving members and submit to the council reports of the inquiry with appropriate recommendations.

Committee Member	Role	When appointed	When retired	Meeting attendance in 2019
FCPA Charity Muya	Convener	2019		2/2
CPA Simon Ole Nkeri	Member	2018	May-19	1/2
CPA Peter Nyamondo	Member	2018		2/2
CPA Regina Karauri	Member	2018		1/2
CPA Hanna Wendot	Member	2018		2/2
CPA Scholastica Mbilo	Member	2018		1/2
CPA Arthur Igeria	Member	2019		1/2

Election Committee

Committee Member	Role	When appointed	When retired	Meeting attendance in 2019
CPA Isaac Rutto	Returning officer	Mar-18		14/15
CPA Jacinta Moraa	Election scrutineer	Mar-18		15/15
CPA Hawi Odingo	Election scrutineer	Mar-18		15/15
CPA Sophy Muthoni	Election scrutineer	Mar-18		15/15

Youth and Student Affairs Sub-Committee

Committee Member	Role	When appointed	When retired	Meeting attendance in 2019
CPA Joy Kithinji	Convener (From Jul-19)	Jun-19		2/2
CPA Joshua Kamwere	Convener (Aug-17 Up to Jun-19)	Aug-15	Jun-19	1/1
CPA Chris Ombunya	Member	Aug-17	Jun-19	1/1
CPA Mary Mwaki	Member	Aug-17	Jun-19	1/1
CPA Nelson Jalang'o	Member	Aug-16	Jun-19	1/1
CPA Charles Kyengo	Member	Aug-17		3/3
CPA Anthony Mutua	Member	Aug-17	Jun-19	1/1
CPA Norah Mogaka	Member	Jun-19		2/2
CPA Karumba Wilson	Member	Jun-19		2/2
CPA Olive Gitau	Member	Jun-19		2/2
CPA Wycliffe Ochiaga	Member	Jun-19		2/2
CPA Farheen Khandwalla	Member	Jun-19		2/2
CPA Justice Mulwa	Member	Jun-19		2/2
CPA Eric Kiplagat	Member	Jun-19		2/2
CPA Jackline Naburi	Member	Jun-19		2/2



ICPAK members having fun during the 2019 ICPAK Open Day at KCA University Grounds.

Centre For Public Finance and Tax Board (CPFT)

Centre for Public Finance and Tax (CPFT) as established under the auspices of ICPAK, is intended to be a regulatory body for local tax and public finance professionals in Kenya. Its inception is aligned to the objective of raising the standards of public finance and tax practice in Kenya through capacity building, regulation, research and policy development. As an initially incubated component of ICPAK, the Centre is expected to bring a unique perspective to some of the most important public policy, public finance and tax challenges of our time. The Centre will provide policy guidance on certification programs for professional tax and public finance practitioners, and make a distinction between the public finance and tax professionals through the prescribed standard of practice. This is expected to conform to the changing business models, management of fiscal and monetary policies as well as the development agendas of country's public finances, taxation and growth trajectories.

Committee Member	Role	When appointed	When retired	Meeting attendance in 2019
FCPA Rajesh Shah	Chairperson	May-18		6/6
FCPA Philip Muema	Member	May-18		2/6
CPA Francis Kamau	Member	May-18		5/6
Prof. Attiya Waris	Member	May-18		0/6
Mr. Daniel Ngumy	Member	May-18		2/6
Dr. Vincent Ongore	Member	May-18		0/6
CPA Flora Mtuweta	Member	May-18		6/6
FCPA Rose Osoro	Member	Oct-19		1/6
CPA Abraham Rugo	Member	Oct-19		1/6
CPA Jane Wanja	Member	Oct-19		1/6
CPA Victor Odanga	Member	Oct-19		0/6
CPA Joseph Tulula	Member	Oct-19		0/6



Immediate former ICPAK Chairman FCPA Julius Mwtu with members of the Centre for Public Finance and Tax Board during the inauguration of the Board.

Work-Streams

Legislative Work-stream

Committee Member	Role	When appointed	When retired	Meeting attendance in 2019
FCPA Andrew Tanui	Convener (From Jul-19)	Jun-14		3/4
FCPA George Mokua	Member	Aug-17	Jun-19	2/2
FCPA Hesbon Omollo	Member	Aug-17		4/4
CPA Philip Kakai	Member	Aug-17		3/4
CPA Nelson Korir	Member	Aug-17	Jun-19	2/2
CPA Onyancha Ondimu	Member	Jun-14	Jun-19	2/2
CPA Nicholas Mumo	Member	Aug-17	Jun-19	2/2
FCPA Muthoni Wangai	Member	Aug-17	Jun-19	1/2
CPA Solomon Ngahu	Member	Jul-19		1/2
CPA Zachariah Gitau	Member	Jul-19		2/2
CPA Wanjawa Mbakaya	Member	Jul-19		2/2
CPA Tunai Kinyanguk	Member	Jul-19		2/2
CPA Marion Wanjiku	Member	Jun-14		2/2
CPA Andrew Rori	Member	Jul-19		2/2
CPA John Omanwa	Member	Jul-19		2/2
CPA Ken Nyamolo	Member	Jun-14		1/2



Public Policy Division Led by the former Chief Manager CPA Fredrick Riaga represent ICPAK before Senate Finance Committee to present its submissions on the Budget Policy Statement 2019.

Internal Audit Work-stream

The Audit Risk and Compliance Committee assists the Council in fulfilling its oversight role in various functions and responsibilities. These include; the financial reporting process, the system of internal control, the audit process and the Institutes' process for monitoring compliance with laws and regulations as well as the Code of Conduct. In addition, the Committee continuously evaluates the effectiveness of the risk management processes within the Institute and ensures that adequate risk management strategies are being implemented.

Committee Member	Role	When appointed	When retired	Meeting attendance in 2019
FCCA Dr Nicholas Letting	Convener (From Dec-19)	Dec-19		1/1
CPA Denish Osodo	Convener (Aug-17 to Jun-19)	Aug-17	Jun-19	1/1
CPA Simon Nabosu	Member	Aug-17	Jun-19	1/1
CPA Derrick Majani	Member	Aug-17	Jun-19	1/1
CPA Jack Wasonga	Member	Aug-17	Jun-19	1/1
CPA John Okumu	Member	Aug-17	Jun-19	1/1
CPA Denis Chumba	Member	Aug-17	Jun-19	1/1
CPA Jared Odhiambo	Member	Aug-17	Jun-19	1/1
CPA William Koech	Member	Aug-17	Jun-19	1/1
CPA Philip Wuantai	Member	Jul-19		2/2
CPA Faith Mutinda	Member	Jul-19		2/2
CPA Phoebe Nandwa	Member	Jul-19		2/2
CPA Dickson Njiru	Member	Jul-19		2/2
CPA Rosalind Mureithi	Member	Jul-19		2/2
CPA Leonard Bett	Member	Jul-19		2/2
CPA Isaac Kamau	Member	Jul-19		1/2
CPA Phares Kamau	Member	Jul-19		1/2
CPA Catherine Nyaga	Member	Jul-19		1/2



(Sitted) FiRe Award Promoters: Mr. Geoffrey Odundo, CEO, Nairobi Securities Exchange, Mr. Paul Muthaura, CEO, Capital Markets Authority, CPA Patrick Abachi, former CEO, Public Sector Accounting Standards Board and CPA Edwin Makori, ICPAK CEO with the FiRe Award technical Committee members (standing).

Public Finance and Taxation Work-stream

Committee Member	Role	When appointed	When retired	Meeting attendance in 2019
FCPA Philip Muema	Convener (From Jun-13)	Aug-13		4/5
FCPA Erastus Kwaka	Member	Jun-15		3/5
CPA Francis Kamau	Member	Aug-14		5/5
CPA Edna Gitachu	Member	Jun-15		5/5
CPA Jemimah Mugo	Member	Aug-17		3/5
CPA Robert Waruiru	Member	Aug-13		2/5
CPA Gerald Githuku	Member	Aug-17		4/5
CPA Fredrick Omondi	Member	Aug-17	Jun-19	1/3
CPA Maurice Oray	Member	Aug-13		2/2
CPA Peter Mungai	Member	Jul-19		2/2
CPA Samuel Mwaura	Member	Jul-19		2/2
CPA Caleb Mokaya	Member	Jul-19		2/2



Ms. Elizabeth Meyo, Commissioner of Domestic Taxes KRA, ICPAK CEO, Council Member CPA Risper Olick, members of parliament Hon. Joseph Oyula, Hon. Abdi Dawood and Hon. Shakeel Shabir and Public Finance and Taxation Work-stream led by FCPA Philip Muema with delegates who attended the launch of the Tax Amnesty Research Report at Fairview Hotel, Nairobi.

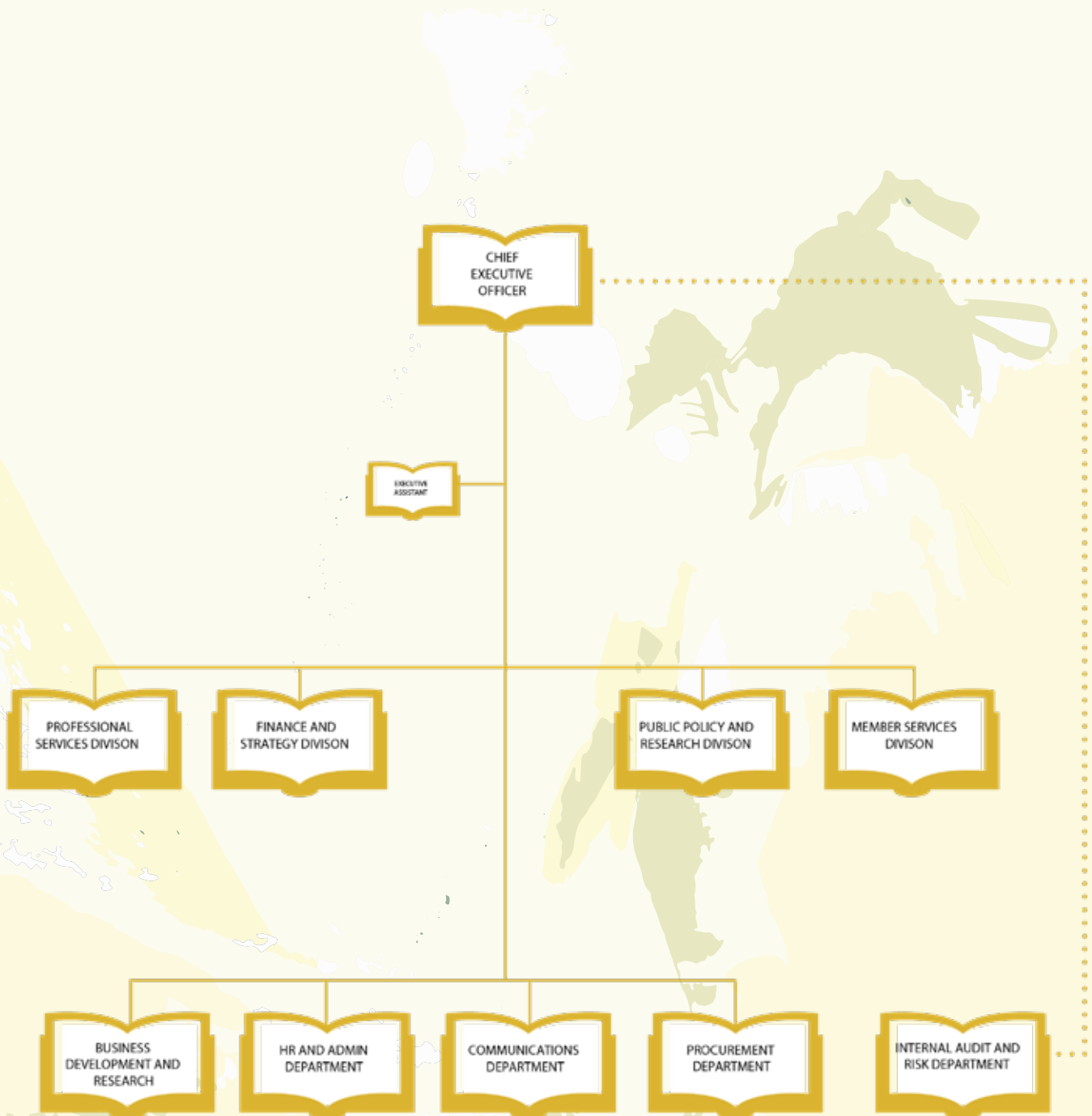
Devolution Work-stream

Committee Member	Role	When appointed	When retired	Meeting attendance in 2019
CPA Anne Wangeci	Convener (From Jun-19)	Jun-19		2/2
FCPA Rose Mwaura	Convener (Aug-17 to Jun-19)	Aug-17	Jun-19	2/2
CPA David Kaberia	Member	Aug-17	Jun-19	2/2
CPA Stephen Masha	Member	Jun-14	Jun-19	2/2
CPA William Omondi	Member	Aug-17	Jun-19	2/2
CPA Stephen Kisoi	Member	Aug-17	Jun-19	2/2
CPA Anthony Opondo	Member	Jun-14	Jun-19	2/2
CPA Ooko Marembo	Member	Aug-17		4/4
CPA Frank Soibe	Member	Aug-17	Jun-19	2/2
CPA Francis Langat	Member	Aug-17	Jun-19	1/2
CPA Joseph Ndungu	Member	Aug-17	Jun-19	2/2
CPA Zachary Magiri	Member	Jun-19		2/2
CPA Ebrahim Adbulla	Member	Jun-19		1/2
CPA Diminah Chikamai	Member	Jun-19		2/2
CPA Julius Rutto	Member	Jun-19		1/2
CPA Abdalla Ali	Member	Jun-19		2/2
CPA Chris Githinji	Member	Jun-19		1/2
CPA Nicholas Mumo	Member	Jun-19		2/2
CPA Amos Korir	Member	Jun-19		2/2
CPA Nelson Jalango	Member	Jun-19		2/2



ICPAK Chairman FCPA Rose Mwaura hands over a Certificate of recognition for having unqualified audit opinion during the FiRe Award Gala Dinner at Carnivore Grounds, Nairobi.

Administrative structure







Strategic Plan Review





Promote Regulation of Accountancy



During the year, the Institute made notable achievements under technical standards, registration, licensing and monitoring of members as discussed below:

Registration of Members:

The Institute's Registration and Quality Assurance Committee (RQAC) is instrumental in promoting standards of professional competence and practice amongst members of the Institute. The committee is mandated among other roles to receive and consider applications for associate, full membership and practicing certificate applications. During the year the Committee approved 489 applications for the associate membership category, 1,653 applications for the full membership category and issued a total of 82 practicing certificates during the four sittings it held in the year.

New standards

The year started with several International Financial Reporting Standards becoming effective. IFRS 16 Leases became effective on the 1 January 2019, bringing into effect a new way of accounting for leases. The new standard replaces International Accounting Standard 17 Leases which recognized both operational and financial leases.

IFRS 16 brings a whole new approach on accounting for leases by introducing the Right-of-Use asset and bringing an end to recognition of operational leases. The new global standard brought in far reaching implications on identification of leases, their recognition and disclosure requirements in the financial reports.

Because of the complex requirements of the new standard, a lot of effort was expended in creating awareness and sensitizing both members and institutions on the impact of the standard. Several

sessions on IFRS 16 were held during CPD events especially the financial reporting seminars and workshops, including IFRS 16 specific trainings for various sectors within the economy. Several customized inhouse trainings were also conducted for various organizations as well.

In addition to building capacity on IFRS 16, the Institute conducted trainings for other new standards recently released by the IFRS Foundation, including IFRS 9 on Financial Instruments, IFRS 15 on Revenue and IFRS 17 on Insurance contracts. IFRS 9 and 15 were effective 1 January 2018 while IFRS 17 is set for implementation effective 1 January 2023.

During the year 2019, the International Accounting Standards Board voted for the deferral on implementation of IFRS 17 from 1 January 2022 to 1 January 2023 to allow enough time to prepare for its implementation.

The institute also took part in the standard setting process through the presence of representatives to the annual standard setting conference in London in September 2019. This is in addition to contribution to the new standards and review of existing ones by commenting on exposure drafts, discussion and consultation papers.

Other standards that came into effect during the year include those

applicable in the public sector and among these are: IPSAS 34 Separate Financial Statements, IPSAS 35 Consolidated Financial Statements, IPSAS 36 Investments in Associates and Joint Ventures, IPSAS 37 Joint Arrangements, IPSAS 38 Disclosure of Interests in Other Entities and IPSAS 39 on Employee Benefits. The International Public Sector Accounting Standards Board (IPSASB) issued a new standard during the year, IPSAS 42 on Social Benefits whose effective date is 1 January 2022.

Technical guidance

To ensure uniform interpretation of the new IFRS 9 standard which became effective on 1 January 2018, the Institute continued to monitor its application along with the other newly issued standards.

The IFRS 9 implementation guideline which was issued by the Institute at the beginning of January 2018 was positively received across all the sectors for the simplified and timely guidance. This was followed by another guidance on the treatment of suspended interest vis-à-vis the Central Bank of Kenya Prudential guidelines in line with IFRS 9 adoption and implementation within the Kenyan market. The latter guidance was published in December 2018 and has been highly helpful to the financial services sector.

Financial Reporting Award (FiRe Award) 2019



Makueni Governor H.E Prof. Kivutha Kibwana and his Nyandarua counterpart H.E Francis Kimemia hands over last year's FiRe Award to CRDB Bank representatives during the FiRe Award Gala Dinner.

The Institute in collaboration with the Capital Markets Authority (CMA), Nairobi Securities Exchange (NSE) and the Public Sector Accounting Standard Board Kenya (PSASB) annually organizes the Financial Reporting (FiRe) Award which seeks to promote financial reporting excellence in the Country and across the East African region.

The objective of the FiRe Award is to promote financial reporting excellence, foster sound corporate governance practices and enhance corporate social investment and social reporting. The Award is aimed at enhancing accountability, transparency and integrity in

compliance with International Financial Reporting Standards (IFRS) and other disclosures on governance, Integrated Reporting, social and environmental reporting by public, private and other entities domiciled in East Africa.

During the year under review, a total of 687 entities participated by submitting entries for evaluation. This was a significant increase from a total of 608 participating entities in the previous year. The process culminated with a FiRe Award Conference at the Villa Rosa Kempinski Hotel in Nairobi on the 7th November 2019 and a Gala Dinner and Award Ceremony at Carnivore Grounds on 8th

November 2019. The overall winner was Sameer Africa Plc with the public sector participating in the FiRe Award for the third year.

It is delighting to note that during the year 2019, the FiRe Award received special recognition by the United Nations Conference on Trade and Development (UNCTAD) for its contribution towards sustainability and promotion of sustainable business practices through quality financial reporting.

The special recognition and award of certificate was granted during the 36th annual session of the intergovernmental experts on the International Standards of Accounting and Reporting (ISAR) held in Geneva, Switzerland in November 2019.

Advice to the Examination body

ICPAK is mandated under section 8d of the Accountants Act to 'advise the Examination Board on matters relating to examinations standards and policies.'

In this regard, the Institute set up various teams and held consultative forums in the year under review that culminated stakeholders' fora held at different intervals. The general outcome of these forums was that kasneb Curriculum needs to be reviewed in line with the current market demands, and to respond effectively to the emerging technological trends. The ICPAK council is engaging closely with the examination board and working towards ensuring that the recommended changes and included in the examination begging June 2021 when the first examinations will be held under the revised curriculum.

The Disciplinary Process

Section 31 of the Accountants Act establishes the Disciplinary Committee which is mandated to take disciplinary action against the Institute's members who act in contravention of the provisions of section 30(1) of the Act and the guidelines established by the Council.

The committee comprises of seven members who are appointed by the National Treasury from amongst persons nominated in the

following manner:

1. Four nominated by the Council from amongst the members of the Institute, of whom one shall be designated as the Chairman;
2. One nominated by the Council from another profession other than accountancy;
3. One nominated by the Attorney General; and
4. One nominated by an organization that promotes corporate governance.

The term of four members of the committee came to an end between 2017 and 2018 and as a result the Committee did not sit between June 2017 to August 2019. The National Treasury appointed two members of the Disciplinary Committee vide Gazette Notice No. 12051 of 2018, Vol CXX-NO.142 with effect from the 16th day of November, 2018 and appointed two more members through Gazette Notice No.10238 of 2019, Vol CXXI-NO.150 with effect from the 1st day of August 2019.

The Committee held several sittings in the year to clear the backlog of cases and made tremendous progress by clearing two (2) cases through mediation. The committee also received seven (7) new matters for inquiry out of twenty (20) complaints lodged to the Institute between 2017 and 2019.

Alternative Dispute Resolution(mediation):

During the year there were five (5) matters under Alternative Dispute Resolution process. One (1) case was under investigation while four (4) of the matters were resolved through mediation.

New matters:

During the year, seven (7) matters were brought to committee and are at the preliminary investigations stage before they are booked at the inquiry stage. These matters have been reported to the Institute between 2017 and 2019.

Closed matters:

During the year, the Disciplinary Committee was able to fully resolve and close six (6) matters from 2014 to 2019.

Matters outside the Institute's mandate:

The Institute receives complaints that cannot be categorized as professional misconduct and these matters are recorded in the 'Dismissed Complaints Register'. The Institute has dismissed twenty one (21) complaints between 2014 and 2019. The Disciplinary Committee is also in the process of reviewing the ICPAK Policy on Disciplinary of Members to ensure it is compliant with the Amendments to the Accountants Act, the Constitution of Kenya and other relevant Statutes.

ICPAK Council Elections 2019

In the 344th meeting held on 5th February 2019, the Council of the Institute approved the declaration of one(1) vacancy for the ICPAK Chairman position and three(3) vacancies for the ICPAK Council Member positions that were falling vacant at the 41st Annual General Meeting. The Institute subsequently declared vacancies in



Council on 18th February 2019. Interested members were invited to submit their duly filled nomination forms to the Institute by 5.00 pm on Thursday, 7th March 2019 in accordance with By-Law 49.

The Institute received eighteen (18) nomination forms in hard copy from interested members. Two (2) nomination forms were for the position of Chairman while sixteen (16) nominations were for the position of Council Member. In the 38th Special meeting of Council held on, 12th March 2019, the Elections Scrutineers held a joint meeting with the Council to witness the opening of the nomination forms. The Nomination forms were analyzed and two (2) members were cleared to vie for the Chairman position while nine (9) members were cleared to vie for the council member position.

The voting process started with the issuance of voting Tokens to eligible voters on Friday, May 24th, 2019 while the Voting began on Monday, May 27th, 2019 and ended on Thursday 30th May, 2019 as per the elections Calendar.

Elections tallying was conducted on Thursday 30th May, 2019 from 11.00am where FCPA Rose Wairimu Mwaura was duly elected to be the Chairman of the Institute and FCPA Obiria George Mokua, CPA Dr. Elizabeth Nthambi Kalunda, and CPA Olick Risper Awuor were duly elected as Council members of the Institute.

Fellowship and Commendation Award, 2019

Pursuant to Section 4 (3) of the Accountants Act, Council is mandated to invite members to become fellows of the Institute. During the year, Council approved the Fellowship and Commendation policy, 2019.



Former ICPAK Chairman FCPA Rose Ogega adorns FCPA Rose Mwaura with the Chairman's Chain to signify hand over from immediate former Chairman FCPA Julius Mwatu during the 2019 AGM. Looking on is ICPAK CEO CPA Edwin Makori and immediate former Vice Chairman CPA Denish Osodo.



ICPAK Chairman FCPA Rose Mwaura makes her first address as Chairman during last year's AGM

The Policy seeks to recognize the contribution of members to the Institute and the Profession through the award of Fellowship and/or Commendation. The main objective of the policy is to outline the criteria for the award of the Fellowship and Commendation.

The Council resolved during the 6th Chairman's Ball held on 6th December 2019 that members who have demonstrable service to the Institute in accordance with the Fellowship and Commendation

Policy, 2019 be commended or awarded Fellowship status.

In 2019, that the Institute received thirty-four (34) applications for the award of Commendation and seventeen (17) applications for the award of Fellowship. The Nominations Committee recommended twenty (20) members to be awarded the Commendation award and seven (7) members to be awarded the Fellowship award.



ICPAK Chairman and Council members with members who were awarded with Fellowship of the Institute during 2019 Chairman's Ball.



ICPAK Chairman and Council members with members who were awarded with Commendation awards of the Institute during 2019 Chairman's Ball.

Positioning For Influence -2019 Achievements

Public Policy

The Institute has continued to position itself as an influential voice in public policy and decision making at the county, national and global level. The Institute played a critical role in making Budget Submissions for the Fiscal Year 2019/20 and held a working meeting with the National Treasury on

the same. The Institute further reviewed and discussed the Finance Bill 2018 and made submissions to the National Treasury.

The Institute developed policy papers and briefs as summarized in the table below:

No.	Policy Brief	Focus areas	Target
1.	Demonetization	The Institute undertook research and drafted a position paper on ICPAK's stance on the move by the Central Bank of Kenya (CBK) in unveiling the new generation banknotes and demonetization of the thousand Kenya shilling note. The paper was covered in the Daily Nation.	ICPAK membership
2.	Developed a press release on division of revenue process in Kenya	Division of revenue is an integral process that determines how the revenue generated is shared between the National and County Governments. Through the press release, the Institute advised on the need to have a consistent and effective revenue sharing formula to save the counties long periods they take without funds due to the DORB process.	ICPAK Membership, professional bodies, media and the public .
3.	Article on Interest Rate Cap	The Institute developed an article on the repeal of Interest rate cap which appeared on daily Nation newspaper.	National and County Governments, professional bodies, media and the public.
4.	Paper on Remuneration of Audit Committees in the Public Sector	The ICPAK paper focused on the responsibilities, risks and onerous task bestowed upon audit committee members. It further advocated for better and equal pay in terms of allowances to all audit committee members. The paper proposed KES 25,000 as sitting allowances for Committee members. This paper was submitted to SRC for discussion and consideration. It outlined principles that guide the appointment of directors.	National and County Governments, professional bodies, media and the public.
5.	Study on "Tax Amnesty".	The report focused on assessing the uptake and impact of Tax Amnesty in Kenya.	Professional accountants

Contribution to Legislative Development



ICPAK CEO and Public Finance and Taxation Work-stream members led by FCPA Philip Muema make submissions before Finance Committee of the National Assembly on the Finance Bill 2019.

No.	Piece of legislation reviewed	Recipient Institution
1.	Statute Law (Miscellaneous Amendment) Bill 2019	National Assembly Departmental Committee on Finance and Planning
2.	Finance Bill 2019	National Assembly, National Treasury and Kenya Revenue Authority
3.	Tax Procedures (Tax Agents) Regulations 2019 Excise Duty Regulations 2019 ADR Regulations 2019	Kenya Revenue Authority
4.	Public Finance Management Amendment Bill 2019	Senate
5.	Public Finance Management (National Government) (Amendment) Regulations 2019	Senate Finance and Budget Committee
6.	Budget Submissions for 2019/20 FY	National Treasury
7.	Budget Policy Statement 2019	Senate Finance Committee
8.	County Wards (Equitable Development) Bill 2018	Senate Finance Committee
9.	Sovereign Wealth Fund Bill 2019	National Treasury
10.	Statute Law (Miscellaneous Amendment) Bill 2019	National Assembly.

Implementation of devolution through public financial management interventions

The Institute has been at the forefront in supporting implementation of devolution in Kenya. During the reporting period, the Institute deepened its engagements with stakeholders at the county level and further supported capacity building initiatives on public finance management for various counties. The Institute engaged the following county governments in 2019: Laikipia, Kakamega, Nyandarua, Uasin Gishu, Nandi, Makueni, Bungoma, Kwale, Kilifi, Mombasa, Wajir, Narok, and Kericho County Governments.

These engagements saw the Institute conducting a successful financial literacy programme for SMEs and top-tier investors in Laikipia County. The programme was organized jointly by ICPAK and Laikipia County Government. During this initiative, over 80 innovators and MSMEs were trained in Laikipia County.



ICPAK CEO with members of the Central Rift Branch when they called on Laikipia Governor H.E Ndiritu Muriithi

Establishment of Physical Branch Offices

To align itself with the devolved system of governance in Kenya, and in order to serve its members more effectively, ICPAK continued to decentralize its services through establishment of eight physical branches across the country. This brings to nine physical branches. Coast physical branch was launched in 2014. The Branches are manned by administrators who attend and run the day-to-day activities.

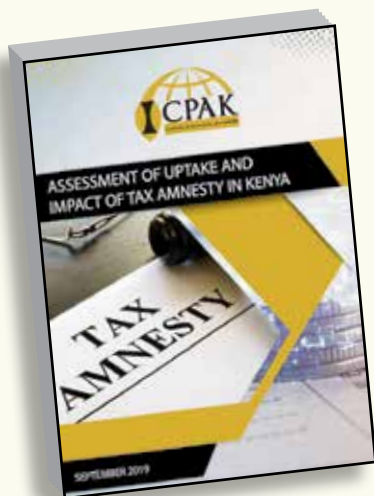


CPA Roble Said Nuno CEC Finance, Garissa County during the opening of Northern Branch Office.



Kericho Governor during opening of South Rift Branch

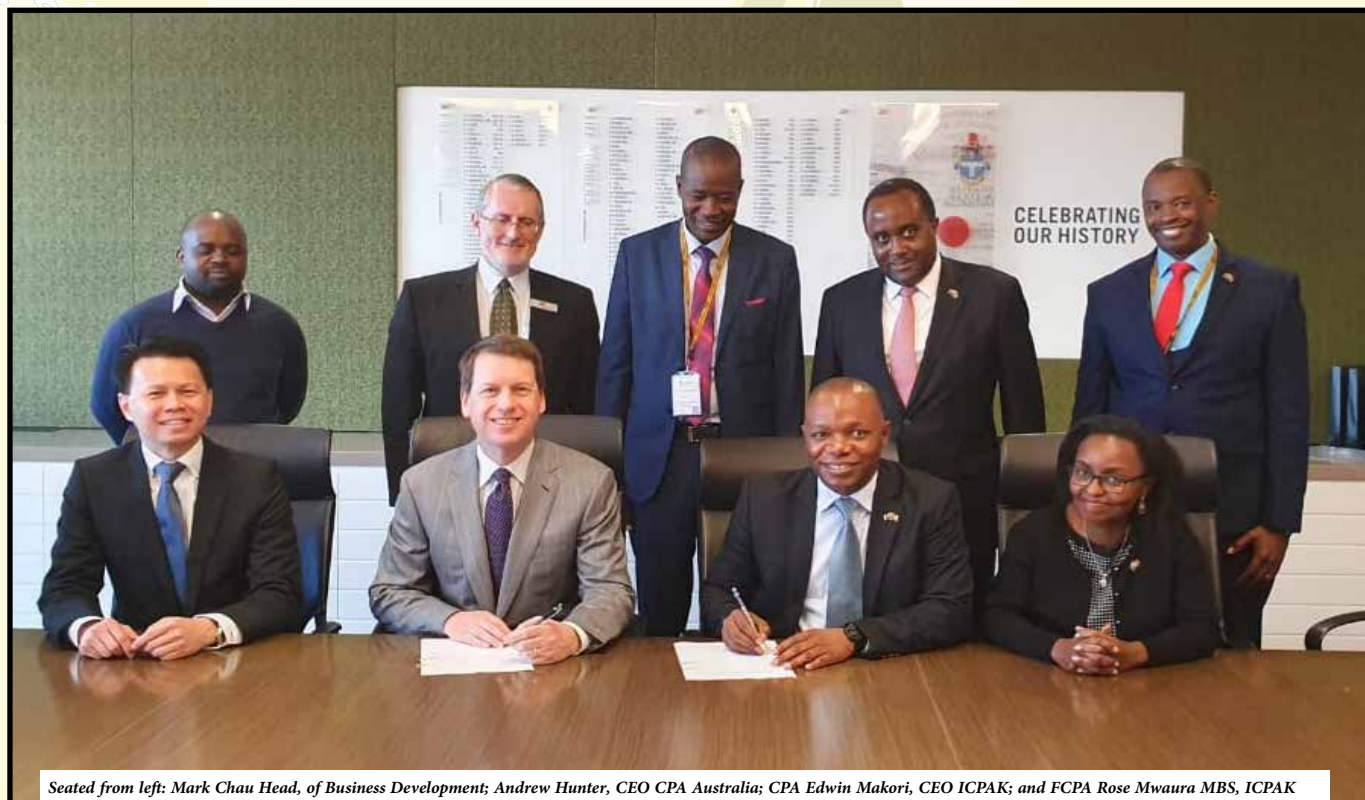
Enhance research and knowledge to inform Public Policy



Ms. Elizabeth Meyo, Commissioner of Domestic Taxes KRA (fifth from left) and ICPAK CEO, leads delegates in launching of the Tax Amnesty Research Report on 24th September 2019.

International Recognition of The CPA Brand

During the reporting period, the Institute hosted Annual Chapter Seminars for South Africa. Moreover, the Institute together with CPA Australia signed the Membership Pathway Agreement (MPA) at a ceremony held in Melbourne Australia on 11th September 2019. The MPA has helped in formalizing the relationship between the two bodies and provides a pathway for eligible ICPAK members to become members of CPA Australia and vice versa. CPA Australia is one of the world's largest accounting bodies boasting more than 164,000 members working in 150 countries and regions and it is supported by 19 offices across the globe for CPAs.



Seated from left: Mark Chau Head, of Business Development; Andrew Hunter, CEO CPA Australia; CPA Edwin Makori, CEO ICPAK; and FCPA Rose Mwaura MBS, ICPAK Chairman. Standing from left: Martin Mwaura, a Kenyan residing in Australia; Gary Pflugrath, Head of Policy and Advocacy; FCPA Dr. Nicholas Letting, CEO kasneb; Amb. Isaiya Kabira; and Stephen Kuria, a member of ICPAK Australian Chapter and the Chair of Kenya Chamber of Commerce in Australia.

Establish the Centre for Public Finance and Taxation

The Institute further established the Centre for Public Finance and Tax (CPFT) Board during the reporting period. The CPFT Board is mandated to act as a regulatory body for local tax and public finance professionals in Kenya. Its conception is aligned to the objective of raising the standards of public finance and tax practice in Kenya. As a scion of ICPAK, one of the nation's distinguished regulatory body, the Centre is expected to bring a unique perspective to some of the most important public policy, public finance, and tax challenges of our time.



Dr. Kamau Thuge, former Principal Secretary, National Treasury and FCPA Rajesh Shah Chairman of the CPFT Board, members of the CPFT Board and other delegates pose for a photo during the Public Finance And Tax Conference in Mombasa.

The background of the image consists of two large, cylindrical stone columns. The column on the left is a light gray color with a rough, pitted texture. The column on the right is a darker gray with a more layered, striated texture. The text is overlaid on the left column.

Institutional **Sustainability**



Institutional Sustainability



ICPAK CEO CPA Edwin Makori with Staff members during a staff training retreat.

In the modern world, sustainability approach focuses on three main areas: sustainable finance; sustainable supply chains; and sustainable employment practices and financial capability.

Under the Institute's Strategic Plan for the years 2019-2021, Institutional Sustainability is the third Pillar. This Pillar has six Strategic Objectives that include: Financial Sustainability; Risk Management and Environmental Sustainability; Transformation to an Institutional Culture that Enhances Performance; Strengthening Institute's Governance; Business Process Re-engineering and Knowledge and Records Management. To achieve the envisaged results, the Institute has continued to pursue the implementation of key result areas.

1. Financial Sustainability

The Institute has embarked on strategies to optimize costs, grow the current revenue streams as well as enhance diversification on the new sources of revenues. During the year the Institute introduced firm licenses and audit software license as new revenue streams. These two contributed to the 13% revenue growth recorded in the year. This was also in line with targeted Institute's performance in the 2019-2021 strategic plan.

2. Environmental Health And Safety Sustainability

ICPAK has trained its eyes on a zero-harm vision for its staff, customers, suppliers and on the environment, it operates in. The Institute's headquarters and its branch offices have been

designed to adhere to these targets to drive performance on all organizational levels. These set ups are intended to create the right environment to help enable everyone to fulfill their potential.

3. Institutional Culture

Since its establishment, the Institute has kept adapting to the changing world. These changes have seen ICPAK embrace new a culture to serve the ever-evolving society. The culture changes and formations are geared towards:

Sustaining a healthy Human Capital:

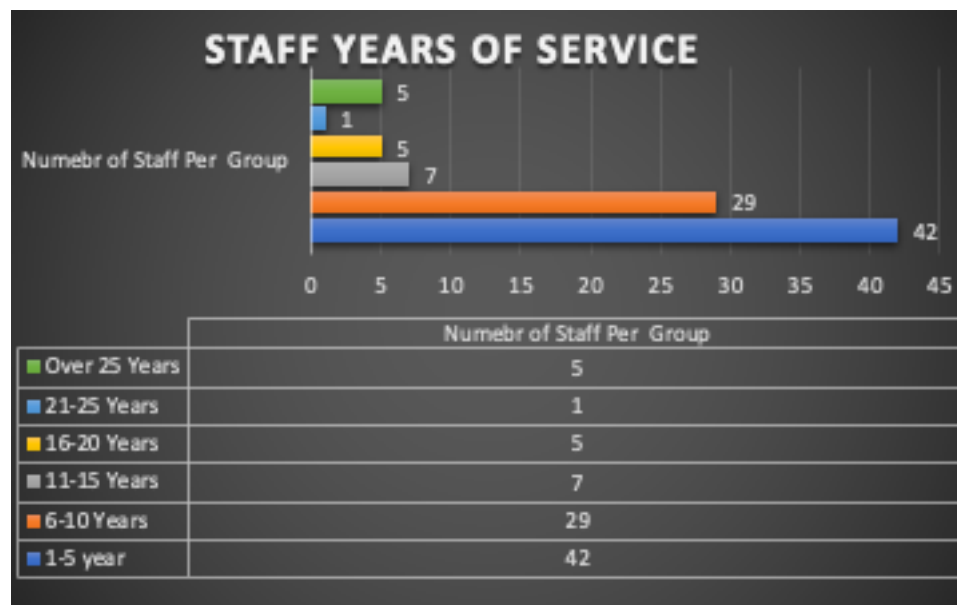
For ICPAK to attain a healthy and fulfilled human capital it embarked on continuous staff satisfaction surveys to evaluate satisfaction levels, assess progress and make necessary changes. Based on these surveys, the Institute devised strategies of improving staff fulfillment.

ICPAK prides itself for integration with many cultures and having representation from most communities in the country. By focusing on employees' well-being, diversity, inclusion, and engagement, as well as building its staffs' skills and capabilities for now and for the future, it aims to create an environment where staff can fulfill their potential.

In the recent past the Institute adopted an open culture where the staff members feel connected, supported to are able to speak up as management encourage open feedback.

As the Institute's business grows, it is serving increasingly

diverse customers. To understand their needs and give them an unbeatable experience, ICPAK needs a workforce as diverse as the customers are. Teams with a healthy mix of contrasting perspectives tend to be more creative, more inventive and adapt faster. Additionally, staff perform well when they feel free to be themselves. Graphs for Number of year staff have spent in the company.



How we listen to our employees

ICPAK understands the importance of knowing how its staff members feel as it helps to give them the right support to thrive and serve customers diligently. Staff views are gathered through managers and staff engagements, staff *barazas* and staff surveys where views on a range of topics, such as strategy, culture, behavior, well-being and working environment, are collected. Results emerging from these methodologies are used to act based on the feedback.

When things go wrong, the Institute encourages Whistle-blowing through measures contained in the Whistle-Blowing Policy as well as the Human Resource Policy. This is meant to encourage a culture where staff feel able to speak up freely. Individuals are also encouraged to raise concerns about wrongdoing or unethical conduct through the usual escalation channels. However, ICPAK also understands that there are circumstances where staff need to raise concerns more discreetly and this has been provided for in the above policies.

Diversity and inclusion

The Institute is committed to an all-inclusive approach to diversity and inclusion. ICPAK embraces staff's diverse ideas, styles and perspectives to reflect and understand customers, communities, suppliers and stakeholders. The Institute focuses its actions toward ensuring staff are valued, respected and supported to fulfill their potential and thrive. Through this, it helps them bring the best of themselves to work to help deliver more sustainable outcomes for all stakeholders.

Learning and development

ICPAK strives to have a skilled and capable workforce for today and for the future, by investing in skills enhancement at all stages of its staff members' careers. ICPAK measures success through its retention, engagement scores, internal mobility and from external awards. The Institute has been setting aside substantial resources for staff training to ensure they have the capabilities to stay a step ahead. In addition,

employees are responsible for taking the lead in their own development and are expected to continually update their skills.

Wellbeing in the workplace

Where not well managed, anxiety and pressure at work can lead to ailments, absenteeism, and potential loss of income. Reasons for feeling stressed at work can include pressure to deliver from colleagues or managers, a heavy workload or long working hours. To mitigate these risks, ICPAK has put measures in place to promote a healthy work culture and help employees to manage stress.

Building for the future

The Institute encourages staff to acquire new skills in their current areas of specialization as well as in emerging areas. A strong emphasis is placed on leadership skills to foster a culture of curiosity, innovation, collaboration and performance.

Nurturing talent

ICPAK has put in place a process of talent identification and nurturing. This has promoted a culture of continuous feedback and encourages staff to have regular performance conversations with their line managers throughout the year, in addition to their formal annual and semi-annual discussions.

Internship and mentorship programme

The Institute is cognizant of the need to develop talent that it can tap into in future. Through this program, the Institute offers industrial internship opportunities to students within its various departments.

Community Investments:

Our communities are the essence of our business. ICPAK will continue to invest in worthy causes that are of importance to our society. Key initiatives during the year included: Educational scholarships to the needy, tree planting and other environmental conservation initiatives.

4. Strengthening Institute's Governance

A responsible Business Culture

The Institute takes responsibility of running the business in a way that upholds high standards of corporate governance. It is committed to working with other regulators to manage its

affairs, adhering to the spirit and the letter of the rules and regulations governing the financial sector and country.

In its endeavor to maintain trust with its stakeholders, it aims to act with courage, integrity and learn from past events to help prevent their recurrence.

ICPAK meets its responsibilities to society through paying taxes and being transparent in its approach. It also seeks to ensure that it respects global standards on human rights in the workplace and continually working to improve compliance management capabilities.

Ensuring strong corporate governance

The Institute's Council is committed to high standards of corporate governance. It has ensured existence and development of comprehensive range of policies and systems in place to ensure that it is well managed, with effective oversight and controls. It also adheres to tenets of Mwongozo, applicable legislations and Kenyan laws.

In exercising its duty to promote the success of the Institute, the Council is responsible for overseeing the management of ICPAK and, in so doing, may exercise its powers, subject to any relevant laws and regulations. The Council is committed to effective engagement and fostering its relationships with all its stakeholders.

The Council receives reports from management on issue concerning customers, the environment, communities, suppliers, employees, regulators and governments which it considers in discussions and in the decision-making process.

Stakeholders engagement

The Council gives a high priority to communication with

shareholders. Extensive information about ICPAK and its activities is provided to shareholders in the Annual Report and Accounts as well as on the Institute's website www.icpak.com.

5. Improvement On Service Delivery To Members:

Geared towards sustainable existence, ICPAK invested heavily on the improvement of service delivery to its stakeholders. This was done through customer service training and ICPAK business re-engineering and process automation.

Customer developments

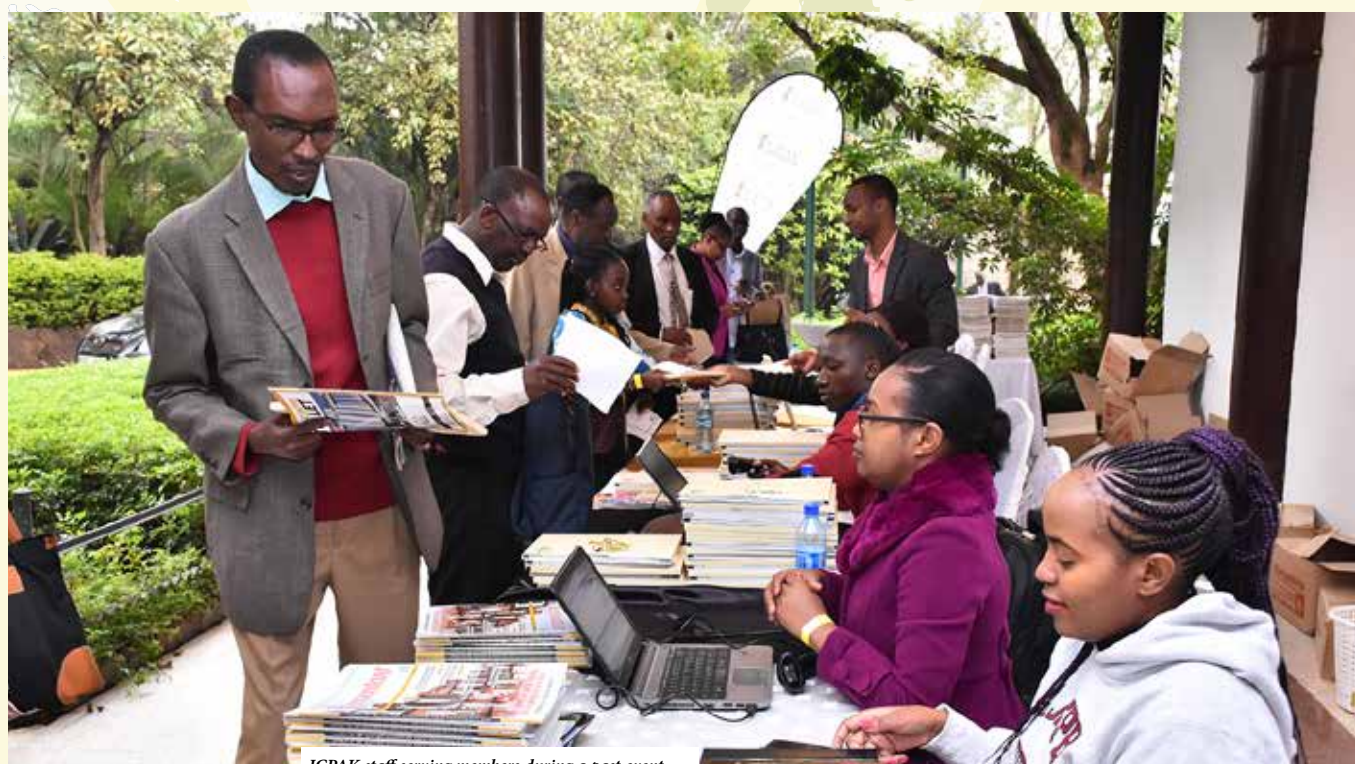
Our investment in technology

The Institute has invested in technology to improve customers' experiences. Here we highlight some of our areas of focus and progress.

ICPAK has made a significant investment in its digital transformation to improve access, navigation, and usability for all its customers, driven by customer needs and feedback.

As the Institute works to achieve institutional sustainability goals, it will continue to engage with stakeholders including governments, policymakers, businesses, other regulators and non-state actors, as well as its own employees. It will also continue to adjust and set policies that change in line with science and technology and the expectations of society.

ICPAK also recognizes its responsibility to contribute to the United Nations Sustainable Development Goals (SDGs). The SDGs are a globally agreed framework to help protect the planet, end poverty and ensure peace and prosperity. They consist of 17 goals and 169 targets to be achieved by 2030. The Institute will continue to play its part in achieving the SDGs through its work on key sustainability priorities.



ICPAK staff serving members during a past event.

Customer focus



ICPAK Secretariat Staff during the Customer Service Week 2019.

Enhanced Customer Experience

The adoption of the 2019-2021 Strategic Plan brought forth four key pillars that would guide the Institute's operations within the plan period.

Pillar Four, Enhanced Customer Experience, seeks to ensure that the Institute operates in a manner that continues to provide satisfaction not only within its membership but also within its larger customer base. It is obvious that enhanced customer experience positively contributes to the elevation and recognition of the Institute and its activities as guided by the objectives below.

- To be a premier business partner
- Deliver a consistent high, quality customer experience that enhances the Institute's brand

Activities within the Member Services Division in 2019 focused on promoting and enhancing the customer satisfaction levels while addressing any arising issues that would have a negative impact.

Quality service

The importance of quality service cannot be over emphasized. In 2019, the Institute created a customer service desk that is managed by four qualified Customer Service Officers, whose

role is to receive and handle all customer issues within the fastest timelines possible. This saw the timelines on query responses and switchboard handling improve immensely. Further to this, ICPAK began the process of procuring a Call Centre system which would greatly assist in telephone management.

Customer feedback is very important in identifying areas for improving. In view of this, the Institute proactively collected customer feedback throughout the year through online customer and member satisfaction surveys and application of customer feedback forms for visitors to the Institute at its reception. Comments and responses from these surveys show a great improvement on customer satisfaction levels.

Feedback from ICPAK events attendees was collected and evaluated and comments and suggestions implemented where possible.

Members' CPDs filed online were updated within two working days after filing, a practice that helped in ensuring members remained in good standing. Review of the Service Charter coupled with benchmarking against best standards was done. ICPAK undertook a vibrant communication strategy through its communication channels including the website, E-connect, CPD Express, social media pages and The

Accountant Journal among others.

At the end of the year, member satisfaction levels were at 63% against a target of 75%.

Membership value proposition

ICPAK seeks to continually attach value to its membership through various programs and activities. The Institute's Whistle Blowing Policy implementation commenced. This is a move aimed at protecting the members in the event they raise a red flag in the fight against corruption. Registration of the ICPAK Benevolent Trust commenced towards enhancing the current Members Benevolent Scheme.

The Youth Affairs Sub-Committee within the Member Services Committee played a key role in undertaking mentorship activities targeting the upcoming accountants as part of the implementation of the Trainee Accountants Practical Experience Framework (TAPEF). Activities included registration of supervisors and review of the internship policy to increase the internship timelines and removing age-gaps for interns.

Members continued to enjoy attractive discounts from the Institute's partners, affiliations and recognition through MoU's with other Institute's like ICEAW, ACCA, the East African Community Institutes of Accountants (EACIA), the Zambian Institute of Accountants (ZICA), South African Institute of Chartered Accountants (SAICA) and the Australian Institute of Certified Public Accountants (AICPA).

On a more personal note, the Institute sends members e-birthday and registration anniversary cards as they celebrate these occasions.

Membership growth

Membership is the backbone of the Institute. A combination of strategies including company visits, CPA graduate forums, database marketing and the running of the 50% discount on registration fee for full membership between September and November 2019, were employed in membership recruitment drives. A total of 2,152 new members joined the institute within the year.

Brand promotion

Promotion of the ICPAK and CPA brands is key in making ICPAK a premier business partner. In 2019, the Institute participated in several strategic partner events to create awareness about its role and mandate. Such include, the KRA Tax Summit, kasneb Open Day, a talk at Kenya Institute of Management in Nyeri, the 2019 Kenya Conference of Catholic Bishops Seminar for Finance Administrators and Accountants conference among others.

The year also witnessed the increased engagement of Brand Ambassadors to promote the Institute's activities in the year as per the table below.



ICPAK Secretariat Staff serving delegates during the Economic Symposium 2019.

ENGAGEMENT PERIOD	BRAND AMBASSADOR	ACTIVITY PROMOTED	DESIGNATION
January	CPA Lessonet Moses K	The Annual Financial Innovations and Emerging Issues Seminar	Member of Parliament, Eldama Ravine constituency
	CPA Isaac Mokaya Makori	Membership recruitment drive	Tax Manager, Deloitte Kenya
	Economist Gerison Ikiara	Economic Symposium	University of Nairobi
	Isaac Wambua	Membership recruitment drive	KCA University Student Leader and Trainee Accountant
	CPA Charity Muya	Membership recruitment drive	1st Lady Accountant in Kenya
February	CPA Karen Kandie	Membership recruitment drive	Managing Director, IDB Capital Ltd
	CPA Charity Muya	Membership recruitment drive	1st Lady Accountant in Kenya
	CPA Karen Kandie	Membership recruitment drive	Managing Director, IDB Capital Ltd
	CPA Isaac Njuguna	Membership recruitment drive	Examinations Director, kasneb Board Member at the International Accounting Education Standards
		Board (IAESB) of IFAC representing Kenya and the East Africa region.	
March	Mike Eldon	Governance and Ethics Conference	Management Consultant and Chairman, The DEPOT
	F CPA Eric Kimani	Governance and Ethics Conference	Palm House Foundation
	F CPA Eric Kimani	Membership recruitment drive	Palm House Foundation
	F CPA Erastus Kwaka	Governance and Ethics Conference	Managing Partner, Horwath Erastus & Co.
	F CPA Erastus Kwaka	Membership recruitment drive	Managing Partner, Horwath Erastus & Co
May	CPA Michael Nyangi	Membership recruitment drive	Finance Manager, IBEAFRICA
	F CPA Nguru Wachira	Membership recruitment drive	Former ICPAK chairman
	F CPA Daniel Ndonge	35th ICPAK Annual Seminar	Former ICPAK chairman
	F CPA Daniel Ndonge	Membership recruitment drive	Former ICPAK chairman
	Maxwell Otieno	Charity Golf Tournament testimonial	Charity Golf tournament beneficiary
August	CPA Michael Nyangi	Charity Golf Tournament in Mombasa	Convener-ICPAK Charity Golf Tournament
	F CPA Nguru Wachira	Charity Golf Tournament in Mombasa	Former ICPAK Chairman & Charity Golf Tournament Ambassador
	Jacob Kimathi	Nairobi Golf Tournament	ICPAK Scholarship beneficiary
	CPA Carren Agego	Golf Tournament	ICPAK Golf Player

Continuing Professional Development (CPD)

The Institute's CPD program is a continuing process of developing, maintaining and documenting members' professional skills. The onus is on the members to ensure that they track, document skills, knowledge and experience gained both formally and informally as they undertake daily work activities. This process ensures that members develop professional skills on an ongoing basis. To support members' professional development, the Institute prepares and delivers a variety of trainings. In the year 2019, the Institute held a total of 161 events (a reduction compared to 220 events held in 2018). The events were categorized into International (3), Regional (3), Continental (4), National (23), Nairobi (45) and Devolved events (83). The total attendance to ICPAK events grew by 20% from year 2018 signifying a more focused approach to enhancing members professional growth.

Panel of Experts (POEs)

To bolster content development for CPD events, the Institute in 2017 inaugurated Volunteer Panels of Experts (PoEs), a tradition that was carried into 2019. PoEs were

engaged based on the area of expertise, experience and influence in developing and rolling out the 2019 CPD Calendar. ICPAK trainers undertook a Training of Trainers for beginner and intermediate in January 2019. This training ensured a diversified growth in the pool of trainers. Independent Quality Assessors were deployed to all major events.

CPD Compliance

Members are expected to earn 40 CPD Units each year (25 structured and 15 unstructured). In 2019, 3,044 members complied with CPD requirements. This is against a total active membership of 21,789. Noncompliance is a major setback for the Institute's standing in the community of Accountancy Institutes globally. To address this, the Institute has developed a rich menu of programs as per the 2020 CPD Calendar. The programs have been devolved to the 9 branches at subsidized rates to encourage compliance. Members are also encouraged to continue self-declaring any learning activities that they undertake in order to remain in good standing.

CPD UNITS EARNED	MEMBERS COMPLYING	TOTAL ACTIVE MEMBERSHIP
40 & Above	3044	21789
20 - 39	2062	
1-19	4938	

ICPAK Enterprise Risk Management



CPAK continues to implement an Enterprise Risk Management Framework to ensure that there is a proactive process of mitigating risks that may deter the Institute from achieving both strategic and operational objectives. To achieve this, the Institute has put in place a comprehensive risk management policy that is implemented throughout the Institute and is complemented by the ICPAK Risk Management Philosophy.

The Institute's risk management approach follows a decentralized structure. All departments in the institute are responsible for their own risk management.

There is a dedicated Risk Management Committee and a Risk Champions forum which continuously undertake departmental risk assessment interventions with the concurrence of risk owners and is facilitated by Internal Audit and Risk Department. The departmental Risk Champions and Risk Owners would then evaluate risks and prescribe appropriate mitigation measures which are monitored for implementation.

In line with international best practices, risks are comprehensively assessed on their probability, severity, and the quality of the existing control environment; and managed through acceptance, transfer, avoidance, or reduction measures. ICPAK has aligned its ERM Framework to comply to the ISO 31000 standards, COSO, and the IRM issued guidelines, among others. There are various

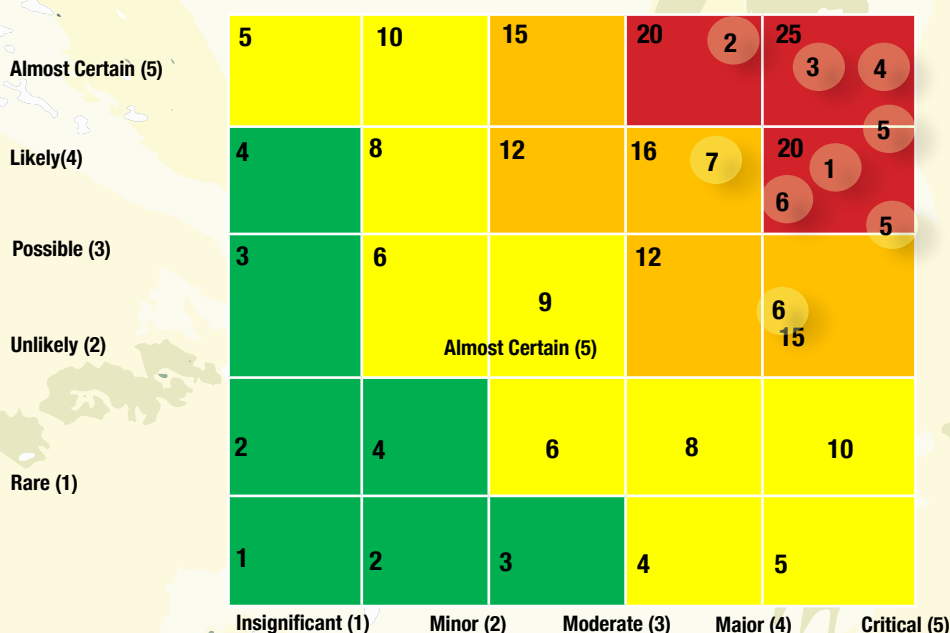
risk management tools that are used to manage risks within the Institute, such as risk registers, risk enablers like policies, systems, risk, and control self-assessment tools (RCSA), risk appetite and tolerance trackers among others.

On a Quarterly basis the Internal Audit and Risk Department presents before the Risk Management Committee of management significant risks for their appreciation and ownership. The Audit, Risk and Compliance Committee of the Council evaluates the significant risks presented every Quarter to determine the impact of the residual risks as well as review the effectiveness of mitigation measures implemented or proposed by management. The resolutions of the Audit, Risk and Compliance Committee regarding management efforts in mitigation of significant risks are therefore reported to Council for adoption.

Through the Audit Risk and Compliance Committee, the Council determines the levels of risk tolerance for the Institute and ensures that risk management is a continuous process by formally reviewing and providing direction for the significant risks every Quarter. These resolutions guide on the improvement of the risk management strategies within the Institute.

The following are some of the significant strategic and operational risks which the institute has been mitigating in a bid to pursue its mandate during the year ended 31st Dec 2019.

A Heat Map for the Risks Below



KEY

Critical Risks

High Risks

Medium Risks

Low Risks

SOME SIGNIFICANT STRATEGIC AND OPERATIONAL RISKS

No.	SIGNIFICANT RISK / STRATEGIC RISKS	MITIGATION MEASURES
1	Market Dynamics Risks These include risks arising from a change in competitive environment e.g. More training providers for public sector etc. This can manifest in the form of tougher competition, travel restrictions, un-favorable regulation etc.	a) Accreditation of trainers b) Having and maintaining a pool of trainers for ICPAK events c) Enhanced marketing of events by the marketing department d) Early planning for events
2	Communication & Stakeholder Relations Risk Risks associated with the communication between key stakeholders and the Institute representatives that provides them with an accurate account of the Institute's affairs.	The Institute ensures that information going out to stakeholders is authenticated with Chairman and CEO designated as official spokespersons of the Institute. The centralization of information of these two offices ensures consistency, accuracy, and efficiency being disseminated out to our stakeholders. The Institute is guided by a Communications Policy and the By-Laws. The two policy documents designate the Chairman and Chief Executive Officer as official spokespersons, respectively. The Chairman's communication mandate covers broad policy pronouncement while CEO's realm is technical and operational issues. No major pronouncement is released without the Chairman's or CEO's sanction.
3	Reputational Risk This is the risk of loss due to potential negative publicity of the Institute due to delayed response, delayed disciplinary cases, lack of visibility and lack of participation in industry activities. Reputational risk for the Institute could also arise from internal processes.	a) Increased surveillance/crackdown on non-compliant members and quacks. b) Increased Audit Quality Assurance Reviews (AQA). c) Pursuing amendments to the Accountants Act to ensure that only qualified and registered members can be employed as accountants
4	Concentration Risk This is the risk that could arise from uneven distribution of exposures to a few clients or sectors such as the uneven distribution of training participants between public and private sectors	a) Aggressive marketing of events. b) Active stakeholder management (Stakeholder Engagement Plan) at management level. c) Diversification of revenue sources d) Direct marketing strategies to the private sector have been put in place through custom -made invitations.
5	Licensing & Registration Risks These are risks that the Institute is exposed to in the process of issuing licenses and registering members, that could result from non- adherence to policies.	a) A Practical Experience Policy Framework is in place which prescribes criteria for eligibility. b) Enhance verification of applicants before granting membership or practicing certificates. c) Regular audits and checking of members' account status. d) Mandatory reporting to RQAC
6	Member Management Risks These are risks that could arise during the process of managing members within the institute and could include errors in internal records, failure of systems, inadequate communication etc.	a) Know Your Member (KYM) system prompts for individual members to update their profiles and integration with Navision shall be implemented during the year 2020. b) Communication Policy in existence ensures that the Institute communicates effectively.
7	Stakeholder Engagement Risk This is the risk that the Institute is exposed to resulting from inadequate stakeholder engagement that could lead to backlash and uncooperativeness from the key stakeholders.	A Stakeholder Engagement Matrix exists that maps out all stakeholders and provides concrete engagement strategies. Currently, the Institute has a schedule of regular engagements with key stakeholders such as the Kenya Revenue Authority, National Treasury and Counties.

ICPAK Corporate Social Responsibility Report



Delegates who participated in the Annual Golf Tournament at Nyali Golf Course, Mombasa in May 2019.

The 2019 ICPAK Corporate Social Responsibility implementation plan was driven around four thematic areas;

1. **Environment** - ICPAK coexists with nature by committing to reducing negative environmental impact.
2. **Education** - Education plays a big role in efforts to alleviate poverty. This initiative aims to give an opportunity to the next generation of transformative leaders.
3. **Local Community** - ICPAK members and staff are

part of a community. The Institute aims to contribute to the betterment of members of this community.

4. **Charity Accounting** - The Institute aims to give its members an opportunity to offer their technical knowledge and expertise in the profession towards community empowerment.

To create a bigger impact, the Institute devolved its CSR activities to the branches allowing the Institute to engage in more CSR activities than before. The branch leadership embraced the move and the Institute witnessed some activities organized and implemented at the branch level. A summary of the CSR activities for the year are as below.



ICPAK Chairman FCPA Rose Mwaura plants a tree during the Branch Leaders Summit.



Golfers in action during the Annual Golf Tourney at Nyali Golf Course, Mombasa.

Thematic area	Activities undertaken	Impact (Envisaged/achieved)
Environment	Tree planting at the North Rift, Eastern, Mt. Kenya branches of the Institute	Sustainability of the environment through re-afforestation of the country and improvement of water catchment areas.
Education	<ol style="list-style-type: none"> 1. Support through payment of fees, accommodation and upkeep for the five continuing students under the ICPAK Scholarship 2. Fundraising through: <ul style="list-style-type: none"> • Sale of ICPAK branded items • Roll out of the Mombasa and Nairobi ICPAK Charity Golf tournaments • Participation and sponsorship of the 2019 Eldama Ravine Half Marathon whose proceeds went towards infrastructure support for Uzalendo School that caters for free secondary education of students from poor families. • Mentorship talks in schools and colleges 	<p>These activities are aimed at promoting sustainability of the accountancy profession by providing an enabling environment for access to education and selection of accountancy as a profession</p> <p>Through the scholarship support, three beneficiaries out of the initial eight have graduated with very impressive results.</p>
Local Community	<ol style="list-style-type: none"> 1. Donation to AGC Baby Centre, Nakuru 2. Members' blood donation drive in conjunction with Kenya National Blood Transfusion Services 3. Fundraising within the membership towards donation to an identified entity 	Contribution on the improvement of the quality of life for the recipients.
Charity Accounting	Participation of members and staff in the 2019 Integrity Walk organized by Transparency International, Kenya	The Institute and its members demonstrated their support and willingness to support proper financial accountability towards the eradication of corruption for the development of the country's economy.



Reaching Out





Communication and Publicity

The Institute of Certified Public Accountants of Kenya (ICPAK) is the statutory body of Accountants established in 1978 and draws its mandate from the Accountants Act No.15 of 2008. It is also a member of the Pan African Federation of Accountants (PAFA) and the International Federation of Accountants (IFAC), the global Accountancy umbrella body.

Its core mandate is to regulate the Accounting profession in Kenya and upholding public interest. ICPAK adds its voice on matters Finance and accounting through its advisory role to the cabinet Secretary for National treasury.

To achieve this cardinal role, the Institute partners with the regional and National media outlets in various capacities. In the year under review, the Institute engaged media houses through various channels and methods including issuance of press invites inviting the media to cover our conferences during major CPD events as well as participating in talk shows and issuance of press statements on topical issues in the economy.

In 2019, the Institute successfully placed op-eds and other news items in influential broadcast and print media platforms in the country, these included; KTN, Citizen, NTV, KBC, Daily Nation, Business Daily, the Standard, the Star, and People Daily among others. These are summarized in the table below.

Besides this, the Institute embraces the robust use of Social media Platforms that it uses to communicate with both its internal and external stakeholders. Some of the social media platforms that the Institute used to comment and engage

with the public on matters of integrity, economy, accountability, regulation of the profession and matters of public interest include twitter, Facebook and LinkedIn.

In 2019, ICPAK Twitter handle increased its impressions from 140,000 in 2018 to 885,000. In addition, Facebook posts reach was over 4,383,060. These social media platforms have also improved ICPAK's visibility among its members, stakeholders and the public at large. With diversified communication channels employed by the Institute, the year under review saw the publication of numerous communicate documents such as Chairman's Newsletter, Staff Digest, e-connect, CPD Express, Technical Newsletter, Branch Newsletter and The Accountant journal among others.

These communiques played a pivotal role by aiding the Institute to be directly involved with its internal and external publics. The Accountant Journal - a sought for Accountant Magazine across East Africa which is published every two months is a fount of knowledge that never runs dry for subjects such as Finance, Audit, Tax, Information Technology and Management, among others. With a special focus on the development of the counties, ICPAK also publishes the Branch Newsletter through which members across the country get acquainted with the latest from the nine physical branches hosted by ICPAK.

The forward look of the dedicated communication team is steadily making the Institute an Iconic world class Professional Accountancy Institute.

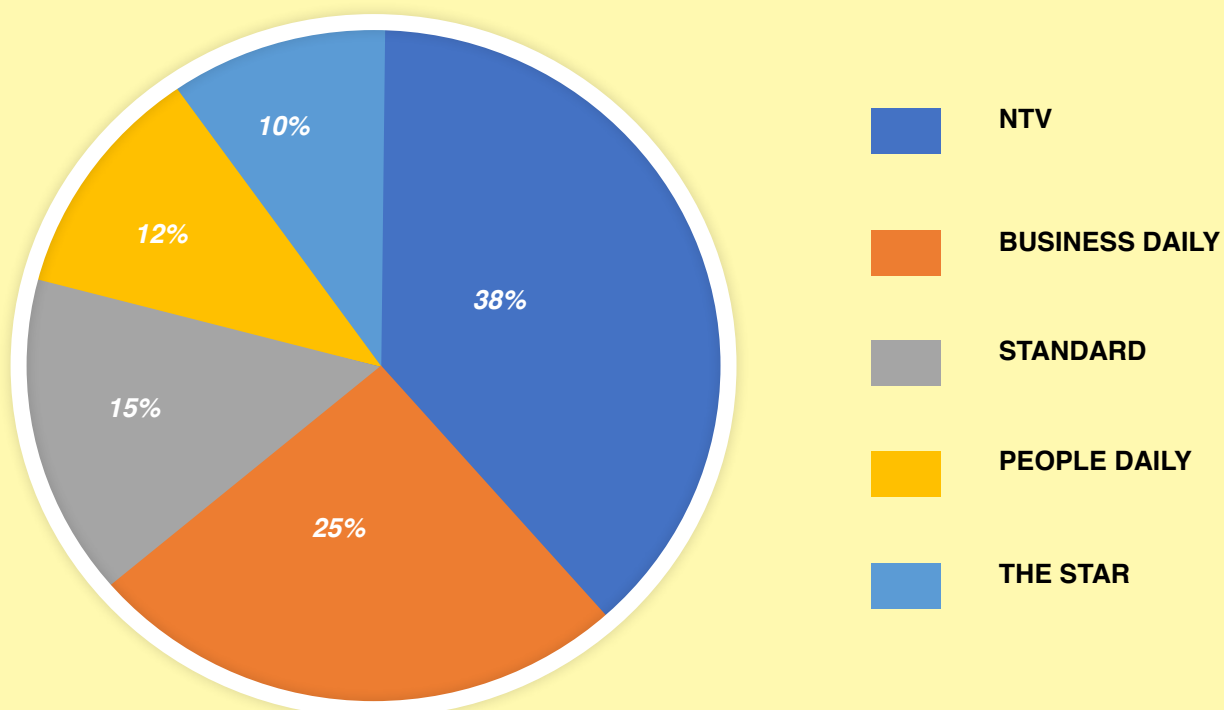
No	DATE	PUBLICATION	SUMMARY/HEADLINE	PAGE	SLOT
1.	January 1st	Daily Nation	ICPAK career opportunities	8	Advertorial
2.	January 16th	Business Daily	ICPAK handling 21 misconduct cases	26	Business
3.	January 10th	Daily Nation	Annual Financial innovations and emerging issues seminar	18	Advertorial
4.	18th January	Daily Nation	Annual Financial innovations and emerging issues seminar	8	Advertorial
5.	January 18th	Daily Nation	Tender Notice	19	Advertorial
6.	23rd January	Daily Nation	27th Economic Symposium	16	Advertorial
7.	January 27st	Nation	Kenya's debt is still manageable	11	Sunday review
8.	January 21st	Daily Nation	Kenya-India accountants pact.	9	Pictorial
9.	January 28th	Daily Nation	Treasury's delay in releasing funds hampers development in counties	20	Business
10.	February 19th	Daily Nation	Annual Governance and Ethics conference.	20	Advertorial
11.	February 28th	Daily Nation	Annual Governance and Ethics Conference	20	Advertorial

Media Monitoring Scorecard for Print Media

No	DATE	PUBLICATION	SUMMARY/HEADLINE	PAGE	SLOT
15.	March 5th	Daily Nation.	Annual Governance and ethics conference	19	Advertorial
16.	March 26th	Daily Nation	Financial Reporting conference for county governments	12	Advertorial
17.	March 26th	Daily Nation	PFM Conference for Africa	12	Advertorial
18.	April 1st	The Star	Accountants ask Uhuru to pick Ouko successor	27	Business
19.	April 1st	Business Daily	ICPAK seeks early start to selecting Ouko successor.	20	Business
20.	April 3rd	Daily Nation	Obituary - FCPA Ouko Reru		Advertorial
21.	April 4th	Daily Nation	PFM Conference for Africa	8	Advertorial
22.	April 17th	Daily Nation	Annual Seminar	11	Advertorial
23.	April 24th	Daily Nation	Cloud accounting and emerging issues seminar	8	Advertorial
24.	April 24th	Daily Nation	4th UK Chapter Seminar	8	Advertorial
25.	March 10th	Daily Nation	ICPAK & Kasneb Transforming lives	18	Advertorial
26.	May 11th	Daily Nation	35th ICPAK Annual Seminar	9	Advertorial
27.	May 15th	Daily Nation	Press statement-ICPAK at a glance		Advertorial
28.	May 19th	Daily Nation	AGM Notice		Advertorial
29.	May 22nd	Nation	ICPAK on spot over foreign recruitment	18	Hard news
30.	May 25th	People Daily	Accountants warn state on dangers of sh.300b owed to suppliers	19	Business
31.	May 25th	Saturday Nation	ICPAK seeks prompt pay for suppliers	38	Business
32.	May 29th	Nation	Financial Services Sector conference	4	Advertorial
33.	May 29th	Nation	ICPAK International events	3	Advertorial
34.	June 4th	The Star	ICPAK says state must broaden revenue base	14	Business news
35.	June 4th	Nation	Press statement-Issuance of New banknotes and demonetization-Good for fiscal health	8	Advertorial
36.	June 4th	Nation	Advert-Tender notice	5	Advertorial
37.	June 7th	People Daily	ICPAK gives support to performance contracting	18	Business
38.	June 8th	Daily Nation	Public accounting key to big four success.	8	Business
39.	June 12th	The Star	Professional accountants to get practice license	16	Business
40.	June 12th	Daily Nation	ICPAK names second woman ever chair	34	Business
41.	June 12th	People Daily	Tough rules for rogue accountants	18	Business
42.	June 12th	Business Daily	ICPAK elects chair for two-year term	19	Business
43.	June 16th	Business Daily	Taxman slaps SMEs with 3 percent turnover tax. ICPAK says counties unlikely corporate with treasury in collecting Tax.	18	Business
44.	June 21st	Daily Nation	Press statement- Mandate of the Institute	Half page	Advertorial
45.	July 3rd	Capital news	FiRe Awards enhancing corporate value through good financial reporting		Business
46.	July 4th	People Daily	Accountants body raises concern over public debt management.	16	Hard news
47.	July 12th	People Daily	Hanging best cure for graft says group	2	Hard news
48.	July 23rd	Nation	FiRe Award Call for entries	6	Advertorial
49.	July 17th	Press statement	ICPAK Regulatory Role- Reports in Social Media		
50.	July 23rd	Nation	National Practitioners forum	5	Advertorial
51.	August 5th	Nation	New appointments	5	Advertorial-Half page
52.	August 6th	Press Statement	Nurturing Talent		

No	DATE	PUBLICATION	SUMMARY/HEADLINE	PAGE	SLOT
54	August 19th		Advert- Nurturing talent		
55	August 24th	The Star	Accountants, MPs split on interest rate cap repeal		
56	August 24th	Business Daily	ICPAK wants interest rate cap law for two more years		Business
57	September 2nd	Online	Press statement- Maasai Mara Expose.		
58	September 4th	BusinessDaily	Time to resolve budget revenue impasse	11	Op-ed
59	September 16th	People Daily	ICPAK asks parliament to fast track tax law review	19	Business
60	September 24th	The Standard	Oversimplification of Tax regime can stir disputes.	5	Business
61	September 26th	Daily Nation	Accountants Call for law to fight quarks	41	News
62	September 26th	The Standard	Accountants and finance experts attend retreat.	29	Business
63	October 9th	Daily Nation	FiRe Awards advert	19	Advertorial
64	October 17th	People Daily	ICPAK cautions state against debt for recurrent expenditure.	19	Business
65	October 24th	Business Daily	FiRe Awards advert	5	Advertorial
66	25th October	Daily Nation	Capping of interest rates-which way forward	20	Advertorial
67	October 31st	Daily Nation	FiRe Awards advert	13	Advertorial
68	November 2nd	The Star	Advert-FiRe Awards		Advertorial
69	November 8th	Daily Nation	FiRe awards attract more	29	Business
70	November 10th	Nation	Presidency uses funds prudently state house chief says.	18	Business
71	November 11th	Daily Nation	FiRe awards pictorial	29	Pictorial
72	November 12th	The Star	FiRe Awards.	18	Pictorial
73	November 13th	The Star	FiRe Awards	22	Pictorial
74	21st November 2019	Daily nation	FiRe Awards 2019	19-22	Supplement

Newspaper Summary



Media Monitoring Scorecard For Broadcast Media During Budget Review

Media Station	Date	Expert
KBC TV	Wednesday 12th 01pm -01:30pm	CPA Fredrick Riaga
	Thursday 13th 08am -10am	Mr. Elias Wakhisi
	Thursday 13th 08pm -10am	Mr. Hillary Onami
K24	Monday 10th June 2019 12:00am	Mr. Hillary Onami
	Thursday 13th June 2019 11:00am	FCPA Muthoni Wangai
NTV	Thursday 13th 08am-09am	FCPA Rose Mwaura
KTN	Thursday 13th 08am-09am	FCPA Rajesh Shah
	Thursday 13th 11:00am -01:00pm	CPA Flora Mtuweta
	Thursday 13th 06:00pm -07:00pm	CPA Makokha Wanjala - Swahili
Citizen TV	Thursday 13th 09am -10am	FCPA Philip Muema
	Thursday 13th 10:30am -11:00am	CPA Makokha Wanjala - Swahili
Radio Citizen	Monday 10th June 2019 07:00am - 08:00am	Mr. Elias Wakhisi
Ramogi FM	Thursday 12th 08am-09am	FCPA Erastus Omolo
Inooro FM	Wednesday 12th 08am-09am	FCPA Muthoni Wangai
Egesa FM	Thursday 13th 08am-09am	CPA Cliff Nyandoro
Mulembe & Sulwe FM	Thursday 12th 08am-09am	CPA Makokha Wanjala
Musyi FM	Wednesday 12th 07am-08am	CPA Stephen Munyao
Muuga FM - Meru	Thursday 13th 08am-09am	CPA Rahab Ntoiti
Chamgei FM	Wednesday 12th 08pm-09pm	CPA Francis Langat
Vuuka FM	Wednesday 12th 08am-09am	CPA Nebart Avutswa
	Friday 14th 08am-09am	CPA Ronald Bwosi
Wimwaro FM	Wednesday 12th 08am-09am	Dr. Perminus Nyaga
Kass TV	Tuesday 11th 01pm-03pm	CPA Francis Langat
Pwani FM	Thursday 13th 09pm	CPA Fuad Rashid
Meru FM	Thursday 13th 08pm	CPA David Kaberia

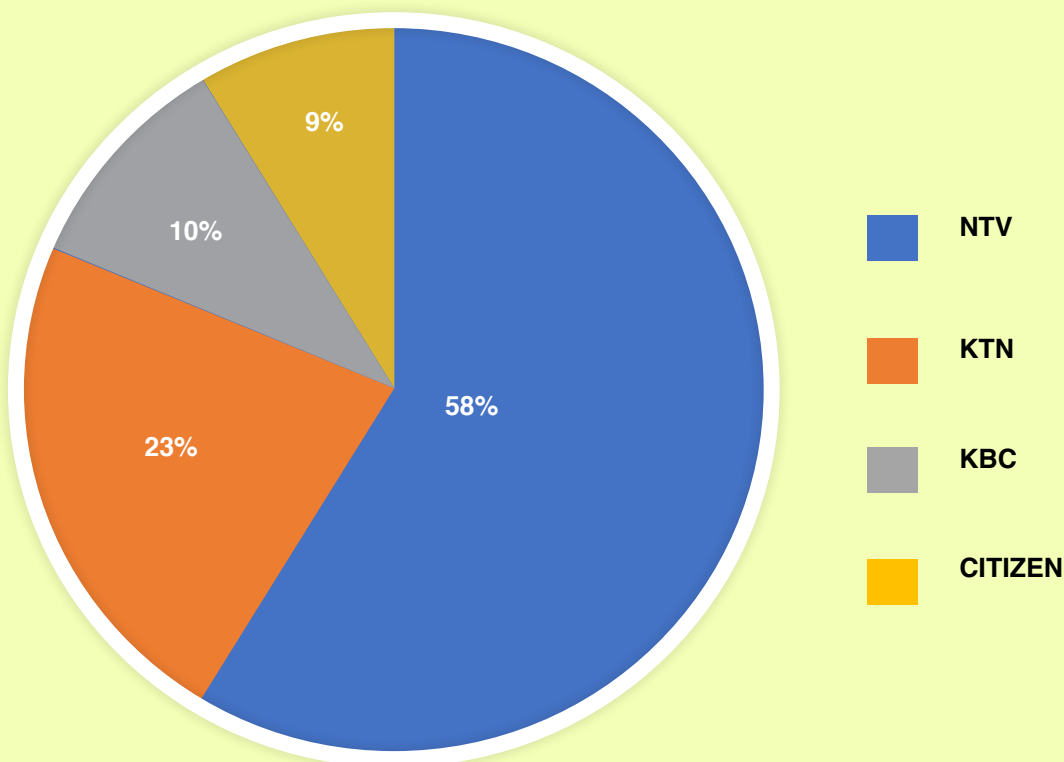


ICPAK Chairman FCPA Rose Mwaura -second from right during a post budget analysis panel discussion live on NTV

Media Monitoring Scorecard For Broadcast Media

Date	Channel	Summary	Time
22 January 2019	KTN	Joy to Kenyans aspiring to be accountants as ICPAK signs MoU with India	2.34
21 February 2019	KBC	Accountants urge the Public Accounts Committee to expedite the scrutiny and audit process	1.58
21 February 2019	NTV	ICPAK accuses parliament of delaying process, stifling county finances	1.15
03 September 2019	Citizen TV	ICPAK Chairman was part of discussion on Town-hall Show and elaborated on Whistle blowing policy following Maasai Mara expose	
08 November 2019	NTV	Treasury express confidence in economy, spoke at FiRe Awards	2.30
10 November 2019	KTN News	Tanzania's CRDB scoops fire award, reporting standards getting better	2.00

Broadcast summary





Looking Forward

The Institute commenced its fifth decade on a high note with good performance and growth on all fronts. The year 2019 was similarly the first year of implementation of the new Strategic Plan 2019-2021, with the key focus being; accountancy development and regulation, business re-engineering and leveraging on ICT platforms to enhance members experience, and institutional sustainability.

Sustainability

To ensure ICPAK sustainability and the profession, the Institute devised various strategies including well researched CPD Programmes, enhanced service delivery to retain members, aggressive marketing of CPA Centre and diversification of revenue streams. The Institute will continue to evolve and be innovative in order to remain ahead of the market. This will result in continuous growth from developing modern CPD programmes, developing new value propositions and diversifying its sources of revenue.

Global Stakeholder Engagements

During the year, the Institute continued in its role of developing and promoting internationally recognized profession which

is rooted in the culture of Upholding Public Interest through effective regulation, research and innovation. Two members of the Institute were appointed to committees of IFAC for a period of three years. This is testament of ICPAK recognition and its contribution at global level. The Institute in conjunction with kasneb were appointed by World Bank to assist in restructuring as well as developing working structures for OPC Burundi accountancy profession. The Institute will continue to play its effective role at the global and regional level in the coming years.

National Stakeholder engagement

ICPAK continued to play a critical role in commenting and developing position papers and policy briefs on matters that affect the accountancy profession, our economy as well as those that are of public interest. To achieve this, the Institute continued to engage an array of stakeholders key among them Central Bank of Kenya, SASRA, Kenya Bankers Association, KRA, National Treasury, Council of Governors, Office of the Controller of Budget, Office of the Auditor General, National Assembly, Senate, CMA NSE and Business Membership Organizations among others.

Strengthening of Branches

In line with the government's agenda of making devolution work, the Institute opened two new physical branches bringing the total physical branches to nine. This is geared towards bringing services closer to members and to enhance stakeholder engagements at County level. Opening of these branches is also intended to enhance ICPAK'S contribution to public finance management, budgeting and legislation processes at county level. The Institute foresees vibrant branches that will support ICPAK's theme on Upholding Public Interest while at same time bringing the services closer to its members across the country.

Strategic Plan

2019 was the first year of 2019-2021 Strategic Plan implementation. Great milestones were achieved upon its implementation key among them; registration of more than 49,000 accounting students in line with provisions of the amended Accountant Act, recruitment of mentors and trainee

accountants with over 160 supervisors enrolled and 200 trainees registered, conducted devolution survey to identify PFM capacity gaps in Counties, enhanced use of technology to improve efficiency, improved technical support to SMPs and increased visibility through stakeholder engagement among others.

The Institute is looking forward to the prospects that will be exploited in the coming year. Key commitments will be centered around implementation of the 2019-2021 Strategic Plan with main focus on enhancing member experience, Institute sustainability, regulation of the accountancy profession beside amplifying its voice on issues on public interest. Additionally, the Institute will be keen on revision of the CPA curriculum besides exploiting ICT platforms for the future of the Accountancy profession.



ICPAK Chairman FCPA Rose Mwaura with other FiRe Award promoters: From left Mr. Paul Muthaura, CEO Capital Markets Authority (CMA), Mr. Ndegwa, Mr. James Ndegwa, CMA Chairman, Mr. Geoffrey Oundo, Nairobi Securities Exchange (NSE) CEO and CPA Edwin Makori, ICPAK CEO.

Financial Review

A close-up photograph of a person's hand in a dark suit jacket, holding a black pen and pressing a button on a black calculator. The calculator is resting on a desk with a keyboard and some papers. The background is blurred, showing office equipment and documents.

AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2019



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Institute information for the year ended 31 December 2019

Members of the Council

Chairman	FCPA Rose Mwaura, MBS	Elected June 2019
	FCPA Julius Mwatu	Retired June 2019
Vice- Chairman	FCPA George Mokua	Elected June 2019
	CPA Denish Osodo	Retired June 2019
Member	CPA Risper Olick	Elected June 2019
	CPA Dr. Elizabeth Kalunda	Elected June 2019
	FCPA Obare Nyaega	Retired June 2019
	CPA Anne Wangeci	Elected June 2018
	CPA Susan Oyatsi	Re-elected June 2017
	FCPA Samuel Okello	Re-elected June 2018
	Ms. Damaris Kimosop	Representing other professions
	CPA Jona Wala	Representing the National Treasury (Appointed in December 2019)
	CPA Geoffrey Malombe	Representing the National Treasury (Retired in November 2019)
	FCPA Dr. Nicholas Letting	Representing kasneb (Appointed in May 2019)
CEO & Secretary to the Council	FCPA Wycliffe Shamiah	Representing Capital Markets Authority
	CPA Edwin Makori	

Council Committees

Committee:

Audit Risk and Compliance

Disciplinary

Finance and Strategy

Member Services

Practitioners Development

Professional Standards

Public Policy and Governance

Registration and Quality Assurance

Research and Development

Centre for Public Finance and Taxation Board (CPFT)

Convener

FCPA Dr. Nicholas Letting'

CPA Geoffrey Malombe

CPA Denish Osodo

FCPA Charity Muya

FCPA Samuel Okello

FCPA Obare Nyaega

CPA Susan Oyatsi

FCPA Samuel Okello

FCPA George Mokua

FCPA Rose Mwaura, MBS

FCPA Michael Mugasa

FCPA Rose Mwaura

FCPA Julius Mwatu

FCPA Dr. Jim McFie

CPA Dr. Elizabeth Kalunda

FCPA Obare Nyaega

FCPA Rajesh Shah

Date Appointed/Retired

Appointed in November 2019

Retired in November 2019

Retired in June 2019

Appointed in June 2018

Appointed in June 2019

Retired June 2019

Appointed in June 2019

Served up to June 2019

Appointed in June 2019

Served up to June 2019

Appointed in August 2013

Appointed in June 2019

Retired in June 2019

Appointed in June 2014

Appointed in June 2019

Retired in June 2019

Appointed in May 2018

KCA University Board of Trustees

FCPA Michael Waweru - Chairman
FCPA Rose Mwaura - Member
CPA Edwin Makori - Secretary
FCPA Shabir Issak - Member
CPA Dr. Winnie Nyamute - Member
CPA David Abwoga - Member
Mr. Andrew Mulei - Member
Mr. Joseph Kosgei - Member
CS Happi Kilongozi - Member

KCAU Governing Council - ICPAK Representatives

Finance Committee
Audit, Risk and Governance Committee

CPA Evelyn Muriuki - Member
CPA Charles Ringera - Member

Registered Office and Principal Place of Business

CPA Centre
Ruaraka, Thika Road
P.O. Box 59963 - 00200
NAIROBI

Telephone	:	+254 (020) 2304226, 2304227
Mobile	:	+254 727 531006/0733 856262/0721 469796 /0 721 469169
E-mail	:	icpak@icpak.com
Website	:	www.icpak.com

Independent Auditor

Parker Randall Eastern Africa
Certified Public Accountants
Galleria Business Park Block 2 (A)
P.O Box 25426-00100
NAIROBI

Principal Bankers

Standard Chartered Bank Kenya Limited
Ruaraka Branch
P.O. Box 32886 - 00600
NAIROBI

ABSA Bank Kenya PLC (formerly Barclays Bank of Kenya Limited)
Moi Avenue Branch
P.O. Box 30116 - 00100
NAIROBI

Legal Advisors

Hamilton Harrison & Mathews
1st floor, Delta Suite
Waiyaki way
P.O. Box 30333 - 00100
NAIROBI

Report of the Council for the year ended 31 December 2019

The Council submits its report together with the audited financial statements for the year ended 31 December 2019, which show the state of the Institute's financial affairs.

1. Incorporation

The Institute of Certified Public Accountants of Kenya is a body corporate established in 1978 under the provisions of the Accountants Act, Chapter 531 of the Laws of Kenya (re-enacted as the Accountants Act No. 15 of 2008) and is domiciled in Kenya. The address of the registered office is set out on page 102.

2. Principal activities

The principal activities of the Institute are to promote standards of professional competence and practice amongst members of the Institute, to promote research into the subject of Accountancy and Finance and related matters, and the publication of books, periodicals, journals and articles in connection therewith; to promote international recognition of the Institute and the CPA (K) brand; advise Kasneb on matters relating to examinations standard and policies; and to advise the Cabinet Secretary responsible for finance on matters relating to financial accountability in all sectors of the economy.

3. Membership

	2019 No.	2018 No.
Active members at end of year	21,691	20,610
Active members at beginning of year		
Practicing	1,097	1,048
Non practicing	16,605	15,232
Overseas	374	403
Retired	704	760
Associates	1,830	1,710
	20,610	19,153
New members in the year	2,142	2,891
Deceased and change of status	(27)	(24)
	22,725	22,020
Members in default		
- written off	(1,355)	(1,587)
- recovered	321	177
	21,691	20,610
Active members at end of year		
Full members	19,758	18,780
Associate members	1,933	1,830
	21,691	20,610

Active members are those that have fully paid their subscriptions and those with less than two years of outstanding subscriptions as at the year-end.

Report of the Council for the year ended 31 December 2019

4. Results for the year

	2019	2018
	Kshs '000'	Kshs '000'
(Deficit)/surplus after deferred tax	(47,246)	27,757

5. Members of the Council

The council members who held office during the year and to the date of this report are listed on page 101.

6. Financial Statements

At the date of this report, the Council was not aware of any circumstances which would have rendered the values attributed to the assets and liabilities in the financial statements misleading.

7. Statement as to disclosure to the Institute's auditor

With respect to each council member at the time this report was approved:

- There is, so far as each Council member is aware, no relevant audit information of which the Institute's auditor is unaware; and
- that each Council member has taken all the steps that the council ought to have taken as a council member so as to be aware of any relevant audit information and to establish that the Institute's auditor is aware of that information.

8. Auditor

Parker Randall Eastern Africa has expressed its willingness to continue in office.

By Order of the Council



CPA Edwin Makori
 CEO & Secretary to the Council
 Nairobi 4th May 2020

Statement of Council's responsibilities on the financial statements

For the year ended 31 December 2019

The Accountants Act No. 15 of 2008 requires the Council to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Institute as at the end of the financial year and of its operating results for the year. It also requires the Council to ensure that the Institute keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Institute. The Council is also responsible for safeguarding the assets of the Institute.

The Council accepts responsibility for the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error. It also accepts responsibility for:

- i. Designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements;
- ii. selecting and applying appropriate accounting policies; and,
- iii. making accounting estimates and judgments that are reasonable in the circumstances.

The Council is of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Institute as at 31 December 2019 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Having assessed the Institute's ability to continue as a going concern, the council is not aware of any material uncertainties related to events or conditions that may cast doubt upon the Institute's ability to continue as a going concern.

The Council acknowledges that the independent audit of the financial statements does not relieve it of its responsibility.

Approved by the Council on 4th May 2020 and signed on its behalf by:



FCPA Rose Mwaura, MBS
Chairman



FCPA Samuel Okello
Convenor, Finance and Strategy Committee



CPA Edwin Makori
CEO & Secretary to the Council



Report of the independent auditor

To the members of the Institute of Certified Public Accountants of Kenya

For the year ended 31st December 2019

Opinion

We have audited the accompanying financial statements of the Institute of Certified Public Accountants of Kenya (ICPAK/the Institute), as set out on pages 108 to 138, which comprise the Statement of Financial Position as at 31 December 2019, the Income Statement of Changes in Equity and Statement of Cash flows for the year then ended, and Notes, which include a summary of significant accounting policies.

In our opinion the accompanying financial statements, in all material respects, give a true and fair view of the financial position of the Institute as at 31 December 2019 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the Institute in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya, and we have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

Other information

The Council is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information we have received prior to the date of this auditor's report we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the rest of the other information in the Annual Report and we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance

Council's responsibilities for the financial statements

The Council is responsible for the preparation and fair presentation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) and for such internal controls as the Council determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, the Council is responsible for assessing the Institute's ability to continue as a going concern, disclosing as applicable, matters related to the going concern and using the going concern basis of accounting unless the council either intends to liquidate the Institute or to cease its operations or have no realistic alternative but to do so.

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Partners: Coutts Otololo | Victor Majani | Michelle Okonji



Report of the independent auditor

To the members of the Institute of Certified Public Accountants of Kenya For the year ended 31st December 2019

Auditor's responsibilities for the audit of the financial statements - (Continued)

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material, if individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

Auditor's responsibilities for the audit of the financial statements

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Institute's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the firm's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures or in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence up to the date of the auditor's report. However, future events or conditions may cause the firm to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Certified Public Accountants (Kenya)

Nairobi 4th May 2020

The signing partner responsible for the independent audit was CPA Michelle Okonji Practicing Certificate No. 2324.

Parker Randall Eastern Africa | Certified Public Accountants | Block 2(A), Galleria Business Park | Karen
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Partners: Coutts Otolo | Victor Majani | Michelle Okonji

Income Statement for the year ended 31 December 2019

	Note	2019 Kshs '000'	2018 (Restated*) Kshs '000'
Income			
Subscriptions	4 (a)	262,615	231,781
Member services	5 (a)	615,115	548,032
CPA Centre rental income before finance cost	6	40,178	31,328
Social responsibility activities	8(a)	2,868	2,909
		<u>920,776</u>	<u>814,050</u>
Expenses			
Subscription expenses	4(b)	95,106	85,182
Member services	5(b)	470,008	422,632
CPA Centre direct expenses	6	19,501	22,341
Social responsibility	8(b)	1,536	1,299
Operating expenses	9	171,961	167,693
Impairment loss on financial assets	4(c)	27,897	42,784
		<u>786,009</u>	<u>741,931</u>
Operating surplus		134,767	72,119
Finance cost	7	(60,652)	(66,132)
Operating surplus after finance cost		74,115	5,987
Other income	11	3,089	306
Fair value (loss)/gain on investment property	13	(131,000)	19,383
(Deficit)/surplus before taxation		(53,796)	25,676
Deferred tax credit for the year	30	6,550	2,081
(Deficit)/surplus after deferred tax		(47,246)	27,757

*Some amounts shown herein have been adjusted in the 2018 financial statements to enhance disclosure. Refer to Notes 4, 5 and 9.

The notes set out on pages 112 to 138 form an integral part of the financial statements.

Statement of Financial Position as at 31 December 2019

		2019	2018	1 January 2018
	Note	Kshs '000'	Restated* Kshs '000'	Restated* Kshs '000'
ASSETS				
Non-current assets				
Property and equipment	12	77,198	83,739	78,188
Investment property	13	1,489,000	1,620,000	1,600,000
Intangible assets	14	4,116	2,340	3,033
Right of use assets	15	9,854	8,755	1,042
Deferred tax	30	4,971	-	-
Other receivables	16	115,501	105,501	111,257
Due from related party	28(a)	-	27,387	45,193
Investment in CPA Centre Limited	17	50	50	50
		<u>1,700,690</u>	<u>1,847,772</u>	<u>1,838,763</u>
Current assets				
Inventories	18	15,688	29,033	4,321
Grant fund balance		-	-	48
Trade and other receivables	19	94,849	91,573	121,008
Fixed deposits	20	58,200	10,200	-
Cash and bank balances	21	64,023	31,067	29,445
		<u>232,760</u>	<u>161,873</u>	<u>154,822</u>
TOTAL ASSETS		1,933,450	2,009,645	1,993,585
EQUITY AND LIABILITIES				
Equity				
General fund		1,002,912	1,051,372	1,051,607
Revaluation reserve		108,846	108,963	109,080
Designated funds	22	9,755	8,424	6,814
		<u>1,121,513</u>	<u>1,168,759</u>	<u>1,167,501</u>
Non-current liabilities				
Deferred tax	30	-	1,579	3,660
Due to CPA centre limited	28(b)	50	50	50
Lease liability	26	8,384	6,964	1,014
Borrowings	23	360,248	424,495	369,338
		<u>368,682</u>	<u>433,088</u>	<u>374,062</u>
Current liabilities				
Deferred grant income	10	4,293	5,135	-
Borrowings	23	57,894	64,430	74,930
Trade and other payables	24(a)	311,449	291,725	242,894
Lease liability	26	2,916	2,624	364
Deferred subscriptions	25	66,703	43,884	53,039
Retention on construction		-	-	80,795
		<u>443,255</u>	<u>407,798</u>	<u>452,022</u>
Total equity and liabilities		1,933,450	2,009,645	1,993,585

*Some amounts shown herein have been adjusted in the 2018 financial statements in line with implementation of IFRS 16. Refer to Notes 15,26, 33 and 35.

The financial statements on pages 108 to 138 were authorised and approved for issue by the Council on 4th May 2020 and signed on its behalf by:



FCPA Rose Mwaura, MBS
Chairman



CPA Edwin Makori



FCPA Samuel Okello
Convener, Finance and Strategy Committee

Statement of Changes in Equity for the year ended 31 December 2019

	Note	General fund Kshs '000'	Revaluation reserve Kshs '000'	Designated fund Kshs '000'	Total Kshs '000'
At 1 January 2019		1,051,372	108,963	8,424	1,168,759
Surplus after deferred tax		(47,246)	-	-	(47,246)
Transfer of excess depreciation	12	117	(117)	-	-
Surplus from social responsibility	8	(1,331)	-	1,331	-
At 31 December 2019		1,002,912	108,846	9,755	1,121,513
At 1 January 2018 Restated*		1,051,607*	109,080	6,814	1,167,501
Prior period adjustment for expected credit losses		(26,499)	-	-	(26,499)
Surplus after deferred tax		27,757	-	-	27,757
Transfer of excess depreciation (furniture)	12	117	(117)	-	-
Surplus from social responsibility	8	(1,610)	-	1,610	-
At 31 December 2018		1,051,372	108,963	8,424	1,168,759

*General fund balance in 2018 financial statements have been adjusted in line with implementation of IFRS 16. Refer to Note 33(a).

The notes set out on pages 112 to 138 form an integral part of the financial statements.

Statement of Cash Flows for the year ended 31 December 2019

	Note	2019 Kshs '000'	2018 Kshs '000'
CASH FLOWS FROM OPERATING ACTIVITIES:			
Surplus before tax and interest		6,856	91,808
Adjustments for:			
Fair value adjustment of investment property	13	131,000	(19,383)
Prior year adjustment-interest on lease liability		-	827
Depreciation and amortisation		19,180	17,781
Prior year adjustment		-	(26,836)
Expected credit losses		27,387	17,806
Subscription written off		22,443	28,152
CSR net income	8	(1,331)	(1,610)
Loss /gain) on disposal of equipment		369	(48)
Interest income	11	-	(377)
Surplus before working capital changes		205,904	108,120
Decrease /(increase) in inventories	18	13,345	(24,712)
(Increase)/decrease in trade and other receivables		(35,719)	7,040
Increase fixed deposits		(48,000)	(10,200)
Decrease deferred grant expense		-	48
(Decrease) / increase in deferred grant income		(842)	5,135
Increase in trade and other payables	24	19,725	48,832
Increase/(decrease) in advance subscriptions	25	22,818	(9,157)
Increase/(decrease) in retention on construction		-	(80,795)
Interest income	11		377
Interest on mortgage	7	(59,154)	(65,264)
Net cash generated from/ (used in) operating activities		118,077	(20,576)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property and equipment	12	(8,293)	(18,818)
Additions on investment property	13	-	(617)
Purchase of intangible asset	14	(3,784)	(1,111)
Disposal of property and equipment		116	94
Net cash used in investing activities		(11,961)	(20,452)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Cash received from-CSR activities	8(a)	2,868	2,909
CSR cash payments	8(b)	(1,536)	(1,299)
Interest on lease liability	26	(1,498)	(1,695)
Lease payment	26	(2,211)	(1,923)
Loan taken	23	-	100,502
Loan paid	23	(70,783)	(55,844)
Net cash (used in) / generated from financing activities		(73,160)	42,650
Increase in cash and cash equivalents		32,956	1,622
As at 1 January		31,067	29,445
As at 31 December	21	64,023	31,067

NOTES

1. Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied over the years presented unless otherwise stated.

a) Basis of preparation

The financial statements are prepared on a going concern basis in compliance with International Financial Reporting Standards (IFRS). They are presented in Kenya Shillings (Kshs) which is also the functional currency, see note 1(c) below, rounded to the nearest thousand (Kshs '000'). The financial statements comprise the Income Statement, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, and Notes thereon. Income and expenses are recognised in the Income Statement.

Preparation of financial statements in conformity with International Financial Reporting Standards requires use of estimates and assumptions. It also requires management to exercise judgment in applying accounting policies adopted by the Institute. Although such estimates and assumptions are based on Council's best knowledge and information available, actual results may differ from estimates. The judgments and estimates are reviewed at the end of each reporting period, and any revisions to such estimates are recognised in the year in which the revision is made. Areas involving judgments most significant to the financial statements, and sources of estimation that may have a significant risk resulting in a material adjustment within the next financial year, are disclosed in Note 2.

Measurement basis

The measurement basis used is the historical cost basis except where otherwise stated in the accounting policies below. For those assets and liabilities measured at fair value, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, the Institute uses market observable data as far as possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the Institute using valuation techniques that maximize the use of relevant observable inputs and minimise the use of unobservable inputs (e.g. by use of the market comparable approach that reflects recent transaction prices for similar items or discounted cash flow analysis). Inputs used are consistent with the characteristics of the asset/liability that market participants would take into account. Fair values are categorized into three levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).
- Transfers between levels of the fair value hierarchy are recognised by the Institute at the end of the reporting period during which the change occurred.

b) New and revised standards

i) New and revised standards that are effective

One new Standard, one new Interpretation and a number of Amendments to standards became effective for the first time in the financial year beginning 1 January 2019 and have been adopted by the Institute. Neither the Amendments nor the Interpretation has had an effect on the Institute's financial statements, but the new Standard has had an impact, as follows:

IFRS 16 leases

The new standard, effective for annual periods beginning on or after 1st January 2019, introduces a new lessee accounting model, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

The Institute adopted the standard on 1 January 2019. To comply with the standard, the Institute now recognises lease liabilities relating to leases under which the Institute is the lessee. These leases had previously been classified as operating leases. Such liabilities have been measured at 1 January 2019 using the Institute's incremental borrowing rate as at 1 January 2019.

Corresponding right-of-use assets have been recognised and measured as if the Institute's new accounting policy (see Note 1 (q)) had been applied since the commencement of each lease but discounted using the Institute's incremental borrowing rate of 13%.

NOTES (Continued)

1. Summary of Significant Accounting Policies (continued)

i) New and revised standards that are effective (Continued)

IFRS 16 Leases (Continued)

The Institute adopted full retrospective approach in the application of IFRS 16. Further details on the impact of the standard to the Institute are set out in Note 35.

Amendments to IFRS 9 regarding prepayment features with negative compensation and modifications of financial liabilities (issued in October 2017) - The amendments, applicable for annual period beginning on or after 1 January 2019, enable entities to measure at amortized cost some prepayable financial assets with negative compensation. It also provides clarification on accounting for financial liabilities following modifications.

Amendments to References to the Conceptual Framework in IFRS Standards (issued in March 2018) - The amendment, effective for annual periods beginning 1 January 2019, aligns various standards to the new conceptual framework.

IFRIC 23 Uncertainty over Income Tax Treatments (issued in June 2017) - The Interpretation, applicable to annual periods beginning on or after 1st January 2019, clarifies how to apply the recognition and measurement requirements of IAS 12 when there is uncertainty over income tax treatments.

Amendments to IAS 28 titled Long-term Interests in Associates and Joint Ventures (issued in October 2017).

The amendments, applicable to annual periods beginning on or after 1st January 2019, clarify that an entity applies IFRS 9, rather than IAS 28, in accounting for long-term interests in associates and joint ventures.

Amendments to IFRS 3 - Annual Improvements to IFRSs 2015–2017 Cycle, issued in December 2017

The amendments, applicable to annual periods beginning on or after 1st January 2019, provide additional guidance on applying the acquisition method to particular types of business combination.

Amendments to IFRS 11 - Annual Improvements to IFRSs 2015–2017 Cycle, issued in December 2017

The amendments, applicable to annual periods beginning on or after 1st January 2019, clarify that when an entity obtains joint control of a business that is a joint operation, it does not re-measure its previously held interests.

Amendments to IAS 12 - Annual Improvements to IFRSs 2015–2017 Cycle, issued in December 2017

The amendments, applicable to annual periods beginning on or after 1st January 2019, clarify that all income tax consequences of dividends should be recognised when a liability to pay a dividend is recognised, and that these income tax consequences should be recognised in the income statement, other comprehensive income or equity according to where the entity originally recognised the transactions to which they are linked.

Amendments to IAS 23 - Annual Improvements to IFRSs 2015–2017 Cycle, issued in December 2017

The amendments, applicable to annual periods beginning on or after 1st January 2019, clarify that the costs of borrowings made specifically for the purpose of obtaining a qualifying asset that is substantially completed can be included in the determination of the weighted average of borrowing costs for other qualifying assets.

Amendments to IAS 19 titled Plan Amendment, Curtailment or Settlement (issued in February 2018)

The amendments, applicable to plan amendments, curtailments or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1st January 2019, requires an entity to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement when the entity remeasures its net defined benefit liability (asset) in the manner specified in the amended standard.

Based on assessment of the council, the adoption of the above standards, other than IFRS 16, will not have a significant impact on the Institute's financial statements.

ii) New and revised standards that have been issued but are not yet effective

Amendments to IAS 8 (issued in October 2018) - The amendments, applicable for the annual period beginning on or after 1 January 2020, clarifies definition of material.

Amendments to IFRS 3 titled definition of a business (issued in October 2018) - The amendment, effective for the annual period beginning on or after 1 January 2020, clarifies the definition of a business.

NOTES (Continued)

1. Summary of Significant Accounting Policies (continued)

ii) New and revised standards that have been issued but are not yet effective (Continued)

Amendments to IFRS 10 and IAS 28 titled Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (issued in September 2014) – The amendments, applicable from a date yet to be determined, address a current conflict between the two standards and clarify that gain or loss should be recognised fully when the transaction involves a business, and partially if it involves assets that do not constitute a business.

IFRS 17 Insurance Contracts (issued in May 2017) - The new standard, effective for annual periods beginning on or after 1 January 2023, provides a uniform measurement and presentation approach for all insurance contracts. The new standard also requires insurance-liabilities to be measured at current fulfilment value.

Amendment to IFRS 9, IAS 39 and IFRS 7 - Interest Rate Benchmark Reform (Issued in September 2019) - The amendment, effective for annual period beginning 1 January 2020, is designed to support the provision of useful financial information by organizations during the period of uncertainty arising from the phasing out of interest-rate benchmarks such as interbank offered rates (IBORs).

The Institute has not applied any of the new or revised Standards and Interpretations that have been published but are not yet effective for the year beginning 1 January 2019, and the Council does not plan to apply any of them until they become effective.

None of the above is expected to have a significant impact on the Institute's financial statements in the period of initial application.

c) Translation of foreign currencies

On initial recognition, all transactions are recorded in the functional currency (the currency of the primary economic environment in which the Institute operates), which is Kenya Shillings.

Transactions in foreign currencies during the year are converted into the functional currency using the exchange rate prevailing at the transaction date. Monetary assets and liabilities at the reporting date denominated in foreign currencies are translated into the functional currency using the exchange rate prevailing as at that date. The resulting foreign exchange gains and losses from the settlement of such transactions and from year-end translation are recognised on a net basis in the income statement in the year in which they arise.

d) Revenue recognition

The recognition of revenue from contracts with customers is based on the performance obligations identified in the contracts. Revenue is recognized when (or as) the Institute satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer who obtains the control of the asset:

- (i) Annual subscription fees and firm licence fee are recognized on a straight-line basis over the subscription period as members receive and consume the benefits of goods or services provided by the Institute.
- (ii) First registration fees are recognized as income on completion of application services by granting the member's status to the applicants.
- (iii) Income from seminars and workshops, member and associate activities is recognized as the services are rendered.
- (iv) Rental income is recognised on a straight-line basis over the period of the lease.
- (iv) Interest income is recognised on a time proportion basis using the effective interest method.
- (v) Audit software license income is recognised as the services are rendered.

e) Property, equipment and depreciation

All property and equipment are initially recorded at cost and thereafter stated at historical cost less accumulated depreciation and accumulated impairment. Historical cost comprises expenditure initially incurred to bring the asset to its location and condition ready for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Institute and the cost can be reliably measured. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Income Statement during the financial year in which they are incurred.

Depreciation is calculated on the straight-line basis to write down the cost of each asset, or the revalued amount to its residual value over its estimated useful life using the following rates:

NOTES (Continued)

1. Summary of Significant Accounting Policies (continued)

e) Property, equipment and depreciation (Continued)

Equipment	4 years
Computers	4 years
Furniture and fittings	10 years
Motor Vehicles	4 years

The residual value and useful lives of Property and Equipment are usually reviewed at the end of each financial year. Where expectations differ from the previous estimates, any changes are accounted for prospectively as changes in estimates.

Assets are de-recognised from the Statement of Financial Position on disposal or when it is withdrawn from use and no future economic benefits are expected from it. Gains and losses on disposal of property and equipment are determined by comparing the proceeds with the carrying amount and are considered in determining the surplus for the year.

f) Investment Property

Investment property is property held to earn rentals or for capital appreciation or both. It is a long-term investment in buildings for which an insignificant portion is occupied for own use. Investment property is initially recognised at cost and subsequently carried at fair value, based on annual valuations carried out by external independent valuers. Gains or losses arising from changes in fair value are reported in the Income Statement.

Subsequent expenditure on investment property where such expenditure increases the future economic value in excess of the original assessed standard of performance is added to the carrying amount of the investment property.

All other expenditure is recognised as an expense in the year in which it is incurred.

Gains and losses on disposal of investment property are determined by reference to their carrying amount and are considered in determining operating surplus.

g) Intangible assets - Computer Software

Computer software licences are capitalised based on the costs incurred to acquire and bring to use the specific software. These costs are amortised over the assets' estimated useful life of three years.

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Institute, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include software development staff costs and an appropriate portion of relevant overheads.

h) Impairment of non-financial assets

Internal and external sources of information are reviewed at each reporting date to identify indications that assets may be impaired, or an impairment loss previously recognised no longer exists or may have decreased.

If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount of an asset is the higher of its fair value less costs of disposal and value in use. An impairment loss is recognised in the Income Statement whenever the carrying amount of an asset exceeds its recoverable amount.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and which results in an increase in the recoverable amount. A reversal of impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to the Income Statement in the year in which the reversals are recognised.

i) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the first-in-first-out (FIFO) method. Net realisable value is the estimate of the selling price in the ordinary course of business, less the selling expenses.

j) Financial instruments

The Institute recognises a loss allowance for expected credit losses on debt instruments that are measured at amortised cost or at fair value through other income. The loss allowance is measured at an amount equal to the lifetime expected credit losses for trade receivables and for financial instruments for which:

- (a) The credit risk has increased significantly since initial recognition; or
- (b) There is observable evidence of impairment (a credit-impaired financial asset).

NOTES (Continued)

1. Summary of Significant Accounting Policies (continued)

j) Financial instruments (continued)

If, at the reporting date, the credit risk on a financial asset other than a trade receivable has not increased significantly since initial recognition, the loss allowance is measured for that financial instrument at an amount equal to 12-month expected credit losses. All changes in the loss allowance are recognised in the Income statement as impairment losses or reversal of impairment losses.

Classification

The Institute classifies its financial instruments into the following categories:

- i Financial assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows, and for which the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are classified and measured at amortised cost. These were mainly Loan and Receivables which comprise non-derivative financial assets with fixed or determinable payment that are not quoted in an active market. Loan and receivables are held for their contractual cash flows and hence are initially recognised at fair value. Subsequently, they are recognised at amortized cost using effective interest rate method, less allowance for expected credit losses.
- ii Financial assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and for which the contractual terms of the financial asset give rise on specified dates to cash-flows that are solely payments of principal and interest on the principal amount outstanding, are classified and measured at fair value through other income.
- iii All other financial assets are classified and measured at fair value through the Income statement.
- iv Financial liabilities: mainly made up of trade and other payables are initially recognised at fair value and are subsequently measured at amortised cost, using effective interest rate method.

k) Impairment of Financial Assets

The Institute recognizes loss allowances for expected credit loss on the financial instruments that are not measured at fair value through the income statement. The Institute puts into consideration the probability of default upon initial recognition of financial assets and evaluates whether there has been a significant increase in credit risk on an ongoing basis.

The Institute determines the credit risk on a financial instrument to be low if the financial instrument has a low risk of default, the debtor has a considerable capacity to meet its contractual cash flow obligations in the near future and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the debtor to fulfil its contractual cash flow obligations.

The carrying amounts of the receivables are reduced through the use of the receivable impairment charges account. Variations in the carrying amount of the receivable impairment charges account are recognized in the income statement.

The receivable is written off against the receivable impairment charges account when the Institute has no reasonable expectations of recovering the receivable. If, in a subsequent period, the amount of expected credit losses (ECL) reduces, the subsequent reversal would be adjusted to the receivable impairment charges account at the reporting date. The amount of any reversal is recognized in the income statement.

l) Cash and cash equivalents

Cash and cash equivalents include cash in hand and demand and term deposits, with maturities of three months or less from the date of acquisition, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts. In the statement of financial position, bank overdrafts are included as borrowings under current liabilities.

m) Employee benefits

Post-employment benefit obligations

The Institute operates a defined contribution staff retirement benefit scheme for its employees. The scheme is administered by ICEA Lion Kenya and is funded by contributions from both the Institute and the employees. The Institute's contributions to the defined contribution retirement benefit scheme are recognised as expense in the income statement in the year in which they relate.

m) Employee benefits (Continued)

The Institute and its employees contribute to the National Social Security Fund (NSSF), a statutory defined contribution scheme

NOTES (Continued)**1. Summary of Significant Accounting Policies (continued)**

registered under the NSSF Act. The Institute's contributions to the defined contribution scheme are charged to the income statement in the year to which they relate.

Employees' entitlements

The estimated monetary liability on accrued annual leave and gratuity are recognized as an expense in the income statement and as a liability in the statement of financial position. Changes to these estimates are recognised as an income or expense in the period in which they arise.

n) Grants

Grants are recognized as income when the Institute complies with the conditions attached to the them and there is an assurance of funds being received.

Grants are recognised in the Income Statement on a systematic basis over the periods in which the Institute recognises as expenses the related costs for which the grants are intended to compensate. Specifically, grants whose primary condition is that the Institute should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the Statement of Financial Position and transferred to the income statement on a systematic and rational basis over the useful lives of the related assets.

Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Institute with no future related costs are recognised in the income statement in the period in which they become receivable.

o) Borrowing costs

Borrowing costs, net of any temporary investment income on those borrowings that are attributable to acquisition, construction of a qualifying asset is capitalised as part of the asset.

The net borrowing cost capitalised is either the actual borrowing cost incurred on the amount borrowed specifically to finance the asset; or in the case of general borrowings, the borrowing cost is determined using the overall weighted average cost of the borrowings on all outstanding borrowings during the year less any specific borrowing directly attributable to the asset and applying this rate to the borrowing attributable to the asset.

Capitalisation of borrowing costs ceases when all activities necessary to prepare the qualifying asset for its intended use or sale are complete. All other borrowing costs are recognised in the income statement in the year in which they are incurred.

p) Advance subscriptions

Advance subscriptions (also known as deferred/unearned income) are subscription fees received from members for subsequent periods as at year end. They are recorded as a liability until the fees are due, at which time they are recognised as income.

q) Leases

On the commencement date of each lease (excluding leases with a term, on commencement, of 12 months or less and leases for which the underlying asset is of below Kshs.500,000) the Institute recognises a right-of-use asset and a lease liability.

The lease liability is measured at the present value of the lease payments that are not paid on that date. The lease payments include fixed payments, variable payments that depend on an index or a rate, amounts expected to be payable under residual value guarantees and the exercise price of a purchase option if the Institute is reasonably certain to exercise that option. The lease payments are discounted at the interest rate implicit in the lease. If that rate cannot be readily determined, the Institute's incremental borrowing rate is used.

For leases that contain non-lease components, the Institute allocates the consideration payable to the lease and non-lease components based on their relative stand-alone components.

The right-of-use asset is initially measured at cost comprising the initial measurement of the lease liability, any lease payments made on or before the commencement date, any initial direct costs incurred, and an estimate of the costs of restoring the underlying asset to the condition required under the terms of the lease.

Subsequently, the lease liability is measured at amortised cost, subject to remeasurement to reflect any reassessment, lease modifications, or revised fixed lease payments. On the other hand, right-of-use assets are subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, adjusted for any remeasurement of the lease liability.

Depreciation is calculated using the straight-line method to write down the cost of each asset to its residual value over its estimated useful life. If ownership of the underlying asset is not expected to pass to the Institute at the end of the lease term, the estimated useful life would not exceed the lease term.

Increases in the carrying amount arising on revaluation are recognised in other comprehensive income and accumulated in equity

NOTES (Continued)

1. Summary of Significant Accounting Policies (continued)

q) Leases (Continued)

under the heading of revaluation surplus. Decreases that offset previous increases of the same asset are recognised in other comprehensive income. All other decreases are charged to the income statement. Annually, the difference between the depreciation charge based on their valued carrying amount of the asset charged to the income statement and depreciation based on the asset's original cost (excess depreciation) is transferred from the revaluation surplus reserve to retained earnings.

For leases with a term, on commencement, of 12 months or less and leases for which the underlying asset is of low value, the total lease payments are recognised in the income statement on a straight – line basis over the lease period.

2. Significant Judgments and Key Sources of Estimation Uncertainty

In the process of applying the accounting policies adopted by the Institute, the Council makes certain judgements and estimates that may affect the amounts recognised in the financial statements. Such judgements and estimates are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the current circumstances. However, actual results may differ from those estimates. The judgements and estimates are reviewed at each financial reporting date to ensure that they are still reasonable under the prevailing circumstances based on the information available, and any revisions to such judgements and estimates are recognised in the year in which the revision is made.

Significant judgements in applying the entity's accounting policies

In the process of applying the Institute's accounting policies, the Council has made judgements in determining:

- whether there has been a significant increase in credit risk since the initial recognition of financial assets,
- whether assets are impaired,
- whether the investment property valuation fairly reflects current market value,
- whether the lease of the property will be renewed or not,
- how to determine the incremental borrowing rate used in the discounting of lease liabilities.

3. Risk Management Objectives and Policies

a) Financial risk management

The Institute's activities expose it to three main financial risks: credit, liquidity and market risks. Risk Management is carried out by the Audit, Risk and Compliance and Finance and Strategy committees under policies approved by the Council. The policies focus on the unpredictability of changes in the business environment and seek to minimise the potential adverse effects of such risks on the Institute's performance by setting acceptable levels of risk. The Institute has not hedged against any risks in the current year.

i) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk arises from cash and cash equivalents, as well as credit exposures to customers, including outstanding receivables.

Credit risk on trade receivables is managed by ensuring that credit is extended to customers with an established credit history. The credit history is determined by taking into account the financial position, past experience and other relevant factors. Credit is managed by setting the credit limit and the credit period for each customer.

The maximum credit risk exposure at the end of reporting period is the carrying amounts of each class of financial asset.

NOTES (Continued)**3. Risk Management Objectives and Policies****a) Financial risk management (continued)****i) Credit risk (Continued)****As at 31 December 2019**

	Kshs '000'
Trade and other receivables	91,783
Subscription debtors net of write off	30,797
Due to related party	46,241
Cash at bank	122,223
Gross carrying amount	291,044
Expected credit loss	(27,731)
Expected credit loss-related party	(46,241)
Net carrying amount	217,072

As at 31 December 2018

	Expected Credit Losses Kshs '000'
Trade and other receivables	84,858
Subscription debtors	28,990
Due to related party	46,241
Cash at bank	41,267
Gross carrying amount	201,356
Expected credit loss	(22,277)
Expected credit loss-related party	(18,854)
Net carrying amount	160,225

Credit risk exposure on the trade receivables and contract assets

31 December 2019	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	Total Kshs '000'
Expected Loss Rate	(34%)	(13%)	(30%)	(47%)	
Gross carrying amount-trade and other receivables	16,371	3,442	12,911	59,059	91,783
Gross carrying amounts-subscription debtors	-	-	-	30,797	30,797
Gross carrying amount-related party receivables	-	-	-	46,241	46,241
Expected credit loss	(5,550)	(447)	(3,873)	(64,102)	(73,972)
Net carrying amount	10,821	2,995	9,038	71,995	94,849

NOTES (Continued)

3. Risk Management Objectives and Policies

a) Financial risk management (continued)

31 December 2018	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	Total Kshs'000'
Expected loss rate	(15%)	(42%)	(36%)	(46%)	-
Gross carrying amount - trade and other receivables	14,612	2,461	7,007	60,778	84,858
Gross carrying amounts - subscription receivables	-	-	-	28,990	28,990
Gross carrying amount-related party debtors	-	-	-	46,241	46,241
Expected credit loss	(2,192)	(1,034)	(2,523)	(62,382)	(68,131)
Net carrying amount	12,420	1,427	4,484	73,627	91,573

The Institute accounts for its credit risk by providing for expected credit losses on a timely basis. Receivables are grouped based on shared credit risk characteristics and days past due. In calculating the expected credit loss rate, the Institute considers historical loss rate for each group of receivables and adjusts for forward-looking macroeconomic data.

ii) Liquidity risk

Prudent liquidity risk management implies maintaining enough cash and cash equivalents to meet obligations as they fall due. The management ensures that adequate cash reserves are maintained to pay off liabilities as they crystallise. Financial assets are held in short-term fixed deposits maturing within 3 and 12 months. The current ratio during the year was 0.53:1 (2018: 0.39:1).

The table below summarises the maturity analysis for financial liabilities to their remaining contractual maturities:

	Between 1-3 months Kshs '000'	Between 3-12 months Kshs '000'	Over 12 months Kshs '000'	Total Kshs '000'
31 December 2019				
Trade and other payables	239,169	51,997	20,283	311,449
Borrowings	-	84,718	407,380	492,098
Deferred subscription	66,703	-	-	66,703
Deferred grant income	-	-	4,293	4,293
Lease liabilities	-	2,916	8,384	11,300
	305,872	139,631	440,340	885,543
31 December 2018				
Trade and other payables	245,698	33,391	12,636	291,725
Borrowings	-	70,712	479,679	550,391
Deferred subscription	43,884	-	-	43,884
Deferred grant income	-	-	5,135	5,135
Lease liabilities	-	2,624	6,964	9,588
	289,582	106,727	501,903	900,723

NOTES (Continued)**3. Risk Management Objectives and Policies (continued)****a) Financial risk management (continued)****iii) Market risk**

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market price and comprises three types of risks: currency risk, interest rate risk and other price risk.

Interest rate risk

The Institute's interest rate risk arises from short term bank deposits and mortgage loans because of changes in market interest rates.

If the interest rates on the Institute's short-term bank deposits at the year-end were to increase/decrease by 5 percentage points, with all other factors remaining constant, the surplus for the year would be lower/higher by Kshs.2,910,000 (2018: Kshs.510,000).

If the interest rates on the Institute's borrowings at the year-end were to increase/decrease by 5 percentage points, with all other factors remaining constant, the surplus for the year would be lower/higher by Kshs.20,907,099 (2018: Kshs.24,446,240).

Currency risk

Currency risk arises on financial instruments that are denominated in foreign currency.

The Institute has no trade receivables, nor trade payables, nor borrowings which are denominated in foreign currency as at the reporting date.

b) Capital management

The Institute's objective in managing its equity is to ensure that it supports the development of its business and can continue as a going concern. The Institute is not subject to any external equity or capital requirements.

NOTES (continued)

4. Subscription income and expenses

	2019 Kshs '000'	2018 Kshs '000'
(a) Income		
Practising	22,550	20,960
Non practising	165,747	153,218
Overseas	2,899	3,124
Retired	2,640	2,850
Associate members	3,660	3,420
Subscription debtors recovered	7,268	3,703
Firm licence fees	14,931	-
New members' registration fee	42,920	44,506
	<u>262,615</u>	<u>231,781</u>
(b) Expenses		
Employees' benefit	44,835	39,565
Advocacy and international relations	12,622	13,672
Marketing	8,241	6,244
Telephone, postage, printing and stationery	1,384	1,381
ICT costs	2,353	2,107
Professional development	15,420	14,342
Publications	10,251	7,871
	<u>95,106</u>	<u>85,182</u>
(c) Impairment loss on financial assets		
Expected credit losses	5,454	14,632
Subscriptions written off	22,443	28,152
	<u>27,897</u>	<u>42,784</u>
Net subscription income	<u>139,613</u>	<u>103,815</u>

NOTES (continued)

In the year 2019, the Institute reclassified its costs to closely match incomes with their associated costs. This was done to enhance disclosure on each revenue stream.

In this regard, prior year subscription income has been adjusted to conform with changes in presentation, in the current year. These costs were reclassified from operating expenses to subscription expenses.

5. Member services**(a) Income**

	2019 Kshs '000'	2018 Kshs '000'
Monthly seminars/video sessions	316,500	262,039
Annual seminar	207,481	203,235
In house training	33,566	33,959
Executive retreat	18,329	12,115
Managerial seminar	12,856	12,361
Internal audit conference	13,149	13,924
Economic symposium	13,230	9,953
Sale of publications	4	446
	615,115	548,032

(b) Direct expenses

Monthly seminars/video sessions	260,548	256,311
Annual seminar	160,765	112,807
In house training	7,971	10,741
Executive retreat	15,141	17,571
Managerial seminar	8,287	7,730
Internal audit conference	8,770	7,561
Economic symposium	8,526	9,911
	470,008	422,632
Income net of direct expenses	145,107	125,400

NOTES (continued)

Prior year member services expenses have been adjusted to conform with the presentation adopted in the current year. The new presentation enhances disclosure on each revenue stream by matching it to corresponding expenses. The table below outlines items reclassified from operating expenses.

Member services expenses in the financial statements for the year ended 31 December 2018		Kshs '000'
		271,718
Items reclassified from operating expenses		
Employee benefit		138,477
Advocacy and international relations		5,130
Telephone, postage, printing and stationery		4,144
IT costs		2,107
Audit expenses		1,056
		150,914
Member services expenses reported		422,632

6. CPA Centre rental income

	2019 Kshs '000'	2018 Kshs '000'
(a) Gross rental income	40,178	31,328
Rental expenses		
Service charge for unoccupied space	(8,260)	(11,462)
Gross letting commission	(1,366)	(2,089)
Salary	(9,875)	(8,790)
Total rental expense	(19,501)	(22,341)
(b) Interest on mortgage (Note 7)	(59,154)	(65,264)
Net rental loss after finance cost	(38,476)	(56,277)

7. Finance cost

Interest on mortgage	59,154	65,264
Interest on lease liability (Note 26)	1,498	868
	60,652	66,132

Prior year finance cost figures were restated to include Interest on Lease Liability. This was in line with the new IFRS 16 adopted by ICPAK on 1 January 2019. The detailed impact of adoption of IFRS 16 has been outlined in Note 35.

8. Social responsibility activities

	2019 Kshs '000'	2018 Kshs '000'
a) Income		
Golf tournament	2,868	2,909
b) Expenses		
CSR activities	(1,536)	(1,299)
Surplus from social responsibility activities	1,331	1,610

NOTES (continued)

Social responsibility income is the net proceeds from annual charity golf tournament and other CSR activities. These proceeds are utilised in funding various corporate social responsibility activities including educating needy students.

	2019 Kshs '000'	2018 Kshs '000'
9. Operating expenses		
Employee benefits (Note 29)	22,417	19,782
Advocacy and international relations	25,778	27,135
Governance	52,348	47,700
Marketing	4,104	4,150
Legal fees	8,443	4,580
Telephone, postage, printing and stationery	1,384	1,381
Shared services	3,471	3,368
Staff meetings and welfare	7,665	15,241
IT costs	7,059	6,322
Depreciation and amortisation	19,180	16,479
Impairment of receivables	221	6,290
Bank charges	3,837	4,248
FiRe award	2,000	2,000
Insurance	2,859	1,592
External audit fees	1,122	1,122
Utilities	3,946	175
Service charge	6,127	6,127
	171,961	167,693

Other than the reclassifications outlined in notes 4(b) and 5(b), the retrospective adoption of IFRS 16 also had an impact on prior year operating expenses. The following table provides a reconciliation of prior year operating expenses. The impact of IFRS 16 has been detailed in Note 35.

	Note	Kshs '000'
Operating expenses in the financial statements for the year ended 31 December 2018		446,945
Items reclassified to: -		
Subscriptions	4(b)	(127,966)
Member services expenses	5(b)	(150,914)
Impact of IFRS 16 on: -		
Depreciation and amortization		1,453
Utilities		(1,825)
Operating expenses after reclassification		(279,252)
		167,693

NOTES (continued)

10. Grants

Business advocacy fund (BAF) grant

ICPAK received a grant of Kshs.12,337,500 from BAF to support development of Income Tax Act Policy. Most of the activities envisioned in the grant have already been implemented. The Institute is still on course to finalize remaining program objectives.

	2019 Kshs '000'	2018 Kshs '000'
At 1 January	5,135	(48)
Receipts	-	5,465
Operating expenses	(842)	(282)
At 31 December	4,293	5,135
11. Other income		
(Loss)/gain on disposal on property and equipment	(369)	48
Investment Income	-	377
Sale of publications and other miscellaneous income	1,547	(119)
Software subscriptions	1,911	-
	3,089	306

In the year 2019, there was no interest income arising from the Institute's general operations. The funds invested were from benevolent and investment income arising therefrom is disclosed under benevolent funds in Note 24 (c).

12. Property and equipment

(a) For the year ended 31 December 2019

	Motor vehicle Kshs '000'	Equipment Kshs '000'	Computer Kshs '000'	Furniture and fittings Kshs '000'	Total Kshs '000'
Cost/valuation					
At 1 January 2019	9,237	12,485	18,030	88,053	127,805
Additions	-	1,784	3,733	2,776	8,293
Disposals	-	-	(776)	-	(776)
At 31 December 2019	9,237	14,269	20,987	90,829	135,322
Accumulated depreciation					
At 1 January 2019	1,237	10,959	12,349	19,521	44,066
Disposals	-	-	(290)	-	(290)
Charge for the year	1,847	794	2,975	8,732	14,348
At 31 December 2019	3,084	11,753	15,034	28,253	58,124
Net carrying amount					
At 31 December 2019	6,153	2,516	5,953	62,576	77,198

NOTES (continued)**12. Property and equipment (continued)****(b) For the year ended 31 December 2018**

	Motor vehicle Kshs '000'	Equip-ment Kshs '000'	Computer Kshs '000'	Furniture and fittings Kshs '000'	Total Kshs '000'
Cost/valuation					
At 1 January 2018	-	11,207	14,537	83,415	109,159
Additions	9,237	1,278	3,665	4,638	18,818
Disposals	-	-	(172)	-	(172)
At 31 December 2018	9,237	12,485	18,030	88,053	127,805
Accumulated depreciation					
At 1 January 2018	-	10,415	9,376	11,180	30,971
Disposals	-	-	(126)	-	(126)
Charge for the year	1,237	544	3,099	8,341	13,221
At 31 December 2018	1,237	10,959	12,349	19,521	44,066
Net carrying amount					
At 31 December 2018	8,000	1,526	5,681	68,532	83,739

In the year ended 31 December 2019, there was no property and equipment pledged as security for liabilities or restricted for use. Further, the Carrying Amounts were not materially different from their Fair Values and no funds were received from third parties, as compensation for Property and Equipment impaired, lost or given up.

Furniture and fittings were revalued in the year 2014; the revaluation surplus was included in of equity. Each year some revaluation surplus is transferred to the general fund as furniture and equipment are depreciated. The amount transferred is the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset. The table below shows the amount of surplus transferred in the year.

	Furniture, fittings and equipment Kshs '000'
At 1 January 2019	466
Transfer of excess depreciation	(117)
At 31 December 2019	349
At 1 January 2018	583
Transfer of excess depreciation	(117)
At 31 December 2018	466

If the furniture and fittings were stated on the historical cost basis, the carrying values would be as follows:

	Furniture and fittings Kshs '000'
Net carrying amount	
At 31 December 2019	80
At 31 December 2018	680

NOTES (continued)

13. Investment property

	2019 Kshs '000'	2018 Kshs '000'
As at 1 January	1,620,000	1,600,000
Addition	-	617
Fair value adjustments	(131,000)	19,383
As at 31 December	1,489,000	1,620,000

Rental income net of direct expenses such as repairs and maintenance from investment property is recognised in the Income statement. These are disclosed under note 6.

The fair value of the investment property as at 31 December 2019 has been arrived at on the basis of valuation carried out on 18 December 2019 by Joe Consultants Ltd, an independent registered valuer. In the Council's opinion there were no material changes in the fair value between 18 December 2019 and 31 December 2019.

The valuation conforms to international valuation standards. The fair value was determined based on the market value approach that reflects recent transaction prices of similar properties. In estimating the fair value of the property, prevailing market conditions in the commercial property industry were considered and it was assumed that the lease of the land will be renewed at minimal cost.

Details of the Institute's investment property and information about the fair value hierarchy as at 31 December 2019 are as follows.

Non-financial asset	Fair value as at 31 December 2019	Fair value hierarchy	Valuation technique(s) and key inputs	Significant unobservable inputs	Relationships of unobservable inputs to fair value
Investment property	1,489,000,000	level II	Open market value basis-highest and best use model	Not applicable	Not applicable

There were no transfers between level I, II and III during the year ended 31 December 2019 and 31 December 2018.

14. Intangible assets (Computer Software)

	2019 Kshs '000'	2018 Kshs '000'
Cost		
At 1 January	12,282	11,171
Additions	3,784	1,111
At 31 December	16,066	12,282
Amortization		
As at 1 January	9,942	8,138
Charge for the year	2,008	1,804
At 31 December	11,950	9,942
Net carrying amount	4,116	2,340

The life of intangible assets held by the Institute is finite.

NOTES (continued)**15. Right of use assets**

	2019 Kshs '000'	2018 Kshs '000'
Cost		
At 1 January	11,510	2,344
Additions	3,923	9,166
At 31 December	15,433	11,510
Amortization		
At 1 January	2,756	1,302
Charge for the year	2,823	1,453
At 31 December	5,579	2,755
Net carrying amount	9,854	8,755

The Institute leases various offices that house ICPAK branches. The leases for these branch offices are typically for periods of between two and six years, with options to renew. None of the leases contains any restrictions or covenants other than the protective rights of the lessor or carries a residual value guarantee.

The right of use assets was recognised on adoption of IFRS 16 whose impact has been outlined under Note 35.

16. Other receivables

	2019 Kshs '000'	2018 Kshs '000'
VAT recoverable on construction	115,501	105,501

VAT Recoverable arose during the construction of CPA Centre Building. Recovery is continuously done from VAT arising from rental income.

17. Investment in CPA Centre Limited

	2019 Kshs '000'	2018 Kshs '000'
Investment in CPA Centre Limited	50	50

18. Inventories

	2019 Kshs '000'	2018 Kshs '000'
Seminar materials	15,688	29,033

NOTES (continued)
19. Trade and other receivables

Subscription receivables

Expect credit loss

Subscription write-off

Net subscription receivables

VAT recoverable on construction

Other receivables

Deposits and prepayments

Staff receivables

2019 Kshs '000'	2018 Kshs '000'
53,240	57,144
(27,731)	(22,277)
(22,443)	(28,152)
3,066	6,715
12,654	24,886
59,716	41,815
11,169	10,755
8,244	7,402
94,849	91,573

20. Fixed deposits

Fixed deposits

2019 Kshs '000'	2018 Kshs '000'
58,200	10,200

The fixed deposit amounts relate to benevolent funds that were invested during the year. The investment income arising therefrom has been disclosed under Benevolent Funds Note 24 (b). These fixed deposits have a maturity term of three -months rolling over with an average interest rate of 8.37% per annum.

21. Cash and bank balances

Cash at bank

2019 Kshs '000'	2018 Kshs '000'
64,023	31,067

For purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand and deposits held at call with banks. As at 31 December 2019, there were no cash and cash equivalents that were subject to restrictions, thus not available for use.

22. Designated funds

At 1 January 2019

Transfer to general fund

At 31 December 2019

At 1 January 2018

Transfer to general fund

At 31 December 2018

Bursary fund Kshs '000'	Charity fund Kshs '000'	Total Kshs '000'
4,468	3,959	8,424
1,331	-	1,331
5,799	3,959	9,755
2,858	3,959	6,814
1,610	-	1,610
4,468	3,959	8,424

NOTES (continued)**23. Borrowings**

	2019 Kshs '000'	2018 Kshs '000'
Net borrowings	418,142	488,925
The borrowings are analysed as follows:		
Current portion	57,894	64,430
Non-current portion	360,248	424,495
	418,142	488,925
Loan balance as at 1 January	488,925	444,267
Loan drawdown	-	100,502
Loan repayment	(70,783)	(55,844)
Loan balance as at 31 December	418,142	488,925

Borrowings relate to a construction loan facility from Standard Chartered Bank Kenya Limited amounting to KShs.625 million for part financing of construction of the ICPAK Complex in September 2014. The loan is secured by a fixed charge over the CPA Centre building with a tenure of 10 years and interest at 13% on amounts drawn down as per the contractor's certificates. Principal and interest are payable monthly.

As at 31 December 2019, a total of Kshs 616.2 million had been drawn down and the interest rate charged in 2019 was 13%.

24. Trade and other payables**a) Trade payables and accruals**

	2019 Kshs '000'	2018 Kshs '000'
Payroll liabilities	11,700	8,190
Advance receipts	84,895	70,076
Rent deposits	6,446	6,053
Deferred rent	3,607	5,216
Service charge	13,360	10,416
Gratuity	20,318	11,661
Benevolent fund (24 b)	69,050	43,941
FiRe award fund	2,706	1,952
Related party	524	524
	311,449	291,725

NOTES (continued)
b) Special fund-benevolent fund

	2019 Kshs '000'	2018 Kshs '000'
Balance at 1 January	43,941	22,423
Interest income	2,393	-
Members contributions	27,932	27,018
Benevolent claims	(1,795)	(1,655)
Benevolent write offs	(3,421)	(3,845)
Balance at 31 December	69,050	43,941

c) Represented by: -

Fixed deposits	58,200	10,200
Cash and cash equivalent	6,266	30,825
Contributions receivables	4,584	2,916
	69,050	43,941

The benevolent fund was established pursuant to a members' resolution at the 38th Annual General Meeting and in congruence with Section 5 Part II of the Accountants Act. No. 15 of 2008. The fund supports members and members' families:

- In the event of loss of the member
- In the event of loss of the member's spouse
- In the event of loss of any of the four enrolled minor primary dependents of a member

The interest income is attributed to benevolent funds invested in fixed deposits, for a one-year term at an average interest rate of 8.37 percent per annum.

25. Deferred subscriptions

Deferred subscriptions

2019 Kshs '000'	2018 Kshs '000'
66,703	43,884

Deferred subscriptions relate to subscription income for the succeeding year received in advance in the current year.

26. Lease liability
a) Lease movement

	2019 Kshs '000'	2018 Kshs '000'
Lease taken	3,923	11,510
Lease payments	(3,709)	(3,617)
Interest on lease (Note 26(b))	1,498	1,695
Net lease movement	1,712	9,588

b) Interest on lease

Adjustments to opening general funds	-	827
Charge for the year (Note 7)	1,498	868
	1,498	1,695

c) Lease liability

Opening balances - 1 January	9,588	-
Net lease movement (Note 26(a))	1,712	9,588
Closing balances at 31 December	11,300	9,588

NOTES (continued)

The lease liability is one of the impacts of IFRS 16 adoption as detailed under Note 35. The operating lease rentals recognized in the income statement under IAS 17 were reversed and converted to lease payments in line with IFRS 16.

	2019 Kshs '000'	2018 Kshs '000'
The Lease Liability is analysed as follows		
Current portion	2,916	2,624
Non-current portion	8,384	6,964
	11,300	9,588
The lease liability payment is analysed as follows		
Payments of principal portion of the lease liability	2,211	1,922
Payments of interest portion of the lease liability	1,498	1,695
	3,709	3,617

27. Financial assets and liabilities

The table below shows analysis of financial instruments recorded at the carrying amounts which are the reasonable approximation of fair value.

	Level I Kshs '000'	Level III Kshs '000'
At 31 December 2019		
Financial assets		
Subscription receivables	-	3,066
Other receivables	-	91,783
Fixed deposits	58,200	
Cash at bank	64,023	-
Gross financial assets	122,223	94,849
Financial liabilities		
Borrowings	-	418,142
Total payables	311,449	-
Lease liability	11,300	
Deferred grant income	4,293	
Deferred subscriptions	66,703	-
Gross financial liabilities	393,745	418,142
At 31 December 2018		
Financial assets		
Subscription receivables	-	6,715
Other receivables	-	84,858
Cash at bank	41,267	-
Gross financial assets	41,267	91,573

NOTES (continued)

Financial liabilities

Borrowings

Total payables

Lease liability

Deferred grant income

Deferred subscriptions

Gross financial liabilities

Level I Kshs '000'	Level III Kshs '000'
-	488,925
291,725	-
9,588	-
5,135	-
43,884	-
350,332	488,925

28. Related party balances and transactions

The Institute is the sponsor/founder of KCA University. In accordance with the Universities Act, the assets and liabilities are held through a Board of Trustees for the benefit of University Education.

In the year ended 31 December 2019, there were no transactions that took place between the Institute and KCA University; there were no guarantees given or received.

The following are the outstanding related party balances as at 31 December 2019.

a) Due from related parties

Due from KCA University

Expected credit loss (28(c))

2019 Kshs '000'	2018 Kshs '000'
46,241	46,241
(46,241)	(18,854)
-	27,387

b) Due to related parties

Due to KCA University

Due to CPA Centre Limited

2019 Kshs '000'	2018 Kshs '000'
524	524
50	50
574	574

No interest has been charged against any related party balances in the year ended 31 December 2019 (2018: Nil). Further Kshs.27,387,000 (2018: Kshs.3,036,000) was provided, in the year under review, as expected credit loss on amount due from related party.

c) Movement in expected credit loss for related party

Opening balance as at 1 January

Expected credit loss for the year

Balance as at 31 December

2019 Kshs '000'	2018 Kshs '000'
18,854	15,818
27,387	3,036
46,241	18,854

d) Key management compensation

Salaries and other short-term benefits

Post-employment benefits

2019 Kshs '000'	2018 Kshs '000'
34,173	35,713
7,558	14,207
41,731	49,920

e) Council remuneration

f) Committee remuneration

2019 Kshs '000'	2018 Kshs '000'
5,301	4,096
4,032	5,828

NOTES (continued)**g) ICPAK-KCAU-Maarifa partnership**

At the Special General Meeting of ICPAK held on 11 March 2015, ICPAK members approved ICPAK-KCAU-Maarifa partnership. The partnership allows KCA University (KCAU) to enter into a long-term strategic partnership with Emerging Capital Partners (ECP) and Maarifa Education Holdings (Maarifa).

ICPAK and its members are not required to make any financial investment or commitment to KCAU or KCA Education (KCAE). KCAE is the new service Institute that was created to provide ongoing services to KCAU. ICPAK negotiated to own 25% of the ordinary share capital of KCAE in recognition of its role as sponsor and its expected ongoing strategic support and input.

ICPAK and Maarifa will control KCAE jointly with a ratio of 25%:75% shareholding, respectively. The principal role of KCAE is to undertake all non-academic (non-degree-focused) operations and financial services for KCAU. KCAE will manage non-academic functions such as enrolment management, marketing, accounting and financial management. ICPAK and KCA University were to facilitate the completion of the transaction hence agreed to share the transaction costs of the financial advisor and the transactional lawyers. During the year, no additional costs were incurred or settled.

National Treasury reviewed the transaction documents and gave direction on the partnership. The KCA Board of Trustees and ICPAK Council have reviewed the direction from National Treasury and the decision to explore alternative options has been approved.

29. Employee benefits

	2019 Kshs '000'	2018 Kshs '000'
Salaries and wages	17,329	15,905
Medical expenses	1,560	1,462
Pension costs	670	667
Group life	103	103
Staff gratuity	756	742
Leave allowances	104	101
Other staff costs	255	177
Subscriptions	57	85
Recruitment costs	358	204
Staff training	1,225	336
	22,417	19,782

The prior year employee benefits were realigned to conform with the presentation adopted in the current year. Details of the adjustments made have been outlined in Notes 4, 5 (b) and 9.

30. Income tax

The Institute's membership and subscription income are exempt from Income tax under section 13(2) of the Income Tax Act (Cap. 470) and legal notice No. 168 of 22 October 1980. However, the Institute's rental income is taxable at a rate of 30% and the fair value gains on the Investment Property are subject to Capital Gain Tax (5%).

Tax expense for rentals, therefore, is the aggregate amount of current and deferred taxation. Current and deferred taxes are recognised as income or expense in the income statement except to the extent that the taxes relate to items recognised outside the income statement, either in other comprehensive income or directly in equity. Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantively enacted at the end of the reporting period.

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the carrying amounts of assets and liabilities in the financial statements and the amounts attributed to those assets and liabilities for taxation purpose.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences and unabsorbed tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the assets can be utilised.

NOTES (continued)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that the related tax benefits will be realized. The deferred tax only relates to the investment property.

Deferred tax asset movement

	Percentage rate %
Applicable tax rate	5
Deferred tax (asset)/liability movement	
At 1 January 2019	
Deferred tax credit for the year	
At 31 December 2019	
At 1 January 2018	
Prior year adjustment on deferred tax due to change in tax rate	
Deferred tax expense for the year	
Deferred tax credit charged to the income statement	
At 31 December 2018	

Kshs '000'
1,579
(6,550)
(4,971)
3,660
(3,050)
969
(2,081)
1,579

31 Capital commitment

	2019 Kshs '000'	2018 Kshs '000'
Total commitment	1,164,095	1,164,095
Paid towards the construction	(1,164,095)	(1,162,628)
	-	1,467

Commitment balance in the previous year related to retention on construction of Investment property recognized under note 13. These commitments were fully settled after expiry of defect liability period.

32. Comparatives

Where necessary comparative figures have been adjusted to conform to changes in presentation in the current year. The change was adopted to enhance disclosure as detailed in notes 4, 5, 9 and 29.

a) 33. Nature and purpose of reserves

General reserve - Comprises accumulated surplus from operations and other comprehensive income (when available). In the year under review, the Institute applied full retrospective approach in the implementation of the new IFRS 16. This had an impact on the balances presented in the 2018 financial statement. The following is the reconciliation between the Reported and Adjusted opening balance for the year ended 31 December 2018.

Impact of IFRS on opening general fund

	2018 Kshs '000'
Opening balance	1,051,943
Opening balance adjustments	
Depreciation	(1,302)
Interest on lease liability	(826)
Lease rentals reversed	1792
Adjusted opening balance	1,051,607

b) Revaluation reserve - Constitute accumulated amounts arising from fair value adjustments of property and equipment

NOTES (continued)

34. Events after balance sheet

An outbreak of a Coronavirus which causes COVID19 has spread throughout the world, leading to the World Health Organization (WHO) declaring it a pandemic. Various countries in Africa have introduced measures in an attempt to prevent the spread of the virus, these measures continue to negatively affect operations of all sectors of the economies in general. In Kenya, the government has also implemented various measures aimed at mitigating spread of the disease. ICPAK is closely monitoring the impact of these measures to its operations, even as we adhere to them including the Secretariat working from home and conducting meetings remotely.

Going concern

ICPAK being a professional membership organization will adversely be affected by the raft of measures being implemented by the Kenya government to control the spread of COVID19. Largely, all these measures will affect the Institute's operations, but those with greater impact include banning of all public gatherings, including trainings and conferences and suspension of local and international travels. These will significantly affect Institute's CPD events revenues that accounts for over 60% of its annual incomes. In addition, the negative effects that COVID19 poses to all sectors of the economy is expected to affect collection of year 2020 subscription from members. Considering subscriptions income contributes to about 30% of ICPAK's total revenues per year, this will have a negative financial impact. To mitigate these, ICPAK has instituted a virtual learning curriculum, consisting of webinars, online trainings and video sessions. In addition, the Institute is also implementing cost cutting measures that will ensure that only critical services are retained and paid for. At this stage we do not see the current situation affecting the going concern of ICPAK for the year ending 31 December 2020, but the situation is being closely monitored. The impact of this pandemic is however expected to last a few years.

35. Impact on implementation of IFRS 16

This note explains the impact of the adoption of IFRS 16 Leases on the Institute's financial statements.

The Institute leases various offices that houses ICPAK branches. The leases for these branch offices are typically for periods of between two and six years, with options to renew. None of the leases contains any restrictions or covenants other than the protective rights of the lessor or carries a residual value guarantee.

ICPAK adopted IFRS 16 retrospectively from 1 January 2019 and restated comparatives for the year ended 2018. The classifications and the adjustments for prior-prior year were recognised in the opening balance sheet on 1 January 2018.

The new accounting policies are disclosed in note 1(b). On adoption of IFRS 16, the Institute recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the lease payments, discounted using the lessee's incremental borrowing rate. The lessee's incremental borrowing rate applied to the lease liabilities was 13%.

Adjustments recognized in the balance sheet

	2019 Kshs '000'	2018 Kshs '000'
Right of use	9,854	8,755
Lease liability	11,300	9,588
Operating lease rental expenses transformed to lease payments	-	3,617

The associated right-of-use assets for operating leases were measured on a retrospective basis as if the new rules were in place on inception of the leases. Further, the operating lease rentals (previously charged to the Income Statement) were reversed and used to reduce the lease liability in line with IFRS 16. Out of the Kshs.3,617,000 lease payments, Kshs.1,825,000 related to 2018 while the rest was adjusted in the opening retained earnings of 2018 as it related to prior years.

NOTES (Continued)**35. Impact on implementation of IFRS 16 (continued)****Adjustments recognized in the balance sheet**

	2019 Kshs '000'	2018 Kshs '000'
Increase in finance cost	1,498	868
Increase in depreciation and amortisation expenses	2,824	1,453
Reversed previous operating lease rentals	-	1,825

In compliance with IFRS 16, the Institute recognized interest on Lease Liability, Depreciation on Right-of-use Assets. Further, the operating lease rentals recognized in the Income Statement under IAS 17 were reversed and were converted to lease payments in line with IFRS 16.

NOTES



NOTES



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