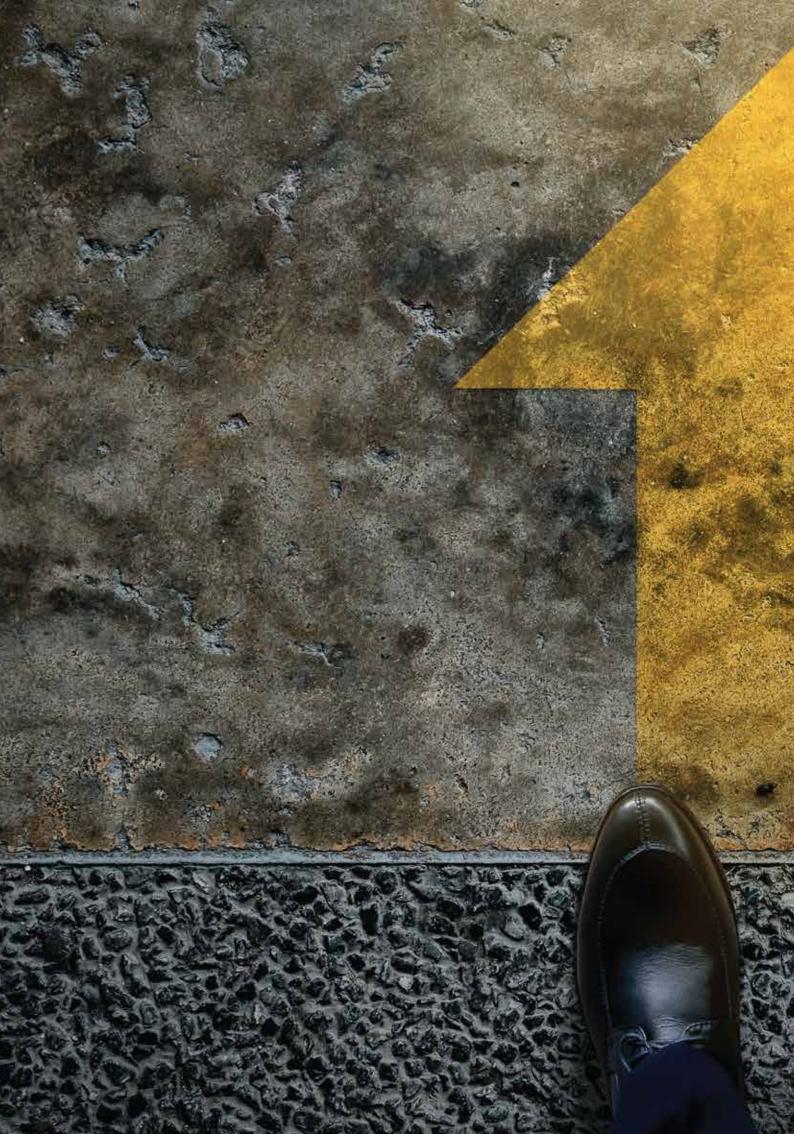


ANNUAL REPORT 2020

WEATHERING THE STORM IN THE EYE OF THE COVID PANDEMIC

CO CO





The Institute of Certified Public Accountants of Kenya is a statutory body of Accountants with the mandate to develop and regulate the Accountancy profession in Kenya. The Annual Report provides a presentation of the year 2020. It highlights operation and strategic activities that shaped the year.

In retrospect, 2020, was significantly disrupted by the COVID-19 pandemic. The uncertainties and challenges that obliterated businesses, affected livelihoods, clogged international trade, led to revenue losses for both micro and macro enterprises and led to substantial loss of lives. The business environment was hemmed in a state of limbo with little assurance about what was ahead. The COVID-19 pandemic created an unprecedented challenge for the Institute as highlighted in this report.

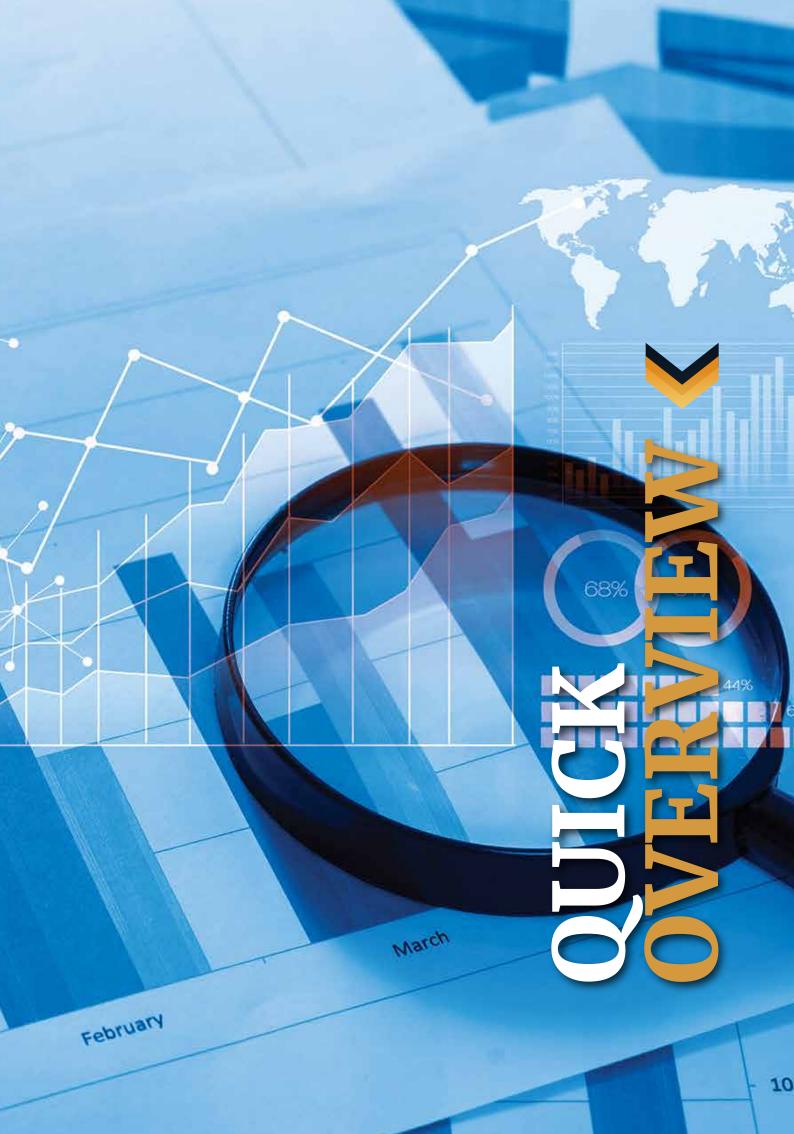
Nevertheless, it is enlivening to note that the Institute successfully reinvigorated, through adaptation of a well thought-out six months' strategy that saw it navigate and surmount this difficulty period. Through the stewardship of it's leadership, the Institute withstood and withered the tempest. Like mythical Phoenix bird, the Institute remains vigilant to the unfolding uncertainties that continues to be caused by the COVID-19 Pandemic. Further, the Institute remains focussed and committed to its strategy of delivering consistent growth. I hope you will find content herein enlivening, informative and engaging.

On behalf of the editorial team, allow me to thank the Chairman and the entire Council for their timely and though-provoking leadership that ensured we produced a quality Annual Report. I also extend appreciation to the Chief Executive Officer for his guidance and support that he rendered to the editorial team.

Finally, I wish to thank the entire editorial team for their invaluable contributions which made this publication possible.

CPA Dr. Grace Kamau Chairman-Editorial Committee

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GROWING PROFESSIONAL

MEMBERSHIP



In the year 2020, the Institute registered 2,243 new members. This increased total active membership to 22,908; 20,933 full members and 1,975 associate members.

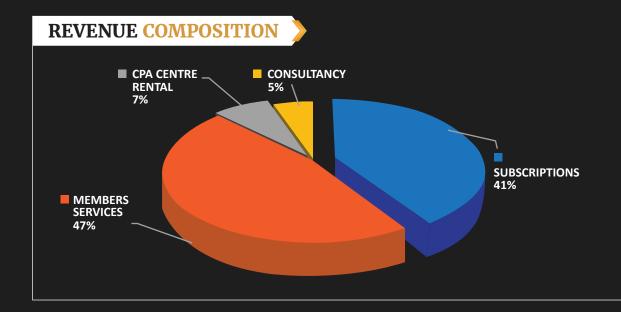


TOTAL REVENUE TREND



In 2020, ICPAK registered Kshs. 669 million in revenue. This was despite the COVID-19 pandemic that disrupted most of the institute's operations. However this was a 28% decline in comparison with the previous year, when Kshs. 922 Million in revenue was recorded.



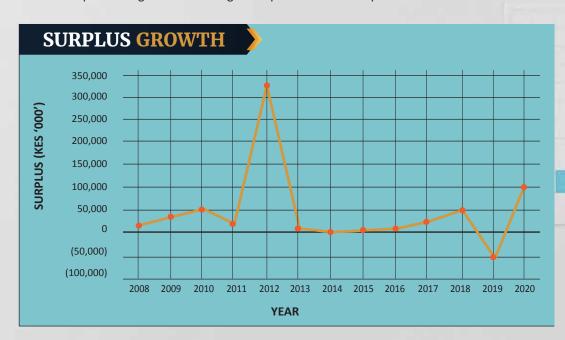


SURPLUS PERSPECTIVE





In the year 2020, despite the decline in total revenue, ICPAK achieved a surplus of Kshs 99.6 million; 312% growth from the previous year. The continued growth in surplus is attributed to the good stewardship, agile team structure, consistent membership growth, diversification of revenue and thrift financial management. These enabled the Institute to continue implementing financial strategies despite the COVID-19 pandemic.





TOTAL ASSETS



The Institute continued to realize growth in its total assets. Total assets grew by 7% compared to the previous year. The CPA Centre building remains a major asset of the Institute.







GLOBAL LEADERSHIP



ICPAK is a member of the International Federation of Accountants (IFAC) and the 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 is represented in IFAC Board and its three committees namely: International Accounting Educational 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 Public Accounting Organizations (PAOs) in Africa to improve their ICT infrastructure. In its endeavor to maintain its global leadership and in line with its vision to be a World Class Professional Accountancy Institute, ICPAK continued to engage other global institutions through signing of MRAs and MoUs.

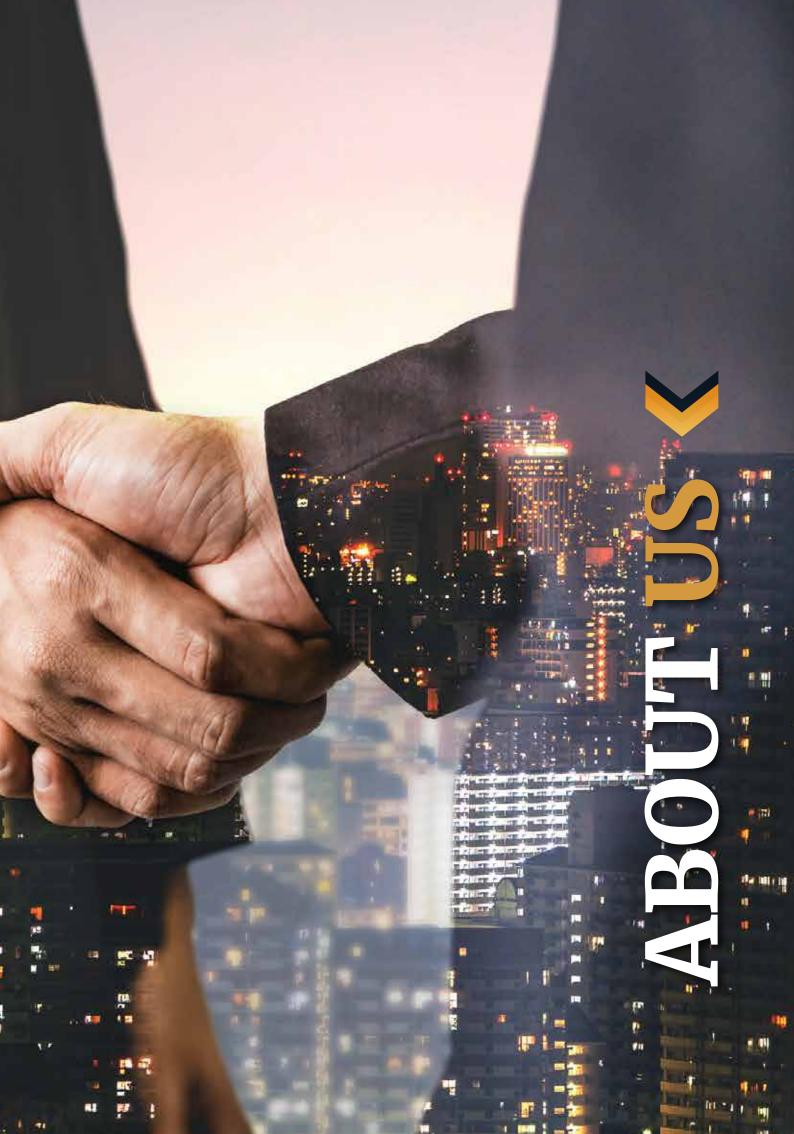
ACCOUNTANCY REGULATION



As the governing body, the Institute has the responsibility to promote, review and enforce high standards of service and performance. The Institute enables members to attain professional requirements and meet their compliance obligations, through training on Professional Development, Accountancy Quality Assurance (AQA) and Disciplinary Process.







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 PLAN 2020

Vision Statement

A world class Professional Accountancy Institute.

Mission Statement

To 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 recognize 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 Institute draws its powers from the Accountants Act (No 15) of 2008. Section 8 of the Act spells out its functions as follows:

- (a) Promote standards of professional competence and practice amongst members of the Institute;
- (b) Promote research into the subjects of

- accountancy and finance and related matters, and the publication of books, periodicals, journals and articles in connection therewith:
- (c) Promote the international recognition of the Institute;
- (d) Advise the Examinations Board on matters relating to examinations standards and policies;
- (e) Advise the Minister on matters relating to financial accountability in all sectors of the economy;
- (f) Carry out any other functions prescribed for it under any of the other provisions of this Act or any other written law;
- (fa) prescribe the remuneration order for the accountancy profession with the approval of the Cabinet Secretary responsible for finance; and
- (g) Do anything incidental or conducive to the performance of any of the preceding functions.

The Role of the Council

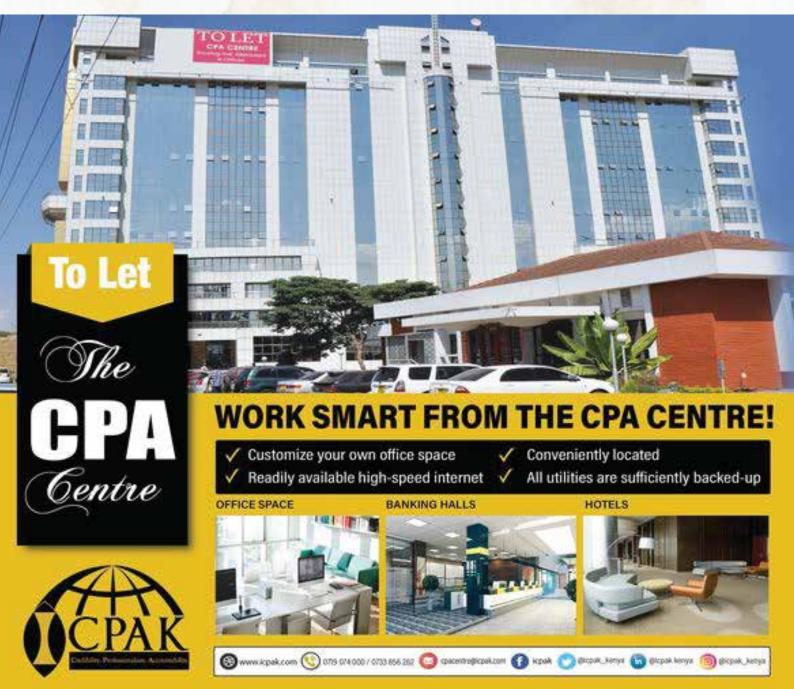
The Council is the governing body of ICPAK and is responsible for the overall control, direction and governance. It comprises non-executive members including the chairman and six members elected from among the Institute's membership. In addition, two members of the Council are nominated by the Cabinet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

The Role of The Council

The role of the Council is spelt out under Section 9 of the Accountants Act to include;

- Issuance of 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. Issuance of by-laws, regulations and guidelines to govern matters affecting the operations of the Institute.
- Other functions and roles of the Council include:

- iii) **Strategic Leadership:** Approving, monitoring and guiding the implementation of the Institute's Strategic plan.
- iv) Performance Evaluation: Setting performance target and reviewing of the Institute's results to ensure the achievement of the operational plans.
- v) Integrity of Financial Reporting: 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: 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 43RD ANNUAL GENERAL MEETING

REVISED NOTICE OF AND AGENDA FOR THE 43RD ANNUAL GENERAL MEETING OF THE INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS OF KENYA TO BE HELD ON FRIDAY THE 4THJUNE 2021 VIRTUALLY AND PHYSICALLY FROM PANAFRIC HOTEL, VALLEY ROAD, NAIROBI.

NOTICE IS HEREBY given that the 43rd Annual General Meeting of the Institute of Certified Public Accountants of Kenya will be held physically from Pan Afric Hotel, Valley Road, Nairobi and via electronic communication, on Friday, 4th June, 2021 at 10:00 am to transact the following business:

ORDINARY BUSINESS

- 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 42nd Annual General Meeting and consider matters arising therefrom.
- 3. To receive and adopt the Council Report for the year 2020.
- 4. To receive, consider and approve the Annual Report and Financial Statements of the Institute for the year ended 31st December 2020 together with the Auditor's Report thereon.
- 5. To consider and approve Council to appoint the Independent Auditor of the Institute for the financial year ending 31st December 2021 and authorize the Council to fix the remuneration of the Auditor.
- 6. To Present the elected Chairman of the Institute in accordance with Section (7) of the Act and Section (1) of the First Schedule and Council Members in accordance with Section (5) of the First Schedule and Section (1) of the Second Schedule of the Accountants Act 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 27th May, 2021 via mail to ceo@icpak.com or hard copy addressed to CEO and Secretary to Council.



By order of Council CPA Edwin Makori Secretary to Council and Chief Executive Officer 20th May 2021

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 31st May, 2021 at CPA Centre, Thika Road, Nairobi.

NOTES:

Due to ongoing Government of Kenya restrictions on public gatherings, members of the Institute will not be able to attend the Annual General Meeting in person but will be able to register for, access information pertaining to the proposed business, follow the meeting and vote electronically or by proxy as follows:

- 1. Members wishing to participate in the meeting should register for the AGM via the following link: https://www.icpak.com/event/43rd-annual-general-meeting/
- 2. The process and access guide to the platform is available on the following link: https://www.icpak.com/access-guide-for-icpak-virtual-agm/
- 3. Registration for the AGM opens on Monday 31st May 2021 at 9:00 am and will close on Thursday 3rd June 2021 at 5.00pm
- 4. All the documents may be viewed on the Institute's website, www.icpak.com.
- 5. Members wishing to raise any questions or clarifications on the agenda items as shared on the Institute website during the AGM may do so on or before Friday 28th May, 2021 at 5:30 pm by: (a) sending their written questions by email to ceo@icpak.com; or (b) to the extent possible physically delivering or posting their written questions with a return physical, postal or email address to the Institute of Certified Public Accountants of Kenya, P.O. Box 59963-00200 CPA Center, Ruaraka, Thika Road, Nairobi, Kenya.
- 6. The AGM will be streamed live via a link which shall be provided to all members who will have registered to participate in the AGM.









MESSAGE FROM CHAIRMAN



Introduction

Dear members, in the last 18 months, the country has faced a multitude of threats and challenges that have been brought by the Covid-19 pandemic. 2020 can be perfectly described in the term coined by the Romans, Annus Horribilis! The emergence of the corona virus and the related COVID-19 pandemic first reported in Wuhan China in December 2019 has brought untold misery to the world.

At the Institute, we began the year 2020 with great aspirations for achieving our corporate and individual targets. However, with the advent of COVID-19 our operations were greatly disrupted by the containment restrictions from March 2020 to October 2020 when partial lockdowns were relaxed by the government. The containment measures resulted in an initial 70% decline in our revenues given that bulk of our income comes from physical trainings and related activities.

The Institute quickly recalibrated its operations to survive the emerging challenges. The Council embraced a work from home model that helped to safeguard the wellbeing of Council and Staff members from the pandemic.

As we settle into what is now deemed to be our new "normal", as an Institute, we must assess how our strategy fared, how our people and processes adapted, and how service quality and commitment to our members has helped us respond, recover, and thrive under the strain of extraordinary circumstances.

ICPAK has an opportunity not only to help repair the accounting profession, but also to reshape a better economy—and an established track record that says we can make it a reality. It is worthwhile to note that several key milestones were achieved in different areas of our operations as highlighted below.

Sustainability

The Council and Staff agility ensured that ICPAK remained afloat through adoption of technologies that were pragmatic, convenient and secure ensuring seamless interactions with our members, virtual training offerings, and communication on health protocols.

We pride ourselves on being one of the few Institutions that chose to walk with its entire staff through the pandemic without any layoffs. Through it all, ICPAK was able to maintain its standards of operations with our staff operating with commitment and dedication.

We also significantly cut back on any unnecessary expenditure to conserve cash. This

allowed us to pay down the CPA Centre mortgage debt which will see us free up cash that will be redirected to member services initiatives

Introduction of Multiple Licenses

From 1978 when the Accountants Act was enacted, the Institute has only registered 2,500 audit practitioners. Due to the limitations in the Act, the Council approved and rolled out the multiple licenses. With this opportunity, many more members of the Institute can now engage in private practice, thanks to the introduction of the multiple licenses by the Institute of Certified Public Accountants of Kenya. The newly introduced license categories include; Category C - which deals with all accountancy services, Category A - which deals with Audit and Assurance, Category T - which deals with Tax Advisory and Consulting and Category M - which deals with Accounting Controls.

Stakeholder Engagements

In the year under review, ICPAK continued to establish and enhance its mutual collaboration initiatives with key stakeholders. The Institute engaged with the National Assembly, the Senate, the Kenya Revenue Authority, the National Treasury, the Office of the Auditor General, and the Judiciary, among others, lending its expertise and input to various accounting and financial matters affecting the country.

We are particularly proud of our partnership with GIZ, in developing the Anti Money Laundering Guide for Accountants which has been used to sensitize 247 members across nine branches on their obligations under the Proceeds of Crime and Anti-Money Laundering Act (POCAMLA), 2009.

Accountants Act Regulations

In January 2021, the Cabinet Secretary National Treasury and Planning appointed a task force made up of ICPAK, Kasneb, National Treasury and Office of the Attorney General members to start the preparation of the Regulations to guide the implementation of the Accountants Act. This process is ongoing and is expected to be completed before end of the year.

Wapi Nduru initiative

ICPAK in partnership with Amnesty International Kenya designed and implemented a free Professional Integrity & Human Rights Course dubbed Wapi Nduru that embedded a human rights approach to fighting corruption and ensuring accountability. The five-weeks-intensive learning experience was attended by 350 accountants. The participants were taught practical tips on what to do before and after they raise the alarm on corruption, elements of gathering evidence, personal safety and which ally organizations to approach for assistance before or after whistleblowing. The workings of Witness Protection Program were explained. This program marks the start of a capacity building approach to support our members to stand up and fight against corruption. The program was supported by UNDP.

Conclusion

We have learned that we are strong when we work together and look out for each other. The pandemic and the economic downturn, will continue to test all institutions, including ICPAK. But we do not accept that our future is pre-ordained. It is ours to shape.

In this report, you will read more about what ICPAK is doing to help create a better normal its members, the public and our communities guided by the same fundamentals, shared values and purpose that have helped us overcome previous crises and emerge stronger.

I extend my heartfelt gratitude to the Chairman-Elect, the Council, the Chief Executive and the entire Secretariat for their dedication and leadership in difficult times. I challenge them to keep delivering on our promises to members, particularly considering the renewed 2021 Strategic Plan. I have no doubt we will succeed in our collective endeavor.

To all our members, I honour your passion and commitment. I thank you for the faith you have had in my leadership over the last two years as your Chairman and before that as your Council Member. God bless you, God bless ICPAK!

FCPA ROSE MWAURA CHAIRMAN - ICPAK

MESSAGE FROM CHIEF EXECUTIVE OFFICER





In spite of COVID-19 pandemic which struck in March 2020, the year was eventful. This was attributed by the quick review of the 2019 – 2021 Strategic Plan where the business model and the structure were revised. The review was necessitated by the unprecedented challenges brought about by the pandemic where the entire world came to a 'standstill'. Nevertheless, ICPAK always marched ahead while exploring technological developments and recognizing the services and products needed by the accountancy profession and its membership.

Notwithstanding, accepting the sudden new norm where most staff were compelled to work from home due to their safety. The staff quickly adopted to the abrupt changes, and save for the front-line team, everyone else started working from home. What was critical at that point in time was to ensure ICPAK employees were safe from the virus which was spreading like bush-fire. This however, did not deter the Institute from being innovative and therefore value creation through the period under review was achieved.

Needless to say, 2020 was a year like no other. Never before had the Institute encountered such a setback in its 40+ years of existence. Nonetheless, staff remained positive, focused towards the Institute's mission and vision and worked in teams that appreciated agility and resilience. Indeed the world is at war with the

virus, but we must win the battle. I am delighted to state that ICPAK passed the 'acid test' and managed to navigate through challenges brought by the pandemic in 2020 to create a win-win situation between the Institute and its partners. This was achieved through strictly following the Ministry of Health Guidelines on COVID-19 and this will continue in the years to come.

Allow me to remind the membership and partners that 70% of the Institute's income is generated from the Continuous Professional Development (CPD) events. The introduction of containment measures during the pandemic period led to a significant disruption on the Institute's activities. Despite all the challenges, we sailed through the mucky waters. At this juncture, I would like to take this opportunity to extend my heartfelt gratitude to Council, all staff and members for their patience, passion and dedication throughout 2020.

Further, I would like to state that the Institute did not rest on the achievements but rather, kept delivering on the promises to the membership. ICPAK continued to explore ways to wade through by relentlessly challenging the status quo and striving for excellence. During the review period, staff forums also known as 'staff barazas' took centre stage where the teams acknowledged that it can no longer be business as usual and that learning never stops. The beauty of it all was that the Institute

continued to be in motion while still anticipating challenges and transforming them into opportunities.

The Institute was able to engage with the members to develop solutions and brought about customer experience through modern technology where the CPD events were conducted online. Indeed, the Institute embraced the aspect of digital transformation which will continue in the coming years in order to enhance stability and growth. Despite challenges encountered in 2020, the Institute still grew its membership to 30,544 in 2020 from 28281 in 2019. As I conclude, allow me to remind ourselves that accountancy profession play an integral role in economic development of an economy and is critical in every day life because investments and profitability are key concepts in financial planning. Further, integrity is a critical fundamental element within the profession requiring accountants to live beyond reproach.

As I welcome you to interact with this Annual Report the Annual Report, I would like to appreciate our Esteemed Members, Council and Secretariat for their support to the Institute. Let me assure you that together, we will continue steering ICPAK to greater heights as we strive to be a world class professional accountancy Institute. Furthermore, as per our mission statement, the Institute will continue to develop, promote and regulate the accountancy profession to meet international standards and safeguard public interest and as well live to its credo i.e. Credibility, Professionalism and Accountability.

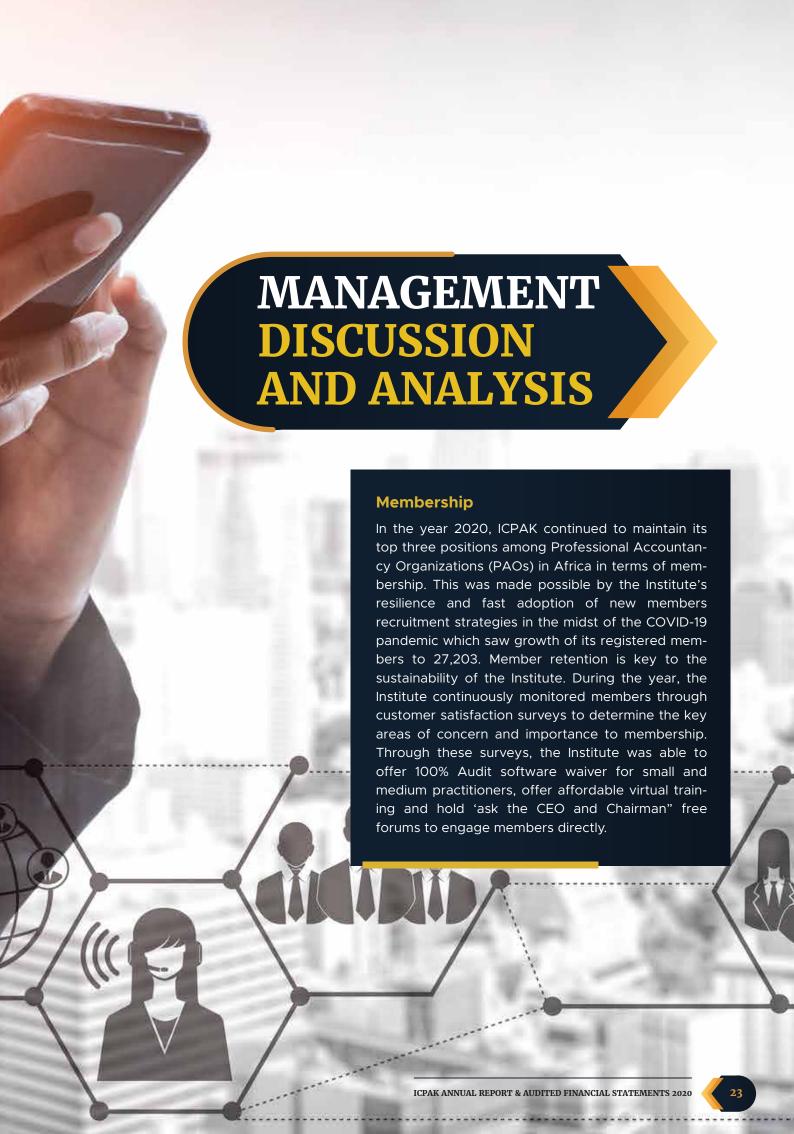
Long Live ICPAK!

Thank you.

CPA EDWIN MAKORI CHIEF EXECUTIVE OFFICER







Revenue Growth

In the year 2020, total revenue realised was Kshs. 669 Million down from Kshs. 922 Million in the year 2019. This represents a reduction of 27% in comparison with the previous year. Seminar income reduced by 49%, subscription income by 4%, In-house training income reduced by 44%, while rental income grew by 21%. This reduction was attributed to the impact of the COVID-19 pandemic on the global and local economy. Containment measures employed by the government such as lock-downs, restriction of movement, ban on public gatherings and prohibition one-on-one meetings affected ICPAK seminar performance. With reduced activities on physical seminars, the Institute embraced technology and introduced virtual seminars which it marketed to its members. These virtual seminars helped the Institute to remain afloat until the month of October when it resumed physical seminars. During the year, the Institute maintained a balance between cost optimization and service delivery to its members in addition to absorbing some costs to offer free and subsidized seminars to its membership. Further, the Institute did not abandon its role as a corporate citizen with increased CSR activities at the branch level. CSR income was heavily impacted by COVID-19 since the Institute was unable to conduct the annual golf tournaments that generate the biggest chunk of fund that goes toward CSR. Gross rental income increased from Kshs. 40 Million to Kshs. 48 Million in 2020. The increase in rental revenue was attributed to uptake of additional space by existing tenants as well as new tenants. The Institute offered six months' rental waivers of between 20% - 50% to tenants who were in financial distress due to the COVID-19 pandemic.

Operating Cost

The Institute cut back on some of its operating costs due to reduced activities of the Institute and the COVID-19. Key among them being staff salaries, Council and Committee allowances which were reduced by 45% - 65%. ICPAK closely monitored revenues and expenditures during the year. This process accorded ICPAK

an opportunity to focus only on necessary and affordable activities. Further, the Institute allowed members of staff to work from home which led to embracing new technology. Due to changes in the operating environment, ICPAK reviewed its budget and developed a short-term strategy of six months. This new budget and strategy scaled down the operations of the Institute to conform and respond to the challenges that were brought about by the pandemic. Despite scaling down of the Institute operations, operating expenses grew marginally by 11%, in 2020.

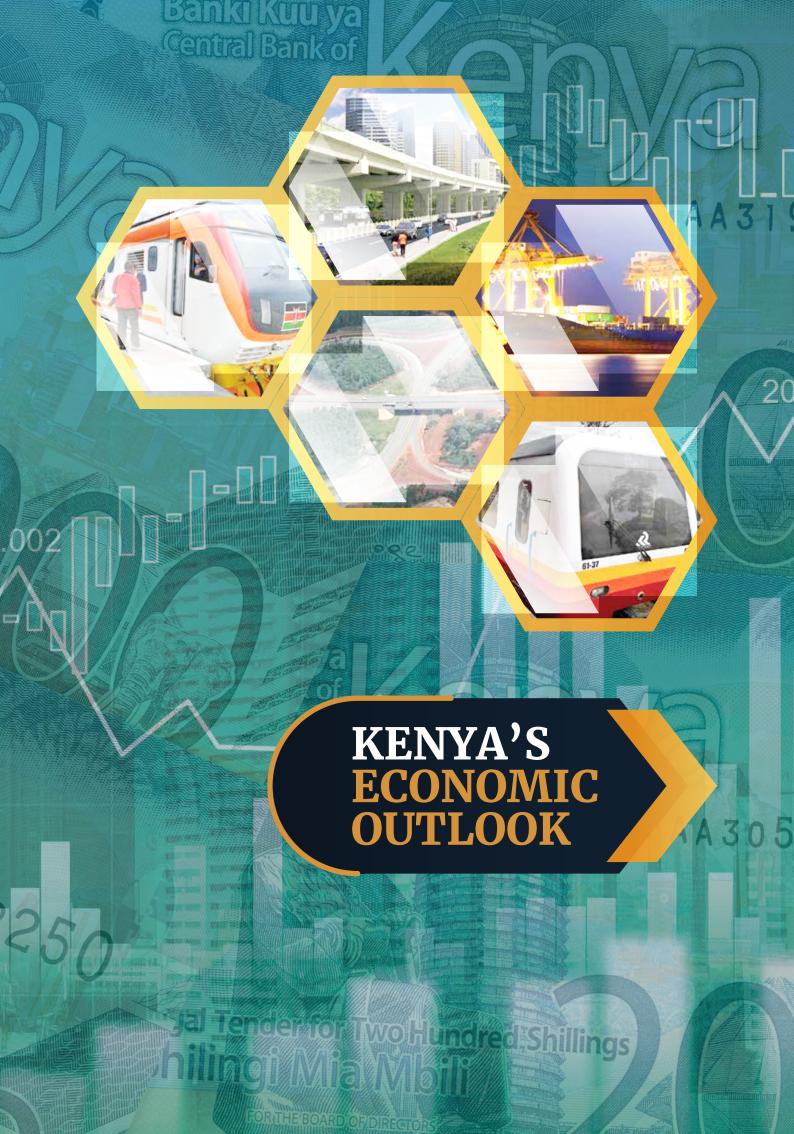
Operating Surplus

The Institute strives to continually grow its operating surplus. In the year 2020, the Institute realized a surplus of KShs 99.6 Million compared to a deficit of KShs 47 Million in 2019.

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, the National Treasury, the Kenya Revenue Authority, the Auditor-General's office, County Governments, the Office of Controller of Budget and Business Membership Organizations among others on a raft of issues touching on public finance, integrity and accountability.





Kenya's strong economic growth for over a decade allowed the country to attain a middle-income country status in 2016. This steady growth has made Kenya to be one of the fastest-growing economies in Sub-Saharan Africa. According to KIPPRA's Kenya Economic Report 2020, the country registered an economic growth rate averaging 5.6% for the period 2014 to 2019. This growth was premised on a sound macroeconomic environment, political stability, heavy infrastructural public investments and growth in domestic demand. KIPPRA findings further indicate that for the last four years, Kenya's economic growth was 5.9% in 2016, 4.9% in 2017, 6.3% in 2018 and 5.4% in 2019.

However, its worth noting that the outbreak and spread of the COVID-19 Pandemic and the ensuing containment measures devastated global economies including Kenya. Data from the Budget Outlook and Review Paper indicated that key sectors of the economy slowed in 2020. The containment measures led to contraction of the economy and disruption of businesses that led unemployment and loss of jobs due to cessation of movement, loss of livelihoods for millions of people and negative growth in hospitality, tourism and transport sectors among other.

According to a KNBS Survey on socio-economic impact of COVID-19 to households conducted in May 2020, on average, workers across all industries reported having worked fewer hours

as compared with the usual hours worked per week. Education recorded the highest variance of 40 hours between the usual and actual hours worked in a week. This was followed by accommodation and food services which had a variance of 30 hours.

Consequently, the pandemic and resultant containment measures resulted to a lower growth of 4.9% compared to a growth of 5.5% in a similar period in 2019. As a result, the economy grew at about 2.6% in 2020 and is projected to recover to about 5.3% in 2021.

Comparative data from the World Bank confirmed the deceleration of Kenya's economy. This slower growth was, besides the effects of the pandemic, associated with under-performance in agriculture due to poor rains, locust invasion; decrease in private investment due to crowding-out from widening fiscal deficits and, relatedly, limited private sector credit growth.

In order to cushion its citizens, the Kenyan government acted swiftly to support its citizen from the impact of COVID-19. In this regard, the government implemented a range of fiscal measures through the Tax Laws Amendment Act 2020 that included among others, the introduction a new corporate tax rate from 30% to 25% for the year of income 2020, increase of personal relief from Kshs 16,896 to Kshs 28,800, lowering of the Value Added Tax (VAT) rate from 16% to 14% and support to Micro, Small and Medium Enterprises through lowering of turnover tax rate from 3.0% to 1.0%.

Monetary policy measures included the reduction of the Central Bank Rate from 8.25% to 7.0% and lowering of the Cash Reserve Ratio requirement from 5.25% to 4.25%, engagement with Commercial Banks, other financial institutions and credit reference bureaus provided grace period to loan defaulting borrowers from being listed. Further, CBK order to banks and telecoms for temporary elimination of fees for mobile money transactions reduced costs for users and promoted transition from physical exchange of cash to a safer means of payment. The government further established the COVID-19 Emergency Response Fund to



receive voluntary contributions from well-wishers towards mitigating the negative impact of the pandemic.

Consequently, these measures provided the much-needed relief to the economy and provided additional disposable incomes to the people and businesses. To further this progress the Government introduced an 8-Point Economic Stimulus Programme (ESP) which was extended to all the 47 counties; besides development of a Post COVID-19 Economic Recovery Strategy.

According to the IMF, the outbreak of the COVID-19 pandemic, has resulted in a slow down on GDP growth from an estimated 5.5% in 2019 to -0.1% in 2020. However, the IMF expects the economic growth to pick up in 2021 subject to the post-pandemic global economic recovery. The World Bank on the other hand predicts that Kenya's economy will expand by 6.9% in 2021, the fastest growth rate in Africa.

The National Treasury through the Budget Policy Statement projects that the economy will expand by 3.8% in FY2020/21, 6.3% in

FY2021/22. This recovery is due to reopening after closure associated with the COVID-19 pandemic, expected favorable weather and ongoing investments in strategic priorities of the Government under the "Big Four" Agenda, the Economic Stimulus Programme and the implementation of the Post COVID-19 Economic Recovery Strategy.

World Economy Growth

The IMF projects that the world economy entered into a recession, reflecting widespread disruptions from the COVID-19 pandemic. Global growth was projected to plummet from 2.9% in 2019 to -3.0% in 2020, far lower than during the 2008-09 global financial crisis. Among the sub-Saharan African region's key trading partners, the Euro area was estimated to have contracted (from 1.2% in 2019 to -7.5% in 2020), while growth in China was projected to have slowed considerably (from 6.1% to 1.2%). By March 2021, most global economies were experiencing some form of lock-downs and stiffer containment measures that could continue harming growth prospects in the long run.



Political Context

During the year, Building Bridges Initiative (BBI) activities dominated the political scene. On 10th January, 2020, the President appointed the BBI steering committee to conduct validation of the Task Force Report on Building Bridges. This was to be done through consultations with citizens, civil society, the faith-based organizations, cultural leaders, the private sector and experts; and propose administrative, policy, statutory or constitutional changes that are necessary for the implementation of the recommendations contained in the Task Force Report, taking into account any relevant contributions made during the validation period.

The key objective of this committee was to give Kenyans another chance to provide feedback on the recommendations made by the

Task Force. Additionally, the Steering Committee was also to develop a legal framework on how to address the nine-point agenda on policy, administrative, legislative and constitutional interventions. The Committee BBI Steering presented its report on 26th October 2020 together with its contents that included The Constitution of Kenya (Amendment) Bill, 2020.

witnessed increase in Gender Based Violence and teenage pregnancies. All these prompted policy shifts towards development of measures to address inequality, enhance social cohesion, build community resilience, and strengthen social protection in the country.

However, it's imperative to note that Kenya has made major gains in social development, including reducing child mortality, achieving near universal primary school enrollment, and narrowing gender gaps in education. Interventions and increased spending on health and education are paying dividends. While the healthcare system has faced challenges recently, including the COVID-19 pandemic, devolved health care and free maternal health care at all public health facilities are expected to improve health care outcomes and develop a more equitable health care system.

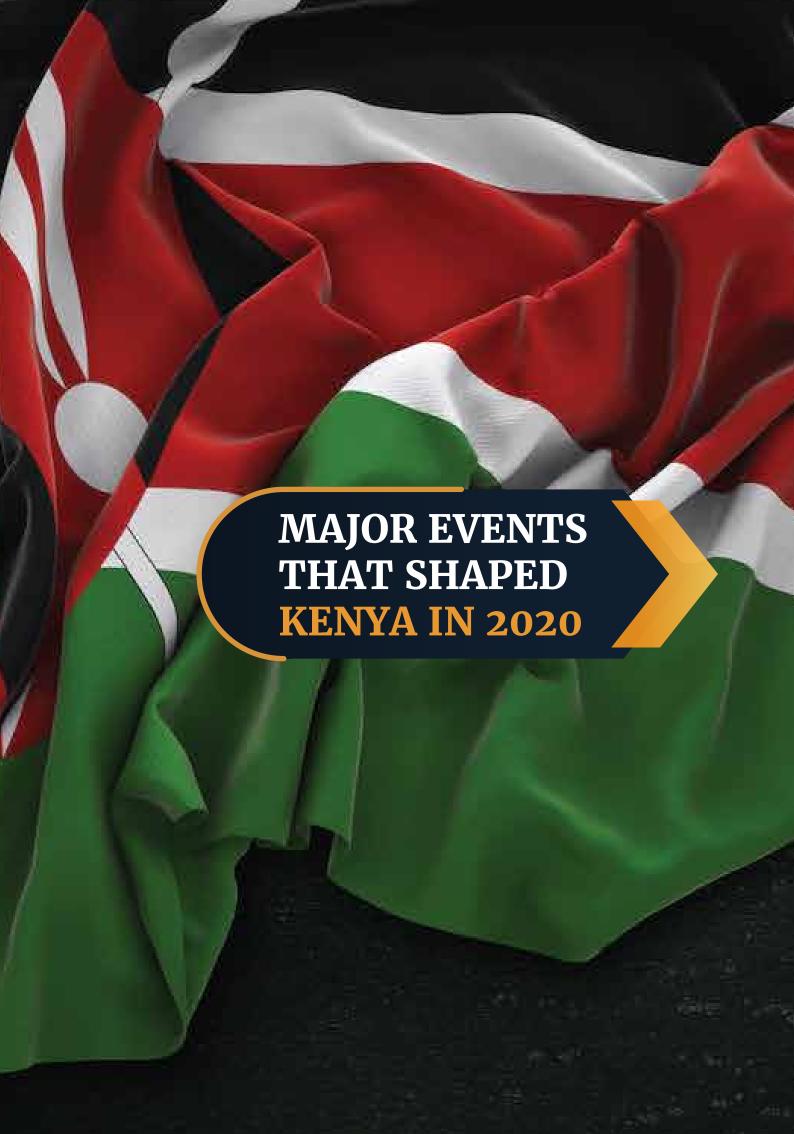


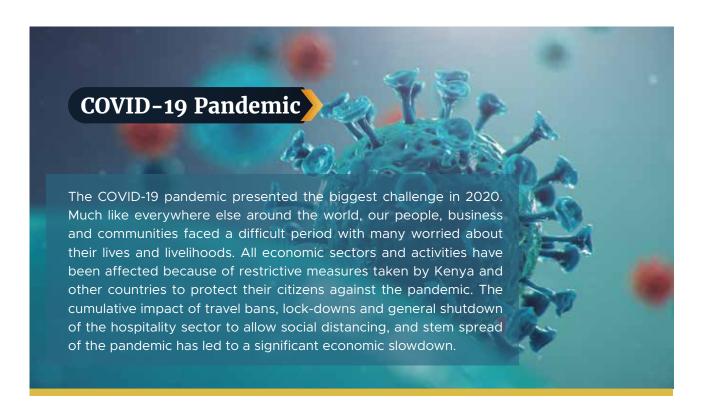
On 25th November 2020 President Uhuru Kenyatta and Rt Hon. Raila Odinga officially launched the BBI signature drive at KICC as they targeted over 4 million signatures from Kenyans. The exercise closed with 5.2 million signatures that were handed over to the IEBC on 10th December 2020 for verification. This exercise was aimed at supporting the Constitution of Kenya (Amendment) Bill 2020.

Social Development

The COVID-19 Pandemic presented different challenges to the society and threatened to further widen social and economic inequalities. In the wake of the pandemic, the country

Kenya has the potential to be one of Africa's success stories, given its growing youthful population, a dynamic private sector, skilled workforce, improved infrastructure, a new constitution, and its pivotal role in East Africa. Addressing the challenges of poverty, inequality, governance, the skills gap between market requirements and the education curriculum, climate change, low investment and low firm productivity to achieve rapid, sustained growth rates that will transform lives of ordinary citizens.





Wapi Nduru Program

The fundamental ethical principles for accountants across the globe require a professional accountant to have integrity and to exercise straightforwardness and honesty; be objective and independent, free from bias, avoid conflict of interest or undue influence over others while maintaining professional competence and due care. Given the nature of their work, accountants face ethical dilemma of confidentiality in their consideration to report.

It is against the foregoing that the Institute in partnership with Amnesty International Kenya and UNDP designed and implemented a Professional Integrity and Human Rights Course that embedded a human rights approach to fighting corruption and enriching accountability.

Over 350 ICPAK members attended and completed the 5-week course. Members were trained on:

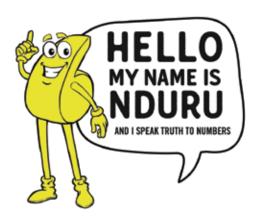
Anti-corruption strategies

- · Whistleblower protection
- · Witness protection
- Safety and security protocols

The graduation ceremony was held on 21st



October 2020 attended by FCPA Dr. Hon Amos Kimunya - Leader of Majority Party, Mr. Noordin Haji, Director Public of Public Prosecutions (ODPP), CPA Dr. Margaret Nyakang'o - Controller of Budget, CPA Nancy Gathungu - Auditor General, Mr. Wahid Badawi - UNDP Resident representative, Ms. Renee Ngamau - Chairperson Amnesty International Kenya, and FCPA Rose Mwaura - ICPAK Chairman, among many others.



Tax Laws Reforms and Amendments

The outbreak of the COVID-19 pandemic posed serious challenges to households and economy at large in Kenya. The work from home directive, prohibition of public gatherings and dusk to dawn curfew resulted in reduced working hours. There was unstable cashflow for businesses, institutions and MSMEs while businesses like bars, restaurants, and hostels either laid-off workers or at least requested them to take unpaid leave for an unspecified period of time.

Equally, with the containment measures, the transport sector was heavily hit with public service vehicles unable to earn much revenue and air transportation affected with the ban on all international flights. Business uncertainty and reduced working hours meant that many companies including those that could potentially continue production, had to significantly scale down operations.

Consequently, the Tax Laws Amendment Act 2020 was enacted to cushion households and the economy. Indeed, several institutions including the Institute of Certified Public

Accountants of Kenya (ICPAK), the private sector, other professional bodies and civil society had written to the President and National Treasury proposing interventions to cushion Kenyans and the economy at large.

The Tax Laws (Amendment) Act, 2020 was published on 30 March 2020. The Act proposed amendments to the Income Tax Act, Value Added Tax Act, 2013, Excise Duty Act, 2015, Tax Procedures Act, 2015, Miscellaneous Fees and Levies Act, 2016 and the Kenya Revenue Authority Act, 1995. Some of the key amendments included:

- Introduction of a new corporate tax rate from 30% to 25% for the year of income 2020.
- Reduction in the Value Added Tax (VAT) rate from 16% to 14%.
- Reduction in turnover tax rate from 3.0% -1.0%. to Micro, Small and Medium Enterprises (MSMEs).
- Amendment of the Third Schedule to the Income Tax Act on personal relief and rates of taxation. Personal relief increased from Kshs 16,896 to Kshs 28,800.

Kenya elected as a non-permanent UN Security Council member

On 18th June 2020, Kenya was elected a non-permanent member of the UN Security Council, defeating Djibouti for a seat designated for African countries. Out of the 193 member countries, 191 voted, and Kenya won 129 votes beating Djibouti, a Horn of Africa nation, which only garnered 62 votes.

The President H.E Uhuru Kenyatta welcomed the victory and noted its importance in placing Kenya at the centre of promoting global peace and security. The President described Kenya's win as a demonstration of the country's growing profile and influence in the community of nations as a steadfast and dependable development partner.

Kenya will now be able to speak on behalf of Africa to come up with reforms and policies that favor the African continent. Kenya joinselected members that enter the UN Security Council at a crucial time to contribute to global conversations that entail peace and security, climate change, gender issues, human rights, and international development among other functions.

Kenya's term began in January 2021. The country last served as a non-permanent member between 1997-1998.

Biden Elected as 46th President of United States



In November 2020, Americans elected Joseph Biden as the 46th President of the United States in an election marred by voter fraud allegations. The election of Joe Biden was a sigh of relief to many countries around the World since it brought to an end a rather tumultuous presidency of Donald Trump. Under his four years rule, Trump zealously pursued nationalistic philosophy coached under the

'America First' mantra. Trump presidency has been described by political pundits as global disruptor in international trade, diplomacy, international policies on climatic change, health, immigration, among other attributes.

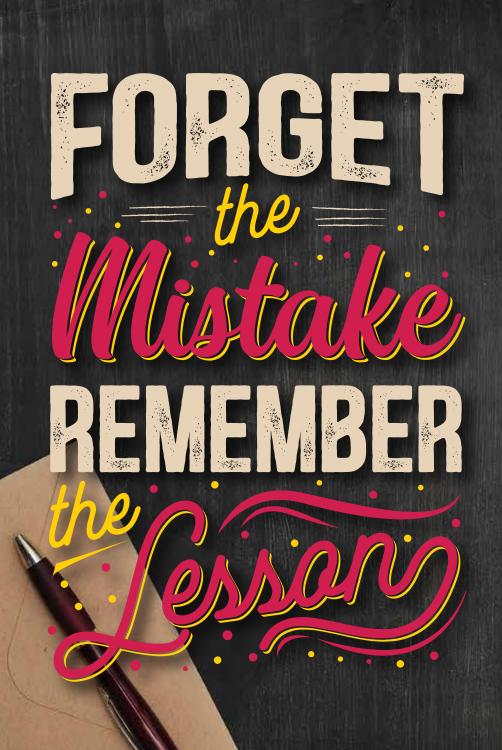
The World at large was hopeful that with election of Joe Biden, America will once again reclaim her moral leadership at the World stage. There are legitimate expectations that America will be rejoining the Paris Accord on Climatic Change, the World Health Organisation as well as engage mutually with other countries on matters of trade policies, trade barriers and tariffs that clogged and hovered over Trump presidency like swords of Damocles. It is expected that the new regime in Washington D.C. will work hard to restore faith in democratic institutions around the world in light of bitter 2020 electoral dispute in America.

Impeachment of Governors for Nairobi City County and Kiambu County Governments

The year 2020 witnessed governance milestone in the management of public resources in Kenya. Two governors, H.E Gov Mike Mbuvi Sonko of Nairobi City County and H.E Gov Ferdinand Waititu were impeached by their respective County Assemblies and decisions upheld by the Senate. The procedure is in accordance with Article 181 of the Constitution and section 33 of the County Governments Act 2012.

Article 181 of the Constitution stipulates that a county governor may be removed from office on any of the following grounds— (a) gross violation of this Constitution or any other law; (b) where there are serious reasons for believing that the county governor has committed a crime under national or international law; (c) abuse of office or gross misconduct; or (d) physical or mental incapacity to perform the functions of office of county governor.









Governance Structure

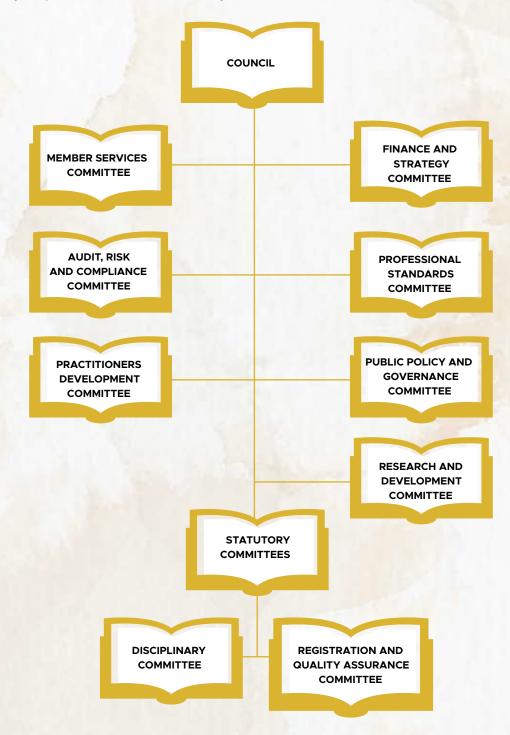
Council and its Committees

ICPAK is led by an 11-member Council comprising of:

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

- to finance, to represent a profession other than accountancy;
- d) One member representing Kenya Accountants and Secretaries National Examinations Board:
- e) One member representing the 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:

- 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 regulatory 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.







FCPA Rose Mwaura, MBS ICPAK Chairman

FCPA Rose Mwaura was elected as Chairman of the Institute in June 2019.

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.

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.

She runs a business advisory firm, Rockville Consulting Limited. She previously served as an advisory and audit Partner with Deloitte East Africa.

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)).



FCPA George Mokua ICPAK Vice-Chairman

FCPA George Mokua is the current 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, Kenya. FCPA Mokua is the CEO and Managing Partner of Mokua Onwonga & Company and also Company Secretary of Kenya Petroleum Refineries Limited, a position

held through Ledger Registrars LLP where he is the Lead Partner. He is also a member of the Institute of Certified Secretaries, Kenya, (ICS). In addition, he has served as a Committee member, Secretary and CPD Convenor, Vice and chairman of ICPAK Coast Branch and also Member of ICPAK Review of Accountants Act and Financial Reporting Oversight Authority Bill Task Force, Convener Devolution & Branches Work Stream, Member of Practitioners Development Committee, Member Legislative Affairs Subcommittee and currently Convener Practitioners Development Committee and member, Professional Standards Committee-Committees of ICPAK Council. In 2012, he was awarded Commendation for being actively involved in ICPAK matters and in 2016 he was awarded Fellowship for distinguished service to the Profession.



CPA Edwin Makori, Chief Executive Officer & Secretary to Council

CPA Edwin Makori is a passionate, high performing, leader with broad managerial experience in Leading teams, Strategy, Finance, Business Development, Innovation, and IT. A solid business executive with ability to lead and motivate ordinary people to achieve excellence. Inspires individuals and teams to deliver world class performance in their organizations.

He has over the time built the capability to collaborate with and inspire teams to deliver extra-ordinary results, transform organizations and impact society positively with scale to grow balance sheet (statement of financial position) and P&L (statement of income) positions with an entrepreneurial spirit.

He is the team lead of the 5th largest professional accountancy organization and serves as the Chief Executive Officer at the Institute of Certified Public Accountants of Kenya (ICPAK). He oversees 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) recognizing financial reporting excellence in Kenya and the East African region. He pioneered the FiRe awards for the public sector entities.

CPA Makori has been a Lecturer in the School of Business at Egerton University and Nairobi University, Kenya. At the University, 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, a member of ISACA and ILM (Institute of Leadership Management).

CPA Makori serves in the boards of: Kasneb, regionally in the Interim Oversight Board (IOB) for African Professionalization Initiative-Africa, Africa Integrated Reporting Council (AIRC) and has served on several other boards Internationally and locally including the International Accounting Education Standards Board (IAESB) and the International Federation of Accountants (IFAC) where he serves as a technical advisor.



CPA Anne Wangeci

CPA Anne Wangeci has a professional career spanning 18 years in both private and public sectors with experience in public finance management, accounting, risk and internal audit and accounting for donor funded projects. She is currently a Senior Internal Auditor at Egerton University and has previously worked in the Finance and Accounts department rising to the level of Ag. Deputy Finance Officer. Prior to joining Egerton University, she worked at Christian Children's Fund Kenya (CCF), International Rescue Committee (Kenya) and UAP Insurance Company in various capacities.

CPA Anne holds a Masters of Business Administration (Finance) degree from Egerton University, a Bachelor's of Science in International Business Administration (Accounting Option) degree from United States International University (USIU) and is a Certified Public Accountant. She is a Member of the Institute of Certified Public Accountants of Kenya (ICPAK) and a member of Association of Women Accountants of Kenya (AWAK). She is a Certified Professional Mediator.

As a member of ICPAK council, CPA Anne is the Co-Convener of Public Policy and Governance Committee, Convener of Devolution work stream. During the year, she was also a member of the Nominations committee and also a member of Adhoc committee on elections to review and advice on election reforms. She has previously served as a Co Convener and member of Finance and strategy committee and a member of Member Services Committee in 2018-2019. Prior to joining Council, she served as a Chairperson of ICPAK Central

Rift Branch from 2015-2017 where she spearheaded several reforms that saw the growth and vibrancy of the branch. She was awarded an ICPAK commendation in 2017 in recognition of service rendered to the profession.



CPA. Dr. Elizabeth Kalunda

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 and Adhoc Human Resource Committees.

She is currently serving 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 in Business Administration both from the University of Nairobi and a Bachelor of Education Degree from Moi University.



CPA FA Jonah Wala

CPA FA Jonah Wala has been on the forefront of championing public sector reforms in the public space over the last 24 years. He is the Acting Director Accounting Services at the National Treasury and represents the Cabinet Secretary in ICPAK Council.

He holds a Masters degree in Banking and Finance and is a PhD candidate in Management from the Case Western Reserve University, US. CPA FA Jona Wala also sits in the Boards of Kenya Dairy Board, Registration of Certified Public Secretaries of Kenya where he is the Registrar, Kenya Law Reports, a co-opted member of the Public Sector Accounting and chairs the Technical Committee of the East and Southern Africa Association of Accountant Generals.



FCPA Dr. Nicholas K. Letting'

Dr. Letting is the Secretary and Chief Executive Officer of Kasneb and the immediate former Vice – Chancellor/Chief Executive Officer of the Management University of Africa (MUA). He holds a Doctor of Philosophy (Ph.D) in Business Administration (Strategic Management), Master of Business Administration (MBA) and Bachelor of Commerce (BCom) degrees from the University of Nairobi (UoN). He is a Certified Public Accountant (CPA), Certified Public Secretary (CPS) and Certified Investments and Financial Analyst (CIFA). He holds a Certificate in Corporate Governance (CG) from the Centre for Corporate Governance (CCG), The Effective Director from Strathmore University, Strategic Leadership Development Programme (SLDP) from the Kenya School of Government (KSG), Training of Trainers (ToT) Course with the International Finance Corporation (IFC). He is the Interim Chairman of KSG SLDP Alumni representing class of 2008.

Dr. Letting is a focused and transformative leader with over 20 years of work experience, a respected academician/scholar - industry captain/practitioner, facilitator in conferences, a well-trained corporate governance trainer (ToT) accredited by the International Finance Corporation (IFC) and the Institute of Certified Public Secretaries of Kenya (ICPSK). His formal employment started in 1998 with BAT Kenya where he worked for over 8 years in Finance, Human Resources and Administration and Leaf Operations. 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. He served for another 8 years at MUA before joining kasneb in May 2019.

In 2013, he was appointed to the position of Vice – Chancellor/CEO and served for six (6) years heading finance, academic affairs (including research and examinations) and administrative functions up to April 2019. In the University, he led the Senate in the development of seven (7) academic degree programmes accredited by the Commission for University Education (CUE). He has successfully supervised eight (8) PhD and thirty-eight (38) Masters Students and has published widely in internationally refereed journals. He is an External Examiner in the School of Business, Department of Business Administration, The University of Nairobi.

In addition, he has consulted with international and local organizations including the UNDP. He has presented papers in corporate governance Finance and Investments, institutional development, performance management among others.

He currently serves as: Honorary Treasurer at the Association of Professional Societies of East Africa (APSEA); Council Member, Institute of Certified Public Accountants of Kenya (ICPAK), Council Member, Institute of Certified Secretaries (ICS), Council Member, Institute of Certified Investments and Financial Analysis (ICIFA), Board Member, Public Sector Accounting Standards Board (PSASB) and a Board Member of the National Commission for Science Technology and Innovations (NACOSTI). Member. He is also Chairman, Board of Management of Karura Adventist School. He is Chairman of Audit and Risk Committee at ICPAK.

He has previously served as a Council Member and later as Chairman of the Institute of Certified Public Secretaries of Kenya (ICPSK) now the Institute of Certified Secretaries (ICS) (2011 - 2016) and as a Council Member and Chairman of Finance, Strategy and General Purposes Committee at the former Kenya Institute of Education (KIE), now the Kenya Institute of Curriculum Development (KICD) (2011 - 2019) and Thika Technical Training Institute (2001 - 2004) and several high schools in Nandi County. He has previously served as Head Elder in Nairobi East SDA Church (2017 - 2020). He served as Chairman of Audit and Risk Committee at NACOSTI (2018 - 2020).

He is a Fellow of ICPAK, ICS and KIM. He is a member of Institute of Directors (IoD), ICIFA and Institute of Human Resource Management (IHRM) in good standing. His interests are in good governance, effective strategic leadership and excellent individual and institutional performance. In December 2020, he was awarded the 2nd Class – Elder of the Order of the Burning Spear (E.B.S.) by His Excellency the President of the Republic of Kenya.



CPA Philip Kakai

CPA Philip Kakai is a Certified Public Accountant and a member of the Institute in good standing. He has over 20 year's extensive experience in Leadership, Financial Accounting and Management, Budget Management, Audit and Project management gained from both the public and private sector. He is currently an Assistant Director of Finance in charge of Revenue and Deposits at the Judiciary where he previously served as the Ag. Director Finance and an Ag. Deputy Director Accounts. Prior to joining the Judiciary in 2013, he served as the Finance Manager of Asea Brown Boveri (ABB) Ltd.

He is currently an elected ICPAK Council Member and serves in the Public Policy and Governance Committee, the Legislative affairs sub-committee and has served in other ICPAK council committees for over 7 years.

CPA Philip Kakai holds a Bachelor of Commerce Accounting option and a Master of Business administration degree from Moi University. CPA Kakai has undertaken various courses and holds a Certificate in Project Risk Management, a Certificate in Public Sector Financial Management, a Certificate in Strategic Leadership Development Programme (SLDP) and a Certificate in Corporate Governance.



CPA Risper Olick

CPA Risper Olick is a seasoned accountant with over 14 years work experience in the NGO sector. She is currently a practitioner and partner with Bon & Drew Associates and has been the Finance and Administration Manager at Amnesty International Kenya until December 2020, also having previously worked with World Vision Kenya as a Finance and Supply Chain Officer.

Currently a member of the council, convener 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 two year that she's been in the council, she has sought Collaboration between ICPAK and Amnesty International Kenya and other partners which brought to over six hundred accountants an opportunity for training on professionalism and accountability under the "Wapi Nduru" program and for whistle blowers' protection under the ICPAK whistle blower policy that will soon be operationalized. She is passionate and keen to promote ICPAK brand visibility through brand ambassadors, mentorship of young accountants and on issues 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 Accoun-

tants of Kenya (AWAK), serves in Siaya County assembly audit committee as the deputy chair-person, is the Chairperson of BOM at Otel Secondary and has been a Trustee and treasurer of Young Women Leadership Institute (YWLI) up to December 2020.



FCPA Samuel Okello

FCPA Samuel Okello is a seasoned Accountant with over 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, convenor of Finance and Strategy Committee and a member of Professional Standards Committee. Previously, he convened Member Services Committee, member of Public Policy and Governance Committee and former convenor Finance and Strategy Committee. He is also a 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 is also a member of Audit and Risk Committee of KNCHR and previously served in the Finance and Audit Committee of the Kenya Bankers Association as a nominee of the Central Bank of Kenya (CBK).



FCPA Wycliffe Shamiah

FCPA Wycliffe Shamiah, is the Chief Executive Officer at the Capital Markets Authority, Kenya. Prior to his appointment, FCPA Shamiah served as the Acting Chief Executive from 01 January 2020. Before that, Mr. Shamiah served as the Director Market Operations at the Authority since November 2011 and has held multiple senior positions in market supervision, research, financial analysis and compliance at the Authority over a career of in excess of 23 years. During this period, FCPA Shamiah was the nominee of the Capital Markets Authority to the Council of the Institute of Certified Public Accountants of Kenya for more than 11 years.

He represents the Authority to the Financial Stability Board Regional Consultative Committee for Sub-Saharan Africa. He also represents Kenya on the African / Middle-East region Group of International Organization of Securities Commissions (IOSCO) as well as IOSCO itself. Regionally, he has played a major role in development of capital markets having contributed immensely in capacity building pro-

grammes in Tanzania, Uganda, Rwanda and Burundi. He is the current chairman of the Consultative Committee of association of securities markets regulators in East Africa (EASRA), having been the chairman of its technical committee on Market Supervision and Risk Management Sub-Committee for over ten years. He sits on various boards including Insurance Regulatory Authority, Retirement Benefits Authority and Vision 2030 Delivery Board.

FCPA Shamiah is a Fellow of the Institute of Certified Public Accountants and holds a Masters in Business Administration (Finance Option) from the University of Nairobi and a Bachelor of Arts Degree in Mathematics and Economics from Egerton University.

FCPA Shamiah has played a critical role in implementing regulatory and oversight programmes at the Authority and among others: the development of a robust Risk Based Supervision regime at the Authority, championed proactive investigations and enforcement, oversaw the roll out of new financial market infrastructure at the Nairobi Securities Exchange (NSE) and Central Depository and Settlement Corporation (CDSC) and was the pioneer Chair of the Capital Markets Authority Sandbox Review Committee which coordinates the Regulatory Sandbox established by the Authority to support financial technology in the capital markets. FCPA Shamiah is a recognized speaker and facilitator on capital markets regulation both regionally and internationally.

FCPA Shamiah retired from the Council in May 2021.





CPA. Nyale Yanga Senior Manager, Market Supervision, Capital Markets Authority

CPA. Nyale has over 15 years' experience in capital markers development and regulation having worked in various senior roles at the Authority. He is currently responsible for providing technical and strategic direction in the supervision of regulated entities to ensure compliance with capital markets legal and regulatory requirements with a view to protecting investors' interests and ensuring that the securities markets are fair, efficient, and transparent.

He is the Chairman of the Capital Markets Authority Sandbox Review Committee. He also chairs the Market Supervision and Risk Management Committee of the East Africa Securities Regulators Authorities and sits in the registration committee of the Institute of Certified Investments and Financial Analysts. He is a current board member of the Public Service Club and also chaired the Financial Services Technical Committee of Kenya Bureau of Standards.

At the Authority, CPA Nyale has championed the development of the regulatory sandbox framework for the Kenyan capital markets, automation of submitting financial statements of market intermediaries to the Authority, and development of the risk-based supervision model and risk-based capital adequacy regime for licensees. He coordinated the capital markets industry and engagements on adoption of IFRS 9 and represented CMA in the Financial Services Committee of ICPAK in 2012.

CPA. Nyale has a master's degree in Business Administration (MBA) Finance, and a Bachelor of Commerce degree (BCom) both from the University of Nairobi. He is a Certified Public Accountant (CPA) and a Certified Secretary graduate. He also holds a Graduate certificate in Capital Markets Development from The George Washington University (USA). He is a member of The Institute of Certified Public Accountants of Kenya (ICPAK), a member of The Institute of Investments and Financial Analysts (ICIFA) and alumni of the IFC-Milken Institute Program. He also has Chartered Institute for Securities & Investments (CISI) level two certification.

FCPA was appointed to the Council in May 2021

Council Oversight Role Through Council Committees

| Council Members | Role | When appointed | When retired | Meeting attendance 2020 |
|---------------------------|---------------|----------------|--------------|----------------------------|
| FCPA Rose Mwaura | Chairman | Jun-17 | | 20/20 |
| FCPA George Mokua | Vice Chairman | Jun-19 | | 20/20 |
| Ms. Damaris Kimosop | Member | Mar-14 | Mar-20 | 5/6 |
| CPA Dr. Elizabeth Kalunda | Member | Jun-19 | | 20/20 |
| CPA Jona Wala | Member | Dec-19 | | 19/20 |
| FCPA Dr. Nicholas Letting | Member | May-19 | | 15/20 |
| CPA Philip Kakai | Member | Jun-20 | | 9/9 |
| CPA Risper Olick | Member | Jun-19 | | 20/20 |
| FCPA Samuel Okello | Member | Jun-18 | | 20/20 |
| CPA Susan Oyatsi | Member | Jun-17 | Jun-20 | 10/11 |
| FCPA Wycliffe Shamiah | Member | Jun-09 | May-21 | 12/20 |
| CPA Anne Wangeci | Member | Jun-18 | | 20/20 |

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 our stakeholder's trust. The Institute business principles are informed by the core values and the standards that ensures ICPAK operates within the confines of law with objective of serving 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. It is our policy that our corporate engagements are in observance of the highest standards of professional ethics that promotes Credibility, Professionalism and Accountability.

Practitioners Development Committee

| Committee Members | Role | When appointed | When retired | Meeting attendance 2020 |
|-----------------------|----------|----------------|--------------|----------------------------|
| FCPA George Mokua | Convenor | Jun-19 | | 7/7 |
| CPA Bethwel Kirwa | Member | Jun-19 | | 6/7 |
| CPA Christine Sabwa | Member | Jun-19 | | 5/7 |
| FCPA Georgina Malombe | Member | Jun-19 | | 5/7 |
| CPA Haron Motari | Member | Jun-19 | | 6/7 |
| CPA Herbert Wasike | Member | Aug-17 | | 5/7 |
| CPA Isaac Kamau | Member | Jun-19 | | 7/7 |
| CPA Joseph Masika | Member | Aug-17 | | 3/7 |
| CPA Kennedy Njoroge | Member | Jun-19 | | 7/7 |
| CPA Leah Nganga | Member | Aug-17 | | 5/7 |
| CPA Patrick Nganga | Member | Jun-19 | | 3/7 |
| CPA Patrick Sila | Member | Jun-19 | | 6/7 |
| FCPA Said Abeid | Member | Jun-19 | | 6/7 |

Registration and Quality Assurance Committee

| Committee Members | Role | When appointed | When retired | Meeting attendance 2020 |
|-----------------------|----------|----------------|--------------|-------------------------------|
| FCPA Dr. Jim Mcfie | Convenor | Jun-14 | | 6/6 |
| FCPA Daniel Ndonye | Member | Jun-14 | | 6/6 |
| CPA Christabel Osango | Member | Jun-14 | | 5/6 |
| CPA Beatrice Gathirwa | Member | Jun-14 | | 5/6 |
| CPA Joyce Mbaabu | Member | Jun-14 | | 5/6 |
| CPA Mary Maalu | Member | Jun-14 | | 6/6 |
| CPA Yusuf Omari | Member | Jun-14 | | 3/5 |

Professional Standards Committee

| Committee Members | Role | When appointed | When retired | Meeting attendance 2020 |
|-----------------------|-------------|----------------|--------------|-------------------------------|
| FCPA Michael Mugasa | Convenor | Aug-13 | | 3/3 |
| CPA Joseph Kariuki | Co-Convenor | Aug-14 | | 3/3 |
| CPA Eric Muriithi | Member | Aug-13 | | 1/3 |
| CPA Anne Muraya | Member | Aug-13 | | 3/3 |
| CPA Sylvester Kiini | Member | Aug-17 | | 3/3 |
| CPA Fredrick Macharia | Member | Jun-15 | | 3/3 |
| CPA Evanson Ng'ang'a | Member | Aug-19 | | 3/3 |
| CPA Asif Chaudhry | Member | Aug-13 | | 3/3 |
| FCPA Simon Fisher | Member | Aug-13 | | 3/3 |
| FCPA Samuel Okello | Member | Jun-19 | | 3/3 |
| FCPA Geoffrey Injeni | Member | Aug-19 | | 3/3 |
| CPA Georgina Muchai | Member | Aug-13 | | 1/3 |
| FCPA George Mokua | Member | Jun-19 | | 3/3 |

Research and Development Committee

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 Members | Role | When appointed | When retired | Meeting attendance 2020 |
|---------------------------|-------------|----------------|--------------|-------------------------------|
| CPA Dr. Elizabeth Kalunda | Convenor | Jun-17 | | 6/6 |
| FCPA Dr. Nicholas Letting | Co-Convenor | Jun-19 | | 5/6 |
| CPA Evans Ombiso | Member | Jun-19 | | 2/6 |

| CPA Florence Birya | Member | Jun-19 | 6/6 |
|--------------------------|--------|--------|-----|
| CPA Dr. Fred Sporta | Member | Jun-19 | 6/6 |
| CPA Isabel Juma | Member | Jun-19 | 5/6 |
| CPA Jackson Waweru | Member | Jun-19 | 5/6 |
| CPA John Kwambai | Member | Jun-19 | 4/6 |
| CPA Dr. Judith Bonareri | Member | Jun-19 | 2/6 |
| CPA Dr. Mercy Ong'onge | Member | Jun-19 | 6/6 |
| CPA Moses Dayan Deking | Member | Jun-19 | 4/6 |
| CPA Dr. Sammy Kimungunyi | Member | Jun-19 | 4/6 |

CPFT Board

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. It seeks to raise the standards of public finance and tax practice in Kenya through capacity building, regulation, research and policy development. 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 Members | Role | When appointed | When retired | Meeting attendance 2020 |
|--------------------|-------------|----------------|--------------|-------------------------------|
| FCPA Rajesh Shah | Chairperson | May-18 | | 5/5 |
| FCPA Philip Muema | Member | May-18 | | 4/5 |
| CPA Francis Kamau | Member | May-18 | | 5/5 |
| Prof. Attiya Waris | Member | May-18 | | 2/5 |
| Mr. Daniel Ngumy | Member | May-18 | | 5/5 |
| Dr. Vincent Ongore | Member | May-18 | | 0/5 |
| CPA Flora Mtuweta | Member | May-18 | | 5/5 |
| CPA Edwin Makori | Member | Jun-19 | | 3/5 |

CPFT Public Finance

| Committee Members | Role | When appointed | When retired | Meeting attendance 2020 |
|-------------------|----------|----------------|--------------|-------------------------------|
| CPA Flora Mtuweta | Convenor | May-18 | | 5/5 |
| FCPA Rose Osoro | Member | Jun-19 | | 3/5 |
| Dr. Abraham Rugo | Member | Jun-19 | | 4/5 |
| FCPA Jane Wanja | Member | Jun-19 | | 3/5 |
| Ms. Mercy Wangui | Member | Jul-20 | | 2/5 |

| Prof. Attiya Waris | Member | Jun-19 | 2/5 |
|--------------------|--------|--------|-----|
| CPA Joseph Tulula | Member | Jun-19 | 4/5 |

CPFT Tax Committee

| Committee Members | Role | When appointed | When retired | Meeting attendance 2020 |
|-----------------------------|----------|----------------|--------------|-------------------------------|
| FCPA Philip Muema | Convenor | Oct-19 | | 3/3 |
| FCPA Robert Waruiru | Member | Oct-19 | | 3/3 |
| CPA Christine Kahema Muthui | Member | Oct-19 | | 2/3 |
| FCPA Edna Gitachu | Member | Oct-19 | | 3/3 |
| CPA Francis Kamau | Member | Oct-19 | | 3/3 |
| Mr. Edward Mwachinga | Member | Oct-19 | | 2/3 |
| Ms. Ngina Mutava | Member | Oct-19 | | 1/3 |
| Mr. Daniel Ngumy | Member | Oct-19 | | 1/3 |

Youth Student and Student Affair Sub-committee

| Committee Members | Role | When appointed | When retired | Meeting attendance 2020 |
|------------------------|----------|----------------|--------------|-------------------------------|
| CPA Joy Kithinji | Convenor | Jun-19 | | 2/2 |
| CPA Eric Kiplagat | Member | Jun-19 | | 2/2 |
| CPA Farheen Khandwalla | Member | Jun-19 | | 2/2 |
| CPA Jackline Naburi | Member | Jun-19 | | 1/2 |
| CPA Justice Mulwa | Member | Jun-19 | | 2/2 |
| CPA Karumba Wilson | Member | Jun-19 | | 2/2 |
| CPA Norah Mogaka | Member | Jun-19 | | 2/2 |
| CPA Olive Gitau | Member | Jun-19 | | 2/2 |
| CPA Sylvester Namagwa | Member | Jun-19 | | 2/2 |
| CPA Vincent Limo | Member | Jun-19 | | 2/2 |
| CPA Wycliffe Ochiaga | Member | Jun-19 | | 1/2 |



Disciplinary Committee

| Committee Members | Role | When appointed | When retired | Meeting attendance 2020 |
|-----------------------------|----------|----------------|--------------|-------------------------------|
| FCPA Charity Muya | Convenor | Aug-19 | | 11/11 |
| FCPA Anne Eriksson | Member | Jul-20 | | 5/6 |
| Arthur Igeria, Advocate | Member | Aug-19 | | 11/11 |
| Hanna Wendot, Advocate | Member | Nov-18 | | 3/11 |
| CPA Peter Nyamondo | Member | Nov-18 | | 11/11 |
| CPA Regina Karauri | Member | Nov-18 | | 6/11 |
| Scholastica Mbilo, Advocate | Member | Nov-18 | | 6/11 |

Election Panel

| Committee Members | Role | When appointed | When retired | Meeting attendance 2020 |
|------------------------------|---------------------|----------------|--------------|-------------------------------|
| CPA Isaac Ruto | Returning officer | Mar-18 | Feb-21 | 9/10 |
| CPA Jacinta Moraa | Election scrutineer | Mar-18 | | 9/10 |
| CPA Hawi Odingo | Election scrutineer | Mar-18 | Feb-21 | 9/10 |
| CPA Sophie Moturi | Election scrutineer | Mar-18 | | 9/10 |
| FCPA Hon. Thomas Mwadeghu | Election scrutineer | Feb-21 | | - |
| CPA Reuben Chirchir | Election scrutineer | Feb-21 | | - |



Finance and Strategy Committee

This committee oversees the strategy implementation on behalf of the Council, reviews operations & administration and makes 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 Members | Role | When appointed | When retired | Meeting attendance 2020 |
|---------------------------|-------------|----------------|--------------|-------------------------------|
| FCPA Samuel Okello | Convenor | Jun-19 | | 5/5 |
| FCPA Dr. Nicholas Letting | Co-Convenor | Jun-19 | | 5/5 |
| CPA Evans Moturi | Member | Aug-17 | | 4/5 |
| CPA Fredrick Odero | Member | Jun-19 | | 4/5 |
| CPA Fredrick Toloyi | Member | Jun-19 | | 3/5 |
| CPA Gerald Gakima | Member | Jun-19 | | 5/5 |
| CPA Dr. Joshua Aroni | Member | Jun-19 | | 5/5 |
| CPA Margaret Muinde | Member | Jun-19 | | 5/5 |
| CPA Newton Kihara | Member | Aug-17 | | 4/5 |
| CPA Risper Olick | Member | Jun-19 | | 5/5 |
| CPA Rosemary Nyokabi | Member | Aug-17 | | 4/5 |

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 includes the young associates (under 35s) and the coordination of continuous improvement in quality service provision to members including evaluation of member satisfaction levels.

| Committee Members | Role | When appointed | When retired | Meeting attendance 2020 |
|---------------------------|-------------|----------------|--------------|-------------------------------|
| CPA Risper Olick | Convenor | Aug-17 | | 7/7 |
| CPA Dr. Elizabeth Kalunda | Co-convenor | Jun-20 | | 3/3 |
| CPA Susan Oyatsi | Co-convenor | Jun-19 | Jun-20 | 3/7 |
| CPA Adan Jarso | Member | Aug-17 | | 6/7 |
| CPA Andrew Bulemi | Member | Jun-19 | | 6/7 |
| CPA Bernard Muli | Member | Jun-19 | | 4/7 |
| CPA Charles Tung'a | Member | Jun-19 | Jun-20 | 2/7 |
| CPA Collins Maubi | Member | Jun-19 | | 6/7 |

| CPA Eric Murage Gachoki | Member | Jun-19 | 5/7 |
|-------------------------|--------|--------|-----|
| CPA Joseph Njoroge | Member | Jun-19 | 4/7 |
| CPA Josephine Isoka | Member | Jun-19 | 6/7 |
| CPA Joy Kithinji | Member | Jun-19 | 7/7 |
| CPA Peter Mukoya | Member | Jun-20 | 1/3 |
| CPA Sarah Chumba | Member | Jun-19 | 4/7 |

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 Members | Role | When appointed | When retired | Meeting attendance 2020 |
|-----------------------|----------|----------------|--------------|-------------------------------|
| CPA Isaac Kamau | Convenor | Jun-19 | | 2/2 |
| CPA Catherine Nyaga | Member | Jun-19 | | 1/2 |
| CPA Dickson Njiru | Member | Jun-19 | | 1/2 |
| CPA Faith Mutinda | Member | Jun-19 | | 2/2 |
| CPA Leonard Bett | Member | Jun-19 | | 2/2 |
| CPA Phares Kamau | Member | Jun-19 | | 2/2 |
| CPA Philip Wuantai | Member | Jun-19 | | 1/2 |
| CPA Phoebe Nandwa | Member | Jun-19 | | 2/2 |
| CPA Rosalind Mureithi | Member | Jun-19 | | 2/2 |

Legislative Work Stream

| Committee Members | Role | When appointed | When retired | Meeting attendance 2020 |
|-----------------------|----------|----------------|--------------|-------------------------------|
| FCPA Andrew Tanui | Convenor | Jun-14 | | 4/4 |
| CPA Andrew Rori | Member | Jun-19 | | 4/4 |
| FCPA Hesbon Omollo | Member | Aug-17 | | 4/4 |
| CPA John Omanwa | Member | Jun-19 | | 3/4 |
| CPA Ken Nyamolo | Member | Jun-14 | | 4/4 |
| CPA Marion Wanjiku | Member | Jun-14 | | 4/4 |
| CPA Philip Kakai | Member | Aug-17 | | 2/4 |
| CPA Dr. Solomon Ngahu | Member | Jun-19 | | 3/4 |

| CPA Tunai Kinyanguk | Member | Jun-19 | 3/4 |
|---------------------|--------|--------|-----|
| CPA Wanjawa Mbakaya | Member | Jun-19 | 4/4 |
| CPA Zachariah Gitau | Member | Jun-19 | 2/4 |

Devolution Work Stream

| Committee Members | Role | When appointed | When retired | Meeting attendance 2020 |
|---------------------------|----------|----------------|--------------|-------------------------|
| CPA Anne Wangeci | Convenor | Jun-19 | | 4/4 |
| CPA Abdalla Ali | Member | Jun-19 | | 2/4 |
| CPA Amos Korir | Member | Aug-17 | | 3/4 |
| CPA Chris Githinji | Member | Jun-19 | | 3/4 |
| CPA Diminah Chikamai | Member | Jun-14 | | 4/4 |
| CPA Ebrahim Adbulla | Member | Jun-14 | | 4/4 |
| CPA Julius Rutto | Member | Aug-17 | | 1/4 |
| CPA Nelson Jalango | Member | Jun-19 | | 4/4 |
| CPA Nicholas Kimanzi Mumo | Member | Jun-19 | | 4/4 |
| CPA Ooko Marembo | Member | Jun-19 | | 4/4 |
| CPA Zachary Magiri | Member | Jun-19 | | 4/4 |

Public Finance and Taxation Workstream

| Committee Members | Role | When appointed | When retired | Meeting attendance 2020 |
|----------------------|----------|----------------|--------------|-------------------------|
| FCPA Philip Muema | Convenor | Aug-13 | | 7/7 |
| CPA Caleb Mokaya | Member | Jun-19 | | 6/7 |
| CPA Christine Muthui | Member | Jun-19 | | 4/7 |
| FCPA Edna Gitachu | Member | Jun-15 | | 6/7 |
| FCPA Erastus Kwaka | Member | Jun-15 | | 6/7 |
| CPA Francis Kamau | Member | Aug-14 | | 5/7 |
| CPA Gerald Githuku | Member | Aug-17 | | 3/7 |
| CPA Jemimah Mugo | Member | Aug-17 | | 6/7 |
| CPA Maurice Oray | Member | Aug-13 | | 4/7 |
| CPA Peter Mungai | Member | Jun-19 | | 5/7 |
| FCPA Robert Waruiru | Member | Aug-13 | | 7/7 |
| CPA Samuel Mwaura | Member | Jun-19 | | 5/7 |

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 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 effective-

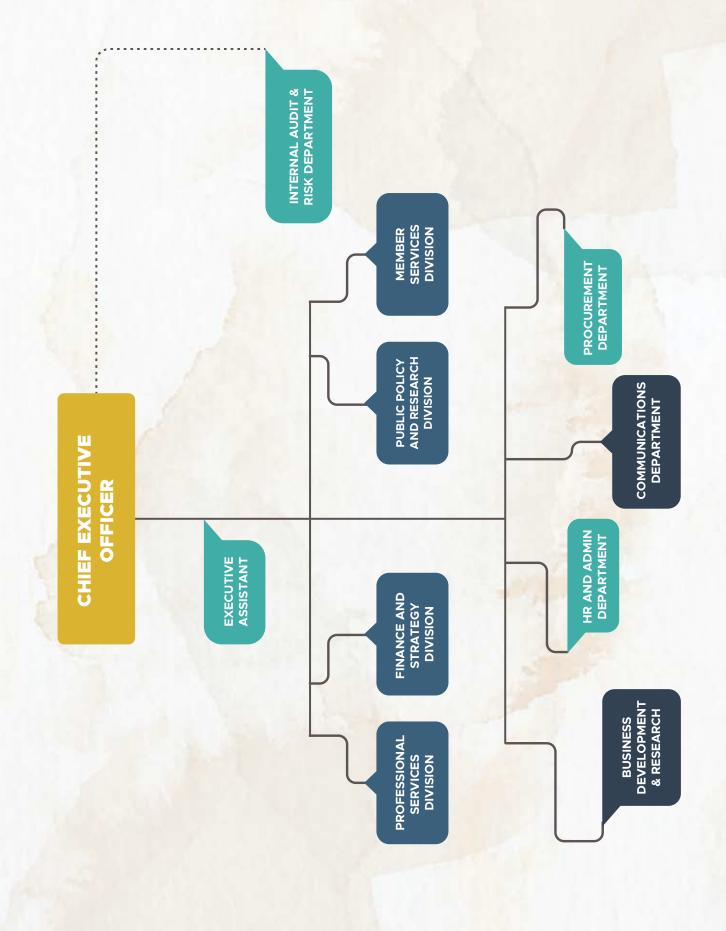
ness of the risk management processes within the Institute and ensures that adequate risk management strategies are being implemented.

| Committee Members | Role | When appointed | When retired | Meeting attendance 2020 |
|---------------------------|------------------------|----------------|--------------|----------------------------|
| FCPA Dr Nicholas Letting | Convenor | Dec-19 | | 6/6 |
| Ms. Damaris Kimosop | Co-Convenor to Mar20 | Jun-16 | Mar-20 | 2/2 |
| CPA Dr. Elizabeth Kalunda | Co-Convenor from Mar20 | Jun-19 | | 5/6 |
| CPA Costantine Mwikamba | Member | Jun-19 | | 5/6 |
| CPA Dalton Mwaghogho | Member | Aug-17 | | 5/6 |
| CPA David Kaberia | Member | Jun-19 | | 5/6 |
| CPA Francis Kitonyi | Member | Jun-19 | | 6/6 |
| CPA Francis Langat | Member | Jun-19 | | 4/6 |
| CPA Freda Mitambo | Member | Jun-19 | | 6/6 |
| CPA Njeri Mwaniki | Member | Jun-19 | | 4/6 |
| CPA Dr. John Kinyua | Member | Aug-17 | | 6/6 |

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 Members | Role | When appointed | When retired | Meeting attendance 2020 |
|---------------------|-------------|----------------|--------------|----------------------------|
| FCPA Rose Mwaura | Convenor | Jun-17 | | 5/5 |
| CPA Anne Wangeci | Co-convenor | Jun-19 | | 5/5 |
| CPA Philip Kakai | Member | Jun-20 | | 2/2 |
| CPA Abdihafid Yarow | Member | Jun-19 | | 3/5 |
| FCPA Andrew Tanui | Member | Jun-13 | | 4/5 |
| CPA Charles Ringera | Member | Jun-19 | | 5/5 |
| CPA Muthoni Wangai | Member | Jun-17 | | 5/5 |
| FCPA Philip Muema | Member | Jun-15 | | 5/5 |
| CPA Reuben Korir | Member | Jun-19 | | 5/5 |
| CPA Reuben Orwaru | Member | Jun-19 | | 5/5 |
| FCPA Rose Osoro | Member | Jun-19 | | 5/5 |
| CPA Samuel Kirenge | Member | Jun-17 | | 4/5 |
| CPA Stephen Kisoi | Member | Jun-19 | | 3/5 |









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Promote Regulation of Accountancy

THE DISCIPLINARY COMMITTEE

Appointment of members of the disciplinary committee

In accordance with the provisions of section 31 of the Accountants Act, No. 15 of 2008, the Cabinet Secretary, National Treasury and Planning appointed Arthur Igeria, Advocate and FCPA Anne Ooga Eriksson through Gazette Notice No. 10238 of 2019 and Gazette Notice No. 4239 of 2020 respectively to the Institute's Disciplinary Committee.

The two members joined the following members of the Disciplinary Committee:

- a. FCPA Charity Muya (Chairperson)
- b. CPA Regina Karauri
- c. CPA Peter Anchinga
- d. Hanna Wendot, Advocate
- e. Scholastica Mbilo, Advocate

Disciplinary cases

Pursuant to sections 31, 32 and 33 of the Accountants Act, No. 15 of 2008, the Disciplinary Committee carried out 6 inquiries in the year 2020 as follows.

- a. Inquiries Completed in 2020
- i. D/120/02/14
- ii. D/122/07/15
- iii. D/134/07/18
- iv. D/135/02/19
- v. D/137/09/19
- vi. D/138/10/19

ICPAK COUNCIL ELECTIONS 2020

On 28th February 2020, the Institute invited interested members to submit nomination forms to vie for one (1) position of member of the Council. The Institute received four (4) nomination papers from the following members:

| No. | NAME | M. No. | POSITION |
|-----|----------------------------|--------|----------------|
| 1. | CPA David Kaberia Kimathi | 17314 | Council member |
| 2. | CPA Fredrick Omondi Oluoch | 10671 | Council member |
| 3. | CPA Nicholas Njuguna James | 6408 | Council member |
| 4. | CPA Philip Kakai | 3767 | Council member |

The Election Panel evaluated the nomination papers and was satisfied that the following members were validly nominated candidates to vie in the 2020 Council Election:

| No. | NAME | M. No. | POSITION |
|-----|----------------------------|--------|----------------|
| 1. | CPA David Kaberia Kimathi | 17314 | Council member |
| 2. | CPA Fredrick Omondi Oluoch | 10671 | Council member |
| 3. | CPA Philip Kakai | 3767 | Council member |

The Following member did not meet the selection criteria to vie in the 2020 Council election:

| No. | NAME | M. No. | POSITION |
|-----|----------------------------|--------|----------------|
| 1. | CPA Nicholas Njuguna James | 6408 | Council member |

Candidates' Profiles

The Candidates' profiles were received as requested and reviewed by the Election Scrutineers. The profiles were approved and circulated to members of the Institute on 25th April 2020.

Voter register

The Elections Scrutineers closed the voters register on 24th April 2020 in line with the Institute By-laws and policies governing elections. The voter register was validated through a special audit by the Internal Audit department and issued to candidates on 25th May 2020. Out of the membership of 20,197 only 13,336 members were eligible to vote.

Campaign Period and Issuance of Tokens

The Institute provided the candidates with two virtual campaign forums. The first forum was held on 18th May 2020 while the second forum was held on 21st May 2020. The campaigns ended on Saturday 23rd May 2020 at 0900 hrs. Voting tokens were issued from Friday, 22nd May 2020 at 0000hrs to Sunday 24th May 2020 at 2359 hrs.

Voting and election Results

The voting period commenced on Monday, 25th May 2020 at 0900 hrs. and closed on Thursday 28th May 2020 at 0900 hrs. Immediately after, the election results tallying process took place at ICPAK Boardroom on Thursday 28th May 2020 from 0900hrs.

The results from the tally were as follows:

| POSITION OF COUNCIL MEMBER | | |
|----------------------------|-------|-------|
| Candidate | Votes | % |
| CPA David Kimathi Kaberia | 1,906 | 38.44 |
| CPA Fredrick Omondi Oluoch | 792 | 15.97 |
| CPA Philip Kakai | 2,261 | 45.59 |

| SUMMARY | No. |
|--------------------------------|--------|
| Total No. Of Eligible Members | 13,336 |
| Total No. of Ballots Cast | 4,959 |
| Total No. of Ballots Tallied | 4,959 |
| Total No. of Ballots not cast. | 8,377 |

Election Malpractices

During the Election period the Election Scrutineers team took note of various election offences and malpractices and took the necessary action.

Elections Appeals

The ICPAK policy governing elections establishes the Elections Appeal Committee consisting of five (5) members.

The Elections Appeal received and resolved one appeal by a candidate against the decision of the Election Scrutineers during the 2020 Council Elections.

FELLOWSHIP AND COMMENDATION AWARDS, 2020



Pursuant to section 4 (3) of the Accountants Act No. 15 of 2008, Council has power to invite members to become fellows of the Institute.

Section 4 (3) provides that:

"...Where the Council considers that a member of the Institute has fulfilled such requirements, if any, for admission into fellowship as the Council may prescribe, the Council may invite such member to become a Fellow."

Subsection (2) (a) of Section 4 provides that: ".....those persons who become Fellows pursuant to an invitation under subsection (3) shall be titled "Fellow of the Institute of Certified Public Accountants of Kenya" (designatory letters F.C.P.A (Kenya)...."

The Council resolved that during the 7th Chairman's Ball scheduled for 11th December 2020, members who have demonstrable service to the Institute in accordance with the Fellowship and Commendation Policy, 2020 be commended or awarded Fellowship status. Interested members were invited to submit their duly filled nomination forms, via E-connect.

It is from the said process that the Institute awarded the Commendation award to forty-three (43) members and the Fellowship award to fifteen (15) members.

REGULATION OF THE ACCOUNTAN-CY PROFESSION

One of the ways ICPAK executes its mandate is by providing assurance as to the quality of services provided by its members. To execute this effectively, the Institute remained dedicated to upholding and promoting high quality professional practices through the regulation, and continuous professional development to members. By monitoring members' compliance to professional standards and instituting disciplinary measures (where necessary), we continue to contribute to high-quality performance by professional accountants, contributing to the efficient allocation and management of resources in both the private and public sectors.

New standards

The year 2020 will be remembered for the prolonged impact of the COVID-19 pandemic which created accounting complexity like never experienced before. Among the major realignments in the standard setting arena were the amendments to the existing standards and generally accepted accounting practices to ensure compliance in view of the application difficulties occasioned by the pandemic and the uncertainties in the business environment.

These are the amendments to the standards and new requirements as communicated by the standard setters.

The Standards below are effective for accounting periods beginning on or after 1 January 2020. It was possible to apply these changes

early depending on local legislation and the requirements of the particular change in concern. The Standards are:

- Conceptual Framework for Financial Reporting
- Definition of a Business (Amendments to IFRS 3)
- Definition of Material (Amendments to IAS 1 and IAS 8)
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 & IFRS 7)

The Institute also took part in the standard setting process through the usual contribution by way of comment letters and involvement in providing opinion to new and existing standards.

Technical guidance

To ensure uniform interpretation of the standards and best accounting practice during the pandemic, the Institute issued accounting guidance during uncertain business environment.

Financial Reporting Award (FiRe Award) 2020



The Institute in collaboration with the Capital Markets Authority (CMA), the Nairobi Securities Exchange (NSE) the Public Sector Accounting Standard Board (PSASB) Kenya and now the Retirements Benefits Authority (RBA) 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.

The Award was not held in the year 2020 due to the COVID-19 pandemic disruption and the need to ensure participation of the public sector entities whose audit certificates were delayed due to absence of the Auditor General.

During the year under review, a total of 286 entities participated by submitting entries for evaluation. This was a significant decrease from a total of 687 participating entities in the previous year largely due to the effects of the pandemic.



It is delighting to note that during the year 2020, the FiRe Award received a 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 were done during the 37th annual session of the intergovernmental experts on the International Standards of Accounting and Reporting (ISAR) held in November 2020.

POSITIONING FOR INFLUENCE - 2020 ACHIEVEMENTS

1. Contribution to Research and Accountancy

(a) Inaugural Research Conference

The Institute in collaboration with the Kenya School of Government and Kasneb organized a successful Inaugural Research conference held at the Kenya School of Government on 10th and 11th December 2020. The Conference brought together over 400 scholars and industry professionals to engage on the theme, 'The Evolution of the Accountancy Profession to meet the 21st Century Global Challenges'. The papers that were presented at the Conference shall be published in the Institute's Journal.

Henceforth, the Inaugural Research Conference shall be an annual event.

(b) Devolution Study

The Institute in partnership with Uraia Trust conducted a Devolution Study and developed a report which was launched on Tuesday 27th October 2020. The report assesses the level of compliance of County governments to public finance management policies and procedures and the progress made by counties in improving quality and timely service delivery to Kenyans. The report proposes policy solutions to enhance devolution and service delivery in Kenya. The event was officiated by Cabinet Secretary Eugene Wamalwa, EGH, Ministry of Devolution & ASAL Areas, CPA Sen. Farhiya Ali, Deputy Chief Whip Senate, FCPA Rose Mwaura, Chairman ICPAK, CPA Edwin Makori, CEO ICPAK, Ms. Grace Maingi, Executive Director. Uraia Trust and Council Members CPA Ann Wangeci among others were in attendance.



(c) AML Guide for Accountants

The Institute in collaboration with the Financial Reporting Center (FRC) and GIZ developed a guideline on Anti-Money Laundering for Accountants to enlighten its members on their obligations under the Proceeds of Crime and Anti-Money Laundering Act (POCAMLA), 2009. The Guide was launched on 16th October 2020. The guide is designed to deter accountants from knowingly or unknowingly promoting fraud, theft, money laundering or being beneficiaries of proceeds of crime as defined under POCAMLA. The event was officiated by Mr. Saitoti Maika, Director General Financial Reporting Centre. In attendance were FCPA Rose Mwaura, Chairman ICPAK, CPA Edwin Makori, CEO ICPAK, Ms. Muthoni Kimani, Director General, Asset Recovery Agency and Council Members FCPA Dr. Nicholas Letting,

CPA Risper Olick and GIZ Representative Mr. Benjamin Waswa among others.

2. 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 recalibrated its strategic plan and aligned it with the emerging new normal brought about by the COVID-19 pandemic. The activities specified were to be achieved within a period of six months, contributing to the overall mandate spelt out in the Accountants Act, 2008. The Institute played a critical role in both the legislative and policy directions.

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

Table 1: Policy Briefs Summary

| NO. | Policy Brief | Focus Area | Target |
|-----|--|---|---|
| 1. | Policy Brief for Economic Support Scheme to Contain Repercus- sions of COVID-19 | The policy brief assessed the economic stimulus measures adopted by different countries to manage the impact of the COVID-19 pandemic. It further proposed financial, economic and taxation measures to be adopted by the Government to cushion its Citizens from economic collapse. | National Trea- sury, Kenya Revenue Authori- ty and Parliament of Kenya among other policy-mak- ing organs |
| 2. | Policy brief on taxation | Developed a Policy Brief on Approaches to Sustain Economies in the COVID19 era – The paper was presented by the ICPAK Chairman, FCPA Rose Mwaura at the KRA Tax Summit held on 4th –and 5th November 2020. The paper focused on strategies to sustain revenue collection during and post COVID-19 era for the growth of the economy | National Trea- sury, Kenya Revenue Authori- ty and Parliament of Kenya among other policy-mak- ing organs |
| 3. | Information brief to guide participa- tion in fiscal budget process 2020/21 | This guide, a snapshot of the fiscal, monetary and sectoral performance of the economy, has been developed to guide ICPAK Council Committees and Secretariat providing pre-budget, budget presentation and post-budget presentation commentary to various media houses and other outlets | National Treasury, KRA, Executive, County Governments (Council of Governors) |
| 4. | Paper on pro- posed Amend- ments to entrench financial account- ability in Kenya - | This project is an omnibus Amendment Bill that seeks to amend all the finance management related laws to be responsive to the changing socio-economic and market demands. | Members of the Institute, Citizens, National Trea- sury, CBK, KBA |

| | The Financial Laws Amendment Bill Project | | |
|----|---|---|--|
| 5. | Paper on digital lending in Kenya | This paper seeks to demystify the digital lending legislation as introduced by the Finance Act 2019. | KRA, citizens, professional bodies, audit firms, CPA firms |
| 6. | Paper on Minimum Tax; done in Novem- ber, 2020 | The paper assessed the impact of Minimum Tax that was reduced in Kenya and gave recommendations that could be adopted to make its implementation tenable. | KRA, citizens, professional bodies, audit firms, CPA firms |
| 7. | Paper on legisla- tion on Blockchain Technology in Kenya | The paper explores the legislative frameworks in other jurisdictions and proposes the best practices that Kenya can adopt to make blockchain technology work better in Kenya. | National Trea- sury, Parliament, ICTA |
| 8. | A Concept note on the cost of BBI Implementation and a scorecard on the uptake of ICPAK submissions | Organized and facilitated a National BBI Forum on 10th March 2020 held at Hilton Hotel. The comments were later consolidated and submitted to the BBI Task Force. | BBI Secretariat, Members of the Institute, public entities, private entities |
| 9. | Policy brief on Business Resourc- ing, Accountability and Oversight on 25th August 2020 | The paper sought to provide recommendations on accountability strategies for the sustainability of businesses during the pandemic. | Private sector, public sector |

3. Contribution Legislative Development

The Institute constantly reviewed and made proposals on pieces of legislation that have an impact on the accountancy profession and the economy at large as highlighted in the table below.

| No. | Piece of legislation reviewed | Recipient Institution |
|-----|---|--|
| 1. | Division of Revenue Bill 2020 | Senate Finance Committee/National Assembly Finance and National Planning |
| 2. | Submission on Third Basis for Reve- nue Sharing in Kenya | Senate Finance Committee/ National Assembly Finance and National Planning |
| 3. | Business Laws Amendment Bill 2019 | National Assembly Finance and National Planning |
| 4. | Policy on County Own Source Revenue Enhancement | Senate Finance Committee |

| 5. | Draft Public Finance Management (National Toll Fund) Regula- tions,2020- | The National Treasury |
|-----|--|--|
| 6. | The Pandemic Response and Management Bill, 2020- | The National Treasury |
| 7. | Draft OSR Guidelines | The Commission on Revenue Allocation (CRA) |
| 8. | Prompt Payment Bill, 2020 - | The Senate |
| 9. | Pensions (Amendment) Bill 2020 | National Assembly |
| 10. | Insurance Professionals Registration Bill 2020- | National Assembly |
| 11. | Finance Bill, 2020- | The National Assembly |
| 12. | County Allocation of Revenue Bill 2020- | The Senate and the National Assembly |
| 13. | PFM COVID-19 Regulations- | National Assembly |
| 14. | Tax Laws Amendment Bill 2020 | National Assembly |
| 15. | Public Debt Management Authority Bill, 2020 | National Assembly |
| 16. | Budget Policy Statement 2020 | National Assembly/Senate |
| 17. | Remunerations Guidelines for Public Sector | National Assembly |
| 18. | National Budget for the Financial Year 2021/22 | National Assembly |
| 19. | DST Regulations | National Assembly |
| 20. | PFM (Credit Guarantee Scheme) Bill, 2020 | National Assembly |

4. Wapi Nduru Programme

The fundamental ethical principles for Accountants across the globe require a professional Accountant to be disciplined, diligent, honest, objective, independent, free from bias, avoid conflict of interest or undue influence over others while maintaining professional competence and due care. Given the nature of their work, accountants are bound to face ethical dilemmas especially on confidentiality in the course of their duties.



Consequently, the Institute in partnership with Amnesty International Kenya and UNDP designed and implemented a Professional Integrity & Human Rights Course that embedded a human rights approach to fighting corruption and ensuring accountability.

Over 350 ICPAK members attended and completed the 5-week course. Members were trained on:

- Anti-corruption strategies
- Whistleblower protection
- Witness protection
- Safety and security protocols

The graduation ceremony was held on 21st October 2020 attended by FCPA Hon. Dr. Amos Kimunya - Leader of Majority Party, CPA Dr. Margaret Nyakang'o - Controller of Budget, CPA Nancy Gathungu - Auditor General, Mr. Wahid Badawi- UNDP Resident representative, FCPA Rose Mwaura, ICPAK Chairman among others.

5. Annual Public Lecture on Ethics and Anti-Corruption

Corruption is an intricate socio-economic, political and economic phenomenon that affects many countries. Corruption weakens democratic institutions, increases the cost of transacting business, slows economic development and contributes to governmental instability. In Kenya, it is approximated that the government loses one third of the national budget to corruption. The United Nations Resolution No. 58/4 of October 31, 2003 declared December 9th the International Anti-Corruption Day (IAC). The Assembly designated this day, to raise awareness on corruption and the role of the Convention in combating and preventing it.

To commemorate this day, the Institute in partnership with Transparency International Kenya (TI-K), Amnesty International Kenya (AIK) and the Kenya School of Government (KSG) organized the 5th Annual Public Lecture on Ethics and Anti-Corruption themed, "Taking Integrity to the People (TIP)." The event was attended by Dr. Ezekiel Mutua, CEO, Kenya Film Classification Board as Chief Guest, Hon. Opiyo Wandayi, Chairman, National Assembly Public Accounts Committee and Dr. Ludeki Chweya, Director General, Kenya School of Government among other dignitaries.

6. International Recognition of The CPA Brand

The Institute held two consultative meetings with CPA Canada on 4th August 2020 and 16th September 2020. The meeting explored opportunities for partnership in:

- Training, Curriculum development and Certification
- Joint research and consultancy opportunities

This partnership will culminate into signing of a Memorandum of Understanding and a Mutual Recognition Agreement with CPA Canada. Further to this partnership ICPAK was invited to attend CPA Canada's Virtual Annual Conference which was held on 16th Sept to 18th September 2020.

During the reporting period, the Institute continued strengthening ties and giving support to the ICPAK South Africa Chapter and continued implementation of the MRA with CPA Australia, SAICA, ICAEW and EACIA, among others.



7. Strengthening ICPAK Branch Network

Branch Report

In 2020, ICPAK branches held the following activities;

| Activity | Deliberations | |
|---|---|--|
| Branch Leaders' Forum | The 4th Branch leaders' forum was held at Sunshine Hotel, Kericho and branch leaders including the branch chairmen, vice chairmen and secretaries from all nine branches were present. In attendance were the National Chairman, Vice Chairman and Council Members of the Institute and the Chief Executive Officer of the Institute. The leaders were trained on; Branch Governance Policy and the Implementation Framework, Induction and Review of Branch KPIs/ Evaluation Tool, Effective Policy Advocacy and Stakeholder engagement and Leadership in driving performance. | |
| South Rift Annual Mem- bers Meeting | The 8th South Rift Annual Members Meeting was graced by representation from almost all ICPAK branches. Others present were the National Chairman FCPA Rose Mwaura, Vice Chairman FCPA George Mokua and Council Members as follows; CPA Anne Wangeci, CPA Dr. Elizabeth Kalunda, CPA Susan Oyatsi, FCPA Samwel Okello and CPA Risper Olick. | |
| Virtual Annual Members Meetings | Due to the travel and gathering restrictions as a result of the COVID-19 pandemic, the following branches held virtual Annual Members Meetings during 2020; Northern North Rift Nyanza Eastern Coast Mt. Kenya Central Rift | |
| Induction of new branch leaders | The Institute organized and facilitated a virtual induction ceremony for all newly elected branch leaders. The event was graced by various Council members led by the Chairman FCPA Rose Mwaura and the Chief Executive Officer. | |



BRANCH CSR ACTIVITIES

In 2020, various branches engaged in a number of CSR activities highlighted below;

Coast Branch

27th December 2020 – The Branch Administration visited Baraka Children's Home in Kisauni area and donated items to the Children's home on behalf of the Institute.





Nyanza Branch

The Branch Administration visited Miral Community Organization in Otonglo, Kisumu county.

Eastern Branch

The Branch in collaboration with the Marketing department held a successful mentorship talk at Machakos University on Thursday 12th March 2020.





Central Rift

The Branch Administration vistited Talithakum Children's Home

Western Branch

The Branch Administration visited Precious Virginia special school Matungu on 31st October 2020. They also visited St. Catherine special school, Butula and Nangina special school Funyula on 21/11/2020



North Rift

The Branch held three CSR Activities amongst its six counties; Royal Toto Children Home in Nandi County, Eldoret Rescue Centre in Uasin Gishu County and AIC Tumaini Children Home in Kitale Trans-Nzoia County.





Northern Branch

During the year, donations were made to a needy Institution at a Garissa orphanage centre. Northern Branch also supported a forestation programme in Wajir.

South Rift

The Branch Administration visited Umoja Children's Home.





Mt. Kenya

CSR Activity at St Stephens Children's Home Majimbo Embu County



STAKEHOLDERS ENGAGEMENT

The Institute engaged stakeholders at the National level with a view to fostering partnerships for the benefit of the accountancy profession. During the reporting period, the Institute held strategic engagements with KIPPRA, Institute of Economic Affairs, Kenya Revenue Authority, Senate Finance Committee, Council of Governors, National Treasury, The Institute for Social Accountability (TISA), International Budget Partnerships (IBP), National Assembly and the Kenya School of Government among other entities. This is illustrated as follows:

Table 1: summary of stakeholder deliberations

| NO. | STAKEHOLDER | DELIBERATIONS AND OUTCOMES |
|-----|---|--|
| | Kenya Institute of Public Policy Research and Analysis (KIPPRA) | The Institute held an engagement with KIPPRA to give input on KIPPRA's Research study on Anti- Corruption Strategies in Kenya. Further deliberated on future areas of partnership. |
| | Institute of Economic Affairs Kenya (IEA) | Research and made presentations at the IEA Pre-Budget Hearing FY 2020/21. The ICPAK proposals focused on the Big Four Agenda, Public Debt, Income Tax, Value Added Tax and Excise Duty Tax. |
| 3. | Kenya Revenue Authority | Continued partnership and constructive dialogue on tax policy and tax administration in Kenya. During the reporting period, the ICPAK Council held a meeting with the KRA Commissioner General CPA Githii Mburu and deliberated on: Need for a National Tax Policy, Alternative Dispute Resolutions mechanism iTax related enhancement Collaborative Approach on tax practice and Whistle blowers Protection Further, the Institute held a stakeholder technical engagement with KRA to discuss; Minimum Tax and Digital Service Tax, VAT Auto Assessment, Framework Agreement between KRA & ICPAK and a follow up meeting to discuss Digital Service Tax and Position paper on Minimum Tax |
| 4. | Senate | The Institute continued to strengthen its relationship with the Senate in 2020. Held consultative meetings with the Senate Finance Committee on the Budget Policy Statement 2020, Finance Bill 2020 and Division of Revenue Bill 2020; and Held a virtual meeting with the Senate Devolution and Intergovernmental Relations Committee and presented the findings and recommendations of the ICPAK Devolution Survey 2020 |
| 5. | National Assembly | The Institute held brainstorming meetings with the National Assembly Finance and Planning Committee on the proposed implementation of minimum tax in Kenya. |

| | | The Institute presented a policy brief on Business Resourcing, Accountability and Oversight. The brief looked at the effects of COVID-19 on the various sectors of the economy namely; Tax revenue, Employment, Education, International Trade and Tourism. |
|-----|--|---|
| 6. | Council of Governors | Partnered with the Council of Governors to organize a capacity building seminar for County Audit Committees. Through this programme, the Institute trained over 80 delegates representing Directors of Audit, Internal Audit Staff and Audit Committee members from 35 county governments on accountability and audit committee effectiveness. |
| 7. | National Treasury | Through collaboration on public finance and accountability, the Institute made the following submissions to the National Treasury: Proposals on the Fiscal Budget FY 2020/21 Proposals on the Budget Policy Statement 2020 Comprehensive submissions for an Economic Support Scheme to contain the repercussions of the COVID-19 Pandemic in Kenya Draft Public Finance Management (COVID-19 Emergency Response Fund) Regulations which provide for a framework to mobilize resources for emergency response towards containing the spread, effect and impact of COVID-19 pandemic. Submissions on the PFM Covid 19 Regulations that proposed establishment of the COVID-19 Emergency Response Fund under Section 24 of the Public Finance Management Act. |
| 8. | The Institute for Social Accountability (TISA) and International Budget Partnerships (IBP) | Through a collaborative approach, jointly developed the following submissions • A joint memorandum on the Division of Revenue Bill 2020 • Joint paper on Budget Policy Statement 2020 These submissions were subsequently presented to the Senate Finance Committee. |
| 9. | GIZ | In collaboration with GIZ, the Institute launched the Anti-Money Laundering Guide for accountants in Kenya designed to reduce the possibility of the accountancy profession being knowingly or unknowingly used for purposes connected with an offence involving proceeds of crime, fraud, theft or money laundering as defined under POCAMLA. |
| 10. | Uraia Trust | In collaboration with Uraia Trust, the Institute conducted a study on the Impact of Devolution in Kenya. The report focused on the impact of devolution at the county level with regards to public finance management. The report was officially launched by Devolution CS, Eugene Wamalwa. |
| 11. | Kenya School of Govern- ment | Partnered with Kenya School of Government to host the Inaugural Research Conference from 9th to 11th December 2020. The Conference brought together over 300 delegates. |
| | | |



Enhanced Customer Experience

The year 2020 was unique worldwide. The COVID-19 pandemic brought forth major disruptions, not only in the corporate world but also within the personal lives of millions of people. Businesses were forced to make drastic changes in their operations, while facing increased demands from their customers.

Even with ICPAK's normal operations disrupted, the Institute's obligations to its members and other stakeholders remained a high priority. Through the wise direction of its Council, new strategies and modes of operation were put in place to ensure that service to members was not disrupted and the Institute continued to deliver a consistent high-quality customer experience that enhances the Institute's brand.

Activities within the Member Services team in 2020 thus focused on maintaining and enhancing customer experience in the challenging environment that was being witnessed.



Quality service

With the pandemic fully hitting the country in March 2020, ICPAK staff were asked to work from home for their own safety. ICPAK quickly invested in automation where possible, to ensure that staff were able to deliver fully on their mandates while working from home. For example, the Customer Service team was able to receive and handle calls remotely, meetings were held virtually and remote access to the Institute's database enabled, so that internal processes are not impacted negatively.

ICPAK fully implemented its Call Centre system that allows it to track and monitor its incoming

calls response. Fully functional at the Customer Service Desk, this system has seen call management improve and maintained at 90% response rates.

Members continued to have their CPDs updated within two working days, a practice that helped in ensuring members had their CPD records in good standing.

ICPAK undertook a vibrant communication and information campaign through its communication channels including the website, E-connect, CPD Express, its social media pages. The Accountant magazine was digitalized to enable all members access it from anywhere.



Member welfare

Customer feedback is very important in identifying areas of improvement. The Institute proactively collected customer feedback through the various interactions with its members.

A Members' Welfare survey was conducted in Q3 of the year to understand challenges that members were facing due to the pandemic as well as to get suggestions on how to ease these, in addition to maintaining membership. Many of the proposals put forth are either in progress for implementation or were implemented in the remaining part of the year.

The Institute's Council increased its engagements with membership through various online Chair/CEO's forums, through which members relayed pertinent issues affecting them and the profession for the information and action by

Council. The Institute's 7th Chairman's Ball, a hybrid of both physical and virtual attendance was successfully held in December, with the Chair appreciating the members for their support during the year.

At the end of the year, overall member satisfaction levels were at 68% out of a 75% satisfaction index target, up from 63% in the previous year. Though the Institute performed well, there is still room for improvement going forward.



Membership value proposition

ICPAK seeks to continually attach value to its membership through various programs and activities.

In the year, the Institute enhanced its CPD offerings through virtual programs that included webinars, online exams, and videos. With the banning of physical gatherings, the Institute had to be innovative to continue providing learning opportunities for its members, and virtual programs was the way to go. The reception was quite overwhelming with many members participating in the sessions offered. Sessions were fairly priced, and a few were offered at no cost, to ensure that members benefited from the learnings as well as continued to meet their CPD hours obligations for the year. ICPAK's CPD Policy was reviewed accordingly to take into considerations virtual training sessions.

The Institute's Benevolent Scheme was enhanced to cover parents and parents in law, a move that was greatly lauded by its membership. The cover amounts for spouses and dependants were also enhanced.

The pursuance of non-practicing allowances for members continued, with meetings held with the key stakeholders as well as a job evaluation by the Salaries and Remuneration Commission (SRC) commenced within the year.

The Wapi Nduru Professional Integrity & Human Rights course, in partnership with Amnesty International (Kenya) and UNDP was implemented with over 300 members participating and graduating. This is in line with the implementation of the Whistleblower Policy of the Institute.

Members continued to enjoy recognition through MoU's with affiliated professional accountancy organizations and service partners.

Inactive members willing to reactivate their membership with the Institute enjoyed a waiver on their outstanding amounts and were only required to pay a standard amount to have their membership reinstated.



Membership growth

2020 saw the Institute carry out an aggressive membership recruitment campaign to encourage as many potential members as possible to register. The Institute went further to give a 50% discount on registration fees for full membership, to attract as many applications as possible. The Registration & Quality Assurance Committee went out of its normal meeting schedules to ensure applications were approved and released as often as possible. A total of 1,900 new members joined the Institute within the year.

Corporate Social Responsibility Report

ICPAK's Corporate Social Responsibility activities continue to be driven by four thematic areas: Environment, Education, Local Community and Charity Accounting.

Local Community

Devolvement of the Institute's CSR activities to the branches continued, with each branch getting monetary support to facilitate such activities within their borders. With the pandemic giving rise to harsh economic times, many institutions relying on the goodwill of the Society suffered huge financial hardships, with donors cutting short their sponsorships due to the business uncertainty experienced. This prompted ICPAK to focus on promoting the wellbeing of the less fortunate within Society. By the close of year, the following donations were made to several groups to better the lives of the residents in the identified recipient homes.



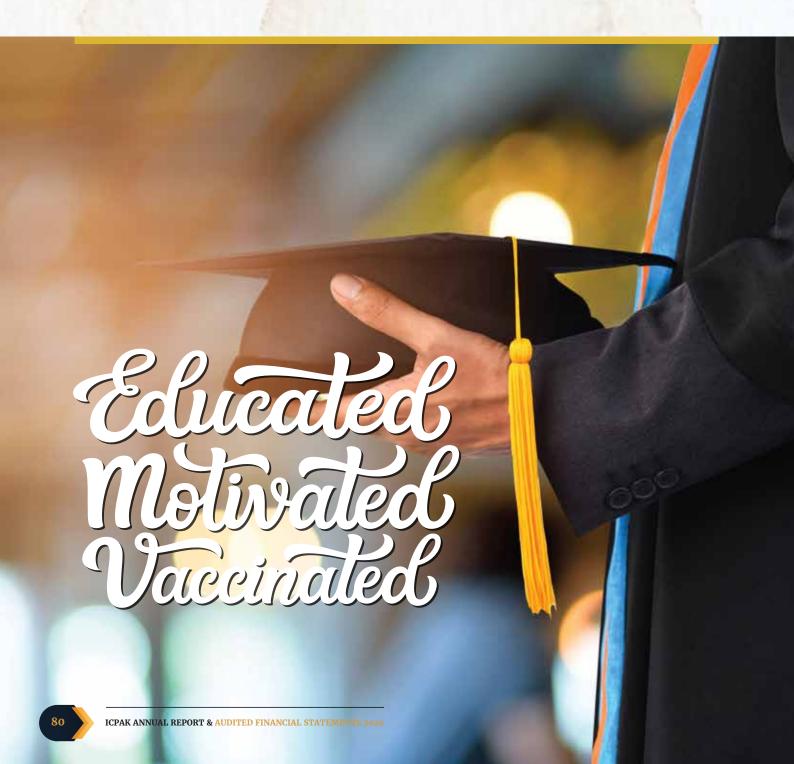
| Branch | Activities |
|--------------|--|
| Coast | 28th November 2020 – The Branch visited Mandizini slums near Buxton where the Institute donated foodstuff, clothes and soap to the vulnerable people living in that area. This activity was done in conjunction with Mothers Touch, a local organization dealing with empowering people living in slum areas. 27th December 2020 – The Branch visited Baraka Children's Home in Kisauni area and vulnerable families living in the streets alongside Makadara area where the Institute donated detergents and food stuff. |
| North Rift | The Branch held three CSR Activities amongst its six counties; Royal Toto Children Home Nandi County, on 28th November 2020. The children were supplied with beddings, clothing, food stuff, and an office clock. Eldoret Rescue Centre Uasin-Gishu, on 11th December 2020. Donations included food stuff, beddings, detergents, sandals, baby milk and branded ICPAK t-shirts to the Centre's management. AIC Tumaini Children Home in Trans-Nzoia County, on 22nd December 2020. Beddings, masks, foodstuff were donated. |
| South Rift | On 22nd December 2020, The Branch visited two Children's homes, Umoja Children's Home in Bomet County and Happi Child Home in Narok County. At Umoja Home, the donated items included food stuff, school uniform and the team also painted the Dining Hall. At Happi Child Home, ICPAK donated food stuff. |
| Central Rift | On 5th December 2020, the Branch paid a courtesy call to Talithakum Children's Home in Nyahururu, which provides a hybrid of institutional and community care to HIV positive orphaned and vulnerable children who cannot find immediate placement within the target community social safety nets. Donations included food stuff, toiletries, beddings, and detergents. |
| Mt Kenya | Mt Kenya Branch visited St. Stephens Children's Home for orphans, situated in Majimbo Embu County. Through members' contributions and the kitty from the Secretariat, the Branch donated a tank, shoes, and food items. |

Through its Nairobi office in March of 2020, ICPAK paid a visit to the Association for the Physically Disabled of Kenya (APDK). Led by its CEO, CPA Edwin Makori, the Institute held discussions with the Association's leadership on possible areas of collaboration, including but not limited to education, social inclusion, and livelihood improvement. The Institute also donated Kshs. 150,000 to the Association.

Education

With the opening of colleges and universities in the latter part of the year, ICPAK continued to support the ongoing students within its Scholarship program. In the year, three students graduate as below:

| | Student Name | University | |
|----|-----------------|--------------------------------------|--|
| 1. | Boniface Isoe | Chuka University | |
| 2. | Peter Naisuya | Maasai Mara University | |
| 3. | Lonah Chepkorir | Mult <mark>imedia Un</mark> iversity | |









Institutional Sustainability

ICPAK sustainability approach is anchored on three main areas: sustainable finance, sustainable supply chains and sustainable employment practices. The Institute developed and promulgated a new strategic plan 2019-2021 in January 2019. This Strategic Plan has four pillars, eighteen strategic objectives and fifty seven sub-strategic objectives. Among key assumptions of this strategic plan were certainty and predictability of the operating environment.

However, following the outbreak of the COVID-19 pandemic, various countries including Kenya introduced a raft of measures to prevent further spread of the virus, which continued to negatively affect operations of all

sectors of the economy in general. Whereas the pandemic was a health crisis, its economic ramifications was even greater. Lives and livelihoods were lost, affecting businesses and households income.

This phenomenon prompted the Institute to scan its new environment to develop and engage proactively on new activities that would guarantee its sustainability. Among these activities, the Institute developed a short-term six month's strategic plan which lasted to December 2020.

1. Financial Sustainability.

The six-months 2020 strategic plan focused on activities that ensured that ICPAK remained sustainable during the turbulent period. Key activities implemented during this period to ensure financial sustainability of the Institute were: virtual trainings, cost optimization, virtual Council and Committee meetings, and remote working of staff to manage operational costs. These activities ensured that the Institute generated the much-needed revenue and optimized operational costs and whilst continuing to provide uninterrupted services to members.

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. In this era of

COVID-19, the Institute ensures strict adherence to the Ministry of Health (MOH) guidelines at the headquarters and its branch offices to curb the spread of the coronavirus. Most of the interactions between staff and members have been automated to reduce instances of physical contact. Staff are encouraged to work from home when its practical to do so. In addition, ICPAK ensures that all physical events are held in MOH accredited facilities.

3. Institutional Culture

Since its establishment, the Institute has kept adapting to the changing world. These changes have seen ICPAK embrace a new 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 embarks on continuous staff satisfaction surveys to evaluate satisfaction levels, assess progress, and make necessary changes. Based on these surveys, the Institute devises strategies for improving staff fulfillment.

ICPAK prides itself on 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.

The Institute adopted an open culture where staff members feel connected, supported, and are able to speak up. Management encourages 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 its customers. 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.



This phenomenon prompted the Institute to scan its new environment to develop and engage proactively on new activities that would guarantee its sustainability.





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, Barazas and 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 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 iden-

tification 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 the 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 of importance to our society. During the year, the Institute continued to provide educational scholarships to the needy.

4. Strengthening the Institute's Governance

A responsible business culture

The Institute takes responsibility for running its 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, 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 at the workplace and continually works 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 a 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 legisla-

tions and Kenyan laws.

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 issues 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 high priority to communication with stakeholders. Extensive information about ICPAK and its activities is provided to stakeholders in the Annual Report and Financial Statements as well as on the Institute's website, www.icpak.com.

Our communities are the essence of our business. ICPAK will continue to invest in worthy causes of importance to our society.

5. Improvement on Service Delivery to Members:

Geared towards sustainable existence, ICPAK continues to invest heavily on the improvement of service delivery to its stakeholders. During the year, a Call Centre was launched to handle customer queries more efficiently and effectively.

Customer developments Our investment in technology

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 its 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 continues to implement an Enterprise Risk Management Framework which establishes the criteria within which enterprise risks are managed. The Institute's approach is to minimize its exposure to reputational, compliance and financial risk, whilst accepting and encouraging an increased degree of risk in pursuit of its mission and objectives. It recognizes that its appetite for risk varies according to the activity undertaken, and that its acceptance of risk is subject always to ensuring that potential benefits and risks are fully understood before developments are authorized, and that sensible measures to mitigate risk are established.

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 with the concurrence of risk owners and is facilitated by Internal Audit and Risk Department.

The departmental risk champions and risk owners analyze risks in their operations and related to their strategic objectives and prescribe appropriate mitigation measures which are monitored for implementation.

Risks are comprehensively assessed on their probability, severity, and the quality of the existing control environment in line with international best practice. The Institute leverages on various risk management tools i.e. Risk Registers, Risk enablers like policies and systems to effectively control risks.

The Audit, Risk and Compliance Committee meets on a quarterly basis and is responsible for ensuring that the systems and controls, procedures and policies of the Institute as well as Enterprise Risk Management Framework are properly established, monitored and reported on behalf of the Council. 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 then 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 Institute's risk management approach will continue to evolve, be flexible and relevant to the business needs in an ever-changing environment.

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 31 December 2020;



SOME SIGNIFICANT STRATEGIC AND OPERATIONAL RISKS

No. SIGNIFICANT RISK / STRATEGIC RISKS **MITIGATION MEASURES** 1. Business Continuity & Disaster Recovery Management implemented a short-term strategic plan. The plan took into consideration the disruptions result-Risk of disruptions to ICPAK's business ing from COVID-19 pandemic, thus, sought to identify operations or business recovery due to new opportunities to be exploited during the period unforeseen disasters or threats. including identification of new technological innovations to enhance operations and service delivery to members. The threats and risks exposures for the Institute have been reviewed with an intent to develop mitigation measures that will be sustainable and assist the Institute to navigate through the turbulent times. 2. Workplace Covid-19 Transmission Risks - The Institute encouraged staff to work from home Risk that staff may get infected with and provided facilitative infrastructure to support COVID-19 in the course of work. With the telecommuting. increasing cases of asymptomatic cases - The Institute continuously communicated to all staff being reported by the ministry of Health, to observe social distance, wash hands with running staff with mild symptoms could continue to water and sanitize while at work. Further, the Instiwork hence spread the disease to others tute provides all staff with face masks when they during work or when commuting. The infectare in the office. ed workers will subsequently transmit the - The Institute regularly disinfects all the common virus to their households and communities areas and surfaces (handrails, lifts, doorknobs etc.) and maintains the office in a clean and healthy COVID-19 requires adoption of a new safety and health culture that focuses on prevenstate. tion and minimization of transmission risk at the workplace. Held virtual forums with members to listen and 3. Reputational Risk engage with them on issues affecting them. Risk of loss due to potential negative publici-Revised and implemented the Customer Service ty of the Institute due to delayed response, charter delayed disciplinary cases, lack of visibility Improved Member Satisfaction Index by conducting and lack of participation in industry activiand implementing survey feedbacks Conducted online thematic and evidence-based ties. Reputational risk for the Institute can policy research and disseminate through online also arise from internal processes. channels. 4. IT Security Risks A VPN secure connection was acquired and was Risks arising from external threats, unauthorolled out to all staff PC's. rized access or hacking into the Institute's Two factor authentications on third party applicasystems, emails or servers as the staff work tions has been installed. from home. 5. Liquidity Risk The Institute diversified its revenue streams by: Risk that the Institute may be unable to - Introduced virtual CPD events which are affordable to meet short term financial demands due to the members an inadequate cashflow position caused by - Created a sales and marketing team to aggressively the effects of the COVID-19 pandemic. market the programs to members - Leasing out ICT platforms to other entities at fees - Managed costs in all institute's operations 6. Stakeholder Engagement Risk The Institute has put in place the following controls:

Risk that the Institute is exposed to resulting from inadequate stakeholder engagement that could lead to backlash and unco-operativeness from the key stakeholders.

- Improving the Brand Position and visibility by carrying out brand endorsements and involving heads of various organizations in virtual trainings and programs.
- Developing and implementing a content marketing strategy i.e. sharing snippets of policy on Institute's social media platforms.
- Acknowledging appointments of members to key positions.





Media/Communication Report

The Institute of Certified Public Accountants of Kenya is a statutory body established in 1978.

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 2020, 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, TV 47, Business Daily, the Standard, the Star, and People Daily among others.

Besides this, the Institute embraces robust use of Social media Platforms 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, corruption, regulation of the profession and matters of public interest include twitter, Facebook, and LinkedIn.

In 2020, the ICPAK Twitter handle increased its followers from 11,623 in January 2020 to 14,873 in December 2020. In addition, Facebook had an increase in followers from 26,017 in January 2020 to 29,605 in December 2020. The increase is a testament of how influential our social media has become, and level of trust people have in them as a tool for receiving communication from the Institute. With diversified communication channels employed by the Institute, the year under review saw the publication of the Chairman's Newsletter, e-connect, CPD Express, Technical Newsletter, and The Accountant journal among others.

These played a pivotal role by aiding the Institute to be directly involved with its internal and external publics. The Accountant Journal - a sought after accountancy magazine across East Africa - which is published every two months is a fountain of knowledge for subjects such as Finance, Audit, Tax, Information Technology and Management, among others.



MEDIA MONITORING SCORECARD

1. PRINT MEDIA

| NO. | DATE | PUBLICATION | SUMMARY/HEADLINE | SLOT | TONALITY |
|-----|---------------|----------------|--|-------------|----------|
| 1 | January 21st | The Standard | Why accountability is an accountant's big dilemma | Hard News | Neutral |
| 2 | January 14th | Daily Nation | Financial innovation and emerging issues seminar | Advertorial | N/A |
| 3 | January 21st | Daily Nation | 28th Economic Symposium (1st advert) | Advertorial | N/A |
| 4 | January 22nd | Daily Nation | Vacancy Advert | Advertorial | N/A |
| 5 | January 23rd | Daily Nation | Tender Advert | Advertorial | N/A |
| 6 | January 26th | Business Daily | Accountants push for changes allowing acting Auditor-General | Hard News | Neutral |
| 7 | January 28th | Business Daily | ICPAK seeks whistleblower protection in anti-graft war | Hard News | Neutral |
| 8 | January 31st | The Standard | Kericho. Accountants root for Whistle blowers | Hard News | Neutral |
| 9 | February 4th | Business Daily | 28th Economic Symposium (2nd Advert) | Advertorial | N/A |
| 10 | February 6th | Daily Nation | Treasury & Revenue Management seminar | Advertorial | N/A |
| 11 | February 18th | Daily Nation | Financial Reporting for County Governments | Advertorial | N/A |
| 12 | February 21st | People Daily | Accountants want 70% of NHIF cash directed to public hospitals | Hard News | Neutral |
| 13 | February 24th | People Daily | State urged to enact long awaited income tax bill to boost revenue | Hard News | Neutral |
| 14 | 10th March | Daily Nation | | Advertorial | N/A |
| 15 | 24th March | Daily Nation | 6 pages of COVID-19 report | Advertorial | N/A |

| 16 | March 25th | The Star | Waive taxes for businesses to save economy, Uhuru told. | Hard News | Neutral |
|----|-------------------|----------------|---|-------------|----------|
| 17 | March 25th | The Standard | ICPAK: Delay taxes to ease suffering | Hard News | Neutral |
| 18 | April 30th | The Standard | Support medics so that they can take care of us | Oped | Neutral |
| 19 | May 11th | The Star | Man wants court to bar upcoming accountants' elections | Hard News | Negative |
| 20 | May 21st | The Standard | Let's be alert to prevent theft of COVID-19 funds | Oped | Neutral |
| 21 | June 4th | Daily Nation | AGM Notice | Advertorial | |
| 22 | August 6th | The Standard | Accountants to get training on whistleblowing at work | Hard News | Positive |
| 23 | August 20th | People Daily | Accountants slam COVID-19 funds theft, call for punishment of offenders | Hard News | Neutral |
| 24 | August 28th | Daily Nation | Accounting pros urged to aid COVID-19 funds probe. | Hard News | Neutral |
| 25 | September 9th | The Standard | We must fight graft more aggressively | Oped | Positive |
| 26 | September 17th | Business Daily | Senate team should back CRA push for prudent spending, own-source revenue | Oped | Positive |
| 27 | September 24th | Business Daily | Accountants' Warning on COVID-19 | Hard News | Neutral |
| 28 | September 24th | People Daily | ICPAK warns corrupt members over Kemsa | Hard News | Neutral |
| 29 | September 25th | The Star | State urged to lend SMEs to revive economy - ICPAK chairperson tells government to stimulate businesses in any way possible | Hard News | Neutral |

| | ı | | | | T |
|----|------------------|-----------------------|--|-------------|---------|
| 30 | October 8th | People Daily | ICPAK seeks extension of tax relief measures | Hard News | Neutral |
| 31 | October 8th | The Standard | Accountants seek tax relief extension for two more years | Hard News | Neutral |
| 32 | October 28th | Business Daily | Lobby blames outdated systems, contract jobs for county revenue woes | Hard News | Neutral |
| 33 | October 28th | People Daily | Counties fail to meet local revenue targets | Hard News | Neutral |
| 34 | October 28th | People Daily | Counties must seal revenue loopholes | Hard News | Neutral |
| 35 | October 28th | kbc.co.ke/re- port | Report: Muranga County highest spender on development at 60% | Hard News | Neutral |
| 36 | October 29th | People Daily | Low absorption of county cash worries accountants | Hard News | Neutral |
| 37 | November 2nd | The Standard | ICPAK wants more cash to agriculture | Hard News | Neutral |
| 38 | November 2nd | The Standard | ICPAK calls for strict oversight to county funds | Hard News | Neutral |
| 39 | November 11th | Daily Nation | 36th Annual Seminar | Advertorial | N/A |
| 40 | November 21st | The Star | Help girls amidst COVID-19, Nyanza accountants urge | Hard News | Neutral |
| 41 | November 25th | The Standard | Counties decry huge wage bills from local government | Hard News | Neutral |
| 42 | November 25th | The Standard | Report should not be left to politicians alone, says CoG | Hard News | Neutral |
| 43 | November 26th | People Daily | Government to blame for strikes in health sector | Hard News | Neutral |
| 44 | November 26th | The Standard | Counties overwhelmed by virus, says Oparanya | Hard News | Neutral |

| 45 | November 26th | The Standard | Counties overwhelmed by virus, says Oparanya | Hard News | Neutral |
|----|------------------|----------------------------|--|-----------|---------|
| 46 | November 27th | People Daily | State warned over risks posed by minimum tax | Hard News | Neutral |
| 47 | November 27th | Daily Nation | Minimum tax will kill our busi- nesses, firms tells State | Hard News | Neutral |
| 48 | December 9th | People Daily | ICPAK warns of low taxes, ballooning wage bill | Hard News | Neutral |
| 49 | December 9th | People Daily | Minimum Corporate Tax will hurt businesses | Hard News | Neutral |
| 50 | December 10th | The Sta <mark>ndard</mark> | Accountants want tax delayed | Hard News | Neutral |

2. BROADCAST

| Date | Channel | Summary | Slot | Tonality |
|-------------------|---------|---|-----------|----------|
| March 24th | NTV | Public accountants propose suspension of HELB loans repayment | Hard News | Neutral |
| May 6th | КВС | Tax Relief Measures during COVID-19 | Hard News | Neutral |
| June 11th | NTV | The government should balance its borrowing with its ability to repay its debts. | Hard News | Neutral |
| August 7th | TV 47 | 'Wapi Nduru' Project Launch by ICPAK and Amnesty International to fight Corruption. | Hard News | Neutral |
| September 23rd | NTV | ICPAK says procurement at the counties needs to be streamlined | Hard News | Neutral |
| October 16th | КВС | 15 ICPAK members under investigation | Hard News | Negative |
| October 27th | NTV | ICPAK puts counties on the spot over 'laxity in asset management' | Hard News | Neutral |
| November 21st | KBC | ICPAK calls for concerted efforts to alleviate suffering of girls from underprivileged families | Hard News | Neutral |
| November 22nd | KTN | ICPAK wants BBI amended to increase judiciary fund allocation for smooth service delivery | Hard News | Neutral |

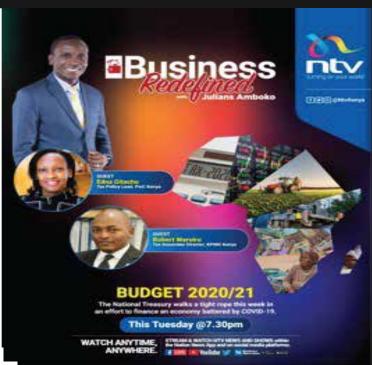
3. BUDGET ANALYSIS JUNE

BUDGET ANALYSIS MEDIA SCORE-CARD

The Institute was represented in pre and post budget analysis for the FY 2020/21 in the following media stations:

| NO. | MEDIA HOUSE | TIME EXPECTED IN STUDIO | REPRESENTATIVE |
|-----|-------------|--|---|
| 1. | Spice FM | Friday 29th May 2020 8:00am – 9:00am | Elias Wakhisi |
| 2. | NTV | Tuesday 9th June 2020 7:30pm-9:00pm | FCPA Edna Gitachu FCPA Robert Waruiru |
| 3. | Inooro FM | Wednesday 10th June 2020 8:00am-9:00am | CPA Peter Mwangi Ndungu |
| 4. | KTN | Wednesday 10th June 2020 2:00pm-4:00pm | CPA Christine Kahema Muthui |
| 5. | NTV | Wednesday 10th June 2020 2:00pm-4:00pm | FCPA Rose Mwaura CPA Francis Kamau |
| 6. | KTN | Thursday 11th June 2020 6:30am- 7:30am | CPA Samuel Mwaura |
| 7. | Citizen | Thursday 11th June 2020 6:30am- 7:30am | FCPA Philip Muema |
| 8. | KTN | Thursday 11th June 2020 12:00pm-1:00pm | CPA Karaya Mokaya |
| 9. | КВС | Thursday 11th June 2020 1:00pm-2:00pm | CPA Gerald Githuku |
| 10. | K24 | Thursday 11th June 2020 11:00am-12:00pm | CPA Francis Kamau |
| 11. | NTV | Thursday 18th June 2020 7:30pm- 9:00pm | CPA Christine Kahema Muthui CPA Maurice Oray |

















FINANCIAL STATEMENTS

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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Members of the Council

| Chairman | FCPA Rose Mwaura, MBS | Elected June 2019 |
|----------------------------------|---------------------------|--------------------------------|
| Vice - Chairman | FCPA George Mokua | Re-elected June 2020 |
| | | |
| Member | FCPA Samuel Okello | Re-elected June 2018 |
| | CPA Anne Wangeci | Elected June 2018 |
| | CPA Risper Olick | Elected June 2019 |
| | CPA Dr. Elizabeth Kalunda | Elected June 2019 |
| | CPA Philip Kakai | Elected June 2020 |
| | Damaris Kimosop | Retired March 2020 |
| | CPA Susan Oyatsi | Retired June 2020 |
| | CPA Jona Wala | Representing National Treasury |
| | | (Appointed December 2019) |
| | FCPA Dr. Nicholas Letting | Representing Kasneb |
| | CPA Nyale Yanga | Representing Capital Markets |
| | | Authority, Appointed May 2021 |
| | FCPA Wycliffe Shamiah | Representing Capital Markets |
| | | Authority, Retired May 2021 |
| | | |
| Chief Executive & | | |
| Secretary to the Council | CPA Edwin Makori | |
| | | |
| Council Committees | | |
| Committee | Convenor | |
| Audit Risk and Compliance | FCPA Dr. Nicholas Letting | Appointed December 2019 |
| | | |
| Disciplinary | FCPA Charity Muya | Appointed August 2019 |
| Finance and Strategy | FCPA Samuel Okello | Appointed June 2019 |
| | | |
| Member Services | CPA Risper Olick | Appointed June 2020 |
| | CPA Susan Oyatsi | Retired June 2020 |
| | | |
| Practitioners Development | FCPA George Mokua | Appointed June 2019 |
| | | |
| Professional Standards | FCPA Michael Mugasa | Appointed June 2019 |
| Public Policy & Governance | FCPA Rose Mwaura | Appointed June 2019 |
| | | |
| Registration & Quality Assurance | FCPA Dr. Jim McFie | Appointed June 2014 |
| Research and Development | CPA Dr. Elizabeth Kalunda | Appointed June 2019 |
| | | |
| Centre for Public Finance | | |
| and Taxation Board (CPFT) | FCPA Rajesh Shah | Appointed May 2018 |
| | | |

KCA University Representatives

| Board of Trustees | FCPA Michael Waweru | Reappointed November 2019 |
|--------------------------|------------------------|---------------------------|
| | FCPA Rose Mwaura | Reappointed November 2019 |
| | FCPA Shabir Issak | Reappointed November 2019 |
| | CPA Dr. Winnie Nyamute | Reappointed November 2019 |
| | Dr. Mary Bosire | Appointed May 2020 |
| | CPA David Abwoga | Reappointed November 2019 |
| | CPA Edwin Makori | Reappointed November 2019 |
| | Mr. Andrew Mulei | Reappointed November 2019 |
| | Mr. Joseph Kosgei | Reappointed November 2019 |
| | CS Happi Kilongosi | Reappointed November 2019 |
| Finance Committee | CPA Evelyne Muriuki | Reappointed April 2020 |
| Audit Risk &Governance | | |
| Committee | CPA Charles Ringera | Reappointed April 2020 |
| | | |

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 531006/733 856262/721 469796/ 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 Moi Avenue Branch P.O. Box 30116 - 00100, NAIROBI

Legal Advisors

I. Hamilton Harrison & Mathews
 1st floor, Delta Suite
 Waiyaki Way
 P.O. Box 30333 – 00100, NAIROBI

II. Ogembo and Associates
1st Floor, Westpark Towers
Mpesi Lane, off Muthithi Road,
P.O. Box 29820-0100, NAIROBI

The Council submits its report together with the audited financial statements for the year ended 31 December 2020, 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 106.

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; prescription of rennumeration order for profession and to advise the Minister responsible for finance on matters relating to financial accountability in all sectors of the economy.

| 3. Membership | 2020 No. | 2019 No. |
|-------------------------------------|-------------|-------------|
| Active members at end of year | 22,908 | 21,691 |
| Active members at beginning of year | | |
| Practising | 1,085 | 1,097 |
| Non practising | 17,391 | 16,605 |
| Overseas | 343 | 374 |
| Retired | 939 | 704 |
| Associates | 1,933 | 1,830 |
| | 21,691 | 20,610 |
| New members in the year | 2,243 | 2,142 |
| Deceased and change of status | (62) | (27) |
| | 23,872 | 22,725 |
| Members in default | (1,551) | (1,355) |
| Recovered | 587 | 321 |
| Active members at end of year | 22,908 | 21,691 |
| Full members | 20,933 | 19,758 |
| Associate members | 1,975 | 1,933 |
| Active members at end of year | 22,908 | 21,691 |

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

4. Results for the year

| | 2020 Kshs '000' | 2019 Kshs '000' |
|--------------------------------------|--------------------|--------------------|
| Surplus/(Deficit) after deferred tax | 99,586 | (47,246) |

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 105.

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:

- a) there is, so far as each Council member is aware, no relevant audit information of which the Institute's auditor is unaware; and
- b) 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. The Council monitor the effectiveness, objectivity and independence of the auditor. This responsibility includes the approval of the audit engagement contract and the associated fees on behalf of the members.

By Order of the Council

CPA Edwin Makori

CEO/Secretary to the Council

Nairobi 4th May 2021

Statement of Council's responsibilities on the Financial Statements For year ended 31 December 2020

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 2020 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 2021 and signed on its behalf by:

R. Hwava

FCPA Rose Mwaura, MBS Chairman

CPA Edwin Makori

Secretary to the Council

FCPA Samuel Okello
Convenor Finance and
Strategy Committee





Report of the Independent Auditor To the Members of the Institute of Certified Public Accountants of Kenya, For the year ended 31 December 2020

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 114 to 142, which comprise the Statement of Financial Position as at 31 December 2020, the statement of comprehensive 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 of Certified Public Accountants of Kenya as at 31 December 2020 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 and for such internal control 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.

Auditor's responsibilities for the audit of the financial statements

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 scepticism throughout the audit. We also:

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.

We also provide the Council with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Council, we determine those matters that were of most significance in the audit of the institutes financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The Engagement partner responsible for the audit resulting in this independent auditor's report is CPA Victor Majani Practising Certificate No. 1542.

Jun.

CPA Victor Majani

Partner

Parker Randall Eastern Agrica.

For and on behalf of Parker Randall Eastern Africa Certified Public Accountants Nairobi, Kenya.

4th May 2021



STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

| | Notes | 2020 Kshs'000' | 2019 Kshs'000' |
|--|-------|-------------------|-------------------|
| Income | | N | |
| Subscriptions | 4(a) | 274,452 | 262,616 |
| Members services | 5(a) | 311,526 | 615,221 |
| Consultancy | 5(c) | 33,790 | 1,567 |
| CPA Centre rental | 6 | 48,749 | 40,178 |
| Social responsibility activities | 8(a) | 6 | 2,868 |
| | | 668,523 | 922,450 |
| Expenses | | | |
| Subscriptions | 4(b) | 54,878 | 95,106 |
| Members' services | 5(b) | 283,420 | 470,008 |
| Consultancy | 5(c) | 23,758 | 1,673 |
| CPA Centre Rental | 6 | 18,671 | 19,502 |
| Social responsibility | 8(b) | 415 | 1,536 |
| Impairment loss | 4 | 33,346 | 27,897 |
| Operating expenses | 9 | 106,413 | 171,961 |
| | | 520,901 | 787,683 |
| Operating surp <mark>lus</mark> | | 147,622 | 134,767 |
| Other income | 11(a) | 3,713 | 3,089 |
| Fair value (loss) on investment property | 13 | | (131,000) |
| Operating surplus before interest and tax | | 151,335 | 6,856 |
| Finance cost | 7 | (51,749) | (60,652) |
| Operating surplus/(deficit) after interest | | 99,586 | (53,796) |
| Deferred tax credit for the year | 31 | | 6,550 |
| Net Surplus/(deficit) | | 99,586 | (47,246) |
| | | | |

The notes set out on pages 118 to 142 form an integral part of the financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

| | Notes | 2020 Kshs'000' | 2019 Kshs'000' |
|----------------------------------|-------|-------------------|-------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Equipment | 12 | 65,804 | 77,198 |
| Investment property | 13 | 1,489,000 | 1,489,000 |
| Intangible assets | 14 | 2,955 | 4,116 |
| Right of use | 15 | 8,677 | 9,854 |
| Other receivables | 16 | 115,501 | |
| | | | 115,501 |
| Investment in CPA Centre Limited | 17 | 50 | 50 |
| Deferred tax asset | 31 | 4,971 | 4,971 |
| Comment | | 1,686,958 | 1,700,690 |
| Current assets | 10 | 0.707 | 15.000 |
| Inventories | 18 | 8,787 | 15,688 |
| Trade and other receivables | 19 | 92,151 | 94,849 |
| Fixed deposit | 20 | 98,324 | 58,200 |
| Cash and bank balance | 21 | 177,571 | 64,023 |
| | | 376,833 | 232,760 |
| Total assets | | 2,063,791 | 1,933,450 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| General fund | | 1,103,023 | 1,002,912 |
| Revaluation reserve | | 108,729 | 108,846 |
| Designated fund | 22 | 9,347 | 9,755 |
| | | 1,221,099 | 1,121,513 |
| Non-current liabilities | | | |
| Borrowings | 23 | 312,271 | 360,248 |
| Lease liability | 26 | 7,070 | 8,384 |
| Due to CPA Centre Limited | 29 | 50 | 50 |
| | | 319,391 | 368,682 |
| Current liabilities | | | |
| Deferred grant income | 10 | 612 | 4,293 |
| Trade and other payables | 24 | 230,722 | 242,399 |
| Borrowings | 23 | 122,105 | 57,894 |
| Benevolent fund | 25 | 92,595 | 69,050 |
| Lease liability | 26 | 3,802 | 2,916 |
| Deferred subscriptions | 27 | 73,465 | 66,703 |
| | | 523,301 | 443,255 |
| Total equity and liabilities | | 2,063,791 | 1,933,450 |

The financial statements on pages 114 to 142 were authorised and approved for issue by the Council on 4th May 2021 and signed on its behalf by:

R. Hwavia

FCPA Rose Mwaura, MBS

Chairman

FCPA Samuel Okello

Convenor Finance & Strategy Committee

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

| | General fund Kshs'000' | Revaluation reserve Kshs'000' | Designated fund Kshs'000' | Total Kshs'000' |
|--|------------------------------|-------------------------------------|---------------------------------|--------------------|
| At 1 January 2020 | 1,002,912 | 108,846 | 9,755 | 1,121,513 |
| Total comprehensive income for the year; | 99,586 | - | - | 99,586 |
| Transfer of excess depreciation | 117 | (117) | - | - |
| Net loss in social responsibility | 408 | - 1 | (408) | - |
| At 31 December 2020 | 1,103,023 | 108,729 | 9,347 | 1,221,099 |
| | | | | |
| At 1 January 2019 | 1,051,372 | 108,963 | 8,424 | 1,168,759 |
| Total comprehensive loss for the year | (47,246) | <u>-</u> | | (47,246) |
| Transfer of excess depreciation | 117 | (117) | - | - |
| Net surplus in social responsibility | (1,331) | - | 1,331 | _ |
| At 31 December 2019 | 1,002,912 | 108,846 | 9,755 | 1,121,513 |
| | | | | |

The notes set out on pages 118 to 142 form an integral part of the financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2020

| | Notes | 2020 Kshs'000' | 2019 Kshs'000' |
|---|----------|-------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Total comprehensive income before interest and tax | | 151,335 | 6,856 |
| Adjustments for: | | | |
| Fair value adjustment of investment property | 13 | - | 131,000 |
| Depreciation and amortisation | 12,14,15 | 20,019 | 19,180 |
| Subscription written off | 19 | 27,294 | 22,443 |
| Expected Credit Losses on related parties | 29 | 74 - 7 - | 27,387 |
| Deficit/(surplus) from CSR activities | 8 | 408 | (1,332) |
| Loss on disposal of equipment | | 136 | 369 |
| Interest income | 10 | (1,176) | - 1 |
| Surplus/(deficit) before working capital changes | | 198,016 | 205,903 |
| Decrease in inventories | 18 | 6,901 | 13,345 |
| Decrease /(Increase) in trade and other receivables | 19 | 2,697 | (13,276) |
| Increase fixed deposits | 20 | (40,124) | (48,000) |
| (Decrease) in deferred grant income | 10 | (3,681) | (842) |
| Increase / (Decrease) in trade and other payables | 24 | 25,731 | (5,384) |
| Increase in advance subscriptions | | 6,762 | 22,818 |
| Increase in benevolent funds | 25 | 23,545 | 25,109 |
| Subscriptions written off | 19 | (27,294) | (22,443) |
| Interest on mortgage | 7 | (50,179) | (59,154) |
| Interest income | | 1,176 | 11.00 |
| Net cash generated from operating activities | | 143,550 | 118,076 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Purchase of property and equipment | 12 | (2,791) | (8,293) |
| Purchase of intangible asset | 14 | (1,174) | (3,784) |
| Disposal of property and equipment | | | 117 |
| Net cash (used in) investing activities | | (3,965) | (11,960) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | |
| Cash received from CSR activities | 8(a) | 6 | 2,868 |
| CSR Cash payments | 8(b) | (415) | (1,536) |
| Lease Principal Paid | | (2,884) | (2,211) |
| Lease Interest Paid | | (1,570) | (1,498) |
| Loan paid | 23 | (21,174) | (70,783) |
| Net cash from financing activities | | 26,037 | (73,160) |
| Decrease in cash and cash equivalents | | 113,548 | 32,957 |
| At start of year | | 64,023 | 31,067 |
| At end of year | | 177,571 | 64,023 |
| 7 | | , | J ., J _ J |

The notes set out on pages 118 to 142 form an integral part of the financial statements.

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. 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 statement of comprehensive income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, and Notes thereon. Income and expenses are recognised in the the statement of comprehensive income.

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 maximise 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 categorised 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) New and revised standards

i) New and revised standards that are effective

The following new and revised standards and interpretation have become effective for the first time in the financial year beginning 1 January 2020 and have been adopted by the institute where relevant to operations:

Amendments to IFRS 16 titled Covid-19 Related Rent Concessions (issued in May 2020) - The amendments, applicable to annual periods beginning on or after 1 June 2020, permit lessees, as a practical expedient, not to assess whether particular rent concessions occurring as a direct consequence of the covid-19 pandemic are lease modifications and instead to account for those rent concessions as if they are not lease modifications.

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.

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).

Based on assessment of the Council, the adoption of the above standards will not have a significant impact on the on the Institute's financial statement.

ii) New and revised standards and interpretations in issue but not yet effective

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.

Amendments to IAS 37 titled Onerous Contracts Cost of Fulfilling a Contract (issued in May 2020)

- The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts. They are effective for contracts for which an entity has not yet fulfilled all its obligations on or after 1 January 2022.

Amendments to IAS 1 titled Classification of Liabilities as Current or Non – current (issued in January 2020) - The amendments, applicable to annual periods beginning on or after 1 January 2023, clarify a criterion in IAS 1 for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period.

The Council does not plan to apply any of the above until they become effective. Further, based on their assessment of the potential impact of application of the above, they do not expect that there will be significant impact on the institute's financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Foreign currency transactions

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 statement of comprehensive income 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:

- 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.
- v) Interest income is recognised on a time proportion basis using the effective interest method.
- vi) Audit software license income is recognised as the services are rendered.

e) Equipment and depreciation

All 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 statement of comprehensive 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:

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

The residual value and useful lives of 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Equipment and depreciation (Continued)

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 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 that are not occupied substantially for own use. Investment property is initially recognised at cost and subsequently carried at fair market value, based on periodic but at least triennial valuations carried out by external independent valuers. Gains or losses arising from changes in fair value are recorded in the statement of income and expenses

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 taken into account in determining operating surplus.

g) Leases

Up on 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 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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Leases (Continued)

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 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 statement of comprehensive income.

Annually, the difference between the depreciation charge based on their valued carrying amount of the asset charged to the statement of comprehensive income 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 statement of comprehensive income on a straight-line basis over the lease period.

h) Intangible Assets-Computer software

Computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their 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.

i) 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 to sell and value in use. An impairment loss is recognised in the statement of comprehensive income 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 statement of comprehensive income in the year in which the reversals are recognised.

j) 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.

k) 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:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Financial instruments (Continued)

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

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 statement of comprehensive income as impairment loses 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 statement of comprehensive income.
- 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

I) 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 performance, bank overdrafts are included as borrowings under current liabilities.

m) Employment benefits

Post-employment benefit obligations

The Institute operates a defined contribution staff retirement benefit scheme for its employees. The scheme is administered by Insurance Company of East Africa and is funded by contributions from both the Institute and the employees. The Institute's contributions to the defined contribution retirement benefit scheme are charged to the statement of comprehensive income in the year in which they relate.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m) Employment benefits (Continued)

The Institute and its employees contribute to the National Social Security Fund (NSSF), a statutory defined contribution scheme registered under the NSSF Act. The Institute's contributions to the defined contribution scheme are charged to the statement of comprehensive income in the year to which they relate.

Employees' entitlements

The estimated monetary liability for employees' accrued annual leave entitlement and gratuity payment at the reporting date is recognised as an expense accrual. Only senior staffs under contract are entitled to gratuity.

n) Grants

Grants are not recognised until there is reasonable assurance that the Institute will comply with conditions attaching to them and that grants will be received. Grants are recognised in the statement of income and expenses 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 income 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 income in the period in which they become receivable.

o) Deferred subscription

Deferred 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.

2. SIGNIFICANT JUDGEMENT AND KEY SOURCES OF ESTIMATION AND 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 the investment property valuation fairly reflects current market value.
- Whether substantially all the significant risks and rewards of ownership of financial assets and lease assets are transferred to other entities.

2. SIGNIFICANT JUDGEMENT AND KEY SOURCES OF ESTIMATION AND UNCERTAINTY (Continued)

- · whether the incremental borrowing rate used in discounting lease liability
- Whether there has been a significant increase in credit risk since the initial recognition of financial assets
- · Whether the lease of the property will be renewed or not

3. RISK MANAGEMENT OBJECTIVES AND POLICIES

a) Financial risk management

The Institute's activities expose it to a variety of financial risks including credit, liquidity and market risks. Risk Management is carried out by the shared services committee 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.

b) 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.

| As at 31 December | 2020 Kshs '000' | 2019 Kshs '000' |
|---------------------------------------|--------------------|--------------------|
| Trade and other receivables | 88,407 | 91,783 |
| Subscription debtors net of write-off | 37,527 | 30,798 |
| Cash at bank | 275,895 | 122,223 |
| Gross carrying amount | 401,829 | 244,804 |
| Expected Credit Loss-Subscription | (33,783) | (27,731) |
| Net carrying amount | 368,046 | 217,073 |

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk exposure on trade receivables and contract assets

| 2020 | Current | More than 30 days past due | More than 60 days past due | More than 120 days past due | Total KSh'000' |
|---|----------|----------------------------------|----------------------------------|-----------------------------------|-------------------|
| Expected Loss Rate | 50% | 26% | 37% | 48% | |
| Gross carrying amount on other receivables | 32,150 | 10,657 | 8,284 | 37,316 | 88,407 |
| Gross carrying amounts subscription | | | | | |
| debtors | - ' - | - | - | 37,527 | 37,527 |
| Gross carrying amount-related parties | | | | | |
| receivables | - | - | <u> </u> | 46,241 | 46,241 |
| Expected credit loss | (16,069) | (2,771) | (3,065) | (58,121) | (80,025) |
| Net carrying amount | 16,081 | 7,886 | 5,219 | 62,963 | 92,150 |
| 2019 | | | | | |
| 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 parties | | | | | |
| 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 |

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.

c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient 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 0.65:1 (2019: 0.53:1).

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

3. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

c) Liquidity risk (Continued)

| | Between 1-3 months Kshs'000' | Between 3-12 months Kshs'000' | Over 12 months Kshs'000' | Total Kshs'000' |
|--------------------------|------------------------------------|-------------------------------------|--------------------------------|--------------------|
| 31 December 2020 | | 74 | | |
| Trade and other payables | 320,652 | 54,242 | 39,486 | 414,380 |
| Borrowings | - | 123,939 | 353,126 | 477,065 |
| Lease liabilities | | 3,802 | 7,070 | 10,872 |
| | 320,652 | 181,983 | 399,682 | 902,317 |
| 31 December 2019 | | | | |
| Trade and other payables | 239,169 | 51,997 | 20,284 | 311,450 |
| Borrowings | - | 84,718 | 407,380 | 492,098 |
| Lease liabilities | | 2,916 | 8,384 | 11,300 |
| | 239,169 | 139,631 | 436,048 | 814,848 |

d) 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.

e) 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 higher/lower by Kshs 4,916,204 (2019: Kshs 2,910,000). If the interest rates on the Institute's borrowings at the year-end were to increase/decrease by this 5 percentage points, with all other factors remaining constant, the surplus for the year would be lower/higher by Kshs 19,848,390 (2019: Kshs 20,907,099) respectively.

f) 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.

g) Capital management

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

4. SUBSCRIPTIONS

| | | 2020 Kshs'000' | 2019 Kshs'000' |
|----|---|-------------------|-------------------|
| a. | Income | | |
| | Non practising | 176,493 | 165,747 |
| | New members in the year | 33,714 | 42,921 |
| | Firm licence fees | 24,946 | 14,931 |
| | Subscription debtors recovered | 18,404 | 7,268 |
| | Practising | 10,850 | 22,550 |
| | Associate members | 3,866 | 3,660 |
| | Retired | 3,521 | 2,640 |
| | Overseas | 2,658 | 2,899 |
| | | 274,452 | 262,616 |
| b. | Expenses | | |
| | Employee emoluments | 27,287 | 44,835 |
| | Advocacy and international relations | 13,905 | 12,622 |
| | Professional development | 4,385 | 15,420 |
| | Publications | 3,899 | 10,251 |
| | IT costs | 2,510 | 2,353 |
| | Marketing | 1,899 | 8,241 |
| | Telephone, postage, printing and stationery | 993 | 1,384 |
| | | 54,878 | 95,106 |
| c. | Impaired loss | | |
| | Subscription written off | 27,294 | 22,443 |
| | Expected credit loss | 6,052 | 5,454 |
| | Net subscription Income | 33,346 | 27,897 |
| | | 186,230 | 139,613 |

5. MEMBER SERVICES

| | | 2020 | 2019 |
|----|------------------------------------|-----------|-----------|
| | | Kshs'000' | Kshs'000' |
| a. | Income | | |
| | Monthly seminars/virtual trainings | 145,186 | 316,606 |
| | Annual seminar | 128,197 | 207,481 |
| | In-house training | 18,825 | 33,566 |
| | Economic symposium | 10,582 | 13,230 |
| | Executive retreat | 8,206 | 18,329 |
| | Managerial seminar | - | 12,856 |
| | Internal audit conference | - | 13,149 |
| | Sale of publications | 530 | 4 |
| | | 311,526 | 615,221 |
| b. | Direct Expenses | | |
| | Monthly seminars/virtual seminars | 195,524 | 260,548 |
| | Annual seminar | 73,353 | 160,765 |
| | In-house training | 5,481 | 7,971 |
| | Executive retreat | 4,818 | 15,141 |
| | Economic symposium | 4,244 | 8,526 |
| | Managerial seminar | - | 8,287 |
| | Internal audit conference | | 8,770 |
| | | 283,420 | 470,008 |
| | Net Income from member services | 28,106 | 145,213 |
| | | | |
| C. | Consultancy | 7 10 | |
| | Consultancy income | 33,790 | 1,567 |
| | Consultancy expenses | 23,758 | 1,673 |
| | Net consultancy income | 10,032 | (106) |

The consultancy income was presented under member services income in year 2019, under monthly seminars/virtual seminars. This has since been separated and the consultancy related items have been shown separately on the face of the statement of comprehensive.

6. CPA CENTRE RENTAL INCOME

| | | 2020 Kshs'000' | 2019 Kshs'000' |
|----|---------------------------------------|-------------------|-------------------|
| a. | Income | | |
| | Gross rental Income | 48,749 | 40,178 |
| | | | |
| b. | Expenses | | |
| | Service charge (unoccupied space) | 7,198 | 8,260 |
| | Employee emoluments | 6,618 | 9,875 |
| | Rental waivers during COVID-19 | 2,921 | |
| | Gross letting commission | 1,934 | 1,367 |
| | | 18,671 | 19,502 |
| | Net rental income before finance cost | 30,078 | 20,676 |

Due to the impact of COVID-19 the Institute supported some of its distressed tenants through rent waivers of between 20% to 50% between April and December 2020. The Institute has accounted for these waivers as an income as well as expense during the period then ended.

| 7. | Finance | cost |
|----|---------|------|
| | | |

| | 2020 Kshs'000' | 2019 Kshs'000' |
|-------------------------------------|-------------------|-------------------|
| Interest expense on mortgage | 50,179 | 59,154 |
| Interest expense on Lease Liability | 1,570 | 1,498 |
| | 51,749 | 60,652 |
| | | |

8. SOCIAL RESPONSIBILITY ACTIVITIES

| | | 2020 Kshs '000' | 2019 Kshs '000' |
|----|---|-----------------------|-----------------------|
| a. | Income | | Let. |
| | Golf tournament | 6 | 2,868 |
| | | | |
| b. | Expenses | | |
| | CSR activities | (415) | (1,536) |
| | Net (deficit)/surplus from social responsibility activities | (409) | 1,332 |

Social responsibility activies is the net proceeds from an annual charity golf tournament. These proceeds are utilised to support educating needy students. During the year 2020, no golf tornament was carried out.

9. OPERATING EXPENSES

| | 2020 Kshs'000' | 2019 Kshs'000' |
|---|-------------------|-------------------|
| Governance and oversight costs | 24,562 | 52,348 |
| Depreciation and amortisation | 20,019 | 19,180 |
| Employee benefits (Note 30) | 17,013 | 22,417 |
| IT costs | 7,529 | 7,059 |
| Service charge | 6,127 | 6,127 |
| Advocacy and international relations | 5,757 | 25,778 |
| Staff meetings and welfare | 5,549 | 7,665 |
| Bank charges | 3,370 | 3,837 |
| Rent and utilities | 3,065 | 3,946 |
| Insurance | 2,805 | 2,859 |
| Shared services | 2,637 | 3,471 |
| Marketing | 2,506 | 4,104 |
| FiRe award | 2,000 | 2,000 |
| Legal fees | 1,359 | 8,443 |
| External audit fees | 1,122 | 1,122 |
| Telephone, postage, printing and stationery | 993 | 1,384 |
| Impairment of receivables (write off) | | 221 |
| | 106,413 | 171,961 |

10. GRANTS

Business Advocacy Fund (BAF) Grant

In year 2017, ICPAK received a grant of Kshs 12,337,500 from BAF to support the development of an Income Tax Act Policy. Most of the activities envisioned in the grant have already been implemented.

Due to the impact of COVID-19, donors supporting the project requested reimbursement of unutilized fund. In this respect the Institute refunded back Kshs 3,681,000 to BAF in 2020.

| | 2020 Kshs'000' | 2019 Kshs'000' |
|--------------------|-------------------|-------------------|
| At 1 January | 4,293 | 5,135 |
| Operating expenses | | (842) |
| Refund to BAF | (3,681) | |
| At 31 December | 612 | 4,293 |

11.

| a. | Other income | 2020 Kshs'000' | 2019 Kshs'000' |
|----|---|-------------------|-------------------|
| | (Loss) on disposal of assets | (136) | (369) |
| | Interest income | 1,176 | - |
| | Net software subscriptions 11(b) | 973 | 1,911 |
| | Sale of publications and other miscellaneous income | 1,700 | 1,547 |
| | | 3,713 | 3,089 |
| b. | Software Subscriptions | | |
| | Software subscriptions | 3,163 | 1,911 |
| | Subscription waiver during COVID-19 | (2,190) | |
| | | 973 | 1,911 |

In order to support small and medium practising firms during the COVID-19 pandemic and in addition to support automation of their audit work, Institute's through the audit software, the Institute'S Council approved a 100% waiver on the audit software for the period between March 2020 to December 2020.

12. EQUIPMENT

a. For year ended 31 December 2020

| | Motor vehicle Kshs'000' | Equipment Kshs'000' | Computer Kshs'000' | Furniture & fittings Kshs'000' | Total Kshs'000' |
|-------------------------------------|-------------------------------|------------------------|-----------------------|--------------------------------------|--------------------|
| Cost/valuation | | | | | |
| At 1 January <mark>2020</mark> | 9,237 | 14,269 | 20,987 | 90,829 | 135,322 |
| Additions | - | 95 | 2,696 | | 2,791 |
| Disposals i <mark>n the year</mark> | - | | (350) | | (350) |
| Total at 31 December 2020 | 9,237 | 14,364 | 23,333 | 90,829 | 137,763 |
| Accumulated depreciation | | | | | |
| At 1 January 2020 | 3,084 | 11,753 | 15,034 | 28,253 | 58,124 |
| Eliminated on disposal | - | - | (214) | - 1 | (214) |
| Charge for the year | 1,847 | 894 | 2,459 | 8,849 | 14,049 |
| At 31 December 2020 | 4,931 | 12,647 | 17,279 | 37,102 | 71,959 |
| Net carrying amount | | | | | |
| At 31 December | 4,306 | 1,717 | 6,054 | 53,727 | 65,804 |

b. For year ended 31 December 2019

| | Motor vehicle Kshs'000' | Equipment Kshs'000' | Computer Kshs'000' | Furniture & 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 |
| Disposal | - | - | (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 |
| Disposal | - | - | (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 | | | | | |
| 31 December 2019 | 6,153 | 2,516 | 5,953 | 62,576 | 77,198 |

12. EQUIPMENT (Continued)

In the year ended 31 December 2020, there was no equipment pledged as a security for liability or restricted for use. Further assets carrying amounts were not materially misstated /different from their fair value and no funds were received from third parties, as compensation for equipment impaired, lost or given up.

Furniture and fittings were revalued in the year 2014, the revaluation surplus was included in the components of equity. Each year some revaluation surplus is transferred to the general fund as the asset is used. 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 revaluation of surplus transferred in the year.

| | Furniture, fittings & equipment Kshs.'000' | Total Kshs.'000' |
|---------------------------------|--|---------------------|
| At 1 January 2020 | 349 | 349 |
| Transfer of excess depreciation | (117) | (117) |
| At 31 December 2020 | 232 | 232 |
| At 1 January 2019 | 466 | 466 |
| Transfer of excess depreciation | (117) | (117) |
| At 31 December 2019 | 349 | 349 |

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

| Net book value | Kshs. '000' |
|---------------------|-------------|
| At 31 December 2020 | |
| At 31 December 2019 | 80 |

13. INVESTMENT PROPERTY

| | 2020 Kshs '000' | 2019 Kshs '000' |
|------------------------|-----------------------|-----------------------|
| At 1 January | 1,489,000 | 1,620,000 |
| Fair value adjustments | - | (131,000) |
| At 31 December | 1,489,000 | 1,489,000 |

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

The fair value of the investment property as at 31 December 2020 has been arrived at on the basis of a valuation carried out on 27 November 2020 by Joe Musyoki Consultants Limited, an independent registered valuer.

13. INVESTMENT PROPERTY (Continued)

In the Council's opinion there were no material changes in the fair value between 27 November 2020 and 31 December 2020.

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 2020 is as follows;

| Non-financial asset | Fair value as at 31 December | Fair value hierarchy | Valuation technique(s) and key inputs | Significant unobservable inputs | Relationships of unobserv- able 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 2020.

14. INTANGIBLE ASSETS

| | 2020 Kshs'000' | 2019 Kshs'000' | |
|---------------------|-------------------|-------------------|--|
| Cost | 100 | 127 | |
| At 1 January | 16,066 | 12,282 | |
| Additions | 1,174 | 3,784 | |
| At 31 December | 17,240 | 16,066 | |
| Amortization | | | |
| At January | 11,950 | 9,942 | |
| Charge for the year | 2,335 | 2,008 | |
| At 31 December | 14,285 | 11,950 | |
| | | | |
| Net carrying amount | 2,955 | 4,116 | |

15. RIGHT OF USE-LEASE

| | 2020 Kshs'000' | 2019 Kshs'000' |
|-----|---------------------------------------|-------------------|
| | 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 | |
| | 15,433 | 11,510 |
| | 2,456 | 3,923 |
| | 17,889 | 15,433 |
| | | |
| | 5,579 | 2,756 |
| ear | 3,634 | 2,823 |
| | 9,213 | 5,579 |
| | | |
| nt | 8,676 | 9,854 |

The Institute leases various offices for its 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 carry a residual value guarantee.

16. OTHER RECEIVABLES

| | 2020 Kshs'000' | 2019 Kshs'000' | |
|---------------------------------|-------------------|-------------------|--|
| VAT recoverable on construction | 115,501 | 115,501 | |

VAT recoverable arose during the construction of The CPA Centre building. Recovery is continuously done from VAT arising from rental income.

| 17. INVESTMENT IN CPA CENTRE LIMITED | | | | |
|--------------------------------------|-----------------------|-----------------------|--|--|
| | 2020 Kshs '000' | 2019 Kshs '000' | | |
| Investment in CPA Centre limited | 50 | 50 | | |
| 18. INVENTORIES | | | | |
| | 2020 Kshs '000' | 2019 Kshs '000' | | |
| Seminar materials | 8,787 | 15,688 | | |

19. TRADE AND OTHER RECEIVABLES

| | 2020 Kshs'000' | |
|-------------------------------------|-------------------|--|
| Subscription receivables | 64,821 | |
| Expected subscription credit losses | (33,783) | |
| Subscriptions written off | (27,294) | |
| Net subscription receivables | 3,744 | |
| VAT recoverable on construction | 8,986 | |
| Other receivables | 55,969 | |
| Deposits and prepayments | 11,958 | |
| Staff receivables | 11,494 | |
| | 92,151 | |

Other receivables are trade receivables which constitute amounts due from members for products sold or services rendered in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current.

2019 Kshs'000'

> 53,241 (27,731) (22,443) 3,066 12,654 59,716 11,169 8,244 **94,849**

Trade receivables are recognised initially at the amount of consideration that is unconditional. The Institute holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Trade receivables include corporate receivables, rent receivables and interest income receivables.

20. FIXED DEPOSIT

| Benevolent funds | 75,434 | 58,200 |
|----------------------|--------|--------|
| Institute operations | 22,890 | - 4 |
| Total fixed deposits | 98,324 | 58,200 |

The investment income arising from fixed deposits has been disclosed under Benevolent Funds (Note 25) and other income (Note 11). These fixed deposits have a maturity term of three months rolling over, with an average interest rate of 7.89% per annum (2019: 8.37%).

21. CASH AND BANK BALANCES

| Cash at bank | 177,571 | 64,023 |
|-------------------------------------|---------|--------|
| FiRe Award | 116 | 1,079 |
| Benevolent | 11,130 | 6,266 |
| I <mark>nstitute o</mark> perations | 166,325 | 56,678 |

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 2020, there were no cash and cash equivalents that were subject to restrictions other than benevolent fund and FiRe award funds.

22. DESIGNATED FUND

| | Bursary Fund Kshs.'000' | Charity Fund Kshs.'000' | Total Kshs.'000' |
|----------------------------|----------------------------|----------------------------|---------------------|
| At 1 January 2020 | 5,796 | 3,959 | 9,755 |
| Transfer from general fund | (408) | - | (408) |
| At 31 December 2020 | 5,388 | 3,959 | 9,347 |
| At 1 January 2019 | 4,465 | 3,959 | 8,424 |
| Transfer from general fund | 1,331 | | 1,331 |
| At 31 December 2019 | 5,796 | 3,959 | 9,755 |

24. TRADE PAYABLES

Related party

Rent deposit

23. BORROWINGS

| | 2020 Kshs'000' | 2019 Kshs'000' |
|----------------------------|-------------------|-------------------|
| Standard Chartered Bank | 434,376 | 418,142 |
| Current portion | | |
| Principal | 84,697 | 57,894 |
| Accrued Interest Sub Total | 37,408 | - |
| Sub Total | 122,105 | 57,894 |
| Non-current portion | 312,271 | 360,248 |
| | 434,376 | 418,142 |
| Loan balance at January | 418,142 | 488,925 |
| Accrued interest | 37,408 | - |
| Loan repayment | (21,174) | (70,783) |
| Loan Balance at December | 434,376 | 418,142 |

Borrowings relate to a construction loan facility acquired by the Institute from Standard Chartered Bank amounting to Kenya shillings 575 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 with a tenure of 10 years and interest at 13% on the amounts drawn down as per the contractor's certificates. The facility is repayable monthly.

As at 31 December 2020, a total of Kshs 616.2 million had been drawn down and part of which had been repaid. The interest rate for the loan was revised downwards to 12.5% in 2020. As part of financial management during the COVID-19 pandemic, the Institute was granted a nine-month moratorium on repayment of loan principal and interest.

This moratorium started in May 2020 and ended in January 2021. As at 31 December 2020 the loan had accrued interest of Kshs 37,407,895. In February 2021, the Institute settled the accrued interest and part of loan the principal amounting to Kshs 128,931,959.

| | KSIIS OOO | KSIIS OOO |
|--|-----------|-----------|
| Trade payables and accruals | 186,908 | 98,843 |
| Advance receipts and refundable deposits | 76,951 | 84,894 |
| Service charge | 20,900 | 13,360 |
| Gratuity | 13,061 | 12,729 |
| Payroll liabilities | 12,534 | 19,289 |
| FiRe award fund | 12,053 | 2,706 |
| Deferred rent | 6,940 | 3,607 |

Trade payables are unsecured and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

2019

525

6,446

242,399

2020

720

655

230,722

25. BENEVOLENT FUND

| | 2020 Kshs'000' | 2019 Kshs'000' |
|--------------------------|-------------------|-------------------|
| Balance at 1 January | 69,050 | 43,941 |
| Benevolent income | 30,371 | 27,932 |
| Interest income | 5,036 | 2,393 |
| Benevolent claims | (7,955) | (1,795) |
| Benevolent write offs | (3,907) | (3,421) |
| | 92,595 | 69,050 |
| Represented by: | | |
| Fixed Deposits | 75,434 | 58,200 |
| Cash and Cash equivalent | 11,130 | 6,266 |
| Contribution receivable | 6,031 | 4,584 |
| | 92,595 | 69,050 |

The benevolent fund was established pursuant to members' resolution at the 38th Annual General Meeting and in congruence with part II, section 5 of the Accountants Act. No. 15 of 2008. The funds support members as follows;

- a. In the event of death of the member
- b. In the event of death of the member's spouse
- c. In the event of death of any of the four enrolled primary minor dependents of the member.
- d. In the event of death of an enrolled parent or parent -in -law of a member

The interest income is attributed to benevolent funds invested in fixed deposits. These fixed deposits have a maturity term of three months rolling over, with an average interest rate of 7.89% per annum.

| 26. | | A | ~ | _ | ~ |
|-----|--|----------|---|---|---|
| /h | | • | • | _ | • |
| | | | | | |

| 26. LEASES — | | |
|--|-------------------|-------------------|
| | 2020 Kshs'000' | 2019 Kshs'000' |
| a. Lease movement | 110110 000 | None de d |
| Lease taken | 2,456 | 3,923 |
| Lease payments | (4,454) | (3,709) |
| Interest on lease | 1,570 | 1,498 |
| Net lease movement | (428) | 1,712 |
| b. Lease liability | | |
| At 1 January | 11,300 | 9,588 |
| Net lease movement | (428) | 1,712 |
| At 31 December | 10,872 | 11,300 |
| c. The lease liability is analysed as follows: | | |
| Current portion | 3,802 | 2,916 |
| Non-current portion | 7,070 | 8,384 |
| | 10,872 | 11,300 |
| d. The lease liability Payment is analysed follows: | | |
| Payments of principal portion of the lease liability | 2,884 | 2,211 |
| Payments of interest portion of the lease liability | 1,570 | 1,498 |
| | 4,454 | 3,709 |

27. DEFERRED SUBSCRIPTION

Deferred subscriptions 73,465 66,703

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

28. FINANCIAL ASSETS AND LIABILITIES

| At 31 December 2020 | | |
|--|--|-------------------------------------|
| At 31 December 2020 | Kshs. '000' Level I | Kshs. '000' Level II |
| Financial assets | | |
| Subscription receivables | | 3,744 |
| Other receivables | | 88,407 |
| Fixed deposit | 98,324 | |
| Cash at bank | 177,571 | |
| Gross financial assets | 275,895 | 92,151 |
| Financial Liabilities | | |
| | | 396 968 |
| | 268.130 | _ |
| | | |
| Deferred grant income | 611 | |
| Benevolent fund | 92,595 | |
| Advance subscriptions | 73,465 | |
| Gross financial liabilities | 445,673 | 396,968 |
| | | |
| | | |
| | Kshs '000' | Kehe '000' |
| At 31 December 2020 | Kshs. '000' Level I | Kshs. '000' Level II |
| At 31 December 2020 Financial assets | | Kshs. '000' Level II |
| Financial assets | | |
| | | Level II |
| Financial assets Subscription receivables | | 3,066 |
| Financial assets Subscription receivables Other receivables | Level I - - | 3,066 |
| Financial assets Subscription receivables Other receivables Fixed deposit | - - 58,200 | 3,066 |
| Financial assets Subscription receivables Other receivables Fixed deposit Cash at bank Gross financial assets | - - 58,200 64,023 | 3,066 91,783 - - |
| Financial assets Subscription receivables Other receivables Fixed deposit Cash at bank Gross financial assets Financial Liabilities | - - 58,200 64,023 | 3,066 91,783 - - 94,849 |
| Financial assets Subscription receivables Other receivables Fixed deposit Cash at bank Gross financial assets Financial Liabilities Borrowings | - 58,200 64,023 122,223 | 3,066 91,783 - - |
| Financial assets Subscription receivables Other receivables Fixed deposit Cash at bank Gross financial assets Financial Liabilities Borrowings Total payables | Level I 58,200 64,023 122,223 | 3,066 91,783 - - 94,849 |
| Financial assets Subscription receivables Other receivables Fixed deposit Cash at bank Gross financial assets Financial Liabilities Borrowings Total payables Lease liability | Level I | 3,066 91,783 - - 94,849 |
| Financial assets Subscription receivables Other receivables Fixed deposit Cash at bank Gross financial assets Financial Liabilities Borrowings Total payables Lease liability Deferred grant income | Level I - 58,200 64,023 122,223 - 242,399 11,300 4,293 | 3,066 91,783 - - 94,849 |
| Financial assets Subscription receivables Other receivables Fixed deposit Cash at bank Gross financial assets Financial Liabilities Borrowings Total payables Lease liability | Level I | 3,066 91,783 - - 94,849 |
| Gross financial assets Financial Liabilities Borrowings Total payables Lease liability | 275,895 - 268,130 10,872 | 92,15 396,96 |

29. 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 2020, there were no guarantees given or received.

The following are the outstanding related party balances as at 31 December 2020.

| | 2020 Kshs '000' | 2019 Kshs '000' |
|-------------------------------------|--------------------|--------------------|
| a. Due from related parties | | |
| Due from KCA university | 46,241 | 46,241 |
| Expected credit losses | (46,241) | (46,241) |
| | | - |
| b. Due to related parties | | 361 |
| Due to KCA university | 720 | 525 |
| Due to CPA centre limited (Note 17) | 50 | 50 |
| | 770 | 575 |
| | | |

No interest has been charged against any related party balances in the year ended 2020 (2019: Nil). Further, no provision was made in the year for Expected Credit loss on amounts due from related parties, as these are fully impaired (2019: Kshs 27,387,000).

| c. Due to related parties | | |
|--|--------|--------|
| Salaries and other short-term benefits | 23,845 | 34,173 |
| Post-employment benefits | 5,192 | 7,558 |
| | 29,037 | 41,731 |
| d. Council remuneration | 5,385 | 5,301 |
| e. Committee remuneration | 5,870 | 4,032 |

30. EMPLOYEE BENEFITS

| | 2020 Kshs '000' | 2019 Kshs '000' |
|--------------------|--------------------|--------------------|
| Salaries and wages | 14,105 | 17,329 |
| Medical expenses | 1,413 | 1,560 |
| Pension costs | 510 | 670 |
| Group life | 103 | 103 |
| Staff gratuity | 519 | 756 |
| Leave allowances | 96 | 104 |
| Other staff costs | 52 | 255 |
| Subscriptions | 49 | 57 |
| Recruitment costs | 101 | 358 |
| Staff training | 65 | 1,225 |
| | 17,013 | 22,417 |

31. 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% (January 2020 to March 2020) and 25% (April 2020 to December 2020). The fair value gains on the Investment Property are subject to Capital Gains Tax at 5%.

Tax expense for rental income, therefore, is the aggregate amount of current and deferred taxation. Current and deferred taxes are recognised as income or expense in the statement of comprehensive income except to the extent that the taxes relate to items recognised outside the statement of comprehensive, 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.

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 realised. The deferred tax only relates to the investment property. 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 realised.

Deferred tax liability movement

Applicable tax rate on fair value gain on the investment property

2020 2019

Percentage rate %

| At 1 January 2020 |
|------------------------------------|
| Deferred tax expenses for the year |
| At 31 December 2020 |

| 2020 Kshs '000' | 2019 Kshs '000' |
|--------------------|--------------------|
| 4,971 | (1,579) |
| | 6,550 |
| 4,971 | 4,971 |

32. CONTINGENT LIABILITIES

As at year end, the Institute had only one outstanding case relating to a former member of staff. The likely outcome could not be determined at the date of signing these financial statements as the matter was in the preliminary stage.

33. COMPARATIVES

Where necessary comparative figures have been adjusted to conform to changes in presentation in the current year.

34. NATURE AND PURPOSE OF RESERVES

The Institute has three categories of reserves namely; General fund, Revaluation reserve and designated fund.

General fund - Comprises accumulated surplus from operations and other comprehensive income (when available).

Revaluation reserve – This fund is used to record increments and decrements on the revaluation of investment property

Designated fund - Designated fund is a restricted fund that is used to fund the CSR activities of the Institute. Since the CSR income and expenditures are accounted under general fund, a transfer of the net CSR income is made every end of year from general fund to the designated fund.

35. GOING CONCERN

ICPAK prepares its financial statement on going concern basis. However, in 2020 the Institute was greatly affected by the raft of measures implemented by the government to control the spread of COVID19. All the measures affected the Institute's operations, but those with greater impact included banning of public gatherings, including trainings and conferences in addition to the suspension of all international travels for the better part of the year. These had a significant effect on the Institute's CPD events revenues that accounts for over 60% of its annual incomes. In addition, the COVID-19 also affected collection of year 2020 subscriptions from members. Subscription's income contributes to about 30% of ICPAK's total revenues.

To mitigate ICPAK against the effect of the COVID-19, the secretariat introduced a virtual learning curriculum. These consisted of webinars, online trainings, and video sessions. Further, the Institute also implemented a number of cost cutting measures that ensured that only critical services were retained. Towards the end of the year, the government eased the COVID-19 restrictions on public gathering. This saw the resumption of physical events.

The mitigation measures adopted during the pandemic together with the resumption of physical activities saw an improvement in revenue that enabled the institute to meet its financial obligations and enhanced ICPAK's operation to near normalcy. Considering that the effects of the COVID-19 have greatly been mitigated and ICPAK activities are near normalcy, the management has concluded that there are no material uncertainties that cast doubt on the institute going concern.

The Management continues to monitor the effects of the COVID-19 regulations and will take steps where necessary to cushion the Institute against any further negative impact. The Institute will continue to monitor the impact of third wave of the COVID-19 on the operations of the Institute.







ANNUAL REPORT 2020

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Vice Chairman

FCPA George Mokua

Chief Executive Officer

CPA Edwin Makori

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