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ANNUAL REPORT 2021

STILL WE ARISE



FOREWORD



The Institute of Certified Public Accountants of Kenya (ICPAK) is a statutory body of accountants with the mandate to develop and regulate the accountancy profession in Kenya. The Annual Report provides highlights of the year 2021. It permeates deeper into the operation and strategic activities that shaped the year. A full retrospection of 2021 reveals that it was yet another year of massive COVID-19 disruptions. The underbelly of small businesses was laid bare as the effects of the pandemic were felt worldwide.

2021 was pivotal for ICPAK, a year of strategic thinking, research, design, and planning, that reaffirmed the Institute's unwavering commitment to serve and reflect a diverse accountancy community. Through sustained excellence in service delivery, embracing technology, and provocative strategic exploration, ICPAK realized important milestones.

In a year characterized by extraordinary challenges, the Institute is proud of its accomplishments. The foundational strength and the agility of our governance structure, in addition to the unparalleled commitment of a resilient workforce, allowed the Institute to finish the year with a solid performance and actual progress across all our strategic pillars, setting the pace for continued growth into the year 2022.

Delivering Strong Financial Results

The flexibility and strength of our operating model, and the tremendous efforts of our leadership and teams, allowed us to navigate through the year 2021, results of which are in line with our objectives to protect our institutional sustainability as envisioned.

Despite a decline in our total revenues at the beginning of the pandemic, the Institute recovered and closed 2021 with tremendous performance and for the first time in the history, we were able to surpass the Kshs. one-billion mark in revenues. In addition, the Institute managed its long term liability for the CPA Centre loan by making lump-sum loan repayments to the bank to save on finance costs and improve our liquidity position. We thank our valued members and stakeholders for their support.

The Institute is proud to present the 2021 Annual Report that entails the Quick overview of the Institutes operations, the Economic Outlook, the Governance report, Strategic Review, and the Financial statements together with the Auditors opinion.

CPA Dr. Grace Kamau
Director Finance & Strategy, &
Chairman - Editorial Committee

TABLE OF CONTENTS

Foreword	01
Quick overview	03
 Who We Are	 11
Vision and Mission Functions of the Institute	12
Notice of the 44th Annual General Meeting	14
Message from the Chairman	18
Message from the Chief Executive Officer	20
Management Discussion and Analysis	22
Kenya Economic Outlook	24
Major Events that shaped 2021	26
 Governance	 35
Corporate Governance and Administrative Structure	36
Role of the Council	37
The Difference Makers	39
Council Committees	48
 Strategic Review	 65
Institutional Sustainability	67
Accountancy Development and Regulation	73
Positioning for Influence and Customer Experience	79
 ICPAK Enterprise Risk Management	 89
Communication and Publicity	95
 Financial Statements	 102



QUICK OVERVIEW

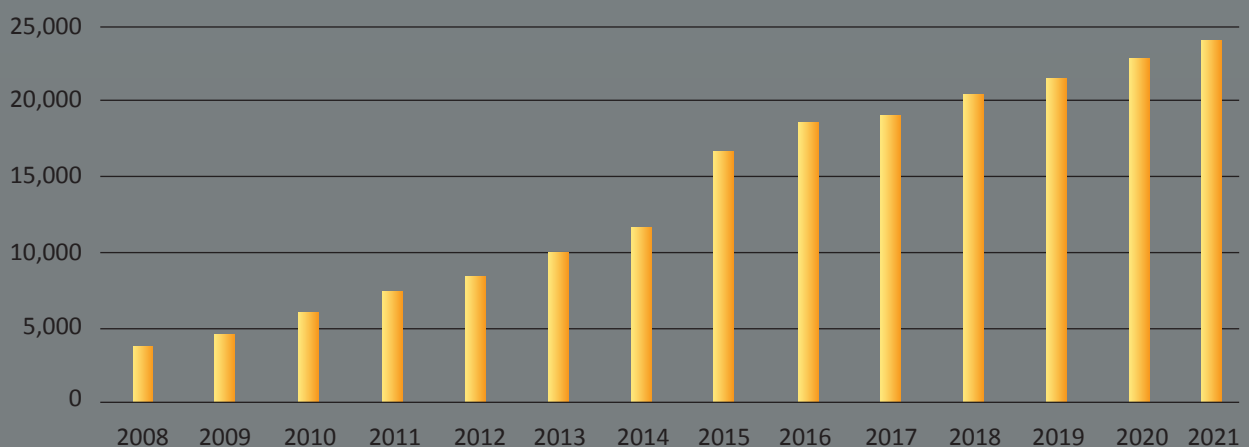


Join Us!

GROWING PROFESSIONAL MEMBERSHIP

In the year 2021, the Institute registered 2,570 new members. This increased the total active members to 24,168; 22,137 full members and 2,031 Associate members.

ACTIVE MEMBERSHIP



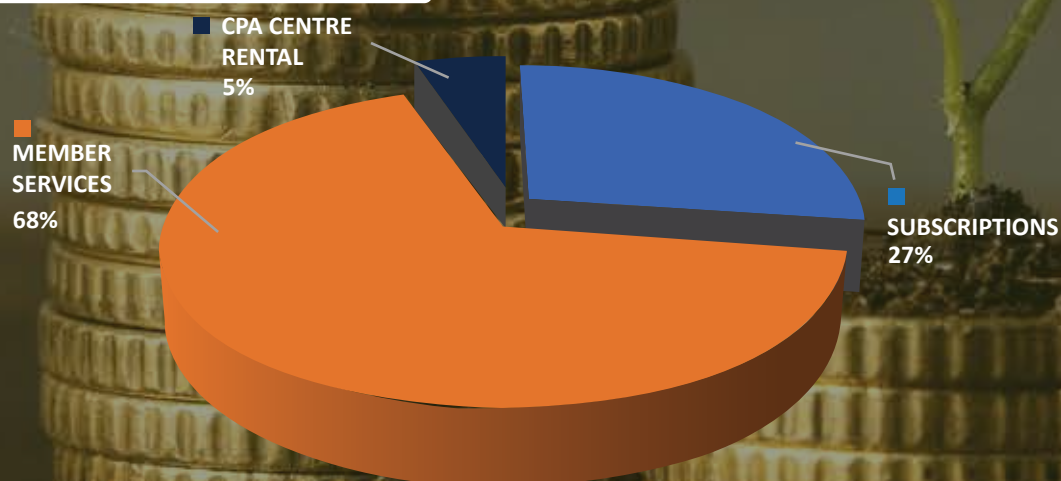
TOTAL REVENUE TREND

During the year, the Institute achieved a total revenue of Ksh 1.032 billion up from Ksh 669 million in the previous year. This was as a result of commendable effort by Council and Management towards the implementation of the Institute's agile Strategic Plan.

REVENUE TREND



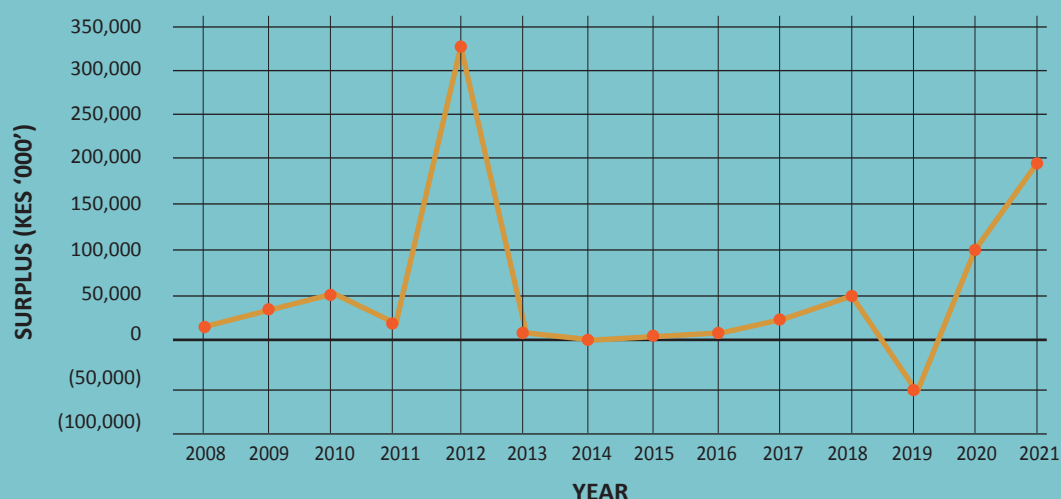
REVENUE COMPOSITION



SURPLUS PERSPECTIVE

During the year, a surplus of Ksh 195.4 million was realized; 96% growth from previous year. This was attributed to the good stewardship, consistent membership growth, innovation, introduction of new products and prudent financial management.

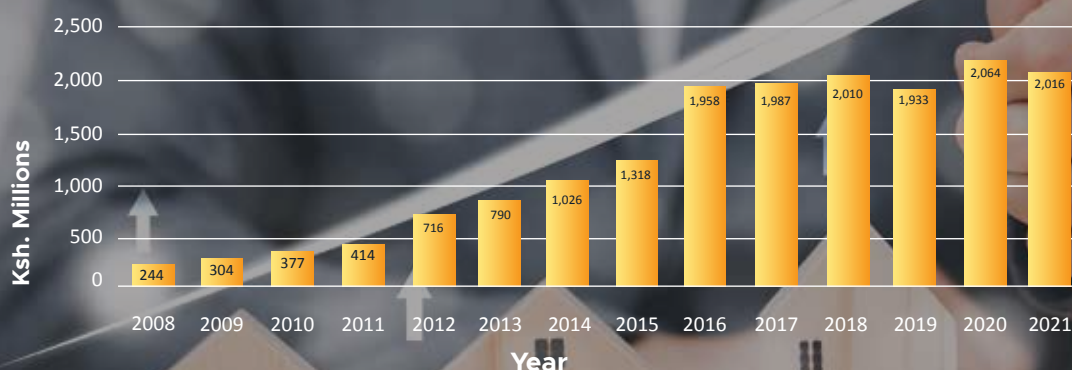
SURPLUS GROWTH



TOTAL ASSETS

Total assets for the Institute declined by 2.3% compared to the previous year. This was attributed to revaluation loss on the investment property, which is a major asset of the Institute. The revaluation loss was determined through a valuation carried out by a certified professional valuer.

TOTAL ASSET BASE



CPD TRAININGS

The Institute organizes CPD trainings all year round. These are necessary in maintaining high professional competence in our members necessary to provide high quality service to employers, clients and other stakeholders.

A total of 169 events were held: 51 physical events, 30 virtual seminars, 33 webinars, 42 video courses, 1 certification course and 12 short courses. These events covered various topics including accountancy professional standards, corporate governance and ethics, taxation among others.

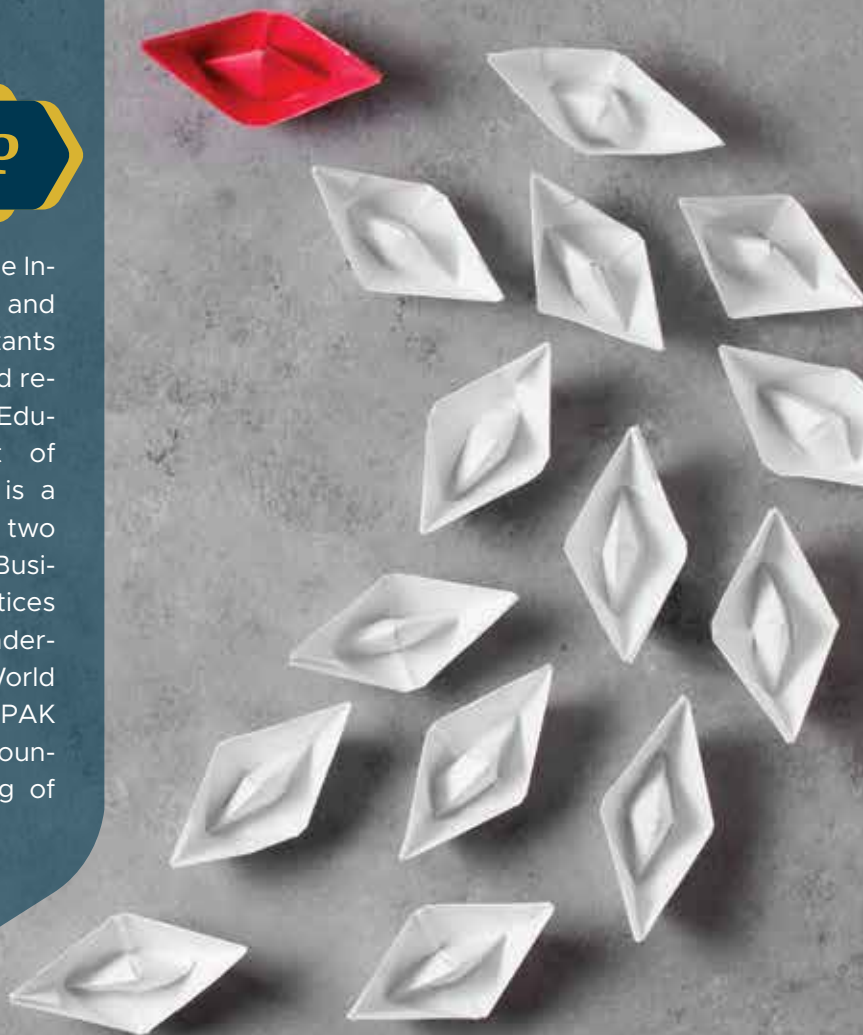
NATIONAL PRESENCE

ICPAK remained vigilant and true to its mandate of advising the government on matters of financial accountability in all sectors of the economy. Subsequently, the Institute engaged with national and county governments, parliament, Judiciary, accountability institutions and the media among other stakeholders on matters of public interest.



GLOBAL LEADERSHIP

ICPAK prides itself as a strategic partner to the International Federation of Accountants (IFAC) and the Pan-African Federation of Accountants (PAFA). In addition, the Institute has increased responsibilities as outlined in the International Educational Standards (IES) and Statement of Member Obligations (SMOs). The Institute is a board member at PAFA, IFAC and IFAC's two committees; Professional Accountants in Business (PAIB) and Small and Medium Practices (SMP). In its endeavor to maintain global leadership and in line with its vision of being a World Class Professional Accountancy Institute, ICPAK continued to engage other Professional Accountancy Organizations (PAOs) through signing of MOUs and MRAs.



ACCOUNTANCY REGULATION

As a regulator, the Institute promotes, reviews and enforces high standards of professional competence and practice amongst its members. The Institute facilitates members to attain professional requirements and meet their ethical and compliance obligations through Continuous Professional Development, Quality Assurance and Disciplinary Process.





PEOPLE

ICPAK believes in a robust secretariat which is its lifeblood. This critical resource is achieved through attracting and retaining top talents. In addition, the Institute maintains an elaborate capacity building programs that has supported effective and efficient service delivery to members and other stakeholders.

INSTITUTIONAL STRENGTHENING

The Institute took a leading role, developing game-changing technology solutions and executing at breakneck speed and scale, at a time when innovation and collaboration were the only ways out of the extraordinary conditions.

During the reporting period, the Institute accelerated digitalization through increased use of digital platforms to reach customers, automating operations, and implementation of remote working and e-learning.



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WHO WE ARE

WHO WE ARE

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.

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

Listed below are the functions of the Institute:

1. Promote standards of professional competence and practice amongst members of the Institute,
2. Promote research into the subjects of accountancy and finance and related matters, and the publication of books, periodicals, journals and articles.
3. Promote the international recognition of the Institute,
4. Advise the Examinations Board on matters relating to examination standards and policies,
5. Advise the Minister on matters relating to financial accountability in all sectors of the economy,
6. Carry out any other functions prescribed for it under any of the other provisions of this Act or any other written law;
7. Prescribe the remuneration order for the accountancy profession with the approval of the Cabinet Secretary responsible for finance; and,
8. Do anything incidental or conducive to the performance of any of the preceding functions.



NOTICE OF AND AGENDA FOR THE 44TH ANNUAL GENERAL MEETING OF THE INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS OF KENYA (ICPAK), TO BE HELD ON FRIDAY 10TH JUNE 2022 VIRTUALLY AND PHYSICALLY AT SAFARI PARK HOTEL, NAIROBI.

Notice is hereby given that the 44th Annual General Meeting of the Institute of Certified Public Accountants of Kenya will be held virtually and physically at Safari Park Hotel, Nairobi on Friday, 10th June 2022 at 10:00 a.m. to conduct the following business:

AGENDA

Ordinary Business

1. To read the notice convening the meeting,
2. To table the proxies received,
3. To note apologies and confirm quorum.
4. To consider and adopt the Minutes of the 43rd Annual General Meeting and consider matters arising therefrom.
5. To receive and adopt the Council Report for the year 2021.
6. To receive, consider and adopt the Annual Report and Financial Statements of the Institute for the year ended 31st December 2021 together with the Auditor's Report thereon.
7. To consider and approve Council to appoint the Independent Auditor for the Institute for the financial year ending December 2022 and to authorize the Council to fix the auditor's remuneration.
8. To present the elected Council Member in accordance with First Schedule 5 (3) (b), Second Schedule paragraph (1) and the Institute's Election Regulations.
9. 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 Friday 3rd June 2022 via mail to ceo@icpak.com or hard copy addressed to CEO and Secretary to Council.

Special Business

10. To receive, consider and adopt the report of the Adhoc Committee on review of motions in the AGM and on Elections

By order of Council

CPA Edwin Makori

Secretary to Council and Chief Executive Officer

13th May 2022

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 6th June 2022 at CPA Centre, Thika Road, Nairobi.



*a
Winner
is a
Dreamer
who never
Gives up*





MESSAGES FROM THE CHAIRMAN AND CEO



MESSAGE FROM THE CHAIRMAN

Members

Looking back at the year 2021, we observe that it was characterized by uncertainties and challenges in the business climate occasioned by the ravaging effects of COVID-19. The reality of having to deal with the pandemic had an impact on almost every sector and market. The business environment provided very little reassurance of what was ahead, and the country remained gripped in expectation, and to some degree frustration.

Nevertheless, in the face of these challenges, I am heartened that the Institute's financial position remained solid, with realistic strategic measures having been put in place. The Institute also continued to be steadfast in the discharge of its mandate as stipulated in the Accountants' Act. What has been outstanding since the pandemic started, is our response to the challenges that made us more dynamic than ever, through constant review of our strategy to adapt to the disruptive environment.

Research

The Institute's approach is not to go alone but through collaborative efforts with like-minded stakeholders. ICPAK partnered with the Kenya School of Government (KSG) and Kasneb to organize a successful research conference, which provided a platform for the presentation of well-thought-out research papers.

In the same vein, the Institute partnered with Amnesty International, Transparency International, the National Cohesion and Integration Commission of Kenya, and KSG to host the Leadership and Integrity Congress, themed, "Restoring Trust, Reviving Kenya's Economy". This was to commemorate the International Day of Anti-corruption.

Accountancy Regulation

A commitment that has been consistent at the Institute is the enhancement of our regulatory role. Towards this end, the Institute was part of the Multi-agency Taskforce on Accountants Regulations to review the Accountants' Act

and develop attendant regulations. The task force, established by the Cabinet Secretary, comprised of representatives from the National Treasury and Planning, Kasneb, the Attorney General's Office and the Institute. These Regulations have since been finalized awaiting presentation to the Cabinet and the National Assembly Committee on Delegated Legislation.

Public Policy

The Institute continued to position itself as an influential voice in public policy and decision-making at the county, national and global levels. The Institute developed policy papers and summarized seven policy briefs in the areas of digital lending, climate financing, blockchain technology, and IFMIS, among others.

Legislation

ICPAK remained vigilant in the area of legislation. Consequently, we reviewed and made proposals on pieces of legislation that impact the accountancy profession and the economy at large, with submissions made before Parliament, KRA, and the National Treasury. In total, the Institute reviewed more than thirty pieces of legislation in the year 2021.

Stakeholder Engagements

The Institute continues to actively engage relevant stakeholders at the national level with a view to fostering partnerships for the benefit of the accountancy profession. During the reporting period, ICPAK held strategic engagements with the National Treasury and planning, KRA, Senate, the National Assembly, Commission on Revenue Allocation, and the KSG among other entities.

ICPAK Mortgage Loan

Just like many other organizations globally, the COVID-19 pandemic negatively impacted the Institute's operations in the year 2020. This necessitated the Institute to engage Standard Chartered bank for a nine month loan moratorium which ended in January 2021. At this time the loan balance and accrued interest stood at Kshs 434 million. Through our staff resilience and innovativeness coupled with support from our valued members and stakeholders, ICPAK's performance improved tremendously in the year 2021.

This performance enabled the Institute to settle a total of Kshs 259 million towards the

loan to close the year with a loan balance of Kshs 175 million. We are committed, and we will continue with these efforts in the coming year to ensure early repayment of the loan is achieved. This will enhance ICPAK's financial and sustainability position.

2022 and Beyond

Although the horizon has been difficult to see at times, we remain focused. We reaffirm our commitment to being operationally resilient and to continue meeting the needs of our members and stakeholders. Our membership continues to be at the centre of everything that we do; we strive to provide an environment where our people can deliver on their full potential, supported by an inclusive culture that respects and maximizes the contribution of all. Our vision remains to be a world-class professional accountancy institute.

To our staff, we appreciate your unwavering dedication and perseverance. Thank you for exemplifying the possibilities in a time of tremendous uncertainty. I know we would not be where we are today without the contributions made by each one of you. This is the time to further assert our ambitions. I am filled with confidence, inspiration, and gratitude for the direction we are heading as we begin to write a new chapter in ICPAK's story.

As I conclude, I would like to acknowledge the support and commitment of the Council, the Chief Executive Officer, and his team which has helped steer the Institute's activities and strategies successfully during the year.

My sincere gratitude goes to our members who have remained dedicated to the Institute and to the profession. I encourage all to make recommendations for future initiatives for the betterment of the Institute and the profession. Finally, as ICPAK continues its journey to become a world-class professional accountancy institute, I look forward to the continued support from members, stakeholders, and regional and international partners. Accordingly, the Council endeavors to continue focusing on providing value to members.

FCPA George Mokua
ICPAK Chairman



MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

Universally, the COVID-19 pandemic has transformed every feature of our day-to-day lives. The absolute complexity of transformation, its rapidity, and its scope was a probable indicator that the society was yet to experience the worst that the virus would offer. Despite the challenges occasioned by the pandemic, the Institute remained resilient and continued with its operations.

In the year 2021, ICPAK embarked on a one-year agile strategic plan which was tailored to respond to the challenges occasioned by the pandemic. The global economic effects that had seen a reduction in spending by households, also meant that the Institute's revenue streams were at risk. In response to

these challenges, we embarked on an innovation roadmap aimed at revamping our core operations by streamlining our key business processes to enhance efficiency. As COVID-19 continued to ravage, most of our workforce still maintained working remotely while continuing to meet the needs of our members and stakeholders.

In fulfillment of our role of ensuring lifelong learning for professionals as per International Education Standards 7 & 8, the Institute developed intensive technical programs tailored to address an array of training needs in the different fields of accountancy and leadership in general. The revamped CPD offering were aimed at imparting deep technical expertise to

members and our customers through the roll out of various new innovative courses such as certifications, virtual learning and utilization of multiple virtual platforms as well as hybrid seminars, masterclasses, videos, revamped virtual seminars and short CPD bytes.

The Institute revamped its member registration process to ensure efficiency through automation of member registration, that resulted in an improvement in the turn-around time of processing new membership and practicing certificate applications. The active membership base increased from 22,908 to 24,168 in the year 2021.

Further, the implementation of the multiple licensing saw an increase in the number of practitioners from 1,195 to 1,311 under the four license categories; Audit & Assurance, Taxation, Accounting, Controls & Management Consultancy, and Composite. The applicants received their practicing certificates and underwent various induction programs to enable them set up successful practices.

In the year 2021, the Institute adopted virtual review capabilities in its Audit Quality Assurance reviews and held several sessions to sensitize practitioners on their role in compliance with Quality Firm Management and Engagement Review Standards. The Institute also continued to support practitioners and members at large by responding to their technical queries in their quest to provide advisory and assurance services to the public.

Owing to the above efforts and successful implementation of the one-year agile strategic plan, the Institute was able to report an outstanding performance; with revenue of over Kshs one billion and a profit of Kshs 195 million in the year. We remain grateful to our key stakeholders for their support in this great milestone and remain resolute and committed to providing seamless and efficient service while upholding the public interest.

Looking forward, we remain hopeful that despite the challenges faced during the year 2021, the Institute shall remain resilient and continue discharging its mandate as the regulator of the accountancy profession, through the implementation of responsive solutions and the adoption of technology and innovation. With inclusivity being one of our core values, ICPAK calls upon all our partners and stakeholders to continue working together and rallying towards the transformation of the nation, especially with the upcoming general elections.


As I pen-off, I take immense pleasure in welcoming you to read the 2021 Annual Report. Once again, my appreciation goes to our esteemed Members, Council, and Secretariat for their continued support. The Institute will remain forever indebted to the selfless sacrifice of staff that has made the Institute resilient and attain its objectives. Let us walk the talk and be true to our credo; Credibility, Professionalism, and Accountability, whilst focusing on our vision and mission, and together we will continue to ensure that ICPAK remains a world-class professional accountancy institute.

Long Live ICPAK!

Thank you.

CPA Edwin Makori
Chief Executive Officer





MANAGEMENT ANALYSIS AND DISCUSSION

Membership

In the year under review, the Institute continued to grow its membership. The year saw a total of 2,570 members being admitted into the profession with the total active membership increasing to 24,168. This was made possible by the Institute's resilience and fast adoption of new recruitment and member retention strategies. The Institute continues to monitor and respond to member needs through customer satisfaction surveys. In year 2021, the Institute continued offering the audit software to small and medium practitioners for free, offered affordable and free trainings and engaged members directly through 'Ask the Chairman and CEO' Forums.

Revenue Growth

In the year 2021, the Institute achieved a total revenue of Kshs one billion up from Kshs 669 million in the previous year. This represents a growth of 54% in comparison with the previous year. Subscriptions and member services remain the main revenue streams contributing 27% and 68% respectively of the total revenue. The increase in income is attributed to fast adoption of technology which saw the Institute introduce virtual seminars and webinars when covid 19 struck. With the relaxation of most of the covid 19 containment measures especially

the restriction on gatherings, more physical events were held in 2021 compared to 2020 resulting to improved revenue.

The Institute continued to maintain a balance between cost optimization and service delivery to members in addition to absorbing costs to offer free and subsidized training during the year.

Operating Surplus

In the year 2021, the Institute realized a surplus of Ksh 195.4 million up from 99.6 million realized in the previous year. This was attributed to increased revenues and cost optimization strategies employed during the year.

Stakeholder Engagement

To ensure that issues affecting the accountancy profession were well addressed, the Institute continued to proactively engage and maintain good relationships with its stakeholders. ICPAK held strategic engagements with the National Treasury, Kenya Revenue Authority, Senate, National Assembly, Commission on Revenue Allocation, Transparency International, Kenya Association of Manufacturers, Kenya Private Sector Alliance (KEPSA) and Amnesty International-Kenya among other entities.



KENYA'S ECONOMIC OUTLOOK

Legal Tender for Two Hundred Shillings
Mia Mbatia

FOR THE BOARD OF DIRECTORS

According to the World Bank Report, the global economy was projected to grow by 5.9% in 2021 up from a contraction of 3.1% in 2020. In the same vein, the Sub-Saharan Africa region grew by 3.7% in 2021 compared to a contraction of 1.7% in 2020. This is partly attributed to the worldwide easing of COVID-19 restrictions. It is important to note that the growth trajectory varies across countries with the emerging markets and developing economies expected to grow at a slower pace as compared to developed economies. This economic recovery is attributed to improved exports and commodity prices, and mass vaccination of the world population. This is according to the World Bank.

The Kenyan economy rebounded strongly and grew by 5.9 % in FY 2021/22 compared to 2.9 % in FY 2020/21. This is in accordance to the National Treasurys' Budget Policy Statement 2022.

According to the World Bank's Kenya Economic Update, "From Recovery to Better Jobs," growth has been supported by rebounds in industry and services. The easing of containment measures such as lockdowns, night curfews and the roll-out of COVID-19 vaccinations boosted recovery. The report further notes that agricultural output fell by 0.5% year on year in the first half of 2021 following a particularly strong performance in 2020. Posi-

tively, it's indicated that the revival in private consumption, improvement in employment conditions and growth in household incomes will continue to drive the economy.

According to the Parliamentary Budget Office (PBO), the strong 2021 GDP growth is attributed to significant recovery of two of the three key sectors which registered negative growth in 2020. The key sectors included transport and storage sector (which contracted by 7.8%) and the education sector (which contracted by 10.8%). In terms of prospects for the future, poor weather outlook could dampen agricultural performance and derail economic growth.

On the political scene, 2021 saw re-alignments as we head into the next General Elections. Past economic data has demonstrated that during the election season in Kenya the economy is negatively affected and likely to perform dismally. For instance, according to Kenya National Bureau of Statistics (KNBS) records, the GDP growth in 2001 was 3.8%, it dipped to 0.2% in 2002 and picked again to 2.9% in 2003. A similar trend was observed in 2007/2008/2009 as 6.7%, 1.5% and 2.7% respectively. In 2017, the economy grew by 5.9% but dipped to 4.8% in 2018. This observation is consistent and corroborates the dismal projection of GDP growth for the coming election year.

Kenya

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hundred Shillings

Shilling

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MAJOR EVENTS THAT SHAPED YEAR 2021



COVID-19 Vaccines arrive as the Virus Mutates

COVID-19 has literally turned the world upside down. Everyone on planet earth has been affected negatively. The ‘monster’ changed all aspects of the human race including their way of life such as working, communicating and travelling amongst others. The shift is in a bid to ensure there is minimal transmission or contracting of the disease. Indeed, the pandemic has been catastrophic and continues to disrupt lives and livelihoods. Economically, most industries were affected and the magnitude of its gravity unprecedented.

Researchers and scientists worldwide continue to persistently work towards finding a solution to eliminate this deadly virus. During the year, vaccines developed included amongst others; the Oxford AstraZeneca, Pfizer, Moderna as well as Johnson & Johnson. This notwithstanding, COVID-19 continued to mutate resulting in different variants of the virus including, Alpha, Beta, Gamma, Delta and Omicron to mention but a few. Whilst the development of cost-effective vaccines seems to be a prudent solution to end the deadly disease, the vaccines’ effectiveness remains debatable due to the persistent mutations of the virus.

Nonetheless, various vaccines continue to under-go clinical trials with their efficacy still requiring observation in various mutants as well as the safety. This will then inform how the virus gets mutated to model better and new vaccines in a bid to deliver long-term safety and defuse broad mutant variants.

Locally, the vaccines arrived in early 2021 and the government initiated sensitisation and awareness campaigns to get as many Kenyans vaccinated as possible. Generally, Kenyans perceived the vaccine as safe and this was confirmed by feedback from the vaccinated population. A total of 7,303,643 doses were administered as per the Ministry of Health statistics by December 2021. This number is attributed to the governments initiative to avail the vaccines countrywide at no cost to the population.





2020 OLYMPICS GAMES

Tokyo Japan hosted the 32nd Olympic games in the month of July 2021. This was the second time Japan was hosting an Olympics event since 1964. Tokyo 2020 Olympics was postponed by a year due to COVID-19 pandemic disruptions. In 2020 Olympics games, National Olympic Committees and the International Olympic Committee (IOC) Olympics Refugee Athletes totaling to 206 participated in a wide range of sporting disciplines and events, that were watched worldwide.

The National Olympic Committee of Kenya sent a record of 100 formidable athletes to

compete in athletics, boxing, rugby sevens, swimming, taekwondo and volleyball. Kenya was the best African nation at position 19 overall, with 10 medals – four gold, four silver and two bronze.

Despite Kenya's marvellous performance and making the country proud, our 37 years of dominance in 3,000 metres steeplechase in the Olympics record was broken by Morocco. However, the country was lit with joy when Kipchoge proved why he is the greatest distance runner of all times when he became the third person to retain the Olympic marathon title in the Games' 125-year history.

IMPACT ON GLOBAL ECONOMY BY CARGO SHIP STUCK AT SUEZ CANAL

In 2021, the captain of the massive container ship, Ever Given, temporarily lost sight, making the ship run aground diagonally after losing the ability to steer amid high winds and dust storms. In a photo released by the Suez Canal Authority, the cargo ship sat with its bow stuck into the wall from Tuesday, March 23rd to Monday 29th March 2021. This blocked traffic in the crucial East-West waterway for global shipping marking six days unprecedented traffic on the Suez Canal.

Reports showed that at the time of the blockage, the Ever Given was carrying nearly 20,000 containers. This in essence meant that over 300 vessels at both ends of the canal were obstructed, including five other container

ships comparable in size, thus halting operations in the international trade route.

To put it into perspective, the blockage caused major disruptions to the global supply chains thus affecting international trade. It is worth mentioning that ships using that route were not only exporting products, but also holding empty boxes to redistribute globally. Indeed, statistics pointed to the fact that 12% of all global trade passes through the Suez over the course of a calendar year. This was estimated to include approximately one million barrels of oil and 8% of liquefied natural gas. In addition, 30% of the total number of global containers are shipped through the canal daily.



According to BBC News, the stranded ship held up an estimated \$9.6 billion of trade along the waterway each day. That was an equivalent of \$400 million and 3.3 million tonnes of cargo an hour, or \$6.7 million a minute. The cumulative impact of this blockage was felt by businesses such as transport providers, retailers, supermarkets and manufacturers.

This unprecedented occurrence had maritime and planning experts scratching their heads on possible impact of such incidents in future to shipping and global trade, and the significance of investment in swift crisis resolution mechanisms.



COUNTRIES FAIL THE CLIMATE CHANGE CHALLENGE AGAIN!

All countries are experiencing the drastic effects of climate change and further, the COVID-19 pandemic has revealed to the world loud and clear that the way we live and design our societies is not sustainable. The full impact of the COVID-19 pandemic is not yet known, and it has hindered statistical operations to gather the data needed to monitor progress in all Sustainable Development Goals (SDGs). It has, however, provided a valuable opportunity for the world to stop, think and strategize on

the changes needed to achieve its goals. The UN has defined 5 targets that if met will achieve SDG 13-Climate Action.

Target 1: Strengthen resilience and adaptive capacity to climate-related disasters.

According to data from the UN, natural disasters kill on average 60,000 people per year globally, affecting those living in poverty most heavily. These incidents leave survivors injured, their homes destroyed and property lost.

Target 2: Integrate climate change measures into policy and planning.

Countries must interrogate their local disaster risk mitigation and reduction strategies and integrate these measures into their national plans. This directly affects the first target of reducing the loss of lives.

Target 3: Build knowledge and capacity to meet climate change

Climate change and its impact will be strongly felt in the generations to come. It is important that these generations are educated and made aware of the issue and what they will have to do about it.

Target 4: Implement the UN Framework Convention on Climate change

Developed countries have a goal to mobilise jointly \$100 billion annually by 2020 from all sources to address the needs of developing countries in the call to climate action.

Target 5: Promote mechanisms to raise capacity for planning and management

A concerted approach in supporting least developed countries to raise capacities for

effective climate change management is crucial. Least developed countries and small islands particularly require specialised support to raise their ability for effective climate change.

The UN in its SDGs Progress Chart 2021 provides a snapshot of global progress towards the 2030 Agenda for Sustainable Development. Concerning the reduction of greenhouse gases emissions, the chart shows that the world was already off track before the pandemic, with a deterioration in progress, leaving the world far from its target.

Who will dig us out of a hole we stumbled into by ourselves? The accountancy profession has a critical role to play in climate action by ensuring transparency around climate-related risks and opportunities. Accountants can help organisations, communities and governments to lead long-term value creation within sustainable economies and to champion responsible practices in public interest.

KENYA TO HOST WRC SAFARI RALLY FOR FIVE CONSECUTIVE YEARS

After intense lobbying and preparations, the most famous rally in the world, has returned to the FIA World Rally Championship for the first time since 2002. Kenya was awarded the hosting rights to the World Rally Championship (WRC) for every year until 2026. This was awarded by the International Automobile Federation (FIA). This year's elite motorsport will be held between the 24th – 27th June in Nairobi and Naivasha.

The FIA World Rally Championship (WRC) appears to have moved on from the effects of COVID-19, which disrupted its calendar for the last 18 months, and is looking ahead. After a 19-year hiatus, the safari rally will return for the sixth time this year. The return is a big boost that attests to the country's great potential as a global motorsport destination.

For the first time in many years, the championship will visit Europe, Africa, and Asia as the pandemic eases. This will enable the commercial rights owner (WRC Promoter) rebuild towards a 50-50 split target between European and long-haul rounds.



JUDICIAL REFORMS: JUSTICE MARTHA KOOME BECOMES THE 1ST LADY CJ

The year 2021 was historic in the realms of justice in Kenya with wins and tests of judicial efficiency and independence. In May, Lady Justice Martha Koome was appointed as the 3rd Chief Justice of Kenya and President of the Supreme Court, becoming the first woman to occupy the seat in Kenya's 59 years of self-governance. She has over 33 years of legal experience and is renowned for defending political dissidents and advocating for women's rights in Kenya.

As Chief Justice, she launched her vision of social transformation through access to justice. She has stated that her goal is for the Judiciary to develop an independent, vibrant, efficient, and accessible institution that is responsive to the aspiration of Kenyans and serves as a true guardian of the rule of law and democracy.

During the year, significant strides were made in improving the institutional performance of the Judiciary. Some of the reforms spearheaded by Lady Justice Martha Koome included rolling out of Small Claims Courts in Nairobi and this has seen a significant number of cases resolved within the stipulated 60 days timeline.

To further the transformative effect of these courts, adjudicators were posted to other court stations across the country.

Another highlight of the year was the posting of recently appointed Environment and Land Court and Employment and Labour Relations Court Judges to stations that had not had these Judges before. This improved case clearance rates in these courts and reduced the distance travelled by Kenyans to access justice. These performance indices coupled with emerging indigenous jurisprudence show that the Kenyan Judiciary is emerging as a regional leader and model to other Judiciaries.





FERDINAND OMANYALA BECOMES THE FASTEST MAN IN AFRICA

The Kip Keino 2021 Classic Tour held at the Moi International Sports Center - Kasarani, was no small fete. Records were shattered! 25 year old Ferdinand Omanyala set the stadium alight when he finished second with a time of 9.77 seconds for the 100m sprint. Racing alongside American sprint giants – Trayvon Bromeli and Justin Gatlin, Ferdinand was incredibly pleased with himself when he split the duo finishing second and breaking the African record of 9.84 set in July 2021.

"It's a wonderful feeling to set this new African record. When I got onto the starting blocks, I had a feeling I could time 9.77 and I am happy that it came. I hope to set new records in every competition I will be taking part from now on," Omanyala said.



President Uhuru Kenyatta and Gov. Lee Kinyanjui PHOTO/COURTESY

NAKURU GETS A CITY STATUS

has continued to grow into a cosmopolitan city. It received township status in 1904 and became a municipality in 1952. On 3rd June 2021, Nakuru was officially endorsed and approved for city status after the Kenyan Senate voted for its elevation.

The elevation of Nakuru to a city is expected to help its residents through improved services and increased investment. The city will now attract lots of investors and partnerships. The President said the industries and factories will ensure job opportunities are given to young people in Nakuru City. "We want to add opportunities, people will come with their industries

Nakuru became the fourth city in Kenya after meeting the criteria set out in Urban Areas and Cities Act. President Uhuru Kenyatta conferred Nakuru with the Charter on Wednesday, December 1, 2021, in a colorful ceremony elevating the municipality to the ranks of other cities, namely Nairobi, Mombasa and Kisumu.

Nakuru was set up by the British as part of the White Highlands during the colonial era and it

and that's good news to our young people,” said The President. Plans are underway for a Private-Public Partnership in the construction of the Nairobi-Mau Summit road mostly found in Nakuru. Residents of Nakuru are now expected to enjoy better recreational facilities, sufficient water, ultramodern stadia, good road networks, enhanced solid waste management systems among other services.

A city board has been put in place to guide Nakuru’s city expansion design. Governor Lee Kinyanjui noted that the new board will take measures to avert mushrooming of informal settlements which may also include exploring legal provisions to expand the city beyond the old Nakuru Municipality boundaries. As a city, Nakuru will enjoy, among others, more funding by the National Government.







GOVERNANCE



The background of the lower half of the page features a network diagram. It consists of a series of interconnected nodes (circles) forming a hexagonal grid. Various icons are placed at these nodes: three business men in suits, a woman wearing a headset with a microphone, a globe, and several other business figures. The overall theme is corporate communication and governance.

Governance Structure

The Council

The Council is the governing body of ICPAK and is responsible for the overall governance of the Institute. It comprises of 11 members;

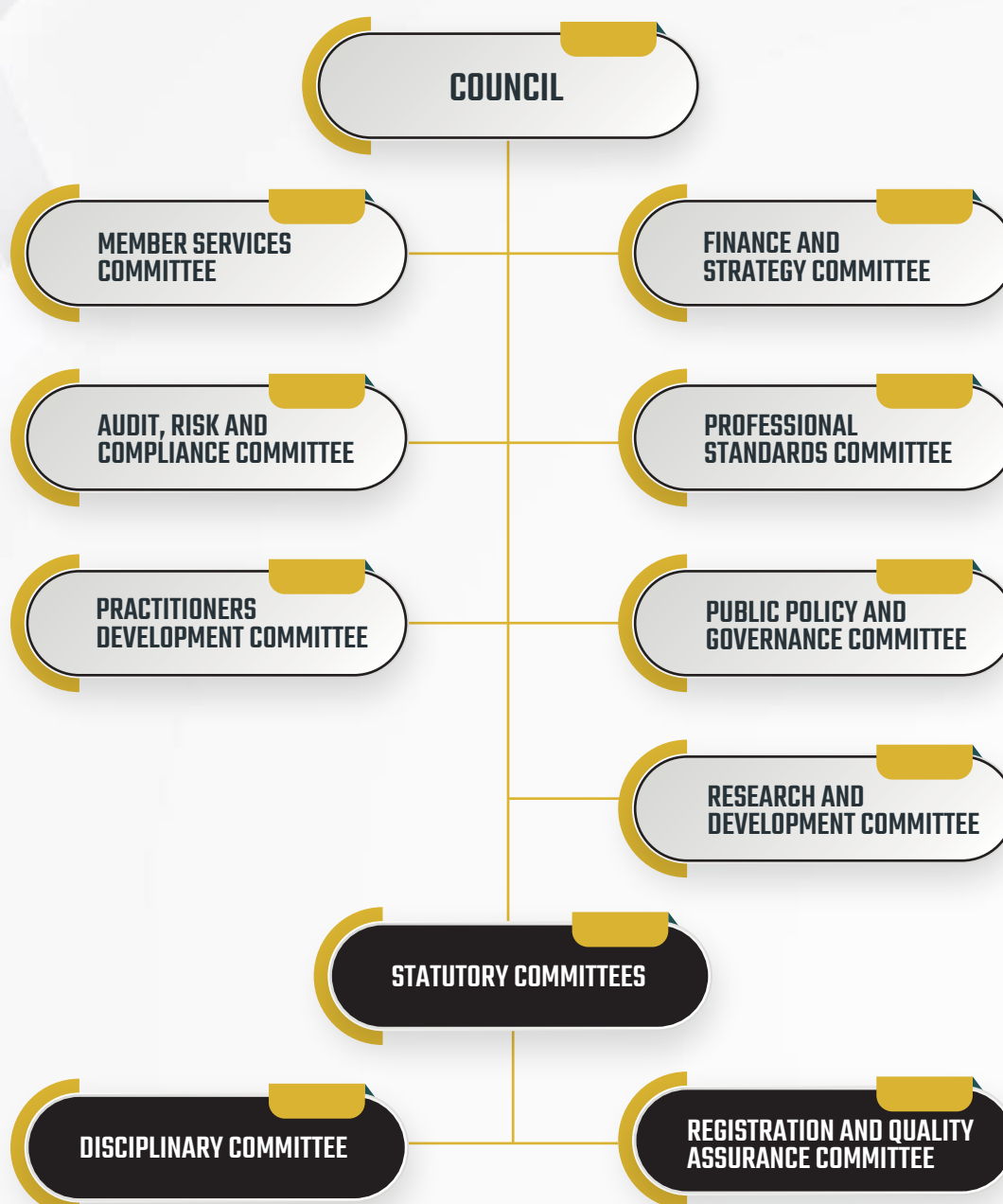
- a) A Chairman and six members elected from the Institute's membership
- b) One member representing the Cabinet Secretary responsible for matters relating to finance;
- c) One member representing the Cabinet Secretary responsible for matters relating

to finance, to represent a profession other than accountancy;

- d) One member representing Kasneb;
- e) One member representing the Capital Markets Authority.

Council Committees

In line with the Accountants Act, Council has established committees to support delivery of the Institute's mandate. The Governance framework with various committees is as shown in the chart below;



The Role of the Council

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

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

Other functions and responsibilities of the Council include:

- a. Strategic Leadership:** Approving, monitoring and guiding the implementation of the Institute's Strategic Plan;
- b. Performance Evaluation:** Setting performance targets and reviewing of the Institute's results so as to ensure the achievement of strategic and operational plans;

- c. 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;
- d. Risk Management and Compliance:** Formulating and implementing policies and procedures that ensure various risks facing the Institute are effectively mitigated and various regulatory and legislative requirements are complied with;
- e. Stakeholders' Interests:** Ensuring the fulfillment of the interests of various stakeholders besides reviewing and monitoring corporate governance;
- f. Executive Review:** Approving appointment and remuneration of the Chief Executive Officer and other senior staff members as well as monitoring and reviewing performance.





THE DIFFERENCE MAKERS



FCPA George Mokua **ICPAK Chairman**

FCPA George Mokua is the Chairman of ICPAK following his election in June 2021. He is also the immediate former Vice Chairman, a position he held for two years from 2019-2021. He worked with the Council to steer the Institute out of the challenges caused by COVID-19. FCPA Mokua has championed the adoption of technology towards realizing institutional transformation.

He has served ICPAK and the accountancy profession at large for a continuous period of over 15 years in various capacities. These include 6 years at the national level and 9 years in regional leadership at the ICPAK Coast Branch where he was the Chairman from 2014 - 2016. He currently represents ICPAK in PAFA Board, IFAC Council, KCA University Board of Trustees and the board of Kasneb.

He is the Managing Partner of Mokua Onwonga & Co. (CPA) and the Principal Partner at Ledger Registrars LLP, Certified Secretaries. His experience spans to over 20 years as a practitioner where he has gained extensive and invaluable audit experience cutting across private and public sector audits, investigations, special audits, accounting and taxation. He also offers company secretarial services to various private and government corporations.

FCPA Mokua holds a Bachelor of Business Management (Accounting option from Moi University, and a Master of Business Administration degree (specializing in General Management) from the University of Free State, South

Africa. He is a Fellow of ICPAK and a Certified Secretary (CS).



CPA Phillip Kakai **ICPAK Vice-Chairman**

CPA Philip Kakai is a Certified Public Accountant of Kenya and a member of the Institute in good standing and a Certified Professional Mediator. 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.

CPA Kakai is the Vice Chairman of ICPAK for period 2021-2022 and Council Member of the Institute. He serves at the Institute as a Co-Convenor of the Public Policy and Governance Committee, a Convener of the Special events Committee, Convener of the adhoc Human resources committee and has served in the Legislative affairs committee and other ICPAK Council committees for over 8 years. He is keen on driving thought leadership, stakeholder engagement, advocacy, Public finance, governance and the legislative agenda of the Institute.

He is currently an Assistant Director of Finance at the Judiciary in charge of Revenue and Deposits and serves in various Policy and administrative committees of the Judiciary. He previously served as an Ag. Director Finance and an Ag. Deputy Director Accounts at the same Institution. Prior to Joining the Judiciary in 2013, he served as the Finance Manager of Asea Brown Boveri (ABB) Limited for over 8 years having risen from a Senior Accountant. He started his career as an Accountant at Park-

lands Sports Club and has served the Accounting profession since then.

CPA Philip Kakai holds a Bachelor of Commerce (Accounting) and a Master of Business administration degree from Moi University. CPA Kakai has undertaken various courses and holds a Certificate in Strategic Leadership Development Programme (SLDP) from the Kenya school of Government; a Certificate in Public Sector Financial Management Programme from ESAMI, Arusha, Tanzania, a Certificate in Project Risk Management from ABB, a certificate in Mediation and a certificate in Corporate Governance from the Center for Corporate Governance in Kenya.

CPA Kakai served as the pioneer Chairman of the Alumni Association of KCA University for the period 2013-2017 and as a parent representative at Moi High School- Kabarak for the period 2012-2015. CPA is a full member of the Friends Church (Quakers), at the Friends International Center, Ngong road, Nairobi.



CPA EDWIN MAKORI

Chief Executive Officer

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. He 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 and Chief Executive Officer of the 5th largest Professional Accountancy Organization in Africa - ICPAK. He oversees implementation of the Institute's activities in the following thematic areas; Technical Issues, Accounting and Auditing Standards, Ethical Standards, Member Capacity Development, 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 served as a Finance Director at various government (public sector) entities and private sectors 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 a certified ERP Consultant, CISA, a member of Institute of Directors (IoD), ISACA and ILM (Institute of Leadership Management-UK).

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



CPA Anne Wangeci

CPA Anne Wangeci professional career spans to over 18 years of work experience in both private and public sectors in internal audit, risk management, financial reporting and public financial management.

She is energetic, team player and mentor and keen to develop teams to achieve synergy in key performance indicators, while developing individual and team capabilities. A resourceful and decisive leader accomplished in implementing and managing change, cost saving through systems audit and improvement.

She has knowledge and experience in International Financial Reporting Standards (IFRS), International Public Sector Accounting Standards (IPSAS), International Standards of Auditing (ISA) and Generally Acceptable Accounting Principles (GAAP) and knowledge of applicable laws and regulations and regulatory frameworks.

She is currently a Risk Officer at Egerton University and has previously worked as a Senior Internal Auditor. She has worked in the Finance department rising to the level of Ag. Deputy Finance Officer in the same institution. Prior to joining Egerton University, she worked at Christian Children's Fund Kenya (CCF), International Rescue Committee (Kenya) and UAP Insurance Company in various capacities.

CPA Anne holds a Master of Business Administration (Finance) degree from Egerton University, a Bachelor of Science in International Business Administration (Accounting Option)

degree from United States International University. She is a member of the Institute of Certified Public Accountants of Kenya (ICPAK), and Association of Women Accountants of Kenya (AWAK). She is also a Certified Professional Mediator.

CPA Anne serves in the ICPAK Council as Convenor, Member Services Committee and Devolution Work Stream. In addition, she serves as a member of the Public Policy and Governance Committee and Adhoc Committee on Elections to review and advise on ICPAK election reforms. Previously she has served as a Convenor and Co-convenor, a member of Finance and Strategy Committee and a member of Member Services Committee in 2018-2019. Prior to joining the Council, she was the 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 ICPAK Commendation in 2017 in recognition of her contribution to the profession.



CPA Dr. Elizabeth N. Kalunda

CPA Dr. Elizabeth Kalunda is an ardent accountant in academia and researcher with several publications in reputable journals. Currently, she is engaged in research in the areas of financial literacy, impact of COVID-19 on university education and youth employability. She is an Assistant Professor of Finance and Accounting at the United States International University-Africa and the Chair of the Accounting, Finance and Economics Department in the Chandaria School of Business. Previously she

has worked in the training department at ICPAK, Dedan Kimathi University of Technology, Government Training Institute and Teachers Service Commission.

At the Institute Council, she serves as the Convenor Research and Development Committee, member of the Special Events Committee, Adhoc Human Resource Committee and Devolution Work Stream of the Public Policy and Governance Committee. In the Research and Development Committee where she has served since 2019, she's been instrumental in launching a successful inaugural Research Conference of the Institute which is now an annual event.

As service to the community, she serves as a member of the Nairobi County Audit Committee, Kasarani Technical and Vocational Centre (Ministry of Education-TVET) Board, Bishop Ndingi High School Board of Management in Machakos and the Kasneb Board.

She is also an active member of the Association of Women Accountants of Kenya (AWAK) and the Chief Editor of the Journal in Business and Finance.

Dr. Kalunda holds a B.Ed (Moi University), MBA (University of Nairobi), PhD (University of Nairobi), a Certified Public Accountant (CPA), Certified Public Mediator (CPM), a reviewer at the Institutional Review Board (IRB) and has undertaken the Senior Leadership Development Course from the Kenya School of Government.



CPA Risper Olick

CPA Risper Olick is a resourceful and accomplished professional with over fifteen years work experience in financial management,

administration, operations, compliance, and project management.

She is currently studying for a Doctor of Business Administration (DBA) at USIU-A intending to specialize in leadership and organization change. Until December 2020, she was the Finance and Administration Manager at Amnesty International Kenya where she worked for ten years. At Amnesty, she was able to set up an efficient accounting system for the organization from scratch and rolled out an e-system that enabled staff to work smoothly from home when COVID-19 struck. She was also the coordinator of the Wapi Nduru program that trained over 400 accountants on safe whistle blowing in partnership with UNDP and the Institute among other partners. Previously has worked as in charge of finance and supply chain in Nyanza, Western and part of the Rift Valley with World Vision Kenya .

At the Institute Council, she serves as the Convenor of the Finance and Strategy Committee and a member in the Member Services Committee. Previously she has served as the Convenor Member Services Committee, and a member of Devolution Work Stream.



FCPA Georgina Malombe

FCPA Georgina Malombe is a dynamic, resourceful, self-driven and a highly skilled finance professional with over 21 years' experience in accounting, audit and risk, public finance management and Corporate Governance in both public and private sectors. She is endowed with a transformative mindset, posi-

tive attitude, and passion for driving positive change in organizations.

Previously, she served as the Chief Executive Officer Registration of Accountants Board, General Manager NGP Bamburi Sacco Ltd, and Auditor Kibiego Kiptum & Co (CPA-K), acting Head of Compliance & Regulatory Affairs, Manager Audit Quality Assurance & Licensing and Manager Public Policy & Governance at the Institute.

Her experience spans from her various roles in different boards not limited to the Association of Women Accountants (AWAK), Ethics Commission of Cooperative Societies (ECCOS), KCB Group Plc and the Institute. FCPA Georgina has training experience in several leadership areas including driving organizational agility, from Harvard Business School and has served in several task forces that delivered impactful results on various assignments.

FCPA Georgina is a Fellow of the Institute, a recognition made for her exemplary contribution to the growth and service to the accountancy profession in Kenya. She was awarded a 2nd Runner up by Women on Boards Network (WoBN) in year 2021 in the category of chairperson of the year for her outstanding contribution on diversity agenda and championing governance in the corporate space. Currently, she is the Managing Partner and Chief Engagement Officer of Gemal & Company.

She holds a Masters of Business Administration (Finance Option) from the University of Nairobi and Bachelors degree of Agribusiness Management from Egerton University.

She is also a Certified Public Accountant, a Certified Executive Leadership coach from the Institute of Coaching Development Institute of Africa and Arbitration Associate from the Chartered Institute of Arbitrators, Kenya Chapter.



FCPA Hesbon Omollo

FCPA Hesbon Omollo is an established auditor with over 20 years progressive experience in tax, auditing, and accounting and is the Managing Partner of Bon & Drew Associates, a medium sized audit firm with branches in Nairobi, Nakuru, Kericho, Kisumu and Mombasa. Previously he has served as an accountant in the logistics and manufacturing sectors.

He is a passionate and empathetic leader with a responsible approach to assignments and focus on solutions to challenges. Throughout his career he has mentored many young accountants, some currently practicing as auditors and running successful audit firms.

He has been a trainer for more than 8 years with the Institute in the areas of Audit and taxation. In the leadership space at the Institute.

Currently, he is the Convenor of the Practitioners Development Committee (PDC), a member of the Nominations committee and Audit and Risk Committee (ARC).

Previously he served as the Chairman of the Institute's Nyanza Branch and in various Council Committees including the Legislative Affairs sub-committee where he helped espouse ICPAK position on the national budgets and various draft laws under public participation.

At the community level, he serves in the board of Ideal Health Organization (IHO) where he is the Treasurer, a local secondary school, and a member of the nominations committee of KIMISITU Sacco Ltd.

He holds a B-Com degree in accounting from Catholic University of East Africa and currently pursuing Msc (Accounting & Finance) at Salford University (UK) and is a Certified Mediator trained in leadership and governance.



FCPA Dr. Nicholas K. Letting' **PhD, EBS, HSC**

FCPA Dr. Letting' is the Secretary/Chief Executive Officer of Kasneb and the immediate past Vice – Chancellor / Chief Executive Officer of the Management University of Africa (MUA). He represents Kasneb at the Institute Council.

He is an accomplished corporate transformative leader with over 20 years of work experience, a respected academician and industry practitioner/captain and performance management excellence enthusiast. He is a careers mentor and coach, examination management expert, committed professional, facilitator in conferences, corporate governance trainer accredited by IFC, astute administrator and investments and financial analyst. He is well trained in strategic leadership.

Dr. Letting' worked with BAT Kenya, Kenya Institute of Management (KIM) and MUA in senior positions before joining Kasneb. He has taught in high school and university, has published widely and supervised several doctoral (PhD) and masters' students in their theses' projects and is an external examiner in leading universities in East Africa. He has attended several global seminars and conferences in four continents.

Dr. Letting' has been an active contributor of

ideas in education and training sector in university and technical training institutions and occasionally presents emerging issues on academic and corporate governance on TV.

He currently serves as a Council Member of the Institute, ICIFA, ICS, PSASB and current the Honorary Treasurer for the Association of Professional Societies of East Africa (APSEA).

He is a Certified Public Accountant (CPA), Certified Secretary (CS) and a member Certified Investments and Financial Analyst (CIFA). He is a Fellow of ICS, KIM and the Institute. He is also a member of IoD and IHRM.

Dr. Letting' holds a Doctor of Philosophy (PhD) in Business Administration (Strategic Management), MBA and BCom degrees from the University of Nairobi.

He was awarded Elder of the Order of the Burning Spear (EBS) in 2020 and Head of State of Commendation (HSC) in 2012 for his contribution to the development of the country. .



CPA FA Jona Wala

CPA Jona Wala is the Ag. Director Accounting Services at the National Treasury and represents the Cabinet Secretary at the Institute's Council. CPA Wala leads a technical committee in transitioning the country from cash basis to accrual basis of accounting. He has been at the forefront of championing public sector reforms for the last 25 years.

CPA Wala serves in various other boards including 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 Standards Board and chairs the Technical Committee of the Africa Association of Accountant Generals. He is a member of the Africa Professionalization Initiative Academic Advisory Committee an online platform for competency development for accountants in the public sector.

He currently serves as the Convenor of the Audit, Risk and Compliance Committee, Adhoc Special Audit Committee and the Public Sector Accountants Sub-Committee.

He holds a Master degree in Banking and Finance and is a PhD candidate in Management at the Case Western Reserve University, USA.



CPA FA Nyale Yanga

CPA Nyale Yanga has over 15 years' experience in capital markets development and regulation, having worked in various senior roles at Capital Markets Authority. He is currently responsible for providing strategic leadership in supervision of regulated entities to ensure compliance with capital markets legal and regulatory requirements with a view to protection of investors' interests and ensuring that the securities markets are fair, efficient, and transparent. In addition, CPA Nyale facilitates innovators in capital markets to test their ideas through the Capital Markets Regulatory Sandbox.

CPA Nyale is a self-driven leader who has championed the development of the regulato-

ry sandbox framework, various Suptech and Regtech initiatives for the Kenyan capital markets and developed the risk-based supervision model and risk-based capital adequacy regime for capital markets intermediaries.

He is the Chairman of the Capital Markets Authority Sandbox Review Committee, Market Supervision and Risk Management Committee of the East Africa Securities Regulators Authorities, a board member of the Public Service Club.

He represents the Capital Markets Authority at the Institutes Council and serves as a Co-convenor of the Finance and Strategy Committee.

He is a member of the Institute of Investments and Financial Analysts (ICIFA) and alumni of the IFC-Milken Institute Program. He also has level two Chartered Institute for Securities & Investments (CISI) certification in addition to attending several leadership and governance courses.

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 (CS). He holds a Graduate certificate in Capital Markets Development from George Washington University (USA).





COMMITTEES & ATTENDANCE

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. ICPAK's business principles are informed by core values and standards that ensure ICPAK operates within the confines of law with the objective of serving members and the public. The institute believes that its spheres of influence with regards to good corporate governance should be extended to stakeholders and business relationships. ICPAK 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 to the highest standards of professional ethics that promotes Credibility, Professionalism and Accountability.

Council

Council Members	Role	When joined Council	When retired	Meeting attendance 2021
FCPA George Mokuu	Chairman	Jun-19		20/23
FCPA Rose Mwaura	Chairman	Jun-17	Jun-21	12/12
CPA Philip Kakai	Vice Chairman	Jun-20		22/23
CPA Anne Wangeci	Member	Jun-18		19/23
CPA Risper Olick	Member	Jun-19		22/23
CPA Dr. Elizabeth Kalunda	Member	Jun-19		22/23
FCPA Georgina Malombe	Member	Jun-21		11/11
FCPA Hesbon Omollo	Member	Jun-21		10/11
FCPA Dr. Nicholas Letting	Member	May-19		21/23
CPA FA Jona Wala	Member	Dec-19		16/23
CPA Nyale Yanga	Member	May-21		10/13
FCPA Samuel Okello	Member	Jun-18	Jun-21	12/12
FCPA Wycliffe Shamiah	Member	Jun-09	May-21	3/10

Registration and Quality Assurance Committee

Committee Members	Role	When appointed	When retired	Meeting attendance 2021
FCPA Dr. Jim Mcfie	Convenor	Jun-14		5/5
FCPA Daniel Ndonye	Member	Jun-14	2021	1/5
CPA Joyce Mbaabu	Member	Jun-21		4/5
CPA Mary Maalu	Member	Jun-21		4/5
CPA Yusuf Omari	Member	Jun-14	2021	1/5
CPA Erasto M Ng'ang'a	Member	Jun-21		4/5
CPA Haron Koimur	Member	Jun-21		4/5
CPA Dr. Mercy Ongonge	Member	Jun-21		4/5

Disciplinary Committee

The Disciplinary Committee is established under section 31 of the Accountants Act No.15 of 2008 and mandated to inquire into the professional conduct of the members of the Institute as referred by the Council.

Membership of the Disciplinary Committee

The Committee comprises seven (7) members. In the year under review, the Disciplinary Committee held eight (8) meetings with attendance as shown below:

Committee Members	Role	When appointed	When retired	Meeting attendance 2021
FCPA Charity Muya	Convenor	Aug-19		8/8
CPA Peter Nyamondo	Member	Nov-18		8/8
CPA Regina Karauri	Member	Nov-18		6/8
CPA Cliff Menge	Member	July-21		1/1
Arthur Igeria, Advocate	Member	Aug-19		8/8
Hannah Wwendot, Advocate	Member	Nov-18		4/8
FCPA Anne Ooga Eriksson	Member	Jul-20		6/8
Scholastica Mbio, Advocate	Member	Nov-18	Jun-21	6/7

Finance & Strategy Committee

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

Committee Members	Role	When appointed	When retired	Meeting attendance 2021
CPA Risper Olick	Convenor	Jun-21		5/5
FCPA Samuel Okello	Convenor	Jun-19	Jun-21	2/2
CPA Nyale Yanga	Co-convenor	Jun-21		3/3
FCPA Dr. Nicholas Letting	Co-convenor	Jun-19	Jun-21	1/2
CPA Newton Kihara	Member	Aug-17		3/5
CPA Dr. Joshua Aroni	Member	Jun-19		5/5
CPA Gerald Gakima	Member	Jun-19		5/5
CPA Fredrick Odero	Member	Jun-19		4/5
CPA Fredrick Toloyi	Member	Jun-19		2/5
CPA Jacinta Masila	Member	Jun-21		3/3
CPA Daniel Mwaura	Member	Jun-21		2/3

CPA Timothy Kambuni	Member	Jun-21		2/3
CPA Elizabeth Kiarie	Member	Jun-21		3/3
CPA Felix Mulwa	Member	Jun-21		3/3
CPA Charles Wanderi	Member	Jun-21		3/3
CPA Rebecca Moraa	Member	Jun-21		1/3
CPA Evans Moturi	Member	Aug-17	Jun-21	2/2
CPA Margaret Muinde	Member	Jun-19	Jun-21	2/2
CPA Rosemary Nyokabi	Member	Aug-17	Jun-21	1/2

Member Services Committee

The Committee oversees implementation of CPD policies, development and implementation of the CPD calendar. The Committee is also tasked with promoting, marketing, retention and coordination of quality service provision to members.

Committee Members	Role	When appointed	When retired	Meeting attendance 2021
CPA Anne Wangeci	Convenor	Jun-21		1/1
CPA Risper Olick	Co-convenor	Jun-21		3/3
CPA Dr. Elizabeth Kalunda	Co-Convener	Jun-20	Jun-21	2/2
CPA Bernard Muli	Member	Jun-19		3/3
CPA Joy Kithinji	Member	Jun-19		3/3
CPA Collins Maubi	Member	Jun-19		3/3
CPA Eric Murage	Member	Jun-19		2/3
CPA Joseph Njoroge	Member	Jun-19		2/3
CPA Michael Wanjala	Member	Jun-21		1/1
CPA David Kaberia	Member	Jun-21		1/1
CPA Olive Gitau	Member	Jun-21		1/1
CPA Anne Komira	Member	Jun-21		1/1
CPA Joshua Kamwere	Member	Jun-21		1/1
CPA Joshua Aura	Member	Jun-21		1/1
CPA John Boscow	Member	Jun-21		1/1
CPA Sarah Chumba	Member	Jun-19	Jun-21	1/2
CPA Adan Jarso	Member	Jun-17	Jun 21	1/2
CPA Andrew Bulemi	Member	Jun-19	Jun 21	2/2
CPA Josephine Isoka	Member	Jun-19	Jun 21	2/2
CPA Peter Mukoya	Member	Sept-20	Jun-21	2/2

Public Policy and Governance

The Committee supports implementation of the Institute's public interest role including advisory to the National Treasury and promoting prudent public financial management and accountability in Kenya.

Committee Members	Role	When appointed	When retired	Meeting attendance 2021
FCPA George Mokua	Convenor	Jun-21		2/2
FCPA Rose Mwaura	Convenor	Jun-17	Jun-21	2/2
CPA Philip Kakai	Co-convenor	Jun-21		2/2
CPA Anne Wangeci	Member	Jun-19		4/4
CPA Samuel Kirenge	Member	Jun-17		3/4
FCPA Hon. Thomas Mwadeghu	Member	Jun-21		1/2
FCPA Andrew Tanui	Member	Jun-14		4/4
CPA Dr. Edward Karanja	Member	Jun-21		1/2
FCPA Rose Osoro	Member	Jun-21		2/2
FCPA Reuben Korir	Member	Jun-19		3/4
FCPA Wycliffe Kibisu	Member	Jun-21		1/2
CPA Evans Moturi	Member	Jun-21		1/2
CPA Stephen Kisoi	Member	Jun-19		2/4
FCPA Robert Waruiru	Member	Jun-21		1/2
CPA Reuben Orwaru	Member	Jun-19		3/4
FCPA Philip Muema	Member	Jun-15	Jun-21	2/2
CPA Abdihafid Yarow	Member	Jun-19	Jun-21	1/2
CPA Charles Ringera	Member	Jun-19	Jun-21	2/2
FCPA Muthoni Wangai	Member	Jun-17	Jun-21	2/2

Audit, Risk and Compliance Committee

The Committee mandate is an oversight role in various functions including the internal controls and compliance with policies and procedures. In addition, the Committee continuously evaluates and ensures that adequate risk management strategies are implemented.

Committee Members	Role	When appointed	When retired	Meeting attendance 2021
CPA Jona Wala	Convenor	Jun-21		3/3
FCPA Dr. Nicholas Letting'	Convenor	Dec-19	Jun-21	6/6
FCPA Georgina Malombe	Co-Convenor	Jun-21		3/3
CPA Dr. Elizabeth Kalunda	Member	Jun-19	Jun-21	6/6
FCPA Hesbon Omollo	Member	Jun-21		3/3

CPA Francis Kitonyi	Member	Jun-19		T8/9
CPA Dalton Mwaghogho	Member	Aug-17		9/9
CPA Dr. John Kinyua	Member	Aug-17		8/9
CPA Freda Mitambo	Member	Jun-19		9/9
CPA Jacob Njeru	Member	Jun-21		3/3
CPA Dorcas Muli	Member	Jun-21		3/3
CPA Peter Sang	Member	Jun-21		2/3
CPA Ronald Wanyama	Member	Jun-21		3/3
CPA David Kaberia	Member	Jun-19		9/9
CPA David Waweru	Member	Jun-21		2/3
CPA Costantine Mwikamba	Member	Jun-19		8/9
CPA Francis Langat	Member	Jun-19		8/9
CPA Njeri Mwaniki	Member	Jun-19		4/6

Professional Standards Committee

Committee Members	Role	When appointed	When retired	Meeting attendance 2021
FCPA Michael Mugasa	Convenor	Aug-13		4/4
CPA Joseph Kariuki	Co-Convenor	Aug-14		4/4
FCPA George Mokua	Member	Jun-19	Jun-21	2/2
FCPA Simon Fisher	Member	Jun-15		3/4
FCPA Dr. Geoffrey Injeni	Member	Aug-19		4/4
FCPA Asif Chaudhry	Member	Aug-19		3/4
FCPA Ann Muraya	Member	Aug-13		3/4
CPA Pauline Lusweti	Member	Jun- 21		2/2
CPA Evanson Ng'ang'a	Member	Jun- 21		2/2
CPA Sylvester Kiini	Member	Aug-17		2/4
CPA Alexander Mbai	Member	Jun- 21		2/2
CPA Georgina Muchai	Member	Aug-13		2/4
FCPA Samuel Okello	Member	Jun-19	Jun-21	2/2
CPA Fredrick Macharia	Member	Jun-15	Jun-21	1/2
CPA Eric Muriithi	Member	Aug-13	Jun-21	0/2

Practitioners Development Committee

Committee Members	Role	When appointed	When retired	Meeting attendance 2021
FCPA Hesbon Omollo	Convenor	Jun-21		2/2
FCPA George Mokua	Convenor	Jun-19	Jun-21	2/2
FCPA Georgina Malombe	Co-Convenor	Jun-19		4/4
CPA Christine Sabwa	Member	Jun-19		3/4
CPA Samuel Oyumbra	Member	Jun-21		2/2
CPA John Makori	Member	Jun-19		1/4
CPA Kennedy Njoroge	Member	Jun-19		3/4
CPA Bethwel Kirwa	Member	Jun-19		1/4
CPA Andrew Bulemi	Member	Jun-21		2/2
CPA Haron Motari	Member	Jun-19		2/4
CPA Fridah Nkirote	Member	Jun-21		2/2
FCPA Said Abeid	Member	Jun-19		1/4
CPA Leah Nganga	Member	Aug-17		4/4
CPA Isaac Ng'ang'a	Member	Jun-21		2/2
CPA Samuel Ratemo	Member	Jun-21		2/2
CPA Herbert Wasike	Member	Aug-17	Jun-21	2/2
CPA Joseph Masika	Member	Aug-17	Jun-21	1/2
CPA Patrick Nganga	Member	Jun-19	Jun-21	0/2
CPA Patrick Sila	Member	Jun-19	Jun-21	2/2

Research & Development Committee

The Committee supports the Institute in implementing its mandate to promote research in accountancy and finance and related matters.

Committee Members	Role	When appointed	When retired	Meeting attendance 2021
CPA Dr. Elizabeth Kalunda	Convenor	Jun-19		4/4
FCPA Dr. Nicholas Letting	Co-Convenor	Jun-19		4/4
CPA Dr. Jackson Waweru	Member	Jun-19		3/4
CPA Dr. Fred Sporta	Member	Jun-19		3/4
CPA John Kwambai	Member	Jun-19		2/4
CPA Charles Okeyo	Member	Jun-21		2/2
CPA Dr. Judith Bonareri	Member	Jun-19		2/4
CPA Dr. Evans Ombiro	Member	Jun-19		3/4

CPA Moses Dekings	Convenor	Jun-19		4/4
CPA Caroline Karanja	Co-Convenor	Jun-21		2/2
CPA Christopher Githinji	Member	Jun-21		2/2
CPA Eric Rutto	Member	Jun-21		2/2
CPA Zipporah Nyachwaya	Member	Jun-21		2/2
CPA Florence Biryia	Member	Jun-19	Jun-21	1/2
CPA Isabel Juma	Member	Jun-19	Jun-21	2/2
CPA Dr. Mercy Ongonge	Member	Jun-19	Jun-21	2/2
CPA Dr. Sammy Kimungunyi	Member	Jun-19	Jun-21	2/2

AD HOC Review Committee

Committee Members	Role	When appointed	When retired	Meeting attendance 2021
FCPA Stephen Lugalia	Convenor	Jun 20		6/6
FCPA Georgina Malombe	Member	Jun 20	Mar 21	1/3
CPA Paraag Devani	Member	Jun 20		6/6
FCPA Ahmed Abdullahi	Member	Jun 20		1/6
FCPA Erastus Kwaka	Member	Jun 20		6/6
FCPA Owen Koimhuri	Member	Jun 20		6/6
CPA Catherine Mturi-Wairi	Member	Jun 20		4/6
CPA Grace Jepkoge	Member	Jun 20		6/6
CPA Francis Langat	Member	Jun 20		6/6

Youth and Students Affairs Sub-Committee

Committee Members	Role	When appointed	When retired	Meeting attendance 2021
CPA Joy Kithinji	Convenor	Jun-19		2/2
CPA Eric Kiplagat	Member	Jun-19		1/2
CPA Wycliffe Ochiaga	Member	Jun-19		2/2
CPA Sylvester Namagwa	Member	Jun-19		2/2
CPA Charles Kyengo	Member	Jun-19		2/2
CPA Jackline Naburi	Member	Jun-19		2/2
CPA Limo Vincent	Member	Jun-19		2/2

CPA Wilson Karumba	Convenor	Jun-19		2/2
FCPA Farheen Khandwalla	Member	Jun-19		2/2
CPA Justin Mulwa	Member	Jun-19		2/2
CPA Mbarak Rashid	Member	Jun-19		1/2
CPA Lennox Jalango	Member	Jun-21		1/1
CPA Douglas Muhati	Member	Jun-21		1/1
CPA Benson Njiru	Member	Jun-21		1/1
CPA Olive Gitau	Member	Jun-19	Jun-21	1/1
CPA Norah Robina	Member	Jun-19	Jun-21	1/1

Special Events Sub-Committee

Committee Members	Role	When appointed	When retired	Meeting attendance 2021
CPA Philip Kakai	Convenor	Jun-21		2/2
CPA Dr. Elizabeth Kalunda	Co-Convenor	Jun-21		2/2
CPA Nyale Yanga	Co-Convenor	Jun-21		2/2
CPA Ooko Marembo	Member	Jun-21		2/2
CPA Benedict Omollo	Member	Jun-21		2/2
CPA Hussein Ali	Member	Jun-21		2/2
CPA Diminah Chikamai	Member	Jun-21		2/2
CPA Beatrice Namerian	Member	Jun-21		2/2
CPA Daniel Rotich	Member	Jun-21		2/2
CPA William Komo	Member	Jun-21		2/2
CPA Grace Nduta	Member	Jun-21		2/2
CPA Susan Jerubet	Member	Jun-21		2/2
CPA Josephine Isoka	Member	Jun-21		2/2
CPA Isabel Juma	Member	Jun-21		2/2

Internal Auditors Sub-Committee

Committee Members	Role	When appointed	When retired	Meeting attendance 2021
CPA Isaac Kamau	Convenor	Jun-21		3/3
CPA Philip Wuantai	Member	Jun-19		2/3
CPA Rosalind Mureithi	Member	Jun-19		3/3
CPA Dickson Njiru	Member	Jun-19		3/3
CPA Sammy Kimungunyi	Member	Jun-21		1/1
CPA Abdallah Mambo	Member	Jun-21		1/1

CPA Fredrick Ouma	Member	Jun-21		1/1
CPA Benson Orina	Member	Jun-21		1/1
CPA Simon Maina	Member	Jun-21		1/1
CPA Martin Kamau	Member	Jun-21		1/1
CPA Elliasa Bett	Member	Jun-21		1/1
CPA Zachary Gitau	Member	Jun-21		1/1
CPA Leonard Bett	Member	Jun-19		2/2
CPA Catherine Nyaga	Member	Jun-19	Jun-21	2/2
CPA Faith Mutinda	Member	Jun-19	Jun-21	2/3
CPA Phares Kamau	Member	Jun-19	Jun-21	1/2
CPA Phoebe Nandwa	Member	Jun-19	Jun-21	2/2

Devolution Workstream

Committee Members	Role	When appointed	When retired	Meeting attendance 2021
CPA Anne Wangeci	Convenor	Jun-19		3/3
CPA Risper Olick	Member	Jun-21		2/2
CPA Dr. Elizabeth Kalunda	Member	Jun-21		2/2
CPA William Koech	Member	Jun-19		3/3
CPA Abdulwahid Sheikh	Member	Jun-21		1/2
CPA Francis Langat	Member	Jun-21		2/2
CPA Mollen Achayo	Member	Jun-21		2/2
CPA Antony Opondo	Member	Jun-21		2/2
CPA Jackson Bebewa	Member	Jun-21		2/2
CPA Peninah Mutuku	Member	Jun-21		2/2
CPA Chris Githinji	Member	Jun-19		3/3
CPA Nichola Mumo	Member	Jun-19		2/3
CPA Martin Njeri	Member	Jun-21		2/2
CPA Faith Kilako	Member	Jun-21		1/2
CPA Abdalla Ali	Member	Jun-19	Jun-21	1/2
CPA Amos Korir	Member	Aug-17	Jun-21	1/2
CPA Diminah Chikamai	Member	Jul-14	Jun-21	1/2
CPA Ebrahim Abdulla	Member	Jun-14	Jun-21	1/2
CPA Julius Rutto	Member	Aug-17	Jun-21	0/2
CPA Nelson Jalango	Member	Jun-19	Jun-21	1/2
CPA Ooko Marembo	Member	Jun-19	Jun-21	1/2
CPA Zachary Magiri	Member	Jun-19	Oct-21	2/3

Public Sector Sub-Committee

Committee Members	Role	When appointed	When retired	Meeting attendance 2021
CPA FA Jona Wala	Convenor	Jun-21		3/3
CPA Felix Kilonzo	Member	Jun-21		3/3
CPA Mary Kimanzi	Member	Jun-21		3/3
CPA David King'oo	Member	Jun-21		3/3
CPA Victor Ogutu	Member	Jun-21		3/3
CPA Justus Mwanthi	Member	Jun-21		3/3
CPA Peter Mukoya	Member	Jun-21		3/3
CPA William Machoki	Member	Jun-21		3/3
CPA Dominic Ooko	Member	Jun-21		3/3
CPA Christopher Ombunya	Member	Jun-21		3/3
CPA Norah Robina	Member	Jun-21		1/3
CPA Samuel Ngila	Member	Jun-21		1/3
CPA Daniel Mwakio	Member	Jun-21		2/3
CPA Dr. Solomon Ngahu	Member	Jun-21		2/3
CPA Wilson Wambia	Member	Jun-21		3/3
CPA Patrick Kimani	Member	Jun-21		0/3
CPA Chrispus Mbogo	Member	Jun-21		3/3

Elections Panel

The Elections Panel is appointed each year by the Council pursuant to Institutes Bylaw 74. The Panel is responsible for the authenticity, validity and integrity of the voters register and has oversight over the electoral medium and electoral process.

Committee Members	Role	When appointed	When retired	Meeting attendance 2021
CPA Sophie Moturi	Returning Officer	Mar-18		15/15
CPA Isaac Ruto	Returning Officer	Mar-18	Feb-21	N/A
FCCA Hon. Thomas Mwadeghu	Election Scrutineer	Feb-21		15/15
CPA Reuben Chirchir	Election Scrutineer	Feb-21		15/15
CPA Hawi Odingo	Election Scrutineer	Mar-18	Feb-21	N/A
CPA Jacinta Moraa	Election Scrutineer	Mar-18		14/15



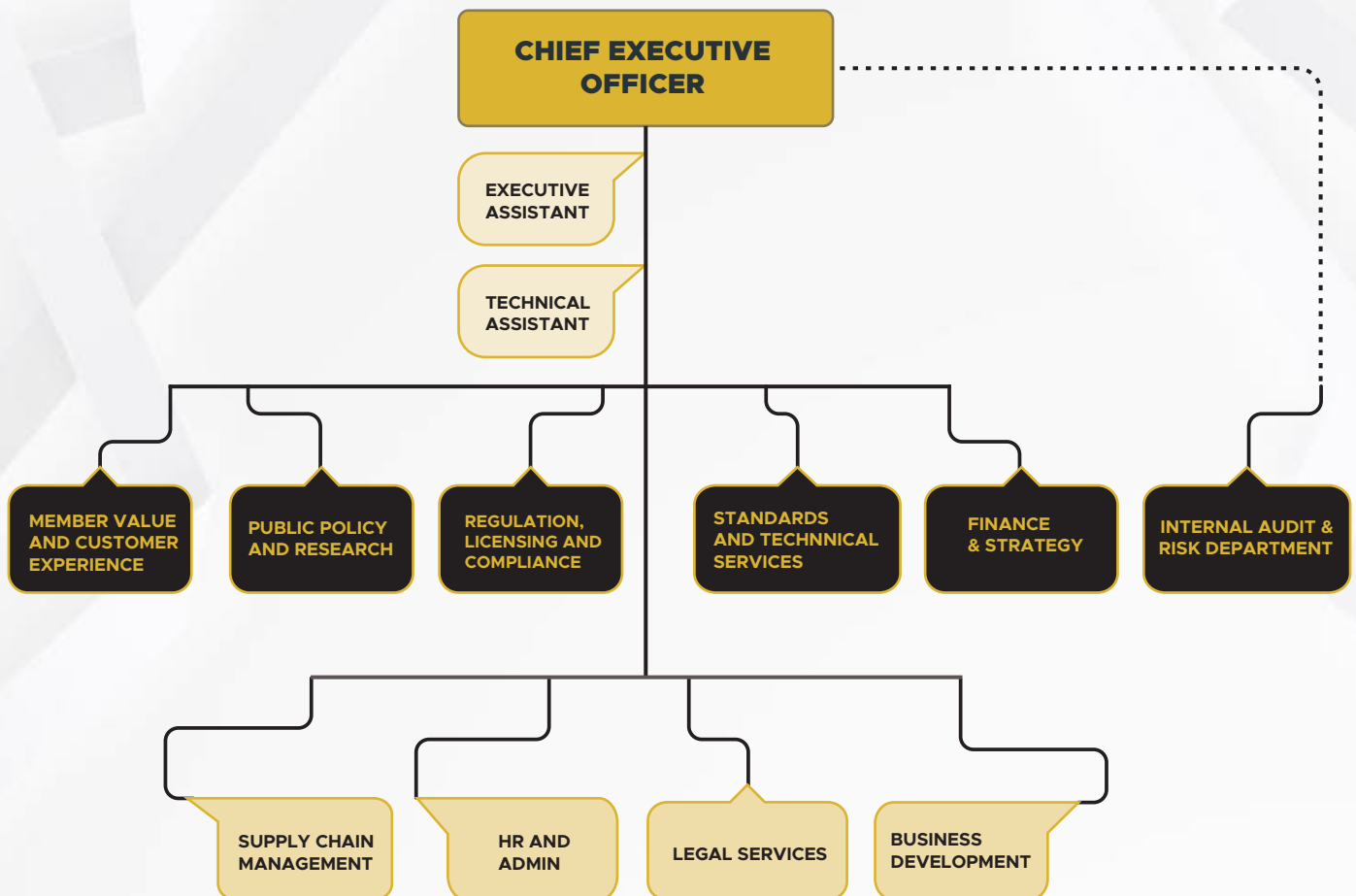
STRUCTURE

SYSTEM

PEOPLE

ORGANIZATIONAL STRUCTURE

ICPAK team is highly motivated and energized and is the primary source of value for our members. Additionally, it is our human interface with stakeholders locally and globally. The team is structured along six directorates and four departments. In addition, the Chief Executive Office is supported by an Executive and a technical assistant as illustrated below.







Members of staff





A close-up photograph of a hand with a weathered, brown skin tone moving a gold chess king piece. The hand is positioned in the upper left, with fingers gripping the piece. The chessboard is black and white checkered, and several silver chess pieces are visible in the background, slightly out of focus. A large, stylized graphic element, consisting of a yellow and dark blue shape, frames the text on the right side of the image.

STRATEGIC REVIEW

STRATEGIC DIRECTION

During the year, ICPAK implemented a one-year strategy that set the short- to medium-term strategic direction of the Institute. Our 2021 Strategic Plan was conceptualized at a time when the Institute had achieved great milestones, including the amendments to the Accountants Act, 2008. The amendments were envisioned to open new horizons for the Institute's regulatory role, quality assurance, enhanced membership and service to members, among others. The strategy was premised on our sustainability fueled by new streams of revenue, highly skilled human capital, and stable political and economic environment.

The Strategic Plan took into consideration the disruptions resulting from COVID-19 pandemic. It sought to identify new opportunities that could be exploited during the period including the identification of new technological innovations to enhance operations and service delivery to members. The threat and risk exposures

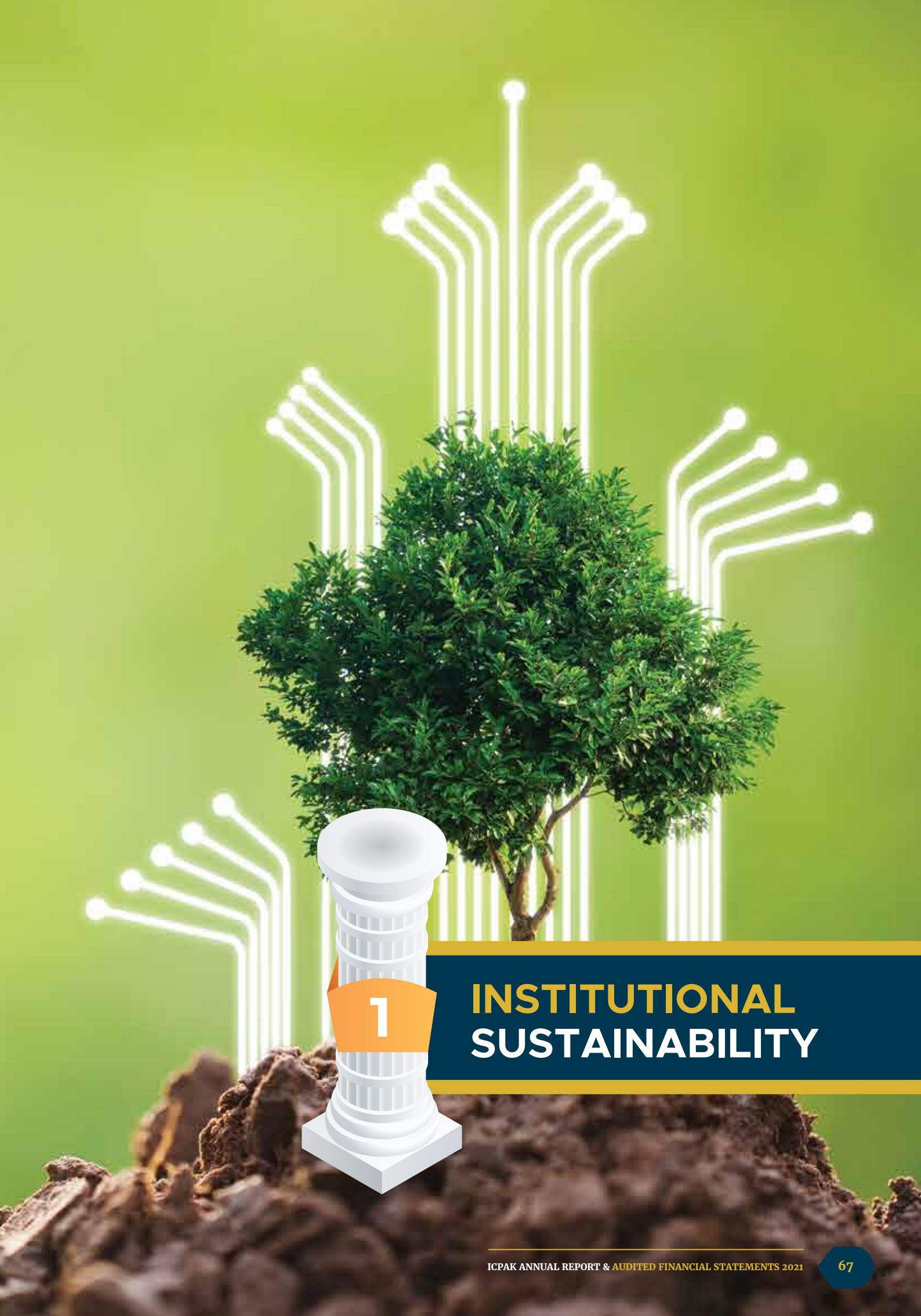
for the Institute were reviewed and mitigation measures developed.

The strategy articulated how we would deliver on our mandate, and would govern the implementation and outcomes of our strategic pursuit. Given the uncertainties brought about by the pandemic, we were cognizant that our strategy would require continuous review and monitoring to remain relevant and responsive to our operating environment.

ICPAK exists because of the value value proposition esteemed by our members. Our members exist because clients demand for their services. Our members' clients exist because they render a desired product or service to consumers in the economy. The interdependent nature of our value chain was the primary consideration in the development of our strategic objectives.

ICPAK'S clearly articulated purpose is at the heart of our strategic pillars. We identified three strategic pillars as below;





1

INSTITUTIONAL SUSTAINABILITY

Sustainable growth encompasses a business model that creates value consistent with the long-term preservation and enhancement of financial, human, environmental and social capital. At ICPAK, sustainable growth is viewed as the ability to meet the needs of present stakeholders while taking into account those of future generations.

ICPAK developed a one-year 2021 Strategic Plan coinciding with the end of the first cycle of COVID-19 pandemic experienced in year 2020. The strategy was premised on ICPAK's desire to be sustainable powered by technological innovation, highly skilled and agile human capital, stable political environment and economic recovery.

In order to remain sustainable, the Institute has three major revenue streams; training, subscription and rental incomes. The Ministry of Health COVID-19 containment measures slowed down economic activities in the country. The Institute remained resilient at the face of the above challenges and embarked on agility and adoption of diverse strategies that aided in the survival and sustainability efforts during the pandemic. These included implementation of virtual seminars and e-learning courses, customized trainings, adoption of technology in key operations and internal realignments focusing on fulfilling market driven needs among others.

FINANCIAL CAPITAL ▼

For the first time in the history of ICPAK, we realized the Kshs one billion mark in revenue generated in the year 2021. Further, the Institute registered the highest surplus ever achieved in the last eight years. This performance will support the sustainability efforts that are geared towards our core mandate of regulating the profession, enhanced customer experience and thought leadership.

“
**ICPAK REALIZES
KSHS
1 BILLION
IN REVENUES**
”

HUMAN CAPITAL ▼

At ICPAK, we pride ourselves with a value-driven, high-performance workforce that ensures member-centric and quality services. To boost accountability and performance, the Institute enhanced its performance management system in alignment to the overall organizational performance and the Strategic Plan. During the year, our human capital development efforts focused primarily on the following outcomes: Strengthening performance management, succession planning and enhancing value from our trainings.

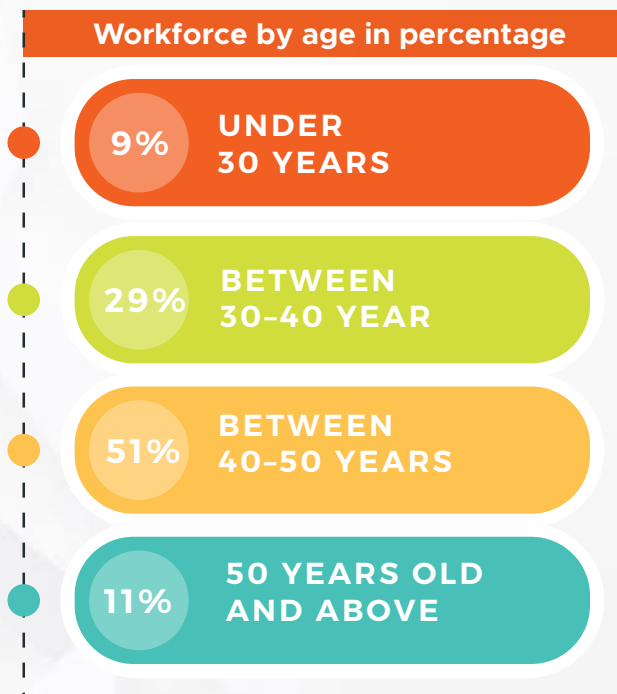
Most of our employees have been with the Institute for several years and carry valuable knowledge and experience that help us serve our members better. A high-performance and ethical culture is key to our success. To enhance their performance, the Institute strengthened workplace safety, in-service trainings and use of technology in all operations.

In addition, ICPAK is committed to equal opportunity and promotes diversity and inclusion at all levels. We aspire to achieve diversity, equity, and inclusion by;

- a) Creating a diverse workforce committed to teamwork, excellence and integrity while recruiting and retaining top talent.
- b) Developing and embracing an inclusive culture that honors and respects all employees, regardless of their age, gender, ethnicity and/or background.
- c) Integrating these values into our everyday business, actively engaging with our members, giving back to our community, and sharing our journey along the way.

The Institute has put in place systems that enhance diversity and inclusivity as outlined below:

a) Age and Generation: The Institute acknowledges the different skills and life experiences people of all ages bring to the workplace are valuable in a variety of ways for a wide range of different positions. ICPAK has both generation X and millennials with 39% and 61% respectively with a 33% representing millennials at the management level. Each of these generations features their own unique characteristics, skill sets, and personalities that they bring to the workforce.

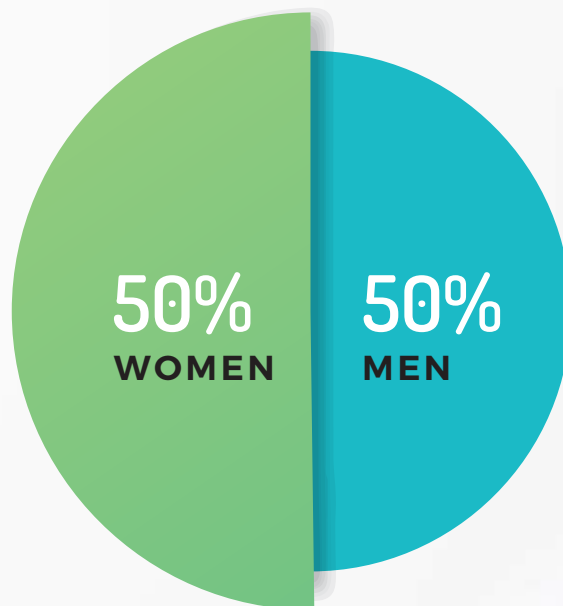


b) Diversity: The Institute has a staff composition from different communities which has built a block of workforce diversity.

c) Gender:

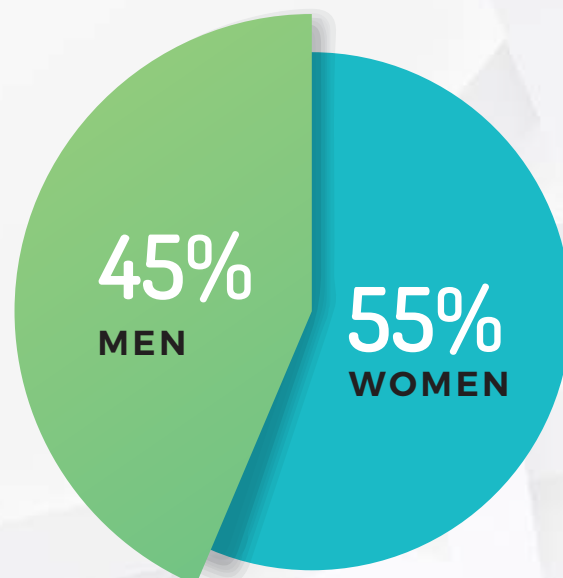
a. Leadership - The Institute appreciates gender diversity as demonstrated by adoption of a 50-50 gender parity in leadership.

Gender diversity in Senior Management



b. Total Employee: The Institute's total staff establishment stands at 55% to 45% female and male respectively.

Gender diversity by Employee Category



INTELLECTUAL CAPITAL

The Institute organizes CPD programmes all year round. These programmes enhance capacities and competencies of CPAs to discharge their professional duties. The aim of Institute's CPD programme is to equip members with relevant and appropriate skills to improve their output in current positions as well as develop them to provide innovative strategic leadership including value-based decision making.

During the year, the Institute managed to roll out 169 CPD programmes comprising of conferences, seminars, workshops, virtual symposiums, webinars, CPD bytes and videos, online courses, certifications, master classes and customized trainings.

The Institute conducted a study on impact of COVID-19 on Kenya's manufacturing sector, developed policy papers and briefs in areas of digital lending, climate financing, blockchain technology, IFMIS, among others. We continued to publish the Accountant Magazine that acts as a platform for sharing information and learning for our members and the public.

Further, the Institute embarked on digital transformation initiatives to improve member experience and provide a comprehensive view of the ICPAK value chain and drive business process efficiency.



SOCIAL AND ENVIRONMENTAL CAPITAL

To ensure that issues affecting the accountancy profession are well addressed, the Institute continued to proactively engage and maintain good relationships with our stakeholders. ICPAK held strategic engagements with the National Treasury, Kenya Revenue Authority, Senate, National Assembly, Commission on Revenue Allocation, County Governments, Transparency International, Kenya Association of Manufacturers (KAM), Kenya Private Sector Alliance (KEPSA) and Amnesty International-Kenya among other entities.

The Institute has Mutual Recognition Agreements with South Africa Institute of Chartered Accountants (SAICA), Certified Public Accountant Australia (CPA Australia), Institute of Char-

tered Accountants in England and Wales (ICAEW), Zambia Institute of Chartered Accountants (ZICA), East African Community Institutes of Accountants, namely ICPAU, NBAA, OPC Burundi and iCPAR.

The Institute continues to undertake initiatives at corporate level such as water harvesting, use of solar energy, natural lighting and aeration of common areas at CPA Centre. Further, the Institute through its branch network rolled out initiatives at local levels including tree planting and water harvesting. These activities are aimed at fostering environmental conservation.

The professional endeavours to have a social impact through its commitment to serving public interest. This is driven by ICPAK appreciation of the surrounding community.







ACCOUNTANCY DEVELOPMENT AND REGULATIONS



Development and regulation of the accountancy profession in Kenya is one of the core mandate of the Institute. Under this, the Institute undertakes various activities in the development of professional accountants, adoption and implementation of International Accounting Standards. We provide technical support to members to help them to remain compliant and current with changes in the profession.

Further, the Institute is committed to serving public interest, strengthening the accountancy profession and contributing to the development of a strong economy. In addition, the Institute is at fore front in speaking out on public interest matters where the profession's expertise is most relevant.

EMERGING DEVELOPMENT IN THE WORLD OF STANDARDS

As a member of IFAC, ICPAK contributes towards development of International Standards. In the year 2021, ICPAK participated in the COP26 UN Global Summit on climate change.

IFRS Foundation announces the International Sustainability Standards Board (ISSB)

As world leaders met in Glasgow for COP26, the UN global summit to address the critical and urgent issue of climate change, the IFRS Foundation Trustees (Trustees) announced three significant developments to provide the global financial markets with high-quality disclosures on climate and other sustainability issues:

- The formation of a new International Sustainability Standards Board (ISSB) to develop a comprehensive global baseline of high-quality sustainability disclosure standards to meet investors' information needs.
- Resolved that, IFRS Foundation completes consolidation of the Climate Disclosure Standards Board (CDSB - an initiative of CDP) and the Value Reporting Foundation (VRF) by June 2022.

- The publication of prototype climate and general disclosure requirements that were developed by the Technical Readiness Working Group (TRWG), a group formed by the IFRS Foundation Trustees to undertake preparatory work for the ISSB.

Together, these critical developments create the necessary institutional arrangements, set out in the IFRS Foundation revised Constitution and lay the technical groundwork for a global sustainability disclosure standard-setter for the financial markets. They address a growing and urgent need to simplify and standardize corporate sustainability disclosures. Through a corroborative effort the ISSB will work in closely with the IASB, to ensure congruence and compatibility between IFRS Accounting Standards and the ISSB's standards—IFRS Sustainability Disclosure Standards.



TECHNICAL GUIDANCE AND EXPOSURE DRAFTS ISSUED AND RESPONDED TO

Technical expertise is an essential part of our value proposition to members. The services we offer include comprehensive feedback on both the interpretation of existing legislation and accountancy standards and queries on new legislation and standards. The aim is to continually develop a broad knowledge in members. The various international standards setting bodies issued several documents for comment which ICPAK provided responses. ICPAK provided responses to all the relevant exposure drafts issued in 2021. Some of the standards responded to included;

- Subsidiaries without public accountability- Submitted to the International Accounting Standards Board (IASB)
- Proposed international standard on auditing financial statements of less complex entities (LSEs)- Submitted to the International Auditing and Assurance Standards Board (IAASB)

The Institute will continue participating in the standard setting processes and contribute to the efforts to enhance the quality of existing standards.



REGISTRATION AND LICENSING REPORT

The Accountants Act mandates the Institute, among other functions, to promote standards of professional competence and practice amongst its members. During the year under review, the Institute made notable achievements regarding the registration, licensing and monitoring of members as discussed below:

Registration of Members

The Institute considered and approved applications for associate and full membership and practicing certificates. A total of 476 Associate members, 2,096 Full members were admitted. This is outlined in the table below:

Category	Female	Male	Total
Full members	814	1,282	2,096
Associates	201	275	476
TOTAL	1,015	1,557	2,572

Multiple License Uptake

ICPAK continues to play an important role in regulating the accountancy profession in Kenya. This is evidenced through the various technical support to its members. In 2019, the Institute introduced the multiple licenses framework following amendments to the Accountants Act, through the Finance Act 2018 which redefined an accountant and the practice of accountancy.

Subsequently, the Institute introduced multiple licenses in the following categories:

- a) C - Composite License
- b) A - Audit & Assurance License
- c) T - Tax License
- d) M - Accounting, Controls and Consulting license

For the year 2021 the Institute issued one hundred and four (104) practicing certificates in various categories as shown in the table below:

Category	Female	Male	Certs. Issued
Category "C"	8	57	65
Category "A"	1	11	12
Category "T"	0	5	5
Category "M"	2	20	22
TOTAL	11	93	104



Compliance Inspections and Quality Assurance

During the year 2021 the Institute conducted 28 Audit quality reviews virtually in Nairobi region. The Institute further conducted 37 compliance checks virtually during the year. This will be scaled up in the coming year.



FiRe AWARD 2020/2021

The Institute in collaboration with the Capital Markets Authority (CMA), Nairobi Securities Exchange (NSE), the Public-Sector Accounting Standard Board (PSASB) and now the Retirements Benefits Authority (RBA) annually organizes the Financial Reporting (FiRe) Award in the East African region.

The objective of the FiRe Award is to promote financial reporting excellence, foster sound corporate governance practices, enhance corporate social investment and reporting. The Award is aimed at enhancing accountability, transparency and integrity in compliance with International Financial Reporting Standards (IFRS) and other disclosures on governance, Integrated Reporting, Social and Environmental reporting by public, private and other entities domiciled in East Africa.

During the year the Award was held in two editions (2020 and 2021), where KCB Group emerged best overall for 2020 edition while Safaricom PLC took the overall prize in the year 2021.



FELLOWSHIP AND COMMENDATIONS

ICPAK endeavours to recognize outstanding achievements of its members in promoting accountancy and governance through the award of Commendations and Fellowships. Earning a Commendation is the first step towards recognizing a member's services and contributions to the Institute and the profession at large. Achieving Fellowship status is a significant milestone in a member's professional and career journey. It demonstrates to employers and business associates that the member has extensive experience and has made a substantive long-term commitment to professionalism and ethics.

In 2021, nine members were awarded Fellowship status while twenty-five members were issued with Commendations as follows:

TABLE 1: AWARD OF FELLOWSHIP 2021

	Name	Member No.
1.	FCCA Esther Maiyo	2714
2.	FCCA Mburu Githii, MGH	2945
3.	FCCA Dr. Nyamute Winnie	3284
4.	FCCA Isaac Njuguna	3810
5.	FCCA Farheen Khandwalla	4604
6.	FCCA Susan Oyatsi	5517
7.	FCCA Fredrick Riaga	5763
8.	FCCA Michael Mburugu	6993
9.	FCCA Dr. Millicent Omukaga	9866

TABLE 2: AWARD OF COMMENDATIONS 2021

	Name	Member No.
1.	CPA Joel Otieno	65
2.	CPA CS Joseph Owanga	1129
3.	CPA Sylvester Kiini	2719
4.	CPA Margaret Muinde	3188
5.	CPA Kenneth Juma	3879
6.	CPA Edwin Kamar	3892
7.	CPA Samson Obwanga	4130
8.	CPA Fred Mitambo	5036
9.	CPA Ronald Bwosi	7116
10.	CPA Christine Kahema	7124
11.	CPA Mary Kimanzi	7333
12.	CPA Chrispus Mbogo	7470
13.	CPA Isabel Juma	7703
14.	CPA Hussein Ali	7800
15.	CPA William Koech	8322
16.	CPA Fridah Nkirote	8429
17.	CPA Maurice Oray	9278
18.	CPA Cyprian Mmuriungi	9773
19.	CPA Zachary Magiri	10053
20.	CPA Christopher Ombunya	10522
21.	CPA Elkana Kimeli	11022
22.	CPA Mollen Achayo	12921
23.	CPA Violet Musimbi	13948
24.	CPA Abdalla Ali	14289
25.	CPA David Kaberia	17314

DISCIPLINARY ARM OF THE INSTITUTE

In enforcing ethical conduct of professional accountants, the Institute follows a disciplinary process in accordance with the provisions of the Accountants Act. In the year 2021, the Institute received and considered inquiries as follows:

Total number of inquiries	10
Determined inquiries	6
Pending inquiries	4



POSITIONING AND CUSTOMER EXPERIENCE

CUSTOMER EXPERIENCE ▼

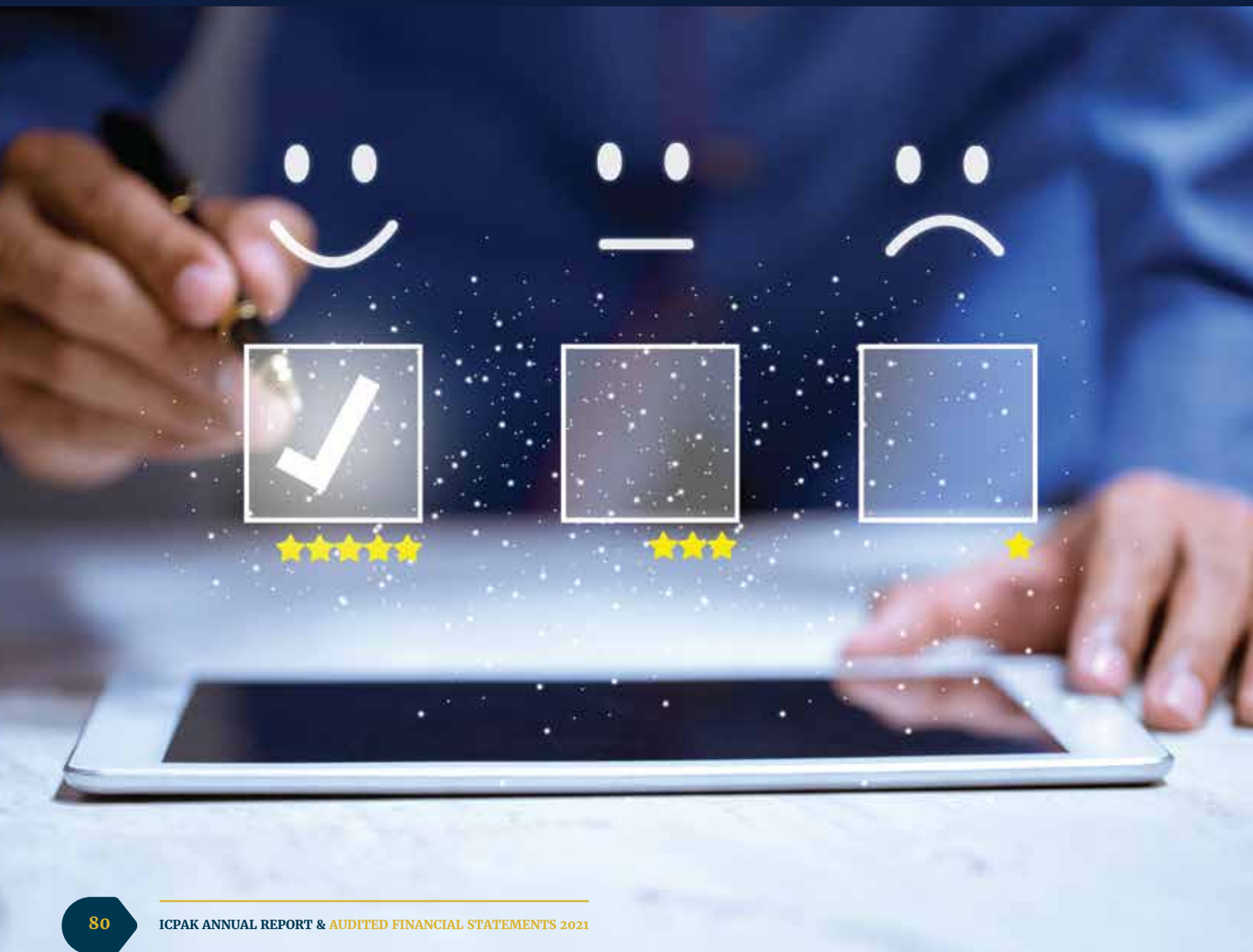
With increased availability and uptake of the vaccine worldwide, 2021 was a year of rebound. Economies started opening slowly amidst the risk of increased infections from the constantly mutating virus. The global economy was projected to improve, with organizations implementing new strategies for growth and sustainability in the new 'normal'.

ICPAK was not to be left behind. All effort was put forth to ensure that, service to members was as expected and beyond. The Institute continued to relentlessly support members in their various areas of need towards higher levels of satisfaction.

Quality Service

Through 'Know Your Customer' (KYC) initiatives, ICPAK continued developing products and services that are aligned to member needs and specialization. ICPAK continued automating its services including and not limited to;

- Online chat platform,
- Use of Webinars, hybrid events and e-learning platforms
- Multiple Licensing Portal
- Benevolent Scheme Management Portal
- Enhanced online self-service portals
- Invoicing and payment



Member Welfare

The Institute rolled out COVID 19 vaccination drives at the CPA Centre for members, secretariat and their families. This move was commended as very convenient and timely, at a period when access to the vaccines was still a challenge to majority of Kenyans.

The ICPAK Members' Benevolent Scheme continued to support members and their families in times of bereavement. In 2021, 291 claims were submitted and considered.

The Institute continued to roll out relevant CPD events virtually, physically and as a hybrid of both. Further, from time to time, the Institute organized free webinars. This ensured that all members adhered to high-quality professional standards in addition to up skilling or re-skilling themselves.

New value-adds were sought for members to benefit in different areas within professional and personal advancement.

Membership Value Proposition

The Institute will continue to enhance its value proposition to members via its programmes

and activities to enhance growth and retention. The Institute has negotiated discounts with various institutions as outlined:

- a) KCA University
- b) Toyota Kenya
- c) AAR Healthcare Ltd
- d) Strathmore Business School
- e) Motor vehicle Insurance schemes with various Insurance companies

The Institute will continue to seek to roll-out more products and services for the benefit of its members.

Responsible Business culture through Corporate Social Responsibility

The Institute recognizes that it has the potential to make a significant impact on society and the environment whilst enhancing its brand.

Local Communities & Branch CSR

The Institute, through its branches, undertook the following activities within their local communities:



Branch	Activities
Northern	Distributions of foods to the needy residents
Mt. Kenya	Donations to Kandara Children's Home, Murang'a County to support water harvesting, repairs and maintenance, personal hygiene items and assorted foodstuffs; and made donations to the Nyeri Hospice and tree planting
Nyanza	Donated financial and material support to needy children at Kisii Teaching and Referral Hospital, personal hygiene items to students, tree planting activities and supplied a water tank to Mercy Compassionate, Uriiri
Central Rift	Made visits and donations to Kabarnet School for the deaf and blind children and Samburu Handicap Education Reform Programme (SHERP) & Children's Home
Western Branch	Made donations to Lwanya Special School in Busia County to support water harvesting, supplied assorted food stuffs, engaged in a Kasneb books drive for the Kenya National Library Service (KNLS), Kakamega branch. A total of 108 books were donated and sponsored 5 students through payment of school fees.
North Rift	Participated in tree planting and fencing of the new seedlings at Karas Forest, where over 1000 trees were planted in conjunction with the County Government, NEMA and the Kenya Forest; and made food donations to the Eldoret Rescue Centre.
South Rift	Participated in a mentorship program at Kabianga University School of Business
Eastern	Supported Kitui School for the Mentally handicapped, where learning Materials, personal hygiene items, assorted food items and a tank to support water harvesting were donated.



POSITIONING FOR INFLUENCE ▼

A) Contribution to Research and Accountancy

a. ICPAK Research Conference 2021

The Institute organized its third research conference in collaboration with KSG and Kasneb themed 'Building a Resilient Accountancy Profession and Economy in a Disruptive Environment'. The conference attracted over 250 delegates where 15 research papers were presented.

b. Manufacturing Survey 4.0

The Institute in partnership with SYSPRO, a global enterprise resource planning software provider conducted survey among Chief Financial Officers (CFOs) in Kenya's Manufacturing and Distribution companies in Kenya. Over 100 responses were received indicating that only 7% of the businesses had recovered while 36% of the companies' saw 2023 and beyond to be the year their businesses would stabilize. In addition, 51% of the CFOs expressed that managing cashflow remains the biggest business priority for 2022 while 40% felt investing in research and development and new products as key.

The survey findings revealed that while globally CFOs in the manufacturing sector showed insistence on rapid diversification as a COVID-19 countermeasure, Kenya's ability to weather the storm through more traditional means proves that there is no one-size-fits-all solution.

B) Review of the Accountants Act and Development of Attendant Regulations

The Cabinet Secretary established a Multi-Agency Taskforce on Accountants Regulations to review the Accountants Act and develop attendant regulations. The Taskforce comprised of representatives from the National Treasury, the ICPAK, Kasneb and the Attorney General's Office.

The Taskforce developed the following draft regulations:

1. Draft Accountants Regulations, 2021;
2. Draft Accountants (Standards of Professional Practice and Ethical Conduct) Regulations, 2021;
3. Draft Accountants (Examinations) Rules, 2021;



4. Draft Accountants (Registration and Quality Assurance) Regulations, 2021; and
5. Draft Accountants (Remuneration) Order, 2021.

In drafting these Regulations, the Taskforce conducted public participation across the entire country through virtual and physical forums. The taskforce reached out to the following categories of citizens; practicing members, non-practicing members, diaspora members, education/academia, regulators and the public.

These Regulations have since been finalized awaiting presentation to the Cabinet and the National Assembly.

C) 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 developed policy papers and briefs as summarized in the table below:



Table 1: Policy Briefs Summary

No.	Policy Brief	Focus areas	Target
1.	Policy Brief on Digital Lending	The Policy brief focused on regulation of digital service providers and efficiency in digital lending in Kenya.	National Treasury, Parliament, Central Bank of Kenya, Digital Service Providers, Borrowers.
2.	Policy Brief on climate financing in Kenya	Role of professionals in climate financing in Kenya	National Treasury and Parliament among other policy-making organs
3.	Policy Brief on Legislation of Blockchain Technology	Focused on the Fourth Industrial Revolution and adoption of artificial intelligence and blockchain in Kenya.	ICPAK Membership, media and the public
4.	Policy brief on public debt	Policy recommendations on public debt management and alternative options to raising public finances	National Treasury and Parliament among others
5.	Effect of Fuel Subsidy Removal on Prices and Economy	Policy recommendations on energy and fuel cost in Kenya.	National Treasury, Parliament, KRA and the public
6.	Policy Brief on Strengthening Financial Accountability for Economic Growth	Policy recommendations on strengthening accountability and transparency measures across the national government and county governments	National Treasury and Parliament
7.	Efficacy of IFMIS and its Application in funds disbursement	Policy recommendations on the use of IFMIS in county governments	The Senate, National Treasury, Ministry of ICT

D) Contribution to 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. Subsequently, submissions were made before Parliament, KRA, National Treasury. Indeed, in 2021, the Institute reviewed more than thirty pieces of legislation. The following table provides a snapshot of select laws:

Table 2: Pieces of Legislation Reviewed in 2021

	Piece of legislation reviewed	Recipient Institution
1.	Submission on the amendment of Article 24(2) of the Protocol on the establishment of the East African Custom Union	National Assembly
2.	Budget Policy Statement 2021	Senate Finance Committee
3.	Division of Revenue Bill 2021	Senate Finance Committee
4.	Public Debt Management Authority Amendment Bill 2021	National Assembly
5.	Reviewed and gave submissions to Data Protection Related Regulations.	Communications Authority of Kenya
6.	Finance Bill 2021	National Treasury and National Assembly
7.	The Street Vendors (Protection of Livelihood) Bill (Senate Bills No. 7 of 2021)	Senate
8.	The Investment Promotion (Amendment) Bill 2021	The National Assembly
9.	The Kenya Roads (Amendment) Bill, 2021	National Assembly
10.	The Tax Appeals Tribunal (Amendment) Bill 2021	National Assembly
11.	The Central Bank of Kenya (Amendment) Bill, 2021	National Assembly
12.	County Resource Development Bill, 2021	Senate
13.	NHIF (Amendment) Bill, 2021	National Assembly

E) Strengthening ICPAK Branch Network

In 2021, branches achieved several milestones in advocacy, stakeholder engagement and public policy. The following table provides select activities successfully implemented by branches:

	Activity	Thematic Area	Detailed results
1.	Nyanza Branch	Training and Mentorship Stakeholder Engagement	<p>Provided financial literacy training to over 300 members from different groups in Kisumu County, on how to effectively utilize county revolving fund. This was in collaboration with Kisumu County Government.</p> <p>The Branch engaged the following Institutions:</p> <ul style="list-style-type: none"> • Kisumu County Executive and Assembly • Kisumu National Polytechnic
2.	South Rift Branch	Budgeting and Legislation	Reviewed and gave comments on the Kericho County Finance Bill 2021 and the Kericho County Revenue Administration and Management Bill 2021. This is in line with the Institute's mandate to promote financial accountability.
3.	Northern Branch	Stakeholder Engagement	<p>Engaged Garissa County Assembly on how the branch can partner in the budget making process as a key stakeholder.</p> <p>Paid a courtesy call and engaged the Deputy Governor Wajir County to foster partnership between the county and accountancy profession in the region.</p>
4.	North Rift Branch	Stakeholder Engagement	Paid a courtesy call and engaged the Deputy Governor, Trans Nzoia County on fostering collaboration
5.	Coast Branch	Stakeholder Engagement	Held consultative discussions between KRA and Coast Branch Members and discussed issues affecting the region including digital tax, withholding tax, tax compliance certificate, ETR Regulations, tax compliance application among others.
6.	Mt. Kenya Branch	Stakeholder Engagement	Engaged Nyeri Water and Sanitation Company (NYEWASCO)
7.	Western Branch	Stakeholder Engagement	Held a meeting with the Office of Auditor General, Bungoma County. It was agreed that the Branch will take a leading role in contributing to the County Budget preparation processes.
8.	Central Rift Branch	Stakeholder Engagement	Engaged the KRA to discuss areas of collaboration, especially on revenue mobilization at both levels of Government.

F) Stakeholder Engagements 2021

The Institute engaged stakeholders at national and county levels with a view of fostering partnerships for the benefit of the accountancy profession and the economy. The table below presents some of the key stakeholders engaged:

	STAKEHOLDER	DELIBERATIONS AND OUTCOMES
1.	Parliament	Engaged both Senate and National Assembly on legislation in areas relevant to ICPAK's expertise.
2.	The National Treasury	Continued to offer advisory on finance, accountability and the economy.
3.	Kenya Revenue Authority	Continued partnership and constructive dialogue on tax policy and tax administration in Kenya.
4.	Commission on Revenue Allocation (CRA)	Held consultative meetings with the Commission on Revenue Allocation (CRA) and agreed to establish a technical working arrangement on areas of mutual interest.
5.	Credit Information Sharing Association	Held consultations with the CIS-Kenya and agreed to collaborate on credit information sharing, risk management and reforms in the financial services sector.

G) International Recognition of the CPA Brand

The Institute was instrumental in the organization of the 3rd East African Congress of Accountants (EACOA) premised on the theme; "Integration for Accelerated Economic Growth and Development". The Congress brought together delegates representing the NBAA, ICPAK, ICPAU, iCPAR and Ordre Des Professionnels Comptables Du Burundi (OPC).

The Institute participated in meetings and nominations to IFAC Board, PAFA and their various Committees, and facilitated the success of the 6th African Congress of Accountants held in Maputo, Mozambique.

To enhance labour mobility of members across the globe, the Institute has signed various mutual agreements with a number of countries and Institutes to ease entry into the respective jurisdictions. During the year, ICPAK continued to engage and lobby for Mutual Recognition Agreements with CPA Canada and the American Institute of Accountants among others. In addition, the Institute held consultative meetings with CPA Australia on implementation of the MRA between the two Institutes. We remain a reliable partner with other PAOs across the region and globally.





ENTERPRISE RISK MANAGEMENT

The Council has the overall responsibility of establishing and overseeing the Institute's Enterprise Risk Management and Internal Control Framework through the Audit, Risk and Compliance (ARC) Committee. The council has also set up an Internal Audit & Risk Department headed by the Director, Internal Audit & Risk who directly reports to the ARC Committee.

The Enterprise Risk Management Policy sets the parameters for managing enterprise risks at ICPAK. The Institute's approach is to reduce its exposure to operational, reputational, compliance, and financial risk while accepting and encouraging an enhanced level of risks in order to achieve its goals and objectives. ICPAK recognizes that its appetite for risk varies depending on the activity undertaken, and that its acceptance of risk is always conditional on ensuring that potential benefits and risks are fully understood before developments are authorized, and that reasonable risk-mitigation measures are put in place.

In an ever-changing environment, the Institute's risk management strategy evolves, is flexible, and relevant to business demands.

The Audit and Risk Management Committee continues to ensure that the Institute is managing risk effectively and efficiently, obtaining assurance on the Institute's ERM framework and internal control environment and providing advice on its effectiveness, and further, ascertaining that ICPAK's risk management and corporate governance practices are in accordance with its mandate and best practices.

The Risk and Compliance Department oversees the Institute's day-to-day risk-taking activities, evaluating the efficacy of internal controls, and ensuring compliance with applicable contractual, legislative, and regulatory requirements. Risk registers are maintained and regularly updated by Risk Champions appointed across all departments of the Institute. The Institute has implemented suitable internal controls, which are assessed and continuously monitored by the Internal Audit department. The ARC Committee discusses and approves all action plans and internal control enhancements resulting from the audits.

Summary of top risks in 2021

RISK CODE	RISK	MITIGATION
S-1	COVID-19 Pandemic Risk Risk of disruptions to ICPAK's business operations or business recovery due to unforeseen disasters or threats.	a) Implementation of a short-term strategic plan that takes into consideration the disruptions resulting from COVID-19 pandemic, thus, seeking to identify new opportunities that can be exploited during the period and assist the Institute to navigate through the turbulent times. b) Restructuring teams to align them with the new strategic plan
S-2	Concentration Risk Risk that can arise from uneven distribution of exposures to a few clients or sectors.	The Institute has put in place a robust strategic plan aimed at diversifying revenue streams and remaining innovative and relevant in the market.
S-3	Strategy Implementation Risk Risk associated with the overall development & implementation of the Institute's strategy & its suitability for the Institute.	Proactive monitoring and implementation of the strategy. Entrench continuous follow up on status reports from the various teams and periodically report on the implementation progress.
OP-1	Workplace COVID-19 Transmission Risks Risk that staff may get infected with COVID-19 while at work. COVID-19 requires adoption of a new safety and health culture that focuses on prevention and minimization of transmission risk at the workplace	The Institute in liaison with the Ministry of Health has been providing COVID-19 vaccines and encouraged staff to get fully vaccinated. The Institute continuously communicates to all staff to observe social distance, wash hands with running water and sanitize while at work.











COMMUNICATION AND PUBLICITY

The Institute was well covered in both print and electronic media as analysed below;

PRINT STORIES				
Date	Publication	Summary/Headline	Category Name	Effect/tonality
09-Feb-21	Business Daily	ICPAK launches portal to aid in filing tax returns	Business	
24-Mar-21	People Daily	Authority will tame debt appetite: ICPAK	Business	Neutral
28-Mar-21	Daily Nation	It's the state's responsibility to protect whistleblowers, witnesses	Business	Opinion article
28-Mar-21	Standard News paper	Cut fuel prices to stem inflation, accountants tell State	Business	Neutral
28-Mar-21	Standard News paper	Fighting corruption	Business	Neutral
07-Apr-21	People Daily	Treasury warned against unrealistic revenue plans	Business	Neutral
11-Apr-21	Standard News paper	Raise Sh66b Treasury bond to buy vaccines for everyone	Business	Opinion article
30-Apr-21	ICPAK Website	ICPAK CEO, CPA Edwin Makori and other ICPAK members get COVID-19 vaccination		Neutral
31-May-21	Business Daily	Accountants Query Budget	Business	Neutral
31-May-21	People Daily	Accountants oppose new tax on bread	Business	Neutral
31-May-21	People Daily	Accountants body says Sh.3.77 trillion revenue target is overly ambitious.	Business	Neutral
31-May-21	People Daily	37th ICPAK annual seminar Pictorial	Business	Neutral
23-Jun-21	The Star Newspaper	'Mara Heist': Lobby groups condemn Sankale's sacking, call for reinstatement	Business	Hard News
23-Jun-21	The Star Newspaper	Lobby group calls on DCI to probe the dismissal of Maasai Mara University CPA	Business	Hard News
10-Jul-21	People Daily	ICPAK calls for extension of AG's reporting period	Business	Neutral
30-Jul-21	People Daily	Institute of Certified Public Accountants of Kenya refuse 'ring-fencing' DG position	Business	Neutral
23-Sep-21	People Daily	How pandemic has changed accounting, financial reporting	Business	Neutral
17-Nov-21	The Star Newspaper	Koome tells accountants to be whistleblowers to aid graft war		
25-Nov-21	Business Daily	How companies seek to innovate their way out of COVID-19	Business	Neutral
25-Nov-21	Taifa Leo	Matumaini bisharaa zikiendelea kujikokota kurejea kawaid	News	Neutral

25-Nov-21	The People Daily	In spite of slow growth, CFOs forecast rosy future for firms	News	Neutral
25-Nov-21	The Standard	Covid recovery elusive for tech SMEs	News	Positive
25-Nov-21	The Star	Manufacturers expect business to fully stabilise in 2023 - study	Business	Neutral
25-Nov-21	The Star	A Kenyan Erustus Omollo Kwaka joins board of top accounting firm	Business	Neutral

BROADCAST STORIES

Date	Station	Headline/ Subject	Category	Effect/tonality
8-Feb-21	Citizen TV	ICPAK launches accounting consultant portal	Business	Neutral
14-Feb-21	KBC	ICPAK Urges the government to expand the TAX base	Business	Neutral
26-May-21	KBC	NA Majority leader Amos Kimunya defends government borrowing	Business	Neutral
26-May-21	TV-47	37th Annual Seminar	Business	Neutral
22-Jun-22	Citizen TV	ICPAK and Partner defends Sankale	Business	Neutral
22-Jun-21	Citizen TV	Defending the Whistle Blower	Business	Neutral
22-Jun-21	Citizen TV	Justice for Spenser	Business	Neutral
23-Jun-21	K-24TV	Maasai Mara University syndicate whistleblower Spencer Sankale fired over gross misconduct	Business	Neutral
13-Jul-21	KBC	ICPAK wants Central bank of Kenya to set interest rates for digital lenders	Business	Neutral
08-Sep-21	Metropol TV	ICPAK says the implementation of IFMIS still faces many challenges	Business	Neutral
24-Nov-21	Citizen TV	SYSPRO and ICPAK unveil manufacturers survey	Business	Neutral
24-Nov-21	Citizen TV	SYSPRO and ICPAK unveil manufacturers survey	Business	Neutral
24-Nov-21	NTV	Only 7.0% of manufacturers say they have already recovered	Business	Neutral
24-Nov-21	Capital FM	Kenyan manufacturers unsure of ROI on digital investments by SYSPRO	Business	Neutral
24-Nov-21	Capital FM	Kenyan manufacturers unsure of ROI on digital investments by SYSPRO	Business	Neutral
28-Mar-21	Radio Rahma	Chama cha wahasibu chataka Mashahidi wa kesi za ufisadi wapewe ulinzi	Business	Neutral

ONLINE STORIES			
Date	Headline/ Subject	Category	Effect/tonality
02-Jun-21	Audit public debt register, ICPAK Tells Government	Business	Neutral
24-Nov-21	State of manufacturing: SYSPRO and ICPAK unveils manufacturers survey shows over 50% of businesses yet to receive govt	Business	Neutral
24-Nov-21	The state of manufacturing : Only 7% of manufacturing entities in Kenya say they have “already recovered” from the difficult trading environment occasioned by the COVID-19 Pandemic; CPAK and SYSPRO Africa survey	Business	Neutral
24-Nov-21	A report released by SYSPRO in collaboration with ICPAK indicates that a majority of manufacturing firms expect to recover in 2023 #ManufacturingKN/A	Business	Neutral
24-Nov-21	A report released by SYSPRO in collaboration with ICPAK indicates that a majority of manufacturing firms expect to recover in 2023	Business	Neutral
24-Nov-21	41% of Businesses Yet To Record Return On Digital Investments – Syspro	Business	Neutral
24-Nov-21	50% Of Kenyan Businesses Have ‘Managed Well’ In 2021-Syspro	Business	Neutral
24-Nov-21	Kenyan Manufacturers Unsure Of The ROI On Digital Investment – SYSPRO Report	Business	Neutral
24-Nov-21	SYSPRO Survey Reveals Only 31 Percent of Kenya Businesses Received Tax Breaks Over the Pandemic	Business	Neutral
24-Nov-21	Asilimia 7 Ya Viwanda Vimefufuka, Idadi Kubwa Yasubiri 2023 – Ripoti	Business	Neutral
24-Nov-21	ICPAK Launches Chief Financial Officers 4.0 Survey 2021 Report	Business	Neutral



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Something
NEW
Every
DAY



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LOAN

BANKING

INCOME





CREDIT

COMPANY

ANALYSIS

FINANCIAL STATEMENTS

ICPAK ANNUAL REPORT & AUDITED FINANCIAL STATEMENTS 2021

CONTENTS

PAGE

Institute information	105
Report of the Council	107
Statement of the Council's responsibilities	109
Report of the Independent auditor	110
Financial statements:	
Statement of comprehensive income	113
Statement of financial position	114
Statement of changes in funds and reserves	115
Statement of cash flows	116
Notes	117

Members of the Council

Chairman	FCPA George Mokuu	Elected June 2019 (Elected Chair June 2021)
Chairman	FCPA Rose Mwaura, MBS	Retired June 2021
Vice - Chairman	CPA Philip Kakai	Elected June 2020
Member	FCPA Georgina Malombe	Elected in June 2021
	FCPA Hesbon Omollo	Elected in June 2021
	FCPA Samuel Okello	Retired in June 2021
	CPA Anne Wangeci	Re-elected June 2021
	CPA Risper Olick	Elected June 2019
	CPA Dr. Elizabeth Kalunda	Elected June 2019
	CPA Jona Wala	Representing National Treasury
	FCPA Dr. Nicholas Letting	Representing Kasneb
	CPA Nyale Yanga	Representing CMA

Chief Executive Officer &

Secretary to the Council	CPA Edwin Makori
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Council Committees

Audit, Risk and Compliance	CPA Jona Wala	Appointed in June 2021
Disciplinary	FCPA Charity Muya	Appointed in August 2019
Finance and Strategy	CPA Risper Olick	Appointed in June 2021
Member Services	CPA Anne Wangeci	Appointed in June 2021
Practitioners Development	FCPA Hesbon Omollo	Appointed in June 2021
Professional Standards	FCPA Michael Mugasa	Appointed in June 2021
Public Policy and Governance	FCPA George Mokuu	Appointed in June 2021
Registration and Quality Assurance	FCPA Dr. Jim McFie	Appointed June 2014
Research and Development	CPA Dr. Elizabeth Kalunda	Appointed June 2021
Centre for Public Finance and Taxation Board (CPFT)	FCPA Rajesh Shah	Appointed June 2018

KCA University Representatives

Board of Trustees	FCPA Michael Waweru	Reappointed November 2019
	FCPA George Mokuu	Appointed June 2021
	FCPA Rose Mwaura	Retired in June 2021
	FCPA Shabir Issak	Reappointed November 2019
	FCPA Dr. Winnie Nyamute	Reappointed November 2019
	Dr Mary Bosire	Appointed May 2019
	CPA David Obwoga	Reappointed November 2019
	CPA Edwin Makori	Reappointed November 2019
	Mr. Andrew Mulei	Reappointed November 2019
	Mr. Joseph Kosgei	Reappointed November 2019
	CS Happi Kilongozi	Reappointed November 2019

Committee

Strategy and Resource committee	CPA Evelyne Muriuki	Reappointed April 2021
Audit, Risk and Governance	FCPA Rose Mwaura	Appointed July 2021
Audit, Risk and Governance	FCPA Charles Ringera	Retired April 2021

Registered office and principal place of business

CPA Centre, Ruaraka, Thika Road
P.O. Box 59963 - 00200, Nairobi
Telephone: +254 (020) 2304226, 2304227
Mobile: +254727 531006/733 856262/721 469796/721
469169 E-mail: icpak@icpak.com
Website: www.icpak.com

Independent auditor

Mazars LLP

Certified Public Accountants
The Green House (next to Adams Arcade) Ngong Road
3rd Floor KOKA Place, Suite 8
P.O. Box 61120 - 00200
Nairobi, Kenya.
Telephone: + 254 (020) 3861175/76/79 Email:
contact@mazars.co.ke
Website: www.mazars.co.ke

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

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

Ogembo and Associates

1st Floor, Westpark Towers
Mpesi Lane, off Muthithi Road
P.O. Box 29820 - 0100, Nairobi

Report of the Council

For the year ended 31 December 2021

The Council submits its report together with the audited financial statements for the year ended 31 December 2021, which disclose the state of affairs of the Institute.

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 2.

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 remuneration order for profession and to advise the Cabinet Secretary responsible for finance on matters relating to financial accountability in all sectors of the economy.

3. Membership

	2021 No.	2020 No.
Active members at the end of the year		
Practising	1,311	1,195
Non practising	19,436	18,419
Overseas	320	337
Retired	1,070	982
Associates	2,031	1,975
Active members at end of year	24,168	22,908
Active members at the beginning of year	22,908	21,691
New members in the year	2,570	2,243
Deceased and change of status	(182)	(62)
	25,296	23,872
Members in default	(1,551)	(1,551)
Recovered	423	587
Active members at end of year	24,168	22,908
Full members	22,137	20,933
Associate members	2,031	1,975
Active members at end of year	24,168	22,908

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

Report of the Council

For the year ended 31 December 2021

4. Results for the year

Net surplus for the year

2021 Kshs '000'	2020 Kshs '000'
195,399	99,586

5. Members of the Council

The members of the Council who held office during the year and to the date of this report are set out on page 1.

6. Statement as of disclosure to the Institute's auditor

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

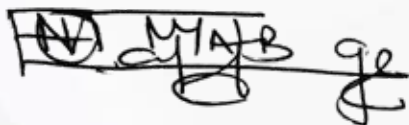
- (a) there is, so far as each Council member is aware, no relevant audit information of which the Institute's auditor is unaware; and
- (b) the member of the Council has taken all the steps that the member of the Council ought to have taken as a member of the Council so as to be aware of any relevant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

7. Terms of appointment of the auditor

The Council approve the annual audit engagement contract, which sets out the terms of the auditor's appointment and the related fees. The agreed auditor's remuneration has been charged to the Income statement for the year.

The Institute's auditor, Mazars LLP was appointed during the year and has indicated its willingness to continue in office in accordance with the terms of the engagement.

By order of the Council



CPA Edwin Makori

CEO/Secretary to the Council

Nairobi, 6th May 2022

Statement of Council's responsibilities on the Financial Statements

For year ended 31 December 2021

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.

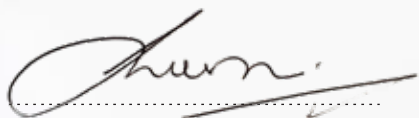
The Council accepts responsibility for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. They also accept responsibility for:

- i) designing, implementing and maintaining such internal control as they determine necessary to enable the presentation of financial statements that are free from material misstatement, whether due to fraud or error;
- ii) selecting suitable accounting policies and applying them consistently; and
- iii) making accounting estimates and judgements that are reasonable in the circumstances.

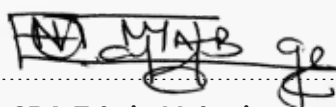
Having made an assessment of the Institute's ability to continue as a going concern, the Council is not aware of any material uncertainties related to events or conditions that may cast doubt upon the Institute's ability to continue as a going concern.

The Council acknowledge that the independent audit of the financial statements does not relieve them of their responsibilities.

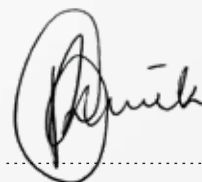
Approved by the Council on **6th May 2022** and signed on their behalf by:



FCPA George Mokua
Chairman



CPA Edwin Makori
CEO and Secretary
to the Council



CPA Risper Olick
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 2021

Opinion

We have audited the accompanying financial statements of Institute of Certified Public Accountants of Kenya (the Institute/ICPAK), set out on pages 113 to 147, which comprise the statement of financial position as at 31 December 2021 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, including a summary of significant accounting policies. In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Institute as at 31 December 2021 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 Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (including International Independence Standards) (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 judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Investment Property

Under IFRSs, the Institute is required to account for the portion of the property that is used for administrative purposes separate from the investment property if the portions could be sold separately. This accounting was significant to our audit because the Investment Property balance of 1,463,000,000 as of 31 December 2021 is material to the financial statements. In addition, management's separation process is complex and highly judgmental and is based on assumptions, specifically that the space occupied by the Institute Secretariat is not permanent, in that, it has the potential of conversion to rental space in the event of increase in customer demands beyond the available lettable space, which may affect the future carrying amounts and the accounting policies.

Our audit procedures included, among others, interview with management. We reviewed and assessed adequacy of the disclosures in the financial statements on the nature of the departure and the assumptions used to depart from a requirement of an IFRS in accordance with the requirement of IAS 1.

The Institute's disclosures about accounting for property that comprises both a portion that is held to earn rentals and another portion that is held for administrative purposes are included in Note 16, which specifically explains the managements complexity in accounting separately for the portion of the property that is held for administrative purposes.

Other Information

The Council is responsible for the other information. 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 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, 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.

Councils' Responsibility 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 misstatement, 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 going concern and using the going concern basis of accounting unless the Council either intend to liquidate the Institute or to cease 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 judgement 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 significant doubt on the Institute'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 in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Institute 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 those charged with governance 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.

The engagement partner responsible for the audit resulting in this independent auditor's report was FCPA Charles Gathuto , Practising Certificate No. 1231.



For and on behalf of Mazars LLP
Certified Public Accountants (K).
Nairobi

Date: 6th May 2022

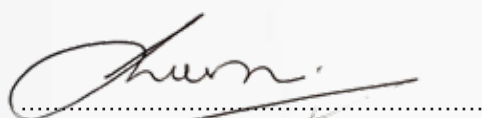
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 Kshs'000'	2020 Kshs'000'
Income			
Subscriptions	4(a)	280,787	274,452
Members' services	5(a)	697,449	311,526
Consultancy	6	-	33,790
CPA Centre rental	7(a)	51,749	48,749
Corporate Social responsibility activities	8(a)	1,844	6
Total income		1,031,829	668,523
Expenditure			
Subscriptions	4(b)	(68,409)	(54,878)
Members' services	5(b)	(532,858)	(283,420)
Consultancy	6	(1,950)	(23,758)
CPA Centre Rental	7(b)	(18,740)	(18,671)
Social responsibility	8(b)	(150)	(415)
Impairment loss	4(c)	(12,144)	(33,346)
Operating expenses	9	(175,691)	(106,413)
Operating surplus		221,887	147,622
Other income	11	6,166	3,713
Fair value (loss) on investment property	15	(26,000)	-
Operating surplus before interest and tax		202,053	151,335
Finance cost	12	(30,377)	(51,749)
Operating surplus after interest		171,676	99,586
Tax income	13	23,723	-
Net surplus for the year		195,399	99,586

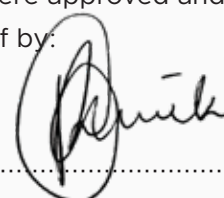
STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

	Notes	2021 Kshs'000'	2020 Kshs'000'
ASSETS			
Non-current assets			
Property and equipment	14	53,638	65,804
Investment property	15	1,463,000	1,489,000
Intangible assets	17	1,057	2,955
Right-of-use assets	18	11,109	8,677
VAT receivable	19	115,501	115,501
Investment in CPA Centre Limited	20	50	50
Deferred tax asset	21	28,694	4,971
		1,673,049	1,686,958
Current assets			
Inventories	22	7,140	8,787
Trade and other receivables	23	51,157	92,151
Term deposits	24	118,350	98,324
Cash and bank balances	25	166,293	177,571
		342,940	376,833
FUNDS AND LIABILITIES			
Funds and reserves			
General fund		1,296,845	1,103,023
Designated fund	26	11,041	9,347
Revaluation reserve	27	108,612	108,729
		1,416,498	1,221,099
Non-current liabilities			
Borrowings	28	103,040	312,271
Lease liabilities	29	10,177	7,070
Due to CPA Centre Limited	34	50	50
		113,267	319,391
Current liabilities			
Borrowings	28	72,080	122,105
Lease liabilities	29	3,891	3,802
Deferred grant income	30	-	612
Trade and other payables	31	246,858	230,722
Benevolent fund	32	97,858	92,595
Subscriptions received in advance	33	65,537	73,465
		486,224	523,301
		2,015,989	2,063,791

The financial statements on pages 113 to 147 were approved and authorised for issue by the Council on **6th May 2022** and were signed on its behalf by:



FCPA George Mokua
Chairman



CPA Risper Olick
Convenor, Finance and Strategy Committee

STATEMENT OF CHANGES IN FUND BALANCES FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	General fund Kshs'000'	Revaluation reserve Kshs'000'	Designated fund Kshs'000'	Total Kshs'000'
At 1 January 2021		1,103,023	108,729	9,346	1,221,098
Surplus for the year		195,399	-	-	195,399
Transfer of excess depreciation	14	117	(117)	-	-
Net surplus in corporate social responsibility	8	(1,694)	-	1,694	-
At 31 December 2021		1,296,845	108,612	11,040	1,416,497
Year ended 31 December 2020					
At 1 January 2020		1,002,911	108,846	9,755	1,121,512
Surplus for the year		99,586	-	-	99,586
Transfer of excess depreciation	14	117	(117)	-	-
Net deficit in corporate social responsibility	8	409	-	(409)	-
At 31 December 2020		1,103,023	108,729	9,346	1,221,098

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 Kshs'000'	2020 Kshs'000'
CASH FLOWS FROM OPERATING ACTIVITIES:			
Operating surplus before interest and tax		202,053	151,335
Adjustments for:			
Depreciation of property and equipment	14	14,376	14,049
Depreciation of right-of-use assets	18	4,245	3,633
Amortisation of intangible assets	17	1,898	2,335
Fair value adjustment of investment property	15	26,000	-
(Surplus)/deficit from CSR activities	8	(1,694)	409
Loss on disposal of property and equipment	11	62	136
Surplus before working capital changes		246,940	171,897
Decrease in inventories		1,647	6,901
Decrease in trade and other receivables		40,994	2,698
(Increase) in term deposits	24	(20,026)	(40,124)
Decrease in deferred grant income	30	(612)	(3,681)
Increase in trade and other payables		16,136	25,731
(Decrease)/increase in subscriptions received in advance		(7,928)	6,762
Increase in benevolent funds		5,263	23,545
Cash generated from operating activities		282,414	193,729
Interest paid on borrowings	12	(28,356)	(50,179)
Net cash generated from operating activities		254,058	143,550
Cash flows from investing activities			
Purchase of property and equipment	14	(2,272)	(2,791)
Purchase of intangible assets	17	-	(1,174)
Net cash used in investing activities		(2,272)	(3,965)
Cash flows from financing activities			
Cash received from CSR activities	8(a)	1,844	6
CSR expenses paid	8 (b)	(150)	(415)
Payment of principal portion of the lease liability	29	(3,481)	(2,884)
Interest on lease liability	29	(2,021)	(1,570)
Repayment of borrowings	28	(259,256)	(21,174)
Net cash used in financing activities		(263,064)	(26,037)
Net (decrease)/increase in cash and cash equivalents		(11,278)	113,548
Cash and cash equivalents at start of year		177,571	64,023
Cash and cash equivalents at end of year	25	166,293	177,571

NOTES

1. Summary of significant accounting policies

The significant accounting policies adopted in the preparation of the segeneral purpose financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Going concern

ICPAK prepares its financial statement on a going concern basis. However, in 2021, the Institute was affected by measures implemented by the government to control the spread of COVID-19. 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 international travel for the better part of the year. These had a significant effect on the Institute's CPD events revenues.

To mitigate ICPAK against the effect of COVID-19, the secretariat enhanced the virtual learning curriculum and platforms. These consisted of webinars, online trainings, and video sessions. The mitigation measures adopted together with the resumption of physical activities saw an improvement in revenue, enabled the Institute to meet its financial obligations as well as ICPAK's operations returning to near normalcy. Considering that the effects of COVID-19 have greatly been mitigated and ICPAK activities are near normality, 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 COVID-19 regulations and will takes steps where necessary to cushion the Institute against any further negative impact. The Institute will continue to monitor the impact of Corona virus mutations spread within the country on the operations of the Institute.

b) Basis of preparation

The financial statements are prepared on a going concern basis and in compliance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board. They are presented in Kenyan Shillings, which is also the functional currency (see1(c)), rounded to the nearest thousand (Kshs'000').

The financial statements comprise a statement of comprehensive income, balance sheet (statement of financial position), statement of changes in equity, statement of cash flows, and notes. Income and expenses, excluding the components of other comprehensive income, are recognised in the income statement.

Measurement basis

The measurement basis used is the historical cost basis except where otherwise stated in the accounting policies summarised below.

Under the historical cost basis, assets are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire them at the time of their acquisition. Liabilities are

NOTES (CONTINUED)

recorded at the amount of proceeds received in exchange for the obligation or, in some cases, at the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business.

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.

c) New and revised standards

i) New standards, amendments and interpretations adopted by the Institute

The following amendments to standards became effective for the first time in the financial year beginning 1 January 2021 and have been adopted by the Institute. Neither of the Amendments has had an effect on the Institute's financial statements.

Amendments to IFRS 16 titled Covid-19-Related Rent Concessions Beyond 30th June 2021 (issued in March 2021)

The previous amendment to IFRS 16 permitted the practical expedient to be applied only to reductions in lease payments that did not extend beyond 30 June 2021. This amendment, applicable to annual periods beginning on or after 1 April 2021 allows the practical expedient to be applied to reductions in lease payments that do not extend beyond 30 June 2022.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 titled Interest Rate Benchmark Reform Phase 2 (issued in August 2020)

The amendments, applicable to periods beginning on or after 1 January 2021, complement those issued in 2019 and focus on the effects on financial statements when an entity replaces the old interest rate benchmark with an alternative benchmark rate as a result of the reform.

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

The Institute has not applied any of the new or revised Standards and Interpretations that have been published but are not yet effective for the year beginning 1 January 2021, and the Council do not plan to apply any of them until they become effective. The list below indicates new or revised standards and interpretations, with their effective dates, none of which is expected to have a significant impact on the Institute's financial statements in the period of initial application.

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 16 titled Property, Plant and Equipment: Proceeds before Intended Use (issued in May 2020)

The amendments, applicable to annual periods beginning on or after 1 January 2022, prohibit the institute from deducting from the cost of property, plant and equipment amounts received from selling items produced while the Institute is preparing an asset for its intended use. Instead, the Institute will recognise such sales proceeds and related cost in profit or loss.

Amendment to IFRS 9 titled Fees in the '10 per cent' Test for Derecognition of Financial Liabilities (issued in May 2020 as part of the Annual Improvements to IFRS Standards 2018-2020)

The amendment, applicable to annual periods beginning on or after 1 January 2022, to IFRS 9 clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

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.

Amendments to IAS 8 titled Definition of Accounting Estimates (issued in February 2021)

The amendments, applicable to annual periods beginning on or after 1 January 2023, introduce a definition of 'accounting estimates' and include other amendments to IAS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates.

NOTES (CONTINUED)

Amendments to IAS 1 titled Disclosure of Accounting Policies (issued in February 2021)

The amendments, applicable to annual periods beginning on or after 1 January 2023, require entities to disclose their material accounting policy information rather than their significant accounting policies.

Amendments to IAS 12 titled Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (issued in May 2021)

The amendments, applicable to annual periods beginning on or after 1 January 2023, narrowed the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

d) Translation of foreign currencies

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

Transactions in foreign currencies during the year are converted into the functional currency using the exchange rate prevailing at the transaction date. Monetary assets and liabilities at the balance sheet 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 profit and loss account in the year in which they arise.

e) Revenue recognition

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

- i) Annual subscription fees and firm licence fees 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 from investment property 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. Once a financial asset is identified as credit-impaired, the effective interest rate is applied to the amortised cost (net of impairment losses) in subsequent reporting periods.
- vi) Audit software licence income is recognised as the services are rendered.

NOTES (CONTINUED)

f) Income tax

The Institute's membership and subscription income are exempt from Income tax under section 13(2) of the Income Tax Act (Cap. 470) and legal notice No. 168 of 22 October 1980. However, the Institute's rental income is taxable at a rate of 30% to December 2021. The fair value gains on the Investment Property are subject to Capital Gains Tax (5%).

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

Current tax

Current tax is the amount of income tax payable on the taxable profit for the year, and any adjustment to tax payable in respect of prior years, determined in accordance with the Kenyan Income Tax Act.

Deferred income tax

Deferred tax is determined for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, using tax rates and laws enacted or substantively enacted at the balance sheet date and expected to apply when the asset is recovered or the liability is settled.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Institute expects, at the end of the reporting period, to recover or settle the carrying amount of its assets or liabilities. However, for investment property that is measured using the fair value model, there is a rebuttable presumption that the carrying amount of the investment property will be recovered through sale.

Deferred tax assets and liabilities are not recognised on temporary differences arising on the initial recognition of an asset or liability, unless the transaction: (i) at the time of the transaction affects either the accounting and/or taxable profit or loss; or (ii) at the time of the transaction gives rise to equal taxable and deductible temporary differences.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Recognised and unrecognised deferred tax assets are reassessed at the end of each reporting period and, if appropriate, the recognised amount is adjusted to reflect the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

g) Property and equipment

All categories of property and equipment are initially recognised at cost. All other items of property and equipment are subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Historical cost comprises expenditure initially incurred to bring the asset to its location and condition ready for its intended use.

NOTES (CONTINUED)

Subsequent costs are included in the asset's carrying value only when it is probable that future economic benefits associated with the item will flow to the Institute and the cost of the item can be measured reliably. Repairs and maintenance is charged to the income statement in the period to which it relates.

Depreciation is calculated using the straight line method to write down the cost or revalued amount of each asset to its residual value over its estimated useful life using the following years:

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. Where expectations differ from the previous estimates, any changes are accounted for prospectively as changes in estimates.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are taken into account in determining surplus for the period.

h) Investment property

Investment property is property held to earn rentals or for capital appreciation or both. Investment property is initially recognised at cost including the transaction costs. Subsequently, investment property is carried at fair value representing the open market value at the balance sheet date determined by annual valuations carried out by external registered valuers (Level 2). Gains or losses arising from changes in the fair value are included in determining the profit or loss for the year to which they relate.

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

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefits are expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the income statement in the period of derecognition.

i) Leases

Leases under which the Institute is the lessee

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

NOTES (CONTINUED)

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.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, adjusted for any remeasurement of the lease liability. Depreciation is calculated using the straight-line method to write down the cost of each asset to its residual value over its estimated useful life. If ownership of the underlying asset is not expected to pass to the Institute at the end of the lease term, the estimated useful life would not exceed the lease term.

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 profit or loss on a straight-line basis over the lease period.

Rent concessions during the COVID-19 pandemic

The Institute has been granted certain COVID-19 related rent concessions. The Institute has applied the practical expedient to all such concessions that meet the criteria specified in IFRS by recognising the change in lease payments in the income statement in the period to which they relate.

j) Intangible assets

Software licence costs and computer software that are not an integral part of the related hardware are initially recognised at cost, and subsequently carried at cost less accumulated amortisation and accumulated impairment losses. Costs that are directly attributable to the production of identifiable computer software products controlled by the Institute are recognised as intangible assets. Direct costs include software development staff costs and an appropriate portion of relevant overheads. Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Amortisation is calculated using the straight line method to write down the cost of each licence or item of software to its residual value over its estimated useful life of three years.

k) Impairment of non-financial assets

Non-financial assets that are carried at amortised cost are reviewed at the end of each reporting period for any indication that an asset may be impaired. If any such indication exists, an impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of comprehensive income unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

l) Inventories

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

m) Financial instruments

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

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

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

Classification

The Institute classifies its financial instruments into the following categories:

- i) Financial assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows, and for which the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are classified and measured at amortised cost. These were mainly Loan and Receivables which comprise non-derivative financial assets with fixed or determinable payment that are not quoted in an active market. Loan and receivables are held for their contractual cash flows and hence are initially recognised at fair value. Subsequently, they are recognised at amortized cost using effective interest rate method, less allowance for expected credit losses.

- ii) Financial assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and for which the contractual terms of the financial asset give rise on specified dates to cash-flows that are solely payments of principal and interest on the principal amount outstanding, are classified and measured at fair value through other income.
- iii) All other financial assets are classified and measured at fair value through the Income statement.
- iv) Financial liabilities: mainly made up of trade and other payables are initially recognised at fair value and are subsequently measured at amortised cost, using effective interest rate.

n) 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. In the statement of financial position, bank overdrafts are included as borrowings under current liabilities.

o) Post-employment benefit obligations

The Institute operates a defined contribution retirement benefits plan for its employees, the assets of which are held in a separate trustee administered scheme managed by an insurance company. A defined contribution plan is a plan under which the Institute pays fixed contributions into a separate fund, and has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current or prior periods. The Institute's contributions are charged to the income statement in the year to which they relate.

The Institute and its employees also contribute to the National Social Security Fund (NSSF), a national defined contribution scheme. Contributions are determined by local statute and the Institute's contributions are charged to the income statement in the year to which they relate.

p) Short term employee benefits

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

q) 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.

NOTES (CONTINUED)

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.

r) Subscriptions received in advance

Subscriptions received in advance 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 JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the accounting policies adopted by the Institute, the Council make 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.

a) Significant judgements made in applying the Institute's accounting policies

The judgements made by the Council in the process of applying the Institute's accounting policies that have the most significant effect on the amounts recognised in the financial statements include:

- i) Whether the investment property valuation fairly reflects current market value.
- ii) Whether substantially all the significant risks and rewards of ownership of financial assets and lease assets are transferred to other entities.
- iii) Whether credit risk on financial assets has increased significantly since initial recognition; and
- iv) How to determine the incremental borrowing rate used in the discounting of lease liabilities.
- v) Whether the lease of the property will be renewed or not.

b) Key sources of estimation uncertainty

Key assumptions made about the future and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year include:

Impairment losses

Estimates made in determining the expected credit losses on financial assets. Such estimates include the determination of probabilities of default including the use of forward looking information, and of losses given default.

3. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

a) Financial risk management

The Institute's activities exposes it to a variety of financial risks including credit, liquidity and market

NOTES (CONTINUED)

risks. The Institute's overall risk management policies are set out by the Council and implemented by the management, and 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 does not hedge against any risks.

i) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk mainly arises from financial assets, and is managed on a Institute-wide basis. The Institute does not grade the credit quality of financial assets that are neither past due nor impaired.

Credit risk on financial assets with banking institutions is managed by dealing with institutions with good credit ratings and placing limits on deposits that can be held with each institution.

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 a credit limit and credit period for each customer.

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 rates for each group of receivables and adjusts for forward-looking macroeconomic data.

The gross carrying amount of financial assets with exposure to credit risk at the balance sheet date was as follows:

	12-month expected credit losses	Lifetime expected credit losses (Ksh '000')			Total Kshs '000'
		(a)	(b)	(c)	
As at 31 December 2021					
Subscription receivables net of write-offs	19,924	-	-	-	19,924
Other receivables	50,620	-	-	-	50,620
Cash at bank and term deposits	284,643	-	-	-	284,643
Gross carrying amount	355,187	-	-	-	355,187
Loss allowance	(19,387)	-	-	-	(19,387)
Exposure to credit risk	335,800	-	-	-	335,800
At 31 December 2020					
Subscription receivables net of write-offs	37,527	-	-	-	37,527
Other receivables	88,407	-	-	-	88,407
Cash at bank and term deposits	275,895	-	-	-	275,895
Gross carrying amount	401,829	-	-	-	401,829
Loss allowance	(33,783)	-	-	-	(33,783)
Exposure to credit risk	368,046	-	-	-	368,046

NOTES (CONTINUED)

Financial assets for which the loss allowance has been measured at an amount equal to lifetime expected credit losses have been analysed above based on their credit risk ratings as follows:

- (a) financial assets for which credit risk has increased significantly since initial recognition but that are not credit impaired;
- (b) financial assets that are credit impaired at the balance sheet date;
- (c) trade and other receivables for which the loss allowance is always measured at an amount equal to lifetime expected credit losses, based, as a practical expedient, on provision matrices.

The age analysis of the trade and other receivables at the end of each year was as follows:

	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	Total KSh'000'
At 31 December 2021					
Expected Loss Rate	17%	22%	49%	65%	
Gross carrying amount- other receivables	8,313	7,735	19,758	14,814	50,620
Gross carrying amounts - subscription receivables	-	-	-	19,924	19,924
Gross carrying amount-related part receivables	-	-	-	46,241	46,241
Expected credit loss	(1,413)	(1,674)	(9,761)	(52,780)	(65,628)
Net carrying amount	6,900	6,061	9,997	28,199	51,157
At 31 December 2020					
Expected Loss Rate	50%	26%	37%	48%	
Gross carrying amount- other receivables	32,150	10,657	8,284	37,316	88,407
Gross carrying amounts - subscription receivables	-	-	-	37,527	37,527
Gross carrying amount-related part receivables	-	-	-	46,241	46,241
Expected credit loss	(16,068)	(2,771)	(3,065)	(58,120)	(80,024)
Net carrying amount	16,082	7,886	5,219	62,964	92,151

The Institute does not hold any collateral against the past due or impaired receivables. The management continues to actively follow up past due receivables.

ii) Liquidity risk

Liquidity risk is the risk that the Institute will encounter difficulty in meeting obligations associated with financial liabilities. The Council has developed a risk management framework for the management of the Institute's short, medium and long-term liquidity requirements thereby ensuring that all financial liabilities are settled as they fall due. The Institute manages liquidity risk by continuously reviewing forecasts and actual cash flows, and maintaining banking facilities to cover any shortfalls.

The table below summarises the maturity analysis for financial liabilities to their remaining contractual maturities. The amounts disclosed are the contractual undiscounted cash flows.

NOTES (CONTINUED)

	Less than one month Kshs '000'	Between 1-3 months Kshs'000'	Between 3-12 months Kshs'000'	Over 1 Year Kshs'000'	Total Kshs '000'
31 December 2020					
Trade and other payables	51,099	175,351	-	20,408	246,858
Lease liabilities	290	870	2,321	14,131	17,612
Borrowings	6,007	18,020	48,053	103,040	175,120
	6,297	18,890	50,374	117,171	439,590

31 December 2019					
Trade and other payables	34,089	175,912	-	20,721	230,722
Lease liabilities	240	721	1,923	13,322	16,206
Borrowings	10,175	30,526	81,403	312,271	434,376
	10,416	31,247	83,326	346,314	681,304

iii) Market risk

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

Interest rate risk

The Institute is exposed to cash flow interest rate risk on its variable rate borrowings resulting from changes in market interest rates. The Institute manages this exposure by maintaining a high interest cover ratio, which is the extent to which surplus are available to service borrowing costs. Management consider that a change in interest rates of 5 percentage points in the year ending 31 December 2022 is reasonably possible. If the interest rates on the Institute's borrowings at the year-end were to increase/decrease by this number of percentage points, with all other factors remaining constant, the surplus for the year would be lower/higher by Kshs. 8,756,000 (2020: Kshs. 19,848,390) respectively.

Currency risk

Currency risk arises on financial instruments denominated in foreign currency. The Institute has no trade receivables, trade payables and borrowings that are denominated in foreign currency.

Other price risk

The Institute is not exposed to other price risk.

b) Capital management

The Institute's objective in managing its capital is to ensure that it supports the furtherance of its objectives and is able to continue as a going concern. Capital is represented by the General Fund. The Institute is not subject to any external equity or capital requirements.

The gearing ratio at the year-end was as follows:

NOTES (CONTINUED)

	2021 Kshs'000'	2020 Kshs'000'
General fund	1,416,497	1,221,098
Total borrowings (Note 28)	175,120	434,376
Less: Cash at bank and on hand	(166,293)	(177,571)
Net debt	8,827	256,805
Total debt and general fund	1,425,324	1,477,903
 Gearing %	 1%	 17%

4. SUBSCRIPTIONS

	2021 Kshs'000'	2020 Kshs'000'
a. Income		
Non practising	184,955	176,493
New members in the year	32,527	33,714
Practising	26,795	10,850
Firm licence fees	14,182	24,946
Subscription debtors recovered	12,083	18,404
Associate members	3,950	3,866
Retired	3,683	3,521
Overseas	2,612	2,658
	280,787	274,452
 b. Expenses		
Employee benefits (Note 10)	40,232	27,287
Advocacy and international relations	11,689	13,905
Professional development	4,324	4,385
Publications	4,186	3,899
IT costs	3,536	2,510
Marketing	2,767	1,899
Telephone, postage, printing and stationery	1,675	993
	68,409	54,878
 c. Impaired loss		
Subscription written off	26,540	27,294
Expected credit (gain)/loss	(14,396)	6,052
	12,144	33,346
Net subscription Income	200,234	186,228

NOTES (CONTINUED)

5. MEMBER SERVICES

	2021 Kshs'000'	2020 Kshs'000'
a. Income		
Monthly seminars/virtual trainings	315,384	145,186
Annual seminar	300,742	128,197
In-house training	30,109	18,825
Internal audit conference	25,291	-
Executive retreat	19,675	8,206
Economic symposium	6,248	10,582
Sale of publications	-	530
	697,449	311,526
b. Direct Expenses		
Monthly seminars/virtual seminars	313,349	195,524
Annual seminar	187,795	73,353
In-house training	8,821	5,481
Internal audit conference	8,875	-
Executive retreat	10,931	4,818
Economic symposium	3,087	4,244
	532,858	283,420
Net Members' services income	164,591	28,106

6. CONSULTANCY

Consultancy income	-	33,790
Consultancy expenses	(1,950)	(23,758)
Net consultancy income	(1,950)	10,032

7. CPA CENTRE RENTAL INCOME

	2021 Kshs'000'	2020 Kshs'000'
a. Income		
Gross rental Income	48,749	40,178
b. Expenses		
Service charge (unoccupied space)	6,927	7,198
Employee emoluments	7,490	6,618
Rental waivers during COVID-19	3,057	2,921
Rentals written off	1,257	-
Gross letting commission	9	1,934
	18,740	18,671
Net rental income before finance cost	33,009	30,078

NOTES (CONTINUED)

Due to the impact of COVID-19 the Institute supported some of its distressed tenants through rent waivers by reducing rent between 20% to 50% between April and December 2021. The Institute has accounted for these waivers as an income as well as expense during the period then ended.

8. CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

	2021 Kshs '000'	2020 Kshs '000'
a. Income		
Golf tournament	1,844	6
b. Expenses		
CSR activities	150	(415)
Net (deficit)/surplus from social responsibility activities	1,694	(409)

CSR surplus is the net proceeds from an annual charity golf tournament. These are credited to designated funds to be utilised for payment of school fees for needy students.

9. OPERATING EXPENSES

	2021 Kshs'000'	2020 Kshs'000'
Governance and oversight costs (Note 34)	58,533	24,563
Advocacy and international relations	23,493	5,757
Depreciation and amortisation (Note 14, 17, 18)	20,516	20,019
Employee benefits (Note 10)	20,116	17,012
Staff meetings and welfare	17,301	5,549
IT costs	10,608	7,529
Service charge	6,127	6,127
Bank charges	3,989	3,370
Insurance	3,092	2,805
Legal fees	2,712	1,359
Rent and utilities	2,049	3,065
Marketing	1,692	2,506
Telephone, postage, printing and stationery	1,675	993
External audit fees	1,573	1,122
Shared services	1,215	2,637
FiRe award	1,000	2,000
Total operating expenses	175,691	106,413

NOTES (CONTINUED)

10. EMPLOYEE BENEFITS

	2021 Kshs'000'	2020 Kshs'000'
Salaries and wages	47,650	37,094
Group life	3,426	3,134
Staff gratuity	2,409	1,558
Pension costs	2,108	1,531
Medical expenses	1,558	1,412
Staff training	1,443	196
Leave allowances	1,158	(1,184)
Other staff costs	127	52
Subscriptions	325	203
Recruitment costs	144	303
Total employee benefit expenses	60,348	44,299

The allocation of employee benefits is as follows:

- Subscription expenses	40,232	27,287
- Operating expenses	20,116	17,012
	60,348	44,299

11. OTHER INCOME

	2021 Kshs'000'	2020 Kshs'000'
a. Other income		
Interest income	3,174	1,176
Other miscellaneous income	2,694	1,700
Net software subscriptions (see below)	360	973
Loss on disposal of assets	(62)	(136)
	6,166	3,713
b. Net Software Subscriptions		
Software subscriptions	1,401	3,163
Subscription waiver during COVID-19	(1,041)	(2,190)
	360	973

In support of automating audit work for small and medium practising firms during COVID-19 pandemic, the Council approved 100% waiver on the audit software subscription for the period between March 2020 to December 2021. For members to enjoy this benefit, they paid joining fees.

NOTES (CONTINUED)

12. FINANCE COST

	2021 Kshs'000'	2020 Kshs'000'
Interest expense:		
- Bank mortgage loan	28,356	50,179
- Lease liabilities	2,021	1,570
Total finance cost	30,377	51,749

13. TAX INCOME

	2021 Kshs'000'	2020 Kshs'000'
Current income tax	-	-
Deferred tax expense (Note 21)	(23,723)	-
Tax income	(23,723)	-

The tax on the Institute's surplus before income tax differs from the theoretical amount that would arise using the statutory income tax rate of 30% (2020: 25%) as follows:

	2021 Kshs'000'	2020 Kshs'000'
Operating surplus after interest	171,676	99,586
Tax calculated at the statutory tax rate of 30% (2020: 25%)	51,503	24,897
Tax effect of:		
Income not subject to tax	(295,874)	(187,046)
Expenses not deductible for tax purposes	237,967	151,140
Effect of lower tax rate on capital gains	93,362	11,009
Write down of a deferred tax asset	(110,681)	-
Tax expense	(23,723)	-

The statutory tax rate was reduced from 30% to 25% for the year of income 2020 by the Tax Laws (Amendment) Act, 2020. The Tax Laws (Amendment) (No.2) Act, 2020 increased the rate back to 30% with effect from 1 January 2021.

NOTES (CONTINUED)

14. PROPERTY AND EQUIPMENT

	Motor vehicle Kshs'000'	Equipment Kshs'000'	Computer Kshs'000'	Furniture & fittings Kshs'000'	Total Kshs'000'
Year ended 31 December 2021					
Cost					
At start of year	9,237	14,361	23,339	90,830	137,767
Additions	-	296	1,976	-	2,272
Disposals in the year	-	-	(242)	-	(242)
At end of year	9,237	14,657	25,073	90,830	139,797
Accumulated depreciation					
At start of year	4,931	12,647	17,284	37,101	71,963
Eliminated on disposal	-	-	(180)	-	(180)
Charge for the year	1,847	897	2,788	8,844	14,376
At end of year	6,778	13,544	19,892	45,945	86,159
Net carrying amount	2,459	1,113	5,181	44,885	53,638
Year ended 31 December 2020					
Cost					
At start of year	9,237	14,266	20,993	90,830	135,326
Additions	-	95	2,696	-	2,791
Disposals in the year	-	-	(350)	-	(350)
At end of year	9,237	14,361	23,339	90,830	137,767
Accumulated depreciation					
At start of year	3,084	11,753	15,039	28,252	58,128
Eliminated on disposal	-	-	(214)	-	(214)
Charge for the year	1,847	894	2,459	8,849	14,049
At end of year	4,931	12,647	17,284	37,101	71,963
Net carrying amount	4,306	1,714	6,055	53,729	65,804

In the year ended 31 December 2021, there was no equipment pledged as a security for liability or restricted for use. Further, assets carrying amounts were 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.

NOTES (CONTINUED)

The table below shows the amount of revaluation surplus transferred in the year.

	2021 Kshs'000'	2020 Kshs'000'
Furniture and fittings:		
At start of year	232	349
Transfer of excess depreciation	(117)	(117)
At end of year	115	232

15. INVESTMENT PROPERTY

	2021 Kshs'000'	2020 Kshs'000'
At start of year	1,489,000	1,489,000
Fair value losses	(26,000)	-
At end of year	1,463,000	1,489,000

Interest on leasehold land is included in the fair value of the investment property.

The fair value on the investment property is based on the valuation carried out on 20 December 2021 by Ark Consultants Limited, an independent registered valuer.

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 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 unobservable inputs to fair value
Investment property 2020	1,463,000,000	Level II	Open market value basis-highest and best use model	Not applicable	Not applicable
Investment property 2021	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 2020 and 31 December 2021.

NOTES (CONTINUED)

The following amounts are included in profit or loss in respect of the investment properties:

	2021 Kshs'000'	2020 Kshs'000'
Rental income	51,749	48,749
Less: direct rental expenses arising from		
- investment properties that generate rental income	(11,813)	(11,473)
Less: direct rental expenses arising from		
- Unoccupied spaces	(6,927)	(7,198)
- Interest on bank mortgage	(28,356)	(50,179)
	4,653	(20,101)

16. CLASSIFICATION OF INVESTMENT PROPERTY FOR THE PORTION OCCUPIED BY THE INSTITUTE

To improve its financial sustainability, the Institute set out to construct a 12-floor office block. This was in addition to the existing two buildings: Block A and Block B. Upon completion of the new 12 floor office block (CPA Centre building), the three buildings (Block A, Block B and the CPA Centre building) were offered out for rental to the public. All the rental leases are operating leases for a duration determined by Council. ICPAK Secretariat occupies two (2) floors of the new CPA Centre building. As per IAS 40, all the buildings were recognized as an investment property in ICPAK's financial statements in 2016.

The Institute recognizes that the two floors under occupation by the Secretariat have the potential of being recognized as Property Plant and Equipment (PPE) under IAS 16. The space occupied by the Secretariat is insignificant to the total complex area, thus classifies the property as investment property under IAS 40.

17. INTANGIBLE ASSETS

	2021 Kshs'000'	2020 Kshs'000'
Intangible assets		
Cost		
At start of year	17,240	16,066
Additions	-	1,174
At end of year	17,240	17,240
Amortisation		
At start of year	14,285	11,950
Charge for the year	1,898	2,335
At end of year	16,183	14,285
Net book amount		
At end of year	1,057	2,955

NOTES (CONTINUED)

18. RIGHT-OF USE ASSETS

	2021 Kshs'000'	2020 Kshs'000'
Cost		
At start of year	17,889	15,433
Lease derecognised	(914)	-
Additions	7,591	2,456
At end of year	24,566	17,889
Amortisation		
At start of year	9,212	5,579
Charge for the year	4,245	3,633
At end of year	13,457	9,212
Net book amount		
At end of year	11,109	8,677

The Institute leases various offices for its 9 branches. These are typically for periods of between 2 and 6 years, with options to renew. None of the leases contains any restrictions or covenants other than the protective rights of the lessor or carries a residual value guarantee.

For information on the related lease liabilities, see Note 29.

19. VAT RECEIVABLE

	2021 Kshs'000'	2020 Kshs'000'
Non - current		
VAT recoverable on construction	115,501	115,501
Current		
VAT recoverable on construction (Note 23)	3,380	8,986

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

20. INVESTMENT IN CPA CENTRE LIMITED

	2021 Kshs'000'	2020 Kshs'000'
CPA Centre Limited	50	50

21. DEFERRED TAX ASSET

Deferred income tax is calculated using the enacted tax rate of 30%, except for capital gains, for which the enacted tax rate of 5% is used (2020: 30% and 5%). However, the statutory tax rate for the year ended 31 December 2020 was 25%, except for capital gains, which remained as 5%.

NOTES (CONTINUED)

Deferred tax assets/(liabilities), and the deferred tax (charge)/credit in the statement of comprehensive income are attributable to the following items:

	At start of year Kshs.'000'	Credited/ (charged) to profit or loss Kshs.'000'	At end of year Kshs.'000'
Year ended 31 December 2021			
Investment property at fair value	4,971	(23,643)	(18,672)
Tax losses carried forward	-	47,366	47,366
	4,971	23,723	28,694
Year ended 31 December 2020			
Investment property at fair value	4,971	-	4,971
	4,971	-	4,971

The deferred tax asset has been recognised based on management's projections of future taxable profits that will be available against which the deductible temporary differences and tax losses can be utilised.

22. INVENTORIES

	2021 Kshs'000'	2020 Kshs'000'
Marketing and promotional materials	7,140	8,787

23. TRADE AND OTHER RECEIVABLES

	2021 Kshs'000'	2020 Kshs'000'
Subscription receivables	46,464	64,821
Less: provision for expected credit losses (see Note 3)	(19,387)	(33,783)
Less: Subscriptions written off	(26,540)	(27,294)
Net subscription receivables	537	3,744
VAT recoverable on construction (Note 19)	3,380	8,986
Other receivables	23,266	55,969
Deposits and prepayments	14,476	11,958
Staff receivables	9,498	11,494
	51,157	92,151

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

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.

NOTES (CONTINUED)

In the opinion of the Council, the carrying amounts of these receivables approximate their fair value.

The movement on the provision for impairment losses is as follows:

	2021 Kshs'000'	2020 Kshs'000'
At 1 January	33,783	27,731
Net (decrease)/increase charged to income statement	(14,396)	6,052
At 31 December	19,387	33,783

24. TERM DEPOSITS

Current

Term deposits (with maturities of more than 3 months from the date of acquisition)

	2021 Kshs'000'	2020 Kshs'000'
At start of year	98,324	58,200
Additions	20,026	40,124
At end of year	118,350	98,324

Below is a summary of the term deposits held at amortised cost:

	2021 Kshs'000'	2020 Kshs'000'
Benevolent funds	81,477	75,434
Institute operations	36,873	22,890
	118,350	98,324

Term deposits can be analysed as follows:

	2021 Kshs'000'	2020 Kshs'000'
Maturing within 91 days	47,551	39,505
Maturing after 91 days	70,799	58,819
Total other financial assets	118,350	98,324

The investment income arising from term deposits has been disclosed under Benevolent Funds (Note 32) and other income (Note 11).

The fair values of the financial assets are categorised under Level 1 based on the information set out in accounting policy 1(b).

NOTES (CONTINUED)

The Institute's term deposits are held with major Kenyan financial institutions and, insofar as the Council is able to measure any credit risk to these assets, it is deemed to be limited.

Management monitors the credit quality of financial assets by:

- discussion at the management and Council meetings;
- reference to external historical information available;

The maximum exposure to credit risk as at reporting date is the carrying amounts of the financial assets as disclosed above.

None of the financial assets are impaired.

The average interest rate on term deposits at year-end was 7.84% (2020: 7.24%)

25. CASH AND BANK BALANCES

	2021 Kshs.'000'	2020 Kshs.'000'
Short-term bank deposits	47,551	39,505
Cash at bank and in hand		
- Institute operations	157,078	166,325
- Benevolent	4,077	11,130
- FiRe Award	5,138	116
Cash at bank and in hand	166,293	177,571

For purposes of the cash flow statement, cash and cash equivalents are as analyzed above:

As at 31 December 2021, there were no cash and cash equivalents that were subject to restrictions other than benevolent and FiRe award funds.

The Institute's cash and bank balances are held with major Kenyan financial institutions and, insofar as the Council is able to measure any credit risk to these assets, it is deemed to be limited.

26. DESIGNATED FUND

	Bursary Fund Kshs.'000'	Charity Fund Kshs.'000'	Total Kshs.'000'
At 1 January 2021	5,388	3,959	9,347
Transfer from general fund	1,694	-	1,694
At 31 December 2021	7,082	3,959	11,041
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

NOTES (CONTINUED)

Designated fund is a restricted fund that is used to fund 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.

27. REVALUATION SURPLUS

The revaluation surplus arose on the revaluation of furniture and fittings and ICPAK buildings prior to their transfer to investment property. The surplus is not distributable.

The movement is as shown below:

	2021 Kshs'000'	2020 Kshs'000'
At 1 January		
Net increase charged to income and expenditure account	108,729	108,846
	-	-
Reversal of excess revaluation surplus		
- Transfer of excess depreciation	(117)	(117)
At 31 December	108,612	108,729

28. BORROWINGS

The borrowings are analysed as follows:

	2021 Kshs'000'	2020 Kshs'000'
Non-current		
Bank borrowings	103,040	312,271
Current		
Bank borrowings	72,080	122,105
Total borrowings	175,120	434,376

Reconciliation of liabilities arising from financing activities:

	2021 Kshs'000'	2020 Kshs'000'
At start of year	434,376	418,142
Interest accrued	-	37,408
Cash flows:		
- Repayments of principal amount	(230,900)	(8,403)
- Repayments of interest amount	(28,356)	(12,771)
	(259,256)	(21,174)
At end of year	175,120	434,376

NOTES (CONTINUED)

Borrowings relate to a construction loan facility from Standard Chartered Bank amounting to Kshs. 625 million for part financing of construction of the CPA Centre in September 2014. The facility is secured by a fixed charge over the CPA Centre.

Weighted average effective interest rate at the reporting date were:

2021	2020
11.00%	12.50%

Maturity based on the repayment structure of non-current borrowings (excluding lease liabilities) is as follows:

	2021 Kshs'000'	2020 Kshs'000'
Between 1 and 2 years	72,080	122,105
Between 2 and 5 years	103,040	312,271
	175,120	434,376

As at 31 December 2021, a total of Kshs. 616.2 million had been drawn down and part of which had been repaid. 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 the end of moratorium the loan had accrued interest of Kshs. 37,407,895. In February 2021, the Institute settled the accrued interest and part of the principal loan amounting to Kshs. 128,931,959. Additionally, in the month of November 2021 the Institute settled another loan principal of Kshs 50 million.

29. LEASE LIABILITIES

	2021 Kshs'000'	2020 Kshs'000'
Current	3,891	3,802
Non-current	10,177	7,070
	14,068	10,872

The total cash outflow for leases in the year was:

Payments of principal portion of the lease liability	3,481	2,884
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NOTES (CONTINUED)

Reconciliation of lease liabilities arising from financing activities:

	2021 Kshs'000'	2020 Kshs'000'
At start of year	9,302	11,300
Lease taken	5,570	886
Lease derecognised	(914)	-
Cash flows:		
- Payments under leases	(3,481)	(2,884)
- Interest charged to profit or loss	2,021	1,570
At end of year	10,477	9,302

The Institute recognised lease assets and lease liabilities only for those leases that were classified as finance leases under the accounting policy at that time.

The leases expiring within one year are subject to review at various dates during the next financial year.

Maturity based on the repayment structure of lease liabilities is as follows:

	2021 Kshs'000'	2020 Kshs'000'
Present value of lease liabilities - minimum lease payments		
Not later than 1 year	3,891	3,802
Later than 1 year and not later than 5 years	10,177	7,070
	14,068	10,872

For more information on the nature of the leases entered into and the related right-of-use assets, see Note 18.

30. DEFERRED GRANT INCOME

In year 2017, ICPAK received a grant of Kshs. 12,337,500 from Business Advocacy Fund (BAF) to support the development of an Income Tax Act Policy. Most of the activities envisioned in the grant were 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. Due to limited resources from their donors, BAF indicated unavailability of fund to continue with this project and requested for closure.

NOTES (CONTINUED)

	2021 Kshs'000'	2020 Kshs'000'
At 1 January	612	4,293
Refund to BAF	(612)	(3,681)
At 31 December	-	612

31. TRADE AND OTHER PAYABLES

	2021 Kshs'000'	2020 Kshs'000'
Current		
Trade payables and accrued expenses	90,584	86,908
Advance receipts and refundable deposits	73,249	76,951
Service charge	26,683	20,900
Gratuities	13,228	13,061
Payroll liabilities	24,416	12,535
FiRe award fund	11,518	12,053
Deferred rent	-	654
Related party	206	720
Rent deposit	6,974	6,940
	246,858	230,722

In the opinion of the Council the carrying amounts of these payables approximate the fair value.

The maturity analysis of the Institute's trade and other payables is as follows:

	2021 Kshs'000'	2020 Kshs'000'
Within three months	107,299	71,274
Three to six months	45,902	49,723
Over six months	93,657	109,725
	246,858	230,722

NOTES (CONTINUED)

32. BENEVOLENT FUND

	2021 Kshs'000'	2020 Kshs'000'
At start of year	92,595	69,050
Interest income	6,359	5,036
Benevolent income	31,177	30,371
Benevolent claims	(28,255)	(7,955)
Benevolent write offs	(4,018)	(3,907)
At end of year	97,858	92,595
Represented by:		
Term deposits	81,477	75,434
Cash and Cash equivalent	4,077	11,130
Contribution receivable	12,304	6,031
	97,858	92,595

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 and their families during bereavement;

The interest income is attributed to benevolent funds invested in term deposits. These fixed deposits have a maturity term of three months rolling over, with an average interest rate of 7.27% per annum.

33. SUBSCRIPTIONS RECEIVED IN ADVANCE

	2021 Kshs'000'	2020 Kshs'000'
Subscriptions received in advance	65,537	73,465

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

34. RELATED PARTY TRANSACTIONS AND BALANCES

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 2021, some transactions took place between ICPAK and KCA University, but no guarantees were given or received.

The following transactions were carried out with related parties:

NOTES (CONTINUED)

	2021 Kshs'000'	2020 Kshs'000'
i) Key management compensation		
Salaries and short term employee benefits	31,948	23,845
Post employment benefits	8,032	5,192
	39,980	29,037
ii) Governance and oversight costs (Note 9)		
Meetings	34,325	13,207
Sitting Allowance	19,918	11,330
Council Training	4,290	25
	58,533	24,563

Changes in governance and oversight costs is attributed to resumption of full rate payment relating to Council and Committee allowances. In the year 2020 the Council and Committees were paid at 50% of their allowances due to impact of COVID-19 pandemic.

iii) Receivable from related parties		
Due from KCA University	46,241	46,241
Expected credit losses	(46,241)	(46,241)
	-	-
iv) Payable to related parties		
Due to KCA University (Note 31)	206	720
Due to CPA Centre Limited (Note 20)	50	50
	256	770

The receivables from related parties are interest free, have no specific dates of repayment and are unsecured.

35. CONTINGENT LIABILITIES

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

36. COMMITMENTS

The Institute had no capital commitments at 31 December 2021.

37. COMPARATIVES

Where necessary, comparative figures have been reclassified to conform with the changes in presentation in the current year.



210.95

149.16

23.26

1.41%

July Aug Sep

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