FiRe

FINANCIAL REPORTING AWARD

AWARD 2021

Vision

To be the leader in East Africa in financial reporting, practice of corporate governance and corporate social investment.

Mission

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

Theme: ***"Promoting Financial Reporting Excellence in Uncertain Global Economy"***

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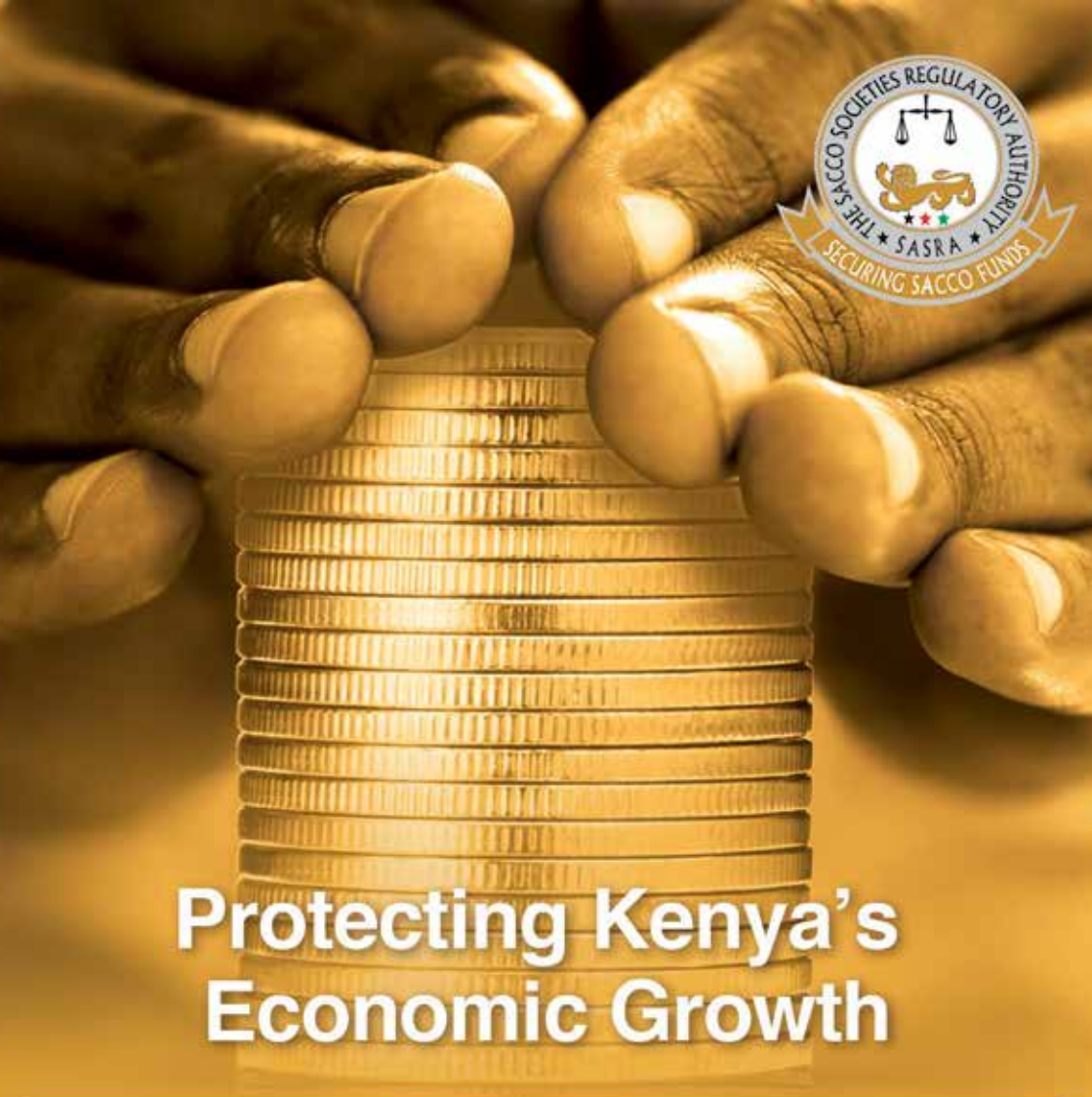

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The SACCO Societies Regulatory Authority (SASRA) was established under the Cooperative Societies Act 2008, with the responsibility to license SACCOs to undertake Deposit Taking business and to supervise and regulate SACCO Societies. The Authority has currently 177 Deposit Taking Saccos (DTS) and regulates other 169 specified Non-Deposit Taking SACCOs (NDTS).

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E-mail: info@sasra.go.ke I Website: www.sasra.go.ke

Sacco Societies Regulatory Authority sasra_ke SASRA_ke SASRA (KE)

Disclaimer Statement

The FiRe Award 2021 report provides a summary of the findings based on the evaluation criteria. It has been prepared with utmost care and is based on the financial reports presented to the promoters for the competition.

This report is meant to assist the users and preparers of financial reports to improve on compliance with disclosure requirements. It is not a substitute for reading the International Financial Reporting Standards (IFRSs) or International Public Sector Accounting Standards (IPSAS) or for professional judgment as to fairness of presentation. The summaries of findings do not cover all possible disclosures required by the applicable reporting framework (IFRS/IPSAS), the companies Act and other legislations/disclosure frameworks. Depending on the circumstance, further specific information may be required in order to ensure fair presentation under IFRSs/IPSAS and other statutes. The Award does not look at financial statement preparation but instead it focuses only on the issue of disclosures and presentation.

This Award booklet must not be relied on for investment decisions or otherwise by persons, other agencies or regulatory bodies. The promoters: the Institute of Certified Public Accountants of Kenya (ICPAK), the Capital Markets Authority (CMA) Kenya, the Nairobi Securities Exchange (NSE) and the Public Sector Accounting Standards Board (PSASB) accept no responsibility for any errors it may contain, whether caused by negligence or otherwise or to any loss caused or sustained by any person that relies on it.

Nairobi, Kenya.
Friday,17th December 2021

Introduction

The Financial Reporting (FiRe) Award is the most prestigious and coveted Award. The Award was held for the first time in 2002 and is presented annually, during a colorful, gala evening by the joint promoters. Its promoters, the Institute of Certified Public Accountants of Kenya (ICPAK), the Capital Market Authority (CMA), the Nairobi Stock Exchange NSE) and the Public Sector Accounting Standards Board (PSASB) intended that in order to strengthen financial markets and attract investment, business entities would have to make disclosure of their activities to enable a wide range of stakeholders use such information in making economic decisions. For the last fifteen years, the FiRe Award has recognized and awarded the best reporting entities in East Africa. The Award is aimed at promoting integrated reporting through enhancing accountability, transparency and integrity in compliance with appropriate financial reporting framework and other disclosures on governance, social and environmental reporting by private, public and other entities domiciled in East Africa.

The Award is a result of a rigorous evaluation process using globally accepted principles and best practice standards. These guiding principles include the applicable reporting framework (IFRS/IPSAS), best practices in governance and environmental and sustainability reporting as well as other legal and regulatory reporting requirements that are specific to a particular reporting entity. The Award is open to all organizations that prepare annual reports and audited financial statements. The Award is not only a competition but also a healthy gauge for the compliance trends among corporate entities.

The main objectives of the FiRe Award are:

- Promotion of Financial Reporting excellence.
- Fostering of sound corporate governance practices.
- Enhancing corporate social investment and environmental reporting.

FiRe Award Scheme

Except for public sector entities where participation is mandatory, participation is voluntary. Organizations that wish to participate submit seven (7) copies of their latest annual reports similar to those issued to shareholders and other interested parties. Once the annual reports are received, they are grouped into eleven categories: Insurance; Banks; Industry, Commercial and Services Sector; Small and Medium Enterprises (SMEs); Micro-Finance Institutions (MFIs), Counties; Savings and Credit Cooperatives (Sacco's'); Ministries, Departments & Agencies (MDA); State Corporations & Semi-Autonomous Government Agencies (SAGAs) and Not-for-Profit entities. The Annual Reports and audited financial statements undergo a rigorous evaluation exercise by high caliber panelists selected from the diverse stakeholders in the reporting field. The evaluation process is constantly reviewed to keep a breast with new developments within the financial and corporate reporting environment. The results of the evaluation findings are summarized and reported at the Award ceremony as findings of the evaluation process. All participating organizations are later issued with individual confidential feedback on their reports. This assessment should act as a benchmark on which the organizations ought to make future improvements.

The Promoters

PUBLIC SECTOR ACCOUNTING STANDARDS BOARD (PSASB): The PSASB is a statutory body established under Section 192 of the Public Finance Management Act (PFM) No. 18 of 2012. The Board is mandated to provide frameworks and set generally

accepted standards for the development and management of accounting and financial systems by all state organs and public entities. The purpose or mandate of the Board is summarized as follows:

1. Set generally accepted accounting and financial system standards for the Public Sector.
2. Prescribe and pronounce generally accepted internal auditing standards.
3. Mainstreaming of best practices for good governance, internal controls and risk management in the Public Sector.

The PSASB is therefore established as the 'de facto' and only authorised setter of financial accounting and internal audit standards for the Public Sector in Kenya.

ICPAK: The Institute of Certified Public Accountants of Kenya (ICPAK) is a statutory body that regulates the profession of accountancy in Kenya. The Institute has achieved recognition as a professional body for its contribution in finance and accounting education, governance, professional development, maintenance of high accounting, auditing and ethical standards. As a professional body concerned with protection of public interest, ICPAK is one of the most active thought leaders in governance and economic matters in the country and the region.

NSE: The Nairobi Securities Exchange (NSE) is the principal securities exchange of Kenya. Besides issuance and trading of debt securities. The NSE is a member of the African Securities Exchanges Association (ASEA) and the East African Securities Exchanges Association (EASEA). It is an affiliate member of the World Federation of Exchanges (WFE), an associate member of the Association of Futures Markets (AFM) and a partner Exchange in the United Nations Sustainable Stock Exchanges Initiative (SSE). NSE is also a signatory to the UN Global Compact.

CMA: The Capital Markets Authority (CMA) was set up in 1989 as a statutory agency under the Capital Markets Act Cap 485A. It is charged with the prime responsibility of both regulating and developing an orderly, fair and efficient capitla markets in Kenya with the view to promoting market integrity and investor confidence. The regulatory functions of the Authority as provided by the Act and the regulations include; Licensing and supervising all the capital market intermediaries; Ensuring compliance with the legal and regulatory framework by all market participants; Regulation publick offers of securities, such as equities and bonds & the issuance of other capital market products such as collective investment schemes; Promoting market development through research on new products and services; Reviewing the legal framework to respond to market dynamics; Promoting investor education and public awareness; and Protecting investors' nterest.

Retirement Benefits Authority (RBA): The authority was established under the Retirement Benefits Act andis mandated to: regulate and supervise the establishment and management of retirement benefits schemes; protect the interests of members and sponsors of retirement benefits sector; promote the development of the retirement benefits sector; Advise the Cabinet Secretary, National Treasury on the national policy to be followed with regard to retirement benefits industry and implement all government policies relating to the retirement benefits eindustry.

For more information, visit our website: *http://www.fireaward.org*

Summary of the Evaluation Criteria

The submitted reports are evaluated from two broad viewpoints:

i. Financial Reporting Perspective

The financial statements are evaluated to determine if they have been prepared in accordance with all the provisions of International Financial Reporting Standards (IFRS), International Public Sector Accounting Standards (IPSASs) the provisions of regional Companies Acts, Sacco Societies Act of 2008, and any other regulatory provisions with respect to financial reporting in the jurisdiction.

ii. The corporate citizenship perspective

With respect to this, the founding partners of the Award have collaborated with experts in the fields of Corporate Governance and Corporate Social Investment to develop detailed evaluation criterions/checklists that characterize best practice. All submitted reports are evaluated against these benchmarks and marks are awarded according to the degree

of conformity. It is paramount to note that panellists involved in the evaluation of these reports in relation to corporate governance and social investment are experts selected from the respective fields.

The FiRe Award Evaluation Criteria

The table below shows the distribution of the marks awarded with regards to the above broad perspective of the Award as well as the specific areas evaluated under each of the two points of view.

Summary of the Evaluation Criteria	Marks	Percentage %
Compliance with IFRS & Other Technical Pronouncements	100	50
Clarity Notes and Accounting Policies	10	5
Compliance with Accounting Requirements of the Companies Act and the relevant regulatory requirements (reporting requirements only)	15	7.5
Board & Management reports	10	5
Presentation of performance data	10	5
Design, layout & visual appearance of the annual report including typeface	5	2.5
Corporate Governance	40	20
Social Responsibilities & Environmental Reporting	10	5
Total Marks Awarded	200	100

The FiRe Award 2021 Judging Panel

The Promoters thank the 2021 judges and evaluators for their hard work and dedication in reviewing the annual reports and audited financial statements of entities that entered the competition this year. Their volunteer contribution elevates the overall quality of corporate reporting in the East Africa Region. Special thanks to our overall Chief Judges FCPA Dr. James Boyd McFie, PhD, FCPA Joseph Gichuki, CS Sally Mukabana - Corporate Governance Judge, Prof. Gituro Wainaina - University of Nairobi and Mr. Maina Wambugu the Program manager at Ufadhili Trust for Environmental & Social Reporting, whom without their dedication and sturdiness, no award would be presented.

Judges

CPA Alex Mbai
Partner - KPMG

CPA Asif Chaudhry
Partner - PKF

FCPA Bernard Ouma Siero
Partner - Siero & Associates

CPA Dan Mugo
Finance and Strategy Manager- ICPAK

CPA Edwin Makori
Chief Executive Officer - ICPAK

CPA Ferdinand Othieno
Senior Lecturer and Dean
Strathmore University

FCPA Geoffrey Injeni
Senior Lecturer
Strathmore University

CPA Georgina Muchai
Director Accounting Standards- PSASB

CPA John Irungu
Senior Lecturer - Dedan Kimathi University

CPA Joseph Kariuki
Assurance Partner - KPMG

FCPA Michael Mugasa
Assurance Partner - PWC

CPA Mwangi Wachira
Associate Director - PSK Associates

CPA Nebart Avutswa
Chief Manager Professional Services- ICPAK

CPA Patrick Abachi
Director Corporate Services and Training PSASB

CPA Peter Njuguna
Senior Lecturer - KCA University

CPA Richard Kamami
County Secretary -
Muranga County Government

CPA Samuel Macharia
Internal Auditor - World Bank

FCPA Simon Fisher
Partner - RSM East Africa

CPA Stephen Obock
Assurance Director - KPMG

CPA Tom Kimaru
Corporate Governance Consultant

CPA John Kariithi Mwangi
Manager Internal Audit - NSE

CPA Cliff Nyandoro
Head of Technical Services - ICPAK

CPA Patrick Kabuya
Consultant - World Bank

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PKF

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right people • right size • right solutions

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PROGRAMME

Venue: Online for the Conference
Serena Hotel, Nairobi– FiRe Award Ceremony
Date: Friday, December 17, 2021

THEME "Promoting Financial Reporting Excellence in Uncertain Global Economy"

TIME	TOPIC/ACTIVITY	FACILITATOR(S)
09:00 – 09:10	Welcome Remarks	Geoffrey Odundo CEO, NSE & FiRe Award EXCO Chair
09:10 – 09:25	Keynote Address	CPA Dr Margaret Nyakang'o Controller of Budget, Republic of Kenya
Session I		
09:25 – 09:55	The FiRe Award 2021 Trends and Evaluation Process findings – the Judges' Perspective	FCPA Dr. James Boyd McFie FiRe Award Chief Judge
09:55 – 10:10	Questions & Answers	
10:10 – 10:40	Health Break	
10:40 – 11:15	Assessing the State of Corporate Governance in the East African region – a scorecard on the implementation of Corporate Governance practices in East Africa	Adv Sally Mukabana Legal & Corporate Governance expert & FiRe Award Judge
11:15 – 11:20	Questions & Answers	
11:20 – 11:50	Improving Efficiency and Transparency in Public Sector through effective and reliable Financial Reporting	FCPA Benard Ndungu Director General Accounting Services & Quality Assurance, The National Treasury CPA Nancy Gathungu Auditor General, Kenya
11:50 – 12:00	Questions & Answers	
12:00 – 12.30	Past winners' experience The benefits of quality financial reporting in the Kenyan market	CPA Joshua Oigara Group Managing Director and CEO KCB Group Mr. Elema Halake Ag. Chief Executive Officer Independent Policing Oversight Authority

PROGRAMME

TIME	TOPIC/ACTIVITY	FACILITATOR(S)
12:30 – 12:45	Questions & Answers	
END OF VIRTUAL CONFERENCE EVENT		
12:45 – 13:00	Registration	
13:00 – 14:20	Lunch is served	
FiRe AWARD CEREMONY – PHYSICAL		
14:20 – 14:50	Remarks and introductions by the Chairman FiRe Award 2021	EXCO Members
14:50 – 15:00	PSASB chairman's remarks and inviting of the of the chief Guest to make his speech	CPA Stephen Masha Interim Chairman Public Sector Accounting standards Board
15:00 – 15:20	Chief Guest's Speech	Hon Amb. Ukur K Yatani Cabinet Secretary National Treasury and Planning Government of Kenya
Award Session		
15:20 - 16.20	Award Ceremony	The Chief Guest and Event MC
16:20 – 16:30	Closing Remarks	Nzomo Mutuku CEO, Retirement Benefits Authority
16: 30	Guests Leave at their own Pleasure	

2020 WINNERS

CATEGORY	RANK	NAME OF ENTITY
Agriculture	Winner	KTDA
Banks	Winner 1st Runner Up 2nd Runner Up	CRDB Bank pl NIC Bank plc Equity Group plc
ICS	Winner 1st Runner Up 2nd Runner Up	Safaricom plc Bamburi Cement plc Tanzania Cigarette Public Limited Company
Insurance	Winner 1st Runner Up 2nd Runner Up	UAP Insurance ICEA Lion General Jubilee Holdings
Not-for-profit	Winner 1st Runner Up 2nd Runner Up	Kenya Power Pension Fund Defined Contribution Kenya Power Pension Fund Defined Benefit
MICROFINANCE	Winner 1st Runner Up	Faulu Microfinance Caritas Microfinance Bank
SACCOs	Winner 1st Runner Up 2nd Runner Up	Stima Sacco UN Sacco Kenya Police Sacco Ushuru Sacco
Tanzania Uganda		CRDB Bank plc Stanbic Bank Uganda Holdings Limited
SME	Winner 1st Runner Up	Kenya Bankers Association Dune Packaging Limited
LISTED	Winner	Stanbic Bank (Uganda) Limited
	1st Runner Up	Co-operative Bank of Kenya
	2nd Runner Up	Kengen
Listed	Winner	CRDB Bank plc
	1st Runner Up	NIC Bank plc
	2nd Runner Up	Safaricom plc
NOT FOR PROFIT	Winner	KPLC Defined Contribution Pension Scheme
	1st Runner Up	KPLC Defined Benefit Pension Scheme
	2nd Runner Up	Kengen Defined Contribution Pension Scheme

2020 WINNERS

CATEGORY	RANK	NAME OF ENTITY
Ministries Department and Agencies	Winner 1st Runner Up	The Presidency National Intelligence Service
Independent Offices and Constitutional Commission Reporting under IPSASs Cash	Winner 1st Runner Up 2nd Runner Up	Public Service Commission Independent Policing Oversight Authority Office of the Controller of Budget
PROMOTER RECOGNITION CERTIFICATES		County Executive of Makueni County Assembly of Kericho County Executive of Nyandarua
IFRS COMPLIANCE	Winner	CRDB Bank plc

List of participating entities

Parliamentary Service Commission
Public Service Commission
National Police Service Commission
Controller Of Budget
Ethics And Anti Corruption Commission
Independent Policing Oversight Authority
Ministry Of Health
National Assembly
National Land Commission
Teachers Service Commission (Tsc)
Consolidated Fund Services-Public Debt
Micro Finance Sector Support Credit Project
Technical Support Programme
Kenya Petroleum Technical Assistance Project
Global Fund Program For Expanding Hiv Prevention Care And Treatment Services To Reach Universal Access (80% Coverage) To Reduce Both Incidence And Associated Impact
Ministry Of Land And Physical Planning
Official Receiver State Law Office And Department Of Justice
Receiver Of Revenue (Development)- The National Treasury
State Department For Interior-Revenue Statement
Receiver Of Revenue (Recurrent)- The National Treasury
Receiver Of Revenue- Pensions Department
Subscription By Kenyan Government To International Organizations
Judiciary
Consolidated Fund Services- Salaries, Allowances And Miscellaneous Services
Commission On Administrative Justice
Office Of Director Of Public Prosecutions
Ministry Of Foreign Affairs
State Department For Correctional Services Revenue Statement
Electrol And Boundaries Commission
Ministry Of Agriculture,Livestok, Fisheries And Irrigation
National Intelligence Service
Revenue Statement - Ministry Of Lands And Physical Planning
Revenue Statement-State Department For Aquaculture And The Blue Economy
Salaries And Remuneration Commission
State Department For East African Community Integration
State Department For Broadcasting And Telecomunications
State Department For Culture And Heritage
State Department For Energy
State Department For Sports Development
State Department For Gender Affairs
State Department For Labour
State Department For Social Protection
State Department For Transport
State Department For Water Services
State Department For Co-Operatives
State Department For Correctional Services
State Department For Early Learning And Basic Education
State Department For Infrastructure
State Department For Agriculture
State Department For Irrigation
State Department For Investment And Industry
State Department For Livestock
State Department For Natural Resources
State Department For Petroleum
State Department For Trade
State Department For Housing And Urban Development
State Department For Vocational And Technical Training
State Department For Mining
State Department For Shipping And Maritime
State Department For Tourism
State Department For University Education
The Presidency
Witness Protection Agency

List of participating entities

Entity Name

1 A Case Study on Intergrated Delivery of Selected Non-Communicable Diseases in Kenya (PHGF Grant No. TFOA5636)
2 AFDB Loan
3 African Institute for Capacity Development
4 Agricultural information Resource Centre Reveolving Fund
5 Agriculture and Food Authority
6 Ainabkoi Constituency
7 ASIAN OFFICERS FAMILY PENSION FUND
8 Asiatic Widows And Orphans Pension Fund
9 Brand Kenya
10 Business Registration Service
11 Business Registration Service - Official Receiver
12 Capital Markets Authority
13 Central Bank of Kenya
14 Centre For Mathematics,Science and Tehnology Education in Africa
15 CFS-Subscription by Kenyan Government to International Organizations
16 CIVILSERVANTS HOUSING SCHEME
17 Commission on Administrative Justice
18 Commission on Revenue Allocation
19 Commission on Revenue Allocation-Staff Mortgage Scheme Fund
20 Commodities Fund-State Department for Crop Development
21 Communications Authority of Kenya
22 Competition Authority of Kenya
23 Consolidated Bank ofKenya Ltd
24 Consolidated fund services-Public Debt
25 Consolidated fund srevices- Salaries allowances and Miscelleneous Services
26 Constituencies Development Fund -Central Bank of Kenya Account
27 Contigencies Fund- National Treasury
28 Controller of Budget
29 Co-operative Societies Liquidation Fund
30 County Executive of Bungoma
31 County Executive of Wajir
32 County Assembly of Bungoma
33 County Assembly Of Garissa
34 County Assembly of Kilifi
35 County Assembly of Kwale
36 County Assembly of Laikipia
37 County Assembly Of Mandera
38 County Assembly of Nyeri
39 County Assembly of Taita Taveta
40 County Assembly of West Pokot
41 County Assemby of Lamu
42 County Executive of Kilifi
43 County Executive of Kwale
44 County Executive of Laikipia
45 County Executive Of Lamu
46 County Executive of Mandera
47 County Executive of Nyeri
48 County Executive of Taita Taveta
49 County Executive of West Pokot
50 COVID 19- Emergency Response Fund - Ministry of Health
51 COVID 19- Emergency Response Fund - National Treasury
52 Credit no KEN H TNT GA 1547
53 Credit No. 4771-ke & credit 5367 ke
54 Development Bank of Kenya Limited
55 Development revenue statement
56 EAPH LNWPROJECT CREDIT NO 5616ke
57 East African Laboratory -KEMSA
58 East African Portland Cement
59 East Africa's Centre of Excellence for Skills and Tertiary Education in Biomedical Science
60 Egerton University
61 Energy and Petroleum Regulatory Authority(EPRA)
62 Equalisation Fund
63 Ethics and Anti corruption Commission
64 European Widows and Orphans Pension Fund
65 FC-Talanta
66 Financial Reporting Centre
67 FLCAP ADVANCE NO V319_KE
68 FSS project credit no 5627-KE
69 Ganze Constituency
70 GF HIV Grant noKEN H TNT GA1547
71 Global Fund - Malaria Round 10 Project Grant No. Ken-011-G13-M amd No. Ken-M-TNT-1546
72 Government Press Fund
73 Govt Clearance Agency Fund
74 Grant CKE 6010 01E & CKE
75 Higher Educations Loans Board(Helb)
76 HSS (Grant NO 4771-KE & TF_16027
77 IDA CREDIT NO 5157-KE
78 IDB Capital Limited

List of participating entities

79 IFAD LOAN NO816-KE& GRANT NO1218-KE
80 Independent Electrol and Boundaries Commission
81 Independent Electrol and Boundaries Commission-Staff Mortgage and Car loan
82 Independent Policing Oversight Authority
83 Information Communication Authority
84 Insurance Regulatory Authority
85 INTELLIGENCE SERVICE DEVELOPMENT FUND
86 Jaramogi Oginga Odinga University of Science And Technology
87 Jkuat Noodles Ltd
88 Jomo Kenyatta Foundation
89 Jomo Kenyatta University of Agriculture and Technology Enterprise Limited
90 Jubilee Party
91 Judiciary
92 Kabete National Polytechnic
93 KEN M TNT GA 1546
94 Kenya Accountants And Secretaries National Examination Board
95 Kenya Agricultural and Livestock Research Organisation
96 Kenya Dairy Board
97 Kenya Deposit Insurance Corporation
98 Kenya Education Management Institute
99 Kenya Electricty Generating Company
100 Kenya Electricty Transmission Company
101 Kenya Energy-Sector Environment And Social Responsibility Programme Fund
102 Kenya Ferry Services Limited
103 Kenya health sector kisii county
104 Kenya Institute of Curriculum Development
105 Kenya Institute of Special Education
106 Kenya Local Loans Support Fund
107 Kenya National Assurance Company (2001) Limited
108 Kenya National Bureau of Statistics
109 Kenya National Commission of human Rights(KNHCR
110 Kenya National Commission on Human Rights Mortgage and Car Loan Fund
111 Kenya National Examination Council
112 Kenya National Highways Authority(Kenha)
113 Kenya National Trading Corporation
114 Kenya Pipeline Company Limited
115 Kenya ports Authority
116 Kenya Power and Lighting Company PLC
117 KENYA REINSURANCE CORPORATION LIMITED
118 Kenya Revenue Authority
119 Kenya Rural Roads Authority(KURA)
120 Kenya Safari Lodges and Hotels Limited
121 Kenya Scouts Association
122 Kenya Slum Upgrading Low cost
123 KENYA SLUM UPGRADING LOW COST HOUSING AND INFRASTRUCTURE TRUST FUND (KENSUF)
124 Kenya Space Agency
125 Kenya Technical Trainers College
126 Kenya Universities and Colleges Central Placement Service
127 Kenya Veterinary Board
128 Kenya Youth Employment opportunites Project
129 Kenya-European Union Partnership For The Implementation of The National Strategy to Counter Violent Extremism in Kenya
130 Kenyatta University
131 Kipchabo tea factory
132 Kisauni constituency
133 KRA Revenue Accountability Statements
134 LAND SETTLEMENT FUND
135 Local Authorities Provident Fund
136 Management and supervision fund
137 Mathira Constituency
138 Mechanical and transport fund (MTF)-National youth service
139 Mechanical and transport fund (MTF)-State Departemnt for Infrastructure
140 MFSS credit NO CKE 3004 01KE
141 Ministry of Defence
142 Ministry of Defence Revenue Statement
143 Ministry Of Environment and Forestry
144 Ministry of Foreign Affairs
145 Ministry of Health
146 Ministry of Land and Physical Planning
147 Ministry Of Water and Sanitation
148 Moi University
149 National Assembly
150 National Cohesion and Integration Commission.
151 National commission for Science and Technology
152 National Council for Persons with Disabilities
153 National Employment Authority
154 National Environmental Trust Fund
155 National Exchequer Account
156 National Gender and Equality commission
157 National Goverment Constituencies Development Fund Board

List of participating entities

158 National Government Affirmative action Fund
159 National Government CDF-CBK Account
160 National Hospital Insurance Fund
161 National Humanitarian Fund
162 National Land Commission
163 National Land Commission-Staff Car Loan Scheme Fund
164 National Oil Corporation of Kenya Limited
165 National Police Service Commission
166 New KCC
167 NGO's Coordination Board
168 Nursing Council of Kenya
169 Nyayo tea zone
170 Occupational safety And Health Fund
171 Office of Director of Public Prosecutions
172 Office of The Registrar of Political Parties-Car Loan Fund
173 Office of The Registrar of Political Parties-Staff Mortgage Loan Fund
174 Office registrar of poltical parties
175 Orange Democratic Movement Party
176 OUTSTANDING OBLIGATIONS GUARANTEED BY THE GOVERNMENT OF KENYA
177 Parliamentary Car Loan Scheme Fund
178 Parliamentary Catering Fund
179 Parliamentary Mortgage Loan Scheme Fund
180 Parliamentary Service Commission
181 PC Kinyanjui Technical Training institute
182 Petroleum Development Levy Fund (Holding Account)
183 Petroleum Development Levy Fund-Ministryof energy
184 Petroleum Development levy Fund-Minitry of petroluem
185 Petroleum Training Levy Fund
186 PFM reforms p (credit no 6133KE)
187 Post training skill development
188 Prison Farms Revolving Fund
189 Prison Industries Revolving Fund
190 Privatisation Commisssion
191 Project [IDA CREDIT NO 6121-KE)
192 Provident Account
193 Public Service Commission
194 Railway Development Levy Fund (Holding Account)
195 RETIREMENT BENEFITS AUTHORITY
196 Revenue response gvt investment and public Investments
197 Revenue statement Business registration services
198 Revenue statement for interior
199 Revenue statement for pensions department
200 Revenue Statement for the ministry of Lands and Physical Planning
201 Revenue statements [Recurrent]
202 Revenue Statements of State dept for crops development
203 Revenue Statements of The Judiciary
204 Revenue Statements of The Law Office and Department of Justice
205 Revenue Statements of The State Department for Fisheries, Aquaculture and Blue Economy
206 Revenue Statements of The State Department for Mining
207 Revenue Statements State Department for Immigration and citizen Services
208 RH_OBA (BMZ NO KENYA 2010658553)
209 Roads Annuity Fund
210 RURAL ELECTRIFICATION SCHEME
211 Rural Enterprise Fund
212 Sacco Societies Regulatory Authority(SASRA)
213 Salaries and Renumeration Commission (SRC)
214 Small Enterprises Finance Company Limited
215 Sports, Arts and Social Development Fund-State Dept for Sports
216 State Department for Youth
217 State Corporations Appeal Tribunal
218 State Department for Infrastructure
219 State Department for Agricultural Research
220 State Department For Broadcasting and telecomunications
221 State Department for Co-operatives
222 State Department for Correctional Services
223 State Department for Crop Development
224 State Department for Devolution
225 State Department for Early Learning and Basic Education
226 State Department for Fisheries, Aquaculture, and Blue Economy
227 State Department for Gender
228 State Department for Housing and Urban Development
229 State Department for industrialization
230 State Department for Interior
231 State Department for Irrigation
232 State Department for Labour
233 State Department for Livestock
234 State Department for Mining
235 State Department for Petroleum
236 State Department for planning
237 State Department for Post Training and Skills Development

ICPAK CEO
CPA Edwin Makori

CPA Edwin Makori is the Chief Executive Officer at the Institute of Certified Public Accountants of Kenya (ICPAK). Prior to the current appointment, he was the head of Professional Services Division overseeing the technical issues, accounting and auditing standards, ethical standards regulation, compliance, audit quality monitoring (assurance), registration, public policy and governance and research. He has also been instrumental in the coordination and organization of the Financial Reporting Award (FiRe Award) recognizing financial reporting excellence in Kenya and the East African region. He pioneered the FiRe awards for the public sector entities. CPA Makori has been a Lecturer in the School of Business at Egerton University and Nairobi University, Kenya. At the University, he focused on Strategy, Finance and accounting work. He has previously practiced as an auditor in a renowned audit firm and also served as a Finance Director at various government (public sector) entities and private sector and held senior management positions in many other organizations. CPA Makori earned his undergraduate degree in Commerce (Finance and Accounting) and an MBA in Finance from the University of Nairobi. He is also a certified ERP Consultant, CISA and a member of ISACA, ILM (Institute of Leadership Management) and IOD. CPA Makori has served on several boards Internationally and locally and currently serves in the International Accounting Education Standards Board (IAESB) as a technical advisor.

PSASB CEO and Secretary to PSAS Board
CPA Fredrick Riaga

Mr. Fredrick Riaga is the Chief Executive Officer and Secretary to the Public Sector Accounting Standards Board (PSASB), a position he has held since August 2019.
He holds an MBA in Finance, a Bachelor of Commerce degree with a major in Accounting. Mr. Riaga was recently admitted to the college of fellows at the Institute of Certified Public Accountants of Kenya earning him the prestigious title of FCPA, the highest rank in the accounting profession.

Prior to joining the Board, Mr. Riaga was the Chief Manager in charge of Public Policy and Governance at the Institute of Certified Public Accountants of Kenya (ICPAK). He has also worked at Pricewaterhouse Coopers and NIC Bank Limited. He has vast experience in public accounting, public policy, public financial management and regional integration in the areas of governance and accountability.

As the CEO of PSASB, Mr. Riaga provides strategic leadership, formulates and implements Board policies and programmes in relation to the development, implementation and monitoring of public sector accounting standards, internal auditing standards and risk management procedures. He oversees the implementation of quality assurance in accounting and internal audit standards within the Public Sector.

NSE CEO
Mr. Geoffrey Odundo

Mr. Geoffrey Otieno Odundo is the Chief Executive of the Nairobi Securities Exchange Limited. Mr. Odundo, an accomplished Investment Banker has been in the financial services sector for the last 23 years, 17 of which have been in the Capital Markets in various senior roles in asset management, corporate finance and securities trading. Prior to his appointment, Mr. Odundo was the Managing Director and Chief Executive Officer of Kingdom Securities Limited. He was instrumental in the setting up of Co-op Trust Investment Services, Co-op Consultancy Services Limited and Kingdom Securities Limited. Mr Odundo has advised on a number of corporate finance transactions in both the public and private sectors, in addition to managing key mandates in the asset management industry. He has contributed to the growth of the Capital Markets in his previous role in the Kenya Association of Stockbrokers and Investment Banks, the Kenya Bureau of Standards and on the Board of the Nairobi Securities Exchange. Mr. Odundo holds a Master's Degree in Strategic Management from United States International University (USIU) and an Undergraduate Degree in Mathematics and Economics from Egerton University.

Retirement Benefits Authority CEO
Mr. Nzomo Mutuku-CEO RBA

Mr. Nzomo Mutuku, MBS, is the Chief Executive Officer of Retirement Benefits Authority in Kenya. Prior to his appointment, Mr. Mutuku worked at the National Treasury as the Senior Advisor, Financial Sector and Acting Director, Financial and Sectoral Affairs Department working on policy matters relating to financial sector development including financial inclusion, efficiency and stability. Previously he was the Chief Manager, Research & Development at the Retirement Benefits Authority and has also worked in the Research Department of the Central Bank of Kenya.

Mr. Mutuku holds a Masters of Arts degree in Economics as well as a First Class Honours Bachelor of Arts (Economics) degree from the University of Nairobi and a Certificate in Digital Money from Tufts University. He has also undertaken training in pensions and financial markets in various countries including the UK and Canada and at Harvard University and the Wharton Business School in the United States. He has authored a number of papers on financial sector issues including "the Case for Consolidated Financial Sector Supervision in Kenya" and "the Impact of the Global Financial Crisis on the Pensions Sector in Kenya" which are widely quoted in the region.

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FiRe Award Categories 2021:

1. Agriculture category
2. Banks category
3. Environmental & Social Reporting
4. Corporate Governance
5. National Government Constituencies Development Fund
6. Counties
7. IFRS category
8. IFRS (Public Sector Entities)
9. IFRS for SME category
10. Industrial, Commercial & Services (ICS)
11. Insurance category
12. IPSAS Accrual category
13. IPSAS Cash category
14. Listed Entities category
15. Micro Finance Institutions
16. Ministries, Departments & Agencies (MDAs)
17. Not for Profit (NFP)
18. SACCO category
19. "Promoters' Recognition Award"
20. State Corporations & Semi-Autonomous Government Agencies (SAGAs)
21. Best Entity-Tanzania
22. Best Entity-Uganda
23. Best Entity-Kenya
24. Overall Winner

FiRe Award summary, areas of non-compliance and encouraged disclosures

This section looks at the non-compliance with the applicable financial reporting standards (IFRS, IFRS for SMEs, IPSAS Accrual, IPSAS Cash) as well as regulatory reporting requirements and good practices on environmental, sustainability (social) and governance (ESG) reporting.

Financial Reporting Standards and Regulations

Presentation of financial statements

i. Statement of financial position

IAS 1/ IPSAS 1 identifies what comprises a complete set of financial statement and the mandatory line items in addition to requirement of other IFRS/IPSAS; statement of financial position should be stated as at the reporting date while the rest of the financial statement should state the period covered. There were few instances noted during evaluation where the statement of financial position was erroneously stated for the period covered.

ii. Presentation of items of statements of changes in equity in the statement of comprehensive income

A good number of entities presented in the statement of comprehensive income, dividend

declared and appropriation of profit after tax to reserves under equity. Being transactions with the owners, IAS 1 requires the information to be presented in the statement of changes in equity or in the notes. Further the entity should disclose the related amount of dividends per share; some entities only disclosed the total amount in the statement of changes in equity.

iii. Accounting policies and explicit and unreserved statement of compliance

Accounting policies are meant to enhance our understanding of an entity's application of standards in measurement and recognition of items in the financial statements. Significant accounting policies are a component of financial statements and IFRS/IPSAS requires an entity to provide an explicit and a reserved statement of compliance with the applicable framework.

This area remains a challenge as the presentations still remain too general. The boiler plate approach in presentations still persists. The following prevailed in a number of entities: -

- Instances of entities recognizing significant items without any accounting policy for example an entity would make a disclosure of an accounting item in the financial statement without disclosing the accounting policy.
- Summary of accounting policies were too generic and included instances where an accounting policy was provided yet no such item was recognized in the reported figures and prior year comparative figures.
- Inconsistency between the accounting policies and the explanatory notes for instance an entity would indicate that property plant and equipment items are carried in books at revalued amounts while the disclosure in the explanatory note has carrying amounts at cost less depreciation and impairment.
- Few entities had accounting policies not in compliance with the requirements of IFRS/ IPSAS, while also not disclosing such facts.

iv. Cross referencing

IAS 1/IPSAS 1 requires an entity to cross reference each item in the statement of financial position, statement of comprehensive income, statement of changes in equity and of cash flows to any related information in the notes. This is meant to enhance understanding of the users of financial statements. Non-compliance was noted across the categories of the participating entities with varying degree of non-compliance; statements of changes in equity and statement of cash flows taking the bulk of it. In some instances, line items were wrongly cross referenced or cross referenced to notes that didn't exist. However, there was a significant improvement compared to last year.

v. Materiality and Aggregation

An entity shall present separately each material class of similar items. An entity shall present separately items of a dissimilar nature or function unless they are immaterial. Non-compliance was commonly observed in the statement of comprehensive income (financial performance); lumping up expenses into one-line item for instance administrative expenses still remains a challenge ; however, the breakdown in the notes would have marketing and distribution, depreciation and amortization which belong to a different function all together.

vi. Classification of expenses

IAS1/IPSAS 1 requires analysis of expenses recognised in profit or loss using a classification based on either their nature or their function within the entity, whichever provides information that is reliable and more relevant. Majority of the entities evaluated had mixed the two methods on the face of the statement of comprehensive income.

The standard requires an entity classifying expenses by function to disclose additional information on the nature of expenses, including depreciation & amortisation expense and employee benefits expense. In few cases, entities failed to present analysis by nature while in others the breakdown was provided

as an appendix excluded from the financial statements as indicated in the statement authorising for issue of financial statements.

vii. Comparative information

IAS and IPSAS provide that an entity shall disclose comparative information in respect of the previous period for all amounts reported in the current period's financial statements. An entity shall include comparative information for narrative and descriptive information when it is relevant to an understanding of the current period's financial statements. Nearly all entities had comparative information on the face of the income statement, statement of comprehensive income, statement of cash flows and statement of changes in equity. However, few entities failed to include comparatives on effective tax rate, capital commitments authorised as presented in the explanatory information. Few public-sector entities failed to present comparative information and those that did not have comparative information, failed to include a statement to that effect explaining the reason.

viii. Clearly distinguish financial statements from other information contained in the annual report and financial statements

From the evaluation, we noted a few instances where entities didn't clearly distinguish financial statements from the other information contained in the published annual report and financial statements. The page numbers range given in the auditor's report and the statement authorizing for issue of financial statements either omitted parts of financial statements or included other information such as directors' responsibilities report and auditor's report as part of financial statements.

ix. Presentation of share capital and reserves within equity

An entity is required to disclose either in the statement of financial position or the statement of changes in equity, or in the notes, the number and nature of shares, and a description of the nature and purpose of each reserve within equity. The disclosures on share capital were well done for most entities with share capital. Entities without share capital failed to disclose information equivalent to that required for share capital and reserves within equity, showing changes during the period in each category of equity interest, and the rights, preferences and restrictions attaching to each category of equity interest. In addition, few Saccos and not for profit entities still failed to disclose reconciliation of share capital and nominal value of share.

x. Critical accounting estimates and judgments

Preparation of financial statements involves a great deal of estimations, assumptions about the future and judgments in application of accounting policies; IAS 1/IPSAS 1 require the reporting entity to disclose the aspects that have the most significant effect on the amounts recognised in the financial statements. Most entities reviewed failed to disclose significant assumptions and key sources of estimation, with few having no disclosures at all. Some of the key areas that should be featured include but not limited to:

- Fair value of derivative and other financial instruments determined using valuation techniques.
- Impairment of loans and advances.
- Deferred tax assets.
- Defined benefits obligations determined using actuarial valuation.
- Estimated impairment of goodwill.

Materiality should guide the entities in selecting the items that have significant impact on the amounts recognised in the financial statements.

xi. Capital management: policies, objectives, qualitative and quantitative analysis.

IAS 1 requires an entity to disclose information that enables users of its financial statements to evaluate the entity's objectives, policies and processes for managing capital. The evaluation observed that banks, insurance

and listed entities provided more elaborate disclosures on capital management. This is attributed to the industry regulations for instance the Central Bank Prudential Guidelines, Insurance Regulations and the Capital Markets (Securities) (Public Offers, Listing and Disclosure) Regulations, 2002. Capital management disclosures by Saccos' which are public interest entities, where most don't have any disclosure on capital management with a few disclosing the policies and objectives without a quantitative analysis of what the entity manages as capital. With the exception of banks and contrary to the provisions of IAS 1, very few entities with such requirements, disclose a statement of compliance with external capital requirements.

i. Income tax disclosure, tax reconciliation

Some entities didn't have tax reconciliation at all, the standard requires an explanation of the relationship between tax expense (income) and accounting profit in either or both of the following forms:

- a numerical reconciliation between tax expense (income) and the product of accounting profit multiplied by the applicable tax rate(s), disclosing also the basis on which the applicable tax rate(s) is (are) computed; or

- a numerical reconciliation between the average effective tax rate and the applicable tax rate, disclosing also the basis on which the applicable tax rate is computed;

Statement of cash flow

It is worth noting that IAS 7/IPSAS 2 was generally well done by most entities. Interesting to note is that the standard recommends direct method for presenting the statement of cash flows. Most entities used the direct method of presentation.

i. Cash and cash equivalents

Whereas most entities correctly described what cash and cash equivalents entailed, few public-sector entities included advances and imprest in cash and cash equivalents yet they do not meet the definition of the same.

ii. Commentary on cash and cash balances not available for use

Entities with such restrictions are encouraged to provide commentary about the amount of significant cash and cash equivalent balances held by the entity that are not available for use by the group. Banks did exemplary well on disclosing the regulatory reserve requirement imposed by the central bank. Such restrictions may arise from legislations/ regulations in foreign countries where an entity has subsidiaries; lien or any other existing restrictions imposed thus making cash unavailable for daily operations.

iii. Reconciliation

The standard requires reconciliation for the cash and cash equivalent amounts reported in its statement of cash flows with the equivalent items reported in the statement of financial position. Majority of the entities did provide reconciliation; of importance to note was the fact that some entities reconciliations provided did not tally thus impacting on the fair presentation.

iv. Interest and dividends

A number of entities failed to disclose separately interest and dividends contrary to the provisions of IAS 7/IPSAS 2. It is important to note that there is no exemption for banks, which are encouraged to use the direct method.

Property, plant and equipment

Generally, entities complied with the disclosure requirements of IAS 16/IPSAS 17 in comparison to other standards. Some issues worth noting included:

- Inconsistencies between the measurement models disclosed in the accounting policy and in the explanatory information. For instance, an entity would indicate in the accounting policy that the PPE items are carried at fair value but in the statement of changes in equity the respective revaluation reserves were missing.
- Failure to disclose for each revalued class of property, plant and equipment, the carrying amount that would have been recognised had the assets been carried under the cost model.
- The effective date of the revaluation; a few entities didn't disclose the date at all while others disclosed the year in which the entity carried out revaluation.

Related party transactions disclosures

Entities made significant attempts to disclose related party transactions. However, the following non-compliance issues were pervasive across all categories.

i. Key management personnel compensation

The standard requires the disclose of payment: in short-term employee benefits, post-employment benefits, other long-term benefits, termination benefits; and share-based payment. Many entities have made an attempt to categorise the benefits however, the element of "other benefits" not aligned to any of the categories provided for by the standard.

The companies Act 2015, as well as the CMA Code for Corporate Governance, 2015 provides for disclosure of directors' remuneration policy and directors remuneration. It is worth noting that few entities from both public and private sector have already included these reports and provided disaggregated information of directors' remuneration for each director who served during the year.

ii. Nature of the related party transactions and balances

Most entities disclosed the transaction amounts and balances outstanding at the end of the period without including terms and conditions, whether the balances are secure and details of guarantee was scanty. In addition, many entities failed to disclose the provision for doubtful debts pertaining related party transactions.

It is important to note that out of the entities that were evaluated, only a few entities disclosed the nature of the consideration to be provided in settlement of related party transactions. Explicit disclosure is critical since the parties can set off balances against: trade payables, trade receivable, loans and fees in case of directors.

Financial Instruments

A number of disclosure requirements have been included in financial reporting for enhanced transparency thus allowing users of financial statements to make informed decisions about the existing and potential risks facing an organisation, in respect of its holdings.

i. Risk disclosures

The standard identifies three forms of risk: Credit, liquidity and market risks. Generally, there was tremendous improvement across the categories from the previous periods with banks and insurance performing well. During the evaluation we noted the followings areas of non- compliance:

Credit risk

- Failure to disclose the amount that best represents its maximum exposure to credit risk at the end of the reporting period without taking into account any collateral held or other credit enhancements.
- Failure to describe collateral held as security and other credit enhancements, and their financial effect (e.g. quantification of the extent to which collateral and other credit enhancements mitigate credit risk).

Liquidity Risk

- Instances where liquidity risk analysis was done using discounted cash flows contrary to the provisions of the standard requiring use of undiscounted cash flows.

Market Risk

- The disclosure of a sensitivity analysis for each type of market risk to which the entity is exposed at the end of the reporting period, showing how profit or loss and equity would have been affected by changes in the relevant risk variable that were reasonably possible at that date. Some entities did not disclose the analysis for each market variables relevant to entity financial reporting.
- Some entities with financial assets measured at fair value through profit or loss did not disclose the effects arising from fluctuations of prices; For entities with long term borrowing, the same case applies for interest rates, in the statement of financial position.
- The standard requires the entity to disclose the methods and assumptions applied in computing the sensitivity analysis and if there has been changes in the assumptions and methods from the previous period.

ii. Fair Value Hierarchy

The standard requires disclosure of fair value hierarchy that categorises into three levels; the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs). A number of entities with quoted stock, available for sale financial assets and financial assets carried at fair value through profit or loss in the statement of financial position didn't disclose the hierarchy in the summary of accounting policies or in explanatory information.

iii. Classification of Financial Instruments

There were few instances of wrong classification of financial instruments. For example, equity investments being classified as held for trading when it's clear that they should be classified as available for sale.

iv. Interest on impaired financial assets

A number of entities did not disclose there transition mechanisms from IAS 39 provisions to IFRS 9 Provisions.

Agricultural activities disclosures - IAS 41

With regard to Agricultural activities, most of the entities had adequate/ relevant accounting policies on agricultural activities, however explanatory information still left out some key disclosures highlighted below: -

- The nature of its activities involving each group of biological assets,
- Financial risk management strategies related to agricultural activity; none of the entities evaluated had substantial disclosures on this area.

Operating segments

IFRS 8 is mandatory for listed entities, with voluntary application for any other entity. The standard was generally complied with. However, a few entities had a statement to the effect that the chief operating decision makers had concluded that the entity has no operating segment owing to the nature of their operations.

We noted the following as the keys areas of non- compliance:

- A number of listed entities disclosed for each reportable segment, revenue from external customers, revenues from transactions with other operating segments of the same entity, income tax expense or income, and depreciation and amortization.
- Some entities did not include the contribution of each operating segment to the entity's profit or loss before tax expense (tax income) and discontinued operations, and the total of the reportable segments' assets (and liabilities) to the entity's assets

(and liabilities) in the reconciliations. Failure to disclose revenues from external customers (i) attributed to the entity's country of domicile and (ii) attributed to all foreign countries in total from which the entity derives revenues.

- Very few entities disclosed explanation of the measurements or differences in measurements of segment profit or loss, segment assets and segment liabilities for each reportable segment.
- A general trend where most entities aggregated the information presented as "all other segments", without a providing additional disclosure on the components of the segment christened "other".

Events after the reporting period

IAS 10 /IPSAS 14 requires the reporting entity to disclose the date when the financial statements were authorized for issue and who gave that authorization. If the entity's owners or others have the power to amend the financial statements after issue, the entity should disclose that fact. Most entities disclosed the date and the name(s) of the person(s) authorising the issue of the financial statements, however a few entities did not have the signatures as a manifestation of consent and authenticity. few entities expressly stated the fact that the board had the powers to amend the financial statements after issuance.

For public sector entities, we noted a reduction of time lag between the date of the Auditor General report (opinion date) and the date of approval of financial statement by the directors. In most cases, financial statements were approved before 30 September 2018 or 31 October, 2018 and the opinion date in quarter four of the government fiscal year, with no mention if any amendments were made on the financials thus necessitating approvals of the audited financial statements.

Provisions, contingent liabilities and contingent assets

Many of the entities evaluated failed to comply with the disclosure requirement of IAS 37 / IPAS 19 regarding provisions. Amounts related to provision were aggregated in the carrying amount of payable or in the computation of deferred taxes with no additional information. The standards require a reconciliation of provisions showing the movements during the reporting period showing:

a. the carrying amount at the beginning and end of the period;
b. additional provisions made in the period, including increases to existing provisions;
c. amounts used (i.e. incurred and charged against the provision) during the period;
d. unused amounts reversed during the period; and
e. the increase during the period in the discounted amount arising from the passage of time and the effect of any change in the discount rate.

In addition, the reporting entity is required to disclose brief description of the nature of the obligation and the expected timing of any resulting outflows of economic benefits and the major assumptions made concerning future events.

Very few entities included the quantitative effect of contingent liabilities, even when it was indicated that there is an assessment issued by the revenue authority.

Leases

The new standard IFRS 16 was effective for annual periods beginning on or after 1 January 2019. Early application is permitted if IFRS 15 has already been applied or is applied at the same date as the new leases standard.

For the year under review IAS 17 was applicable with early application for some entities. IAS 17 requires lessees and lessors to disclose the total of future minimum lease payments under non-cancellable operating leases in buckets of within one year, one-five years and over five years. While a majority of the participating entities complied on above, some had material rental expenses but did not have any disclosures on lease arrangements or an accounting policy on leases. The majority of participating entities also did not provide the following:

1. the total of future minimum sublease payments expected to be received under non-cancellable subleases at the end of the reporting period;
2. lease and sublease payments recognised as an expense in the period, with separate amounts for minimum lease payments, contingent rents, and sublease payments;
3. a general description of the lessee's significant leasing arrangements including, but not limited to, the following:
   i. the basis on which contingent rent payable is determined;
   ii. the existence and terms of renewal or purchase options and escalation clauses; and
   iii. restrictions imposed by lease arrangements, such as those concerning dividends, additional debt and further leasing.

Intangible Assets

The standard requires the reporting entity to disclose whether the useful lives of intangible assets are indefinite or finite and, if finite,

the useful lives or the amortisation rates used and the amortisation methods applied. All the entities indicated having intangible assets with finite lives; however, a majority disclosed useful live as a range e.g. 3-5 years without further disclosures about the amortization rates in the explanatory note. There were some instances of inconsistencies between the amortization method disclosed in the accounting policies and the respective explanatory information as either reducing balance or straight line.

There were a few instances whereby the computer software movement schedule was presented in the property, plant and equipment movement schedule yet no disclosure was provided to the effect that the computer software in question is a significant component in the functioning of the class to warrant such aggregation. This is amounts to aggregation and a misclassification of intangible assets as it affects the reported carrying amount.

Impairment of assets

We noted insufficient application of all of the disclosure requirements of IAS 36 which could be attributed to a general problem of incorrect measurement and the overstatement of assets. Disclosure of impairment testing was incomplete or totally omitted from the annual report and financial statements.

Employee Benefits

Employees are an important asset in every organisation and organisations incur costs to take care of its employees both in the short run and long run.

- Most entities with staff defined benefit scheme performed well in terms of disclosing the accounting policy and methods applicable "projected credit method" for computing the defined benefit obligation and actuarial gains and losses. The following were either poorly done or omitted altogether: - The amounts for the current annual period and previous annual periods of the present value of the defined benefit obligation, the fair value of the plan assets and the surplus or deficit in the plan.
- Employer's best estimate, as soon as it can be reasonably be determined, of contributions expected to be paid to the plan during the annual period beginning after the reporting period.

Accounting policies, changes in accounting estimates and errors

i. Prior period adjustments

IAS 8/IPSAS 3 requires an entity to disclose the nature and amount of a change in an accounting estimate and prior period errors that had an effect in the current period or are expected to have an effect in future periods, except for the disclosure of the effect on future periods when it is impracticable to estimate that effect. There were many instances where prior period adjustments especially among reserves within equity and deferred tax and income computation were not explained at all. One entity had some comparative figures restated with no explanation to that effect.

ii. New and amended standards issued

A number of entities had limited disclosures on the effect of initial application of an IFRS/IPSAS on the current period or any prior period or might have an effect on future periods.

Accounting and reporting by retirement benefit plans

Generally, retirement benefit schemes that participated were in compliance with IAS 26. However, in order to enhance compliance with IFRS, the following areas are worth mentioning: -

- Details of any single investment exceeding 5% of the net assets;
- An adequate description of the funding policy;
- Highlight the relationship between the financials and the actuarial present value

of the promised retirement benefits in the accounts;

- The annual report and financial statements should disclose the number of plan beneficiaries;
- A detailed description of the retirement benefits promised to plan beneficiaries.

IPSAS Accrual Specific issues

Below is a summary of non-compliance issues specific to public sector entities using IPSAS Accrual: -

- Revenue from exchange transactions – some entities entitled to exchequer or with legal mandate to levy fees applied IPSAS Cash in the recognition of exchequer and levies instead of assessing control of the asset.
- Impairment of non-cash generated assets – most entities failed to disclose the criteria used to distinguish non-cash generating assets from cash generating assets and whether the recoverable service amount of the asset is its fair value less cost to sell or its value in use.
- No entity presented disclosures in respect of general government sector. This can be attributed to the fact that National government as well as county governments are still on IPSAS Cash.
- Budget Information in the financial statements: -
  Most entities failed to present a comparison of the budget amounts for which the entity is held publicly accountable and actual amounts either as a separate additional financial statement or as additional budget

columns in the financial statements. In few instances, the explanation provided was insufficient to explain the variances.

- Nearly all public sector entities failed to provide an explanation of material differences between the original budget and the final budget.

IPSAS Cash Specific Issues

- Failure to present an explanation of whether changes between the original and final budget are a consequence of reallocations within the budget and the actual (IPSAS 1.9.23).
- Most entities failed to present a comparison of the budget amounts for which it is held publicly accountable and actual amounts either as a separate additional financial statement or as additional budget columns in the statement of cash receipts and payments in accordance with this Standard, subject to the requirements of paragraph 1.9.17.
- Correction of prior period errors was just a lump sum figure with no explanation in either the previous year of current period with explanation as to how it arose (IPSAS 1.5.1).
- Few entities provided disclosures on undrawn borrowings and grants available to fund future operations and any conditions on the amounts
- No disclosure of any amounts of external assistance cancelled or returned by entities – projects
- Failure to give information about the assets and liabilities of the entity

Non-Compliance with laws and regulations

i. Companies Act Requirements Cap 486

All companies are required to comply with IFRS. In a number of entities that submitted their annual reports and financial statements, there was no linkage between the companies' act and the financial statements. Under section 148 of the Companies Act, Cap 486, a company is required to present the balance sheet and profit and loss account. As per IFRS, this changed to Statement of financial position and Statement of comprehensive income. Management should ensure that they include a statement of compliance with the Companies act by stating that for example: "For purposes of reporting under the Kenyan Companies Act, the balance sheet is represented by the statement of financial position and the profit and loss account is presented in the income statement" or any other applicable linkage, or, preferably, use the Companies Act titles, since use of the suggested titles in IFRS is not mandatory.

It was noted that a few entities have already included reports of the audit committees as well as reports on directors' remuneration and detailed business reviews in line with the Companies Act 2015 which became effective in June 2016 with a 1-year transition period. In the coming years, the promoters expect increase disclosures due to the additional disclosure requirements in the new act.

ii. Public Finance Management Act 2012

The PFM Act 2012 is applicable to all public sector entities and seeks to ensure effective management of public finances by the national and county governments as well as state corporations. The act lays down some of the disclosures that are to be provided by entities. During the evaluation the main non-compliance issues included: -

- Failure to include the name and signature of the accounting officer who signed the annual report and audited financial statements.
- The disclosures of assets and liabilities require significant improvement to facilitate inventory of assets.
- The evaluators noted general improvement in the inclusion of appendices by most entities in comparison to 2015, except for entities preparing financial statements under IFRS, most of whom did not include such appendices.
- Appendix on Progress on follow-up of auditor recommendations
  - Most entities included this table and indicated that issues had been resolved, whereas same or related issued were present in the current auditor's report as basis for modification
  - We noted that in most instances, the progress report was signed off but not dated.
  - Highly summarised audit issues and the resolution, it was not possible to know what issues the auditor had raised and how it had been addressed
- Analysis of pending bills, outstanding imprest and other payables – several entities simply provided a listing as opposed to including aged analysis.
- Very few entities presented a statement of the national government entity's performance against predetermined objectives – this can be achieved by providing a detailed performance reports template for MDAs and other entities to populate which links the strategies of the entities to its performance and budget(s)

iii. Other Regulations

A number of entities operate within a regulated environment and therefore are required to comply with the relevant statutes or regulations such as prudential guidelines for banks; the Sacco regulations for Sacco's; CMA Regulations for listed entities and other entities licenced by the CMA, the state corporations act, government circulars among other authoritative guidelines issued. All these

have reporting requirements and are assessed independently for each entity evaluated.

Environmental, Social and Governance Reporting

Organizations whether business or not for profit are called to be socially responsible and this requires a willingness on the part of this organizations to incorporate social and environmental considerations in their decision making and to be accountable for the impact of their decisions and activities on society and the environment. In 2019 awards the quality of disclosure of such activities by companies in East Africa was good with a few instances where disclosure was inadequate . Organizations are encouraged to continue putting sustainability into the heart of their businesses and making appropriate disclosures on the same.

Sustainability Strategy

Majority of the companies made adequate disclosures on the Managing Director's/ Accounting Officer or Chairman's/Cabinet Secretary report on the importance of sustainability and how it is integrated within the business. This is commendable as it demonstrates management's commitment to the sustainability agenda. Companies went further to give highlights of their sustainability priorities which mainly touched on their involvement with communities, the physical environment and their workforce. On the other hand, very few companies reported

aligning their sustainability efforts to global agreements and national statutes. Majority of the companies also focused on highlighting their achievements in CSR with only a handful reporting on challenges encountered and failures. Companies should strive to report not only on their achievements but also their challenges and failures as this enhances credibility and gives a balanced view on the state of affairs.

Community Engagement

All businesses, large or small, have an impact (positive and negative) on the communities in which they operate. Managed well this impact can bring significant benefits to both the community and business concerned. This section reports on the relationship the organization has with the community within its area of operations and the society at large.

Reporting on community engagement activities continues to be the most popular area of disclosure. Companies and organizations were active in the community in supporting causes especially those in health, education, sports, humanitarian interventions and offering internships to students. Most of these activities were one off with a few companies reporting on forging strategic relationships with different partners to ensure sustainability of these efforts. Nearly all companies had identified thematic areas in which they lend their support to and encouraged the participation of their employees to this causes. This is important in nurturing a spirit of responsibility in the organization and helps to engrain corporate values in individuals.

Where possible, companies whose operations have significant potential or actual negative impacts on the local communities such as those in the extractive industry should further disclose prevention and mitigation measures for this in addition to their external community engagement activities.

Environment

The decisions and activities of organizations invariably have an impact on the environment no matter where the organization is located. These impacts may be associated with the organizations use of resources, the location of the activities of the organization, the generation of pollution and wastes, and the impacts of the organization's activities on natural habitats (ISO 26000-2010). This section reports on an entity's interaction with the environment in the course of achieving its economic and other goals.

There was an improvement in this section as many of the companies reported on having an environmental policy in place; nevertheless, they also reported engaging in initiatives that helped reduce the direct negative impact of their activities on the environment. This year saw a significant increase in the number of companies in almost all sectors reporting on measures to mitigate against their direct impacts such as in their use of energy, paper and water in their business processes. Service sector companies are now realizing that they too have an impact on the environment albeit small for which they can still put in place corrective measures. Some companies reported on investing in automation and educating consumers on use of technology as a way of reducing the use of paper in transactions. Others reported on investing in technologies that saved on energy which was encouraging. Aside from this, tree planting exercises was still common with most companies in addition to sponsorships towards conservation agencies. It is worthy to note that even with the current changes in weather patterns, only a handful of companies acknowledged climate change as an issue in their reporting.

Companies should move a step further to measure savings accrued due to conservation and efficiency improvements. This helps in measuring impact of these initiatives both

on the business and the environment and creates a stronger business case for future investments in some of these initiatives.

Employee Welfare

An organization's labour practices encompass all policies and practices relating to work performed within, by or on behalf of the organization, including subcontracted work. This section reports on the extent to which an organization is committed towards improving the working environment for their employees as well as compliance with relevant labour laws as enshrined in global best practices.

Disclosures on staff development continued to be the most popular with almost all companies reporting on availing training for their staff. Improvements in disclosures can be made to indicate number of staff trained their employment category and gender composition. A few companies also explicitly reported on the gender composition of staff holding senior management positions to demonstrate their policy on gender equity which was commendable.

In occupational health and safety, it was good to note that companies whose nature of business exposed employees to greater occupational risks such as accidents made appropriate disclosures on their safety performance demonstrating improvements from the previous year. They showed factors such as rate of injuries and initiatives launched to lessen these occurrences. In promoting health and wellness in the workplace, majority of the entities reported on having a HIV/Aids policy and programs targeting not only their staff but also the communities in their vicinity. Reporting on policies and programs to address substance and drug abuse in the workplace is also beginning to feature prominently. This is a good indicator that companies are committed to addressing other issues affecting the workforce. Only a few companies reported how they dealt with unionisable employees and contract workers. There is need for improved disclosures in this area.

Marketplace Practices

This concerns the ethical conduct in an organization's dealings with other organizations. This includes the relationship an organization has with government agencies, partners, suppliers, contractors, customers, and competitors. Most companies reported having a code of conduct and having policies on anti-corruption. A few others went further to disclose specific actions that ensure these are enforced. A good example of this was the use of help lines to assist whistle-blowers.

With regards to consumer rights most companies focused their reporting on conducting customer awareness trainings and availing adequate product information. There was little mention on efforts towards fair marketing practices and protection of customer health and safety.

Governance Reporting

The issue of governance reporting has continued to gain prominence and attention at the high echelons of various organizations. The same can be stated for most of the entities that participated in this year's award. Valuable lessons on governance can be learnt from the various corporate governance failures of the past. The number of entities dedicating a page(s) to report on governance related matters is increasing. This is an encouraging development since it does not only enhance the degree of information disclosed in the report but also sends signal on the importance attached to this aspect.

The FiRe Awards evaluation for 2019 took into account the new developments which included the Mwongozo- The Code of Governance for State Corporations issued

in January 2015, and the Code of Corporate Governance Practices for Issuers of Securities to the Public 2015. It was noted that a number of entities are yet to incorporate some of the changes introduced and the evaluators hope that going forward there should be significant improvements in the reporting and practices of governance.

It was also observed that the public sector, especially ministries and state departments, have unique governance structures and require total mind-set shift from the normal corporate governance structure within the private sector.

The following areas were not well captured in the 2018 reports;

- Does the entity disclose in the annual report the term of appointment for the Board? Most companies mentioned the issue of the board having renewable terms but did not mention the maximum terms that a board member should serve. It was noted that some of the board members have been there for long periods of time even over 15 years;
- Does the board meet the gender threshold (1/3) must be of the opposite gender? It was noted that most companies are yet to meet this threshold. There is need for this to be encouraged so as to also meet the constitutional requirements;
- Has the entity disclosed that independence is assessed annually? This was not reported by all the 15 companies that I evaluated;
- Does the entity enclose whether board members attain sufficient hours (at least 12 in a financial year) on trainings on governance / board matters? This was poorly reported on. The previous question on whether the board is trained was answered well however there is no indication on the number of days or hours the training took;
- Does the entity disclose whether members of the board that are members of professional bodies are in good standing? None of the entities disclosed this;

- Do the board identify and select external specialist when needed expertise is not possessed by existing directors or staff or Do board members have access to independent professional advice to enable them to discharge their duties? This was not very well disclosed by most companies;
- On remuneration none of the companies disclosed whether the policy is mapped to performance of the organization and individual board members, including any incentives and whether the entity disclosed the remuneration of each individual director separately;
- On the code of conduct none of the entities indicated whether the code addresses the audit of the financial reporting and the position of the internal auditor function, the external auditor and the board;
- On the whistle blowing policy few entities reported on this;
- On compliance/ statutory accountability does the entity disclose the board's commitment and efforts to ensure that it complies with applicable laws and considers adherence with non-binding rules, codes and standards and whether compliance is a regular item on the board's agenda was hardly reported on;
- Does the entity disclose whether it conducts periodic (after every two years recommended) legal and compliance audits was hardly reported on;
- Does the entity disclose whether it conducts annual governance audits was not reported on by any of the entities? This is a new requirement in the guidelines;
- Removal of auditors was not reported on;
- In "conflict of interest" situations, does the entity make public disclosure on shareholdings and business agreements was not reported on by the entities;
- IT governance was hardly reported on.

Management Discussion and Analysis

These reports provide additional information that enhances the understandability of the financial reports. The review focused on disclosure of information such as:

- The sector in which the entity operates, any changes and their implication on the organizations.
- The economy and its impact on the operations of the entity.
- The performance of the organization and its future prospects.
- The operations and management of the entity.
- The risks faced by the company and measures taken to manage the risks.

Notes

Notes

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