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Dear Reader,

Insurance companies play a critical role in our lives today, offering a variety of benefits that enable financial stability, risk management, and economic growth.

They protect your wealth and health and transfer and manage risks; when these measures are in place, your mind is at peace.

In our cover story, we focus on AAR Insurance. Its Group Finance Officer, CPA Hosea Kiprop, highlights, the company's digital transformation journey, encompassing the implementation of cloud infrastructure and partnerships to improve claims management efficiency. He counsels aspiring accountants to pay special attention to soft skills, integrity and continuous learning to succeed in this competitive environment. Find out how this company intends to expand regionally and continue its growth through digital innovation and strategic partnerships.

In the Financial Reporting and Assurance segment titled - *Environmental Social and Governance Reporting: News and Developments,* the author says among other things that - the International Sustainability Standards Board (ISSB)'s inaugural standards, IFRS S1 and IFRS S2, mark the beginning of a new era of sustainability-related disclosures in capital markets worldwide. He observes that the ISSB Standards will help to improve trust and confidence in company disclosures about sustainability to inform investment decisions. And for the first time, these Standards, issued on 26 June 2023, create a common language for disclosing sustainability-related risks and opportunities on a company's prospects.

While at it in the Professional Accountancy Organisations (PAO) section, under the heading, *Deciphering Corporate Health - A Shareholder's Guide to Mastering Financial Indicators,* the writer points out that, at its core, IFRS is about standardization and transparency. It ensures that a company's financial statements – the balance sheet, income statement, statement of changes in equity, and cash flow statement – are prepared using a globally recognized set of rules. This uniformity is crucial, especially for multinational companies or those seeking foreign investment.

In the meantime, experts estimate that Kenya faces a national deficit of millions of metric tons of animal feed annually. The country requires an estimated 55 million metric tons to sustain nationwide cattle stocks. Still, actual productive capacity only meets around 40 per cent of this demand – leaving a supply gap of over 33 million metric tons annually for dairy and meat production. According to the Kenya Agriculture and Livestock Research Organization (KALRO), a primary driver lies in the grossly inadequate cultivation and production of cattle fodder crops; only 10% of Kenyan farmers engage in livestock feed agriculture.

However, an unexpected solution may be on the horizon – a resilient Chinese grass called Juncao fodder experts believe could help bridge the severe national supply gap. We delve deeply into this matter in the environment piece.

Find out why making logistics part of your marketing game plan can make you win (under business), the controversies in the concept of carbon credit markets in developing countries (public policy) and cohabitation and presumption of marriage (under research and academia). We have many more exciting and informative features in this Journal where we also mark Easter and Ramadhan festivities.

Finally, our inspiration piece gives tips on investing in yourself; health discusses self-care, IT takes you to the world of TikTok, while travel transports you to Mbiuni in Machakos County.

Editor

Mercelline Maroma

Environmental Social And Governance Reporting: News And Developments

The CDSB Site and Its Resources Remain Relevant for Preparers of Sustainability Reports

By Jim McFie, a fellow of ICPAK

On 18 March 2024, a conference on the International Sustainability Board's (ISSB's) IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate Related Disclosures was hosted in Nairobi by the Institute of Certified Public Accountants of Kenya (ICPAK), the Capital Markets Authority (CMA) and the ISSB. Emmanuel Faber, the chair of the ISSB, and Dr Ndidi Nnoli-Edozien, an ISSB board member, CPA Philip Kakai, the Chair of ICPAK and Wycliffe Shamiah and a number of other persons spoke at the meeting. Kenya is one of the countries in Africa leading the charge on Sustainability Reporting.

The Nairobi Securities Exchange (NSE) Environmental Social and Governance (ESG) Disclosures Guidance Manual was published in November 2021. It requires NSE listed companies to report publicly on their ESG performance at least annually. The "*ESG Disclosures Guidance Manual*" guides this reporting. The manual is also available as a public good for other organisations that would be interested in ESG reporting. Listed companies were given a grace period of one year from the issuance of the guidelines to interact and familiarize themselves with the ESG reporting steps. From November 2022, listed companies are expected to include a sustainability/ESG report in their *"annual integrated reports"* containing - at a minimum - the mandatory ESG disclosures discussed in the manual. Issuers can also choose to publish a separate ESG/sustainability report. The phrase used in the compliance section of the manual is problematic. What does the phrase *"annual integrated reports"* mean? Is the NSE mandating *"integrated reporting"* for companies listed on the exchange? The *"Integrated Report"* of several listed companies are not *"Integrated Reports"* even though they are called "*Integrated Reports*".

The International Integrated Reporting <IR> Framework was published by the International Integrated Reporting Council in December 2013. The International Integrated Reporting

> **The Nairobi Securities Exchange (NSE) Environmental Social and Governance (ESG) Disclosures Guidance Manual was published in November 2021. It requires NSE listed companies to report publicly on their ESG performance at least annually. The "ESG Disclosures Guidance Manual" guides this reporting.**

Council (IIRC) and the Sustainability Accounting Standards Board (SASB) officially announced their merger to form the Value Reporting Foundation on 9 June 2021. Professor Judge Mervyn E. King, Chair Emeritus of the Value Reporting Foundation said at the launch: "*We are virtually at the door of having a globally accepted comprehensive corporate reporting system. I am excited and confident that the endeavours of the Value Reporting Foundation will take us closer to the opening of that door to what I call the end game.*" On 1 August 2022, the International Financial Reporting Standards (IFRS) Foundation announced the completion of the consolidation of the Value Reporting Foundation (VRF) into the IFRS Foundation. It followed the commitment made at the Conference of the Parties (COP)26 in Glasgow, Scotland, to consolidate staff and resources of leading global sustainability disclosure initiatives to support the IFRS Foundation's new International Sustainability Standards Board's (ISSB) work to develop a comprehensive global baseline of sustainability disclosures for the capital markets. In January 2022 the Climate Disclosure Standards Board (CDSB) published its "*CDSB Framework for reporting environmental & social information: Advancing and aligning disclosure of environmental and social information in mainstream reports*". But on 31 January 2022, the CDSB was consolidated into the IFRS Foundation to support the work of the newly established ISSB. The CDSB site and its resources remain relevant for preparers of sustainability reports, looking to improve sustainability disclosure until the ISSB has issued its IFRS Sustainability Disclosure Standards on such topics. The CDSB announced that no further work or guidance would be produced or published by CDSB: however, one can sign up for the CDSB newsletter and stay updated with its work on the Task Force on Climate-related Financial Disclosures: how long this will continue to be the case is uncertain.

But let us go back to "Integrated Reporting". The definition of an "Integrated Report" is included in the International <IR> Framework, published in January 2021: "An integrated report is a concise communication about how an organization's strategy, governance, performance and prospects, in the context of its external environment, lead to the creation, preservation or erosion of value over the short, medium and long term". In my opinion, this is an extremely poor definition of an integrated report. But the application of the <IR> Framework remedies some of the deficiencies of the definition: "Any communication claiming to be an integrated report and referencing the Framework should apply all the requirements". Paragraph 2.10 states: "All organizations depend on various forms of capital for their success. In the Framework, the capitals comprise financial, manufactured, intellectual, human, social and relationship, and natural". Paragraph 2.15 states: For the purpose of the Framework, the capitals are categorized and described as follows: (1) Financial capital: The pool of funds that is: (a) Available to an organization for use in the production of goods or the provision of services; (b) Obtained through financing, such as debt, equity or grants, or generated through operations or investments. (2) Manufactured capital: Manufactured physical objects (as distinct from natural physical objects) that are available to an organization for use in the production of goods or the provision of services, including: (a) Buildings, Equipment, Infrastructure (such as roads, ports, bridges, and waste and water treatment plants). Manufactured capital is often created by other organizations, but includes assets manufactured by the reporting organization for sale or when they are retained for its own use. (3) Intellectual capital: Organizational, knowledge-based intangibles, including: (a) Intellectual property, such as patents, copyrights, software, rights and licences; (b) "Organizational capital" such as tacit knowledge, systems, procedures and protocols. (4) Human capital: People's competencies, capabilities and experience, and their motivations to innovate, including their: (a) Alignment with and support for an organization's governance framework, risk management approach, and ethical values; (b) Ability to understand, develop and implement an organization's strategy; (c) Loyalties and motivations for improving processes, goods and services, including their ability to lead, manage and collaborate. (5) Social and relationship capital: The institutions and the relationships within and between communities, groups of stakeholders and other networks, and the ability to share information to enhance individual and collective well-being. Social and relationship capital includes: (a) Shared norms, and common values and behaviours; (b) Key stakeholder relationships, and the trust and willingness to engage that an organization has developed and strives to build and protect with external stakeholders; (c) Intangibles associated with the brand and reputation that an organization has developed; (d) An organization's social licence to operate. (6) Natural capital: All renewable and non-renewable environmental resources and processes that provide goods or services that support the past, current or future prosperity of an organization. It includes: (a) Air, water, land, minerals and forests; (b) Biodiversity and eco-system health.

The International Sustainability Standards Board (ISSB)'s inaugural standards, IFRS S1 and IFRS S2, mark the beginning of a new era of sustainability-related disclosures in capital markets worldwide. The ISSB Standards will help to improve trust and confidence in company disclosures about sustainability to inform investment decisions. And for the first time, these Standards, issued on 26 June 2023, create a common language for disclosing sustainability-related risks and opportunities on a company's prospects.

The last part of paragraph 2.10 hints at the possibility of not reporting on these capitals: it says: "although as discussed in paragraphs 2.17–2.19, organizations preparing an integrated report are not required to adopt this categorization". But paragraph 2.19 states: "Regardless of how an organization categorizes the capitals for its own purposes, the categories identified in paragraph 2.15 are to be used as a guideline to ensure the organization does not overlook a capital that it uses or affects".

There are many other matters of importance in the Framework but in the interest of not making this article excessively time consuming for you to read, let me return to the vague directive contained in the NSE ESG Disclosures Guidance Manual. As I mention above, the sentence "listed companies are expected to include a sustainability/ESG report in their *'annual integrated reports'* could be understood to mandate that all annual reports are henceforth required to be *"integrated reports"*. However, "listed companies are expected to include a sustainability/ESG report in their *'annual integrated reports'*" could mean that, rather than the company following the alternative route: "Issuers can also choose to publish a separate ESG/sustainability report", what they can do is to integrate the ESG report in the "Annual Report and Financial Statements: that is what a number of NSE listed companies do currently.

The International Sustainability Standards Board (ISSB)'s inaugural standards, IFRS S1 and IFRS S2, mark the beginning of a new era of sustainability-related disclosures in capital markets worldwide. The ISSB Standards will help to improve trust and confidence in company disclosures about sustainability to inform investment decisions. And for the first time, these Standards, issued on 26 June 2023, create a common language for disclosing sustainability-related risks and opportunities on a company's prospects. The ISSB Chair, Emmanuel Faber (who as stated above was recently in Nairobi at the invitation of ICPAK and spoke at an event organized by ICPAK) launched the Standards at an IFRS Foundation Conference in London. Faber explained how the concepts of the Integrated Reporting Framework have been embedded in the heart of IFRS S1. He encouraged the continued use of the Integrated Reporting Framework.

He pointed out that the Integrated Reporting Framework, when used together with ISSB Standards, can support a holistic view of the value creation process through governance and business model disclosure to drive connections between financial statements and sustainability-related financial disclosures. By referring to this articulation of the value creation process, a company will be better placed to explain how it is working within its business model and value chain to manage the sustainability-related risks and opportunities that can affect its performance and ability to deliver financial value for investors over the short, medium and long term.

Accountants are charting new territory when they venture into sustainability reporting. But let us become more expert that the sustainability experts so that we remain relevant for the future.

Navigating Financial Reporting

Unravelling The Crucial Role of FRS 1 In Framework Development

By CPA Lucas Baraza William

Financial reporting serves as a cornerstone of corporate transparency and provides stakeholders with critical insight into a company's financial health.

Among the multitude of financial reporting standards, FRS 1 occupies a key position and acts as the basis for how companies present their financial information. This comprehensive analysis explores the multi-faceted reasons why FRS 1 is considered the core of financial reporting, highlighting its role in standardisation, clarity and transparency.

Standardization

FRS 1 plays a key role in ensuring consistency of financial statement presentation. By establishing a set of guidelines and principles, it creates a standardized framework that companies must follow when preparing their financial reports. This standardization is necessary to facilitate easy comparison of the financial results of different companies. Investors, creditors and other interested parties can analyse financial statements with confidence, knowing that FRS 1 provides a common language for reporting.

Example: Consider a scenario where two companies in the same industry adopt different reporting methods for revenue recognition. Without a standardized framework such as FRS 1, comparing their financial performance is difficult. FRS 1 removes these inconsistencies by mandating consistent practices and promoting a level playing field for stakeholders.

Clarity

One of the primary functions of FRS 1 is to specify minimum requirements for the content of financial statements. This not only sets a baseline for the information that companies must include, but also ensures that users have access to the essential data needed to make informed decisions. FRS 1 increases the clarity of financial reporting by introducing a clear structure for the presentation of financial information and enabling stakeholders to quickly understand key aspects of a company's financial position.

Example: Consider the disclosure requirements in FRS 1 relating to the presentation of cash flow statements. These requirements ensure that users have a clear picture of a company's operating, investing and financial activities, enabling them to accurately assess its cash flow position.

Transparency

Transparency is a cornerstone of FRS 1 as it requires companies to disclose their accounting judgments and assumptions. This level of openness allows users to gain a deeper understanding of the financial statements and the underlying methodologies used in their preparation. FRS 1 promotes transparency in financial reporting and strengthens trust between companies and their shareholders. This transparency is essential for investors and creditors to assess the reliability and relevance of financial information.

> **FRS 1 plays a key role in ensuring consistency of financial statement presentation. By establishing a set of guidelines and principles, it creates a standardized framework that companies must follow when preparing their financial reports. This standardization is necessary to facilitate easy comparison of the financial results of different companies. Investors, creditors and other interested parties can analyse financial statements with confidence, knowing that FRS 1 provides a common language for reporting.**

Example: Imagine a company that makes significant accounting estimates for its long-term projects. FRS 1 mandates the disclosure of these estimates and key assumptions. This transparency helps stakeholders evaluate the level of uncertainty associated with the reported data and make more informed decisions.

Studies conducted

While specific studies directly focusing on the key importance of FRS 1 are rare, there is extensive research on the broader topic of financial reporting standards. Financial reporting standards, including FRS 1, offer several benefits that contribute to the overall quality and effectiveness of financial reporting.

Better comparability

Financial reporting standards such as FRS 1 increase comparability by mandating consistent accounting methods. This consistency makes it easier to compare financial performance between different companies. Investors and shareholders benefit from a standardized approach that allows them to make more informed decisions based on comparable financial statements.

Example: Research studies have shown that countries adopting International Financial Reporting Standards (IFRS), which share similarities with FRS 1, experience increased comparability in financial reporting. This comparability contributes to better decision-making by global investors.

Improved decision making

Financial reporting standards help investors and stakeholders make better decisions about companies. By providing a consistent and reliable source of information, these standards contribute to informed decision-making. Investors can rely on the accuracy and consistency of financial statements prepared in accordance with FRS 1, leading to more effective decision-making.

Example: Studies have shown that companies adhering to strict financial reporting standards tend to attract more favourable ratings from analysts and investors. This positive perception stems from increased confidence in the reliability and consistency of reported financial information.

Increased efficiency

Financial reporting standards streamline the analysis of financial statements and reduce the time and cost associated with understanding complex financial information. This efficiency benefits both investors and other stakeholders and contributes to smoother capital markets operations. FRS 1, as part of a wider financial reporting framework, plays a role in optimizing market efficiency by providing a standardized approach to financial reporting.

Example: Research results indicate that markets with well-established financial reporting standards have shorter processing times for financial information. This efficiency allows investors to make timely decisions, which contributes to a more dynamic and responsive capital market.

Research: To delve deeper into the importance of financial reporting standards and their impact on decision making and market efficiency, researchers can explore different avenues:

Academic journals

Search academic databases for research papers that focus on financial reporting standards, decision making and market efficiency. Use keywords such as 'financial reporting standards', 'financial reporting quality' and 'comparability in financial statements' to identify relevant studies.

Example: A review of academic journals such as the Journal of Accounting Research or Accounting Review can provide insight into empirical studies conducted on the impact of financial reporting standards on decision-making processes.

Financial regulatory authorities

Explore the websites of financial regulators such as the Financial Reporting Council (FRC) and the International Accounting Standards Board (IASB). Search for research papers, publications or studies related to the wider implications and benefits of financial reporting standards.

Example: The FRC's publications section may contain reports or research articles outlining the rationale for particular financial reporting standards and illuminating their overall meaning and impact.

FRS 1 represents a critical foundation for financial reporting frameworks that offer standardization, clarity and transparency. While direct studies of FRS 1 may be limited, wider research on financial reporting standards highlights their importance in promoting comparability, improving decision-making and increasing market efficiency. As we navigate the complex environment of global finance, the role of FRS 1 in shaping a robust and reliable financial reporting ecosystem is becoming increasingly apparent.

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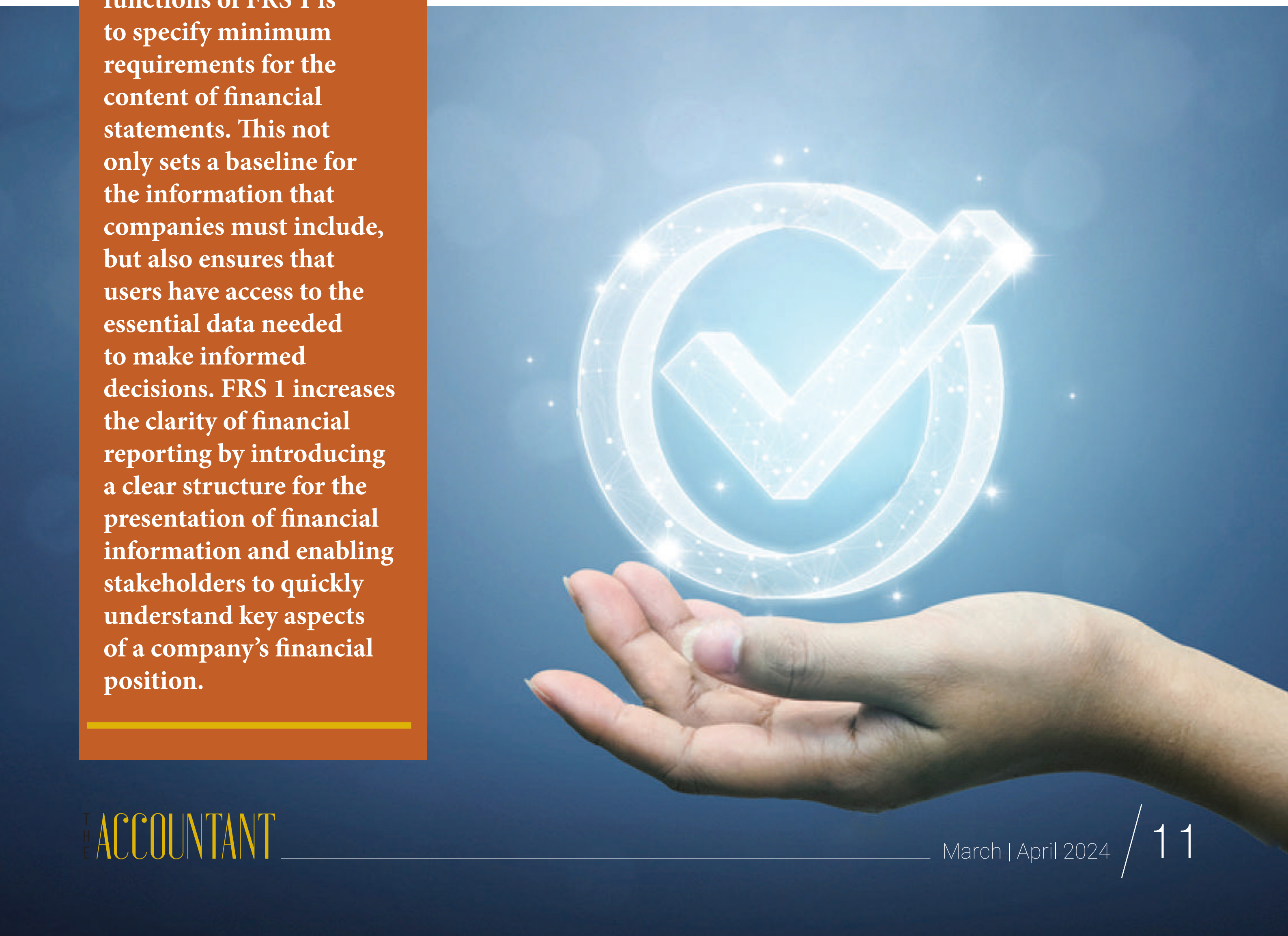

Empowering Women and Girls in Leadership

A Strategic Imperative for Companies, Firms and Organizations

By CPA Lucas Baraza William

In the evolving environment of the corporate world, gender diversity and inclusivity have come to the fore as critical elements for success. Given the untapped potential of women and girls in leadership positions with companies, firms and organizations, it now offers an opportunity and responsibility to actively promote gender diversity in leadership.

This comprehensive guide explores a multifaceted approach to empowering women and girls, fostering an environment where they can not only break down existing barriers, but thrive as women leaders. The strategies below focus on building awareness, enhancing knowledge, and strengthening connections and support while strengthening the undeniable business case for gender diversity in leadership.

Building awareness

Challenge Unconscious Bias: Unconscious biases are deep-seated societal stereotypes that can hinder the advancement of women and girls in leadership roles. These biases often operate at a subconscious level and influence decision-making processes. To address this, individuals and organizations must first acknowledge and challenge their biases. Awareness campaigns and training can help employees recognize and mitigate unconscious biases. As a tool, we can help explore and understand how these biases work and promote mindfulness in decision-making processes.

Highlight positive role models: Positive role models play a key role in inspiring the next generation of leaders. By showcasing successful female leaders in a variety of fields, companies can provide tangible examples of success, break down stereotypes, and illustrate the diverse possibilities for women in leadership. From technological innovators to political pioneers, highlighting positive role models can redefine society's perception of women's leadership roles. I can provide information and stories about successful leaders to create a repository of various achievements.

Enhancing knowledge

Providing resources: Knowledge is a powerful tool in empowering women and girls. Connecting individuals with online resources or organizations that focus on women's leadership development can be transformative.

Platforms such as UN Women, lean in and the International Women's Forum offer valuable insights, mentoring programs and support networks. We can provide direct links and information to these resources, help empower women and girls, and facilitate their access to networks that can help shape their leadership journeys.

Sharing leadership skills: Leadership skills are universal and essential for both women and men who aspire to leadership roles. Communication, decision-making, and conflict resolution are essential skills that can be honed to successfully handle leadership responsibilities. Offering training programs and workshops that focus on developing these skills, tailored to the unique experiences of women and girls, can create a foundation for effective leadership. I can provide information and guidance to develop these skills and create an environment where leadership skills can be cultivated regardless of gender.

> **Providing resources: Knowledge is a powerful tool in empowering women and girls. Connecting individuals with online resources or organizations that focus on women's leadership development can be transformative. Platforms such as UN Women, lean in and the International Women's Forum offer valuable insights, mentoring programs and support networks.**

Connection Support and Support

Encouraging mentorship and sponsorship: Mentorship and sponsorship programs are essential in providing guidance and support to women and girls on their leadership journey. Mentoring involves experienced individuals sharing their knowledge and advice, while sponsorship actively advocates for individuals' advancement within the organization. These programs create a support network that helps the personal and professional development of female employees. Understanding the benefits of such programs and connecting with potential resources in the community is vital. We can help navigate the mentorship and sponsorship landscape and point to potential opportunities for women and girls.

Facilitating networking opportunities: Networking is a key element of career progression, providing opportunities for discovery, mentorship and collaboration. Identifying online or offline networking groups specifically focused on women's leadership can open the door to connecting with other women and potential mentors. These networks offer women and girls a platform to share experiences, exchange knowledge and create a sense of community. I can help identify these groups and foster an environment where women and girls can build meaningful connections that will contribute to their growth as leaders.

The Business Case for Gender Diversity in Leadership

Numerous studies highlight the tangible benefits of supporting women and girls in leadership roles. These studies not only highlight the societal importance of gender diversity, but also present a compelling business case for companies and organizations to actively support women in leadership roles.

McKinsey & Company - Financial performance: A 2020 study by McKinsey & Company found that companies with more women in leadership positions show better financial performance. A study found that companies with the highest representation of women on their executive committees outperformed companies with the lowest representation by 21% in terms of profitability (McKinsey & Company Study - Women in the Workplace).

Peterson Institute for International Economics - Economic Power: A 2019 study by the Peterson Institute for International Economics found that countries with more women in leadership roles have stronger economies. A study revealed that a 10% increase in the number of women in leadership positions is associated with a 1.3% increase in GDP per capita (Peterson Institute for International Economics - Women in Business and Management).

World Bank - Innovation: A 2018 World Bank study found that companies with more women in leadership roles are more innovative. A study found that companies with more women on boards are more likely to introduce new products and services (World Bank - Gender and Private Sector Innovation).

Studies show a clear and compelling business case for supporting women and girls in leadership. Companies and organizations that are serious about diversity and inclusion should take active steps to support women in leadership roles, not only for ethical reasons, but also to improve their overall performance and innovation.

Empowering women and girls in leadership is a strategic imperative, not just a moral obligation. By fostering awareness, knowledge, connection and support, organizations can build resilience and innovation. Companies recognize the business benefits of gender diversity and contribute to a world where everyone can thrive, regardless of gender.

It is essential to integrate women's empowerment into a sustainable business strategy, breaking down barriers and overcoming stereotypes. Working together, we can create an inclusive corporate environment, harnessing diverse talent for a future where leadership transcends gender boundaries and promotes equality and inclusivity.

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Mastering the Art of Property Financing

Home ownership Is Not Just a Transaction; It's A Significant Chapter in Your Financial Story

By Diana Mbugua

Real estate investment is a dream for many here in the country, and property financing plays a pivotal role in turning this dream into reality. Whether you're considering purchasing your dream home, investing in rental properties, or participating in property development, understanding the nuances of property financing is essential. In this guide, I will explore the various aspects of property financing in Kenya to help you make informed decisions.

Understanding Property Financing

Property financing is the process of obtaining funding to purchase, develop, or invest in real estate properties. Property financing is significant in facilitating real estate transactions, making it accessible to a wide range of investors. It encompasses various financing options, each suited to different investment goals.

Types of property financing to consider...

1. **Mortgage Loans**
   - Mortgage loans are one of Kenya's most common ways to finance property purchases.
   - Eligibility criteria typically include proof of income, a good credit history, and a down payment.
   - Borrowers can choose between fixed-rate and variable-rate mortgages, each with its own advantages and considerations.

(Even if there are still concerns about the cost of the facilities, the government has been working to increase the uptake of mortgages through organizations like Kenya Mortgages Refinance Company (KMRC). The company, which was established in 2018, raises long-term capital to lend to participating lenders, such as microfinance organizations, commercial banks, and savings and credit cooperatives (SACCOs). After then, the lenders are able to match the maturities of the long-term credit that KMRC makes available to them with some of the house loans that they provide to borrowers, which leads to cheaper interest rates and more affordable conditions.)

2. **Developer Financing**
   - Many developers in Kenya offer financing options for off-plan purchases.
   - These arrangements often involve flexible payment schedules and reduced initial costs.
   - Investors can secure properties at the early stages of development, benefiting from potential appreciation.

3. **Real Estate Investment Trusts (REITs)**
   - REITs provide an opportunity to invest in real estate properties without directly owning them.
   - Investors buy shares in REITs, which generate income through rental properties or property sales.
   - REITs are regulated by the Capital Markets Authority in Kenya.

(Kenya has permitted four businesses with a combined market valuation of approximately 42.6 million dollars since the establishment of REITS in 2013. These consist of the LAPTRUST Imara I-REIT, Acorn I-REIT, FAHARI I-REIT, and Acorn D I -REIT.)

4. **Property Crowdfunding**
   - Property crowdfunding platforms

have gained popularity as a means of collective property investment.

- Investors contribute small amounts to fund a property project and receive returns based on the project's success.
- Crowdfunding offers a diversified investment approach.

Financing options: Choosing the right financing option depends on your financial situation, investment goals, and risk tolerance. Consider factors such as interest rates, repayment terms, and associated costs. Consulting with a financial advisor can help you make an informed choice.

Factors to Consider in Property Financing:

Interest Rates

- **Fixed vs. Variable Rates:** Fixed interest rates remain constant throughout the loan term, providing stability in monthly payments. Variable rates, on the other hand, fluctuate with market conditions, potentially affecting the total interest paid over time.
- **Market Conditions:** Interest rates are influenced by economic conditions. Monitoring economic trends and interest rate forecasts can help borrowers make strategic decisions.

> **Choosing the right financing option depends on your financial situation, investment goals, and risk tolerance. Consider factors such as interest rates, repayment terms, and associated costs.**

Repayment Terms

- **Loan Duration:** The repayment term, commonly expressed in years, determines the length of time over which you'll repay the loan. Shorter terms often come with higher monthly payments but lower overall interest costs.
- **Amortization Schedule:**
  Understanding how the loan is amortized helps in visualizing how much of each payment goes towards principal and interest.

Associated Costs

- **Closing Costs:** These include fees for loan origination, appraisal, title insurance, and legal services. Understanding these upfront costs is crucial for budgeting.
- **Down Payment:** The amount paid upfront affects the loan-to-value ratio and influences mortgage insurance requirements.
- **Private Mortgage Insurance (PMI):** If the down payment is less than 20%, lenders may require PMI, adding an extra cost to the monthly payment.
- What to Expect from a Financial Advisor in Property Financing?

Financial Assessment

- A financial advisor will conduct a thorough analysis of your current financial situation, including income, expenses, assets, and liabilities.

Goal Identification

- Understanding your investment goals and risk tolerance is essential. Are you looking for short-term gains, long-term wealth accumulation, or a balance between the two?

Loan Options and Comparison

- Advisors can explain various loan options, their implications, and help you compare interest rates, repayment terms, and associated costs.

Budgeting and Affordability

- Advisors assist in creating a budget to determine how much you can afford in terms of monthly mortgage payments, ensuring financial stability.

Risk Management

- Assessing the risks associated with different financing options and helping you choose one aligned with your risk tolerance and financial goals.

Market Insights

- Providing insights into current market conditions, interest rate trends, and economic factors influencing financing decisions.

Customized Recommendations

- Tailoring recommendations based on your unique financial situation, ensuring that the chosen financing option aligns with your broader financial plan.

Continuous Support

- Offering ongoing support throughout the property financing process, addressing any concerns or questions that may arise.

In essence, a financial advisor serves as a guide, helping you navigate the complexities of property financing. They bring expertise in financial planning, market dynamics, and risk management to ensure that your financing decisions align with your broader financial objectives.

Requirements and Eligibility: Lenders typically require documentation such as proof of income, bank statements, and a credit report. Meeting eligibility criteria is crucial to securing financing. Maintain a good credit history and ensure you meet down payment requirements.

Interest Rates and Costs: Interest rates on property loans can vary; they are influenced by market conditions, the lender's policies, and the type of loan. Be aware of additional costs such as legal fees, valuation fees, and insurance premiums when budgeting for your property purchase.

Market Trends: Stay informed about market trends, government incentives, and initiatives that may impact property financing in Kenya. Be aware of how economic factors can affect interest rates

Tips for Successful Property Financing:

Credit Score Management

- **Importance of a Good Credit Score:** Your credit score significantly influences the interest rate you'll qualify for. Maintaining a high credit score demonstrates financial responsibility and can result in lower borrowing costs.
- **Timely Bill Payments:** Paying bills on time, including credit cards, loans, and other debts, positively impacts your credit score. Late payments can have adverse effects.

Negotiating Financing Terms

- **Understand Your Financial Position:** Before negotiating, thoroughly understand your financial position, including income, expenses, and existing debts. This knowledge empowers you during negotiations.
- **Interest Rates and Loan Terms:** Negotiate not only the interest rate but also other loan terms, such as the duration of the loan, prepayment penalties, and any potential fees.

Working with Mortgage Brokers or Financial Advisors

- **Broker vs. Bank:** Mortgage brokers can offer a variety of loan options from different lenders, potentially securing more favorable terms. Financial advisors bring broader financial planning insights.
- **Access to a Network:** Professionals in the mortgage industry often have access to a network of lenders, increasing your chances of finding a suitable financing option.

Embarking on the journey of property financing requires a blend of financial acumen, strategic planning, and a commitment to long-term goals. From nurturing a stellar credit score to adept negotiation skills and the invaluable guidance of mortgage brokers or financial advisors, each step plays a pivotal role in achieving successful property financing. Remember, the path to homeownership is not merely a transaction; it's a significant chapter in your financial story. So, as you navigate the intricacies of interest rates, repayment terms, and associated costs, do so with a clear vision of your financial future. By following these tips and insights, you'll not only secure a comfortable home but also lay the foundation for enduring financial well-being.

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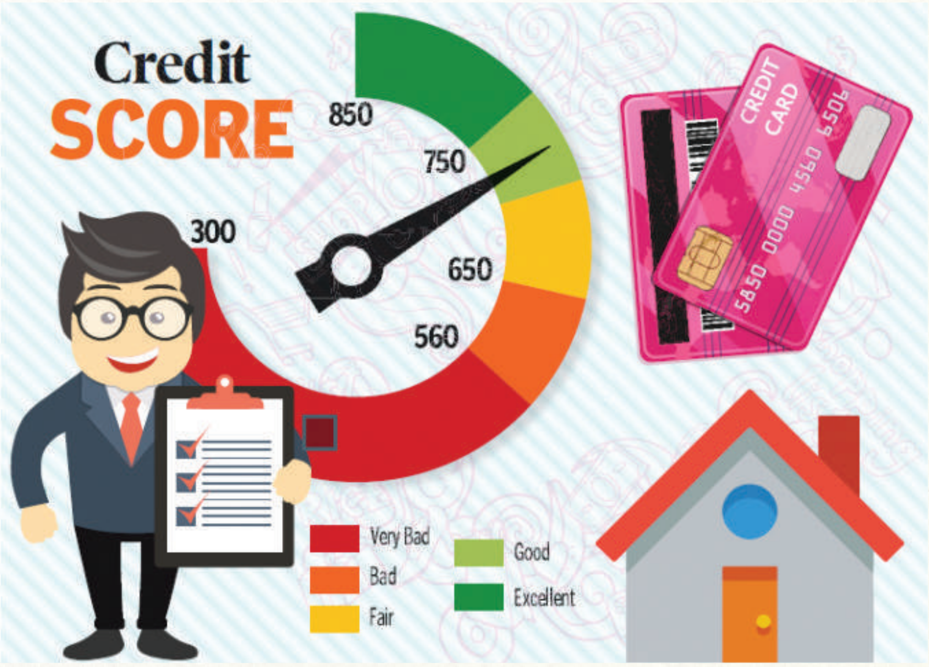
> **In essence, a financial advisor serves as a guide, helping you navigate the complexities of property financing. They bring expertise in financial planning, market dynamics, and risk management to ensure that your financing decisions align with your broader financial objectives.**



Unblock The Power: Embracing Accrual Concept In Preparation Of Financial Statements

Accrual Accounting Proves to Be an Excellent Methodology for A Company to Manage Debt, Income, And Financial Activity

By CPA Dr. Zipporah Obonyo Nyachwaya

The main purpose of accounting information is to provide a true and fair view of the economic organization of reporting entities in order to support economic decisions by their stakeholders.

Companies can choose the best method of accounting

which is suitable for the preparation of their financial statements.

The available options are accrual basis accounting and cash methods. The term accrual accounting typically has an association with innovations in accounting. These innovations include recognizing economic events in flow reports when they occur and when the related cash receipts and payments change hands. The economic events may directly generate a corresponding or simultaneous cash flow, but in many cases, such as depreciation, revaluations, or impairment, they do not. This draws a thin line between cash and accrual bases...The recording of all stocks of assets and liabilities in balance sheets. Any organization that follows pure cash accounting bases accounts for their cash holdings on the assets side and, possibly, debt on the liability side of their balance sheets. These are often valued at "book value", or the value at which they were initially acquired or issued. Under accrual accounting, it ensures recognition of all assets and liabilities, including financial assets (such as equities), non-financial assets (such as land and buildings), and liabilities other than debt securities and bonds (such as payment arrears and pension obligations).

Below is more insight of the two accounting methods;

Accrual Accounting

Under this method, revenue

is accounted for when it is earned. Unlike the cash method, the accrual method records revenue when a product or service is delivered to a customer with the expectation that money will be paid in the future. In other words, money is accounted for before it›s received. Likewise, expenses for goods and services are recorded before any cash is paid out for them. So, the revenue earned and expenses incurred are entered into the company›s journal regardless of when money changes hands.

Accrual accounting is usually compared to cash basis of accounting, which records revenue when the goods and services are actually paid for, thus the difference being timing of recording the transaction. The accrual method follows the matching principle, which ensures that revenues and expenses should be recognized in the relevant period. Accrual accounting uses the double-entry accounting method. This method allows the current and future cash inflows or outflows to be combined and to give a more accurate picture of a company's current and long-term finances. Therefore, the accrual-basis accounting method ultimately provides a greater overview of the business's financial health position, taking far more into account than cash flow or cash on hand. Accrual accounting is encouraged by International Financial Reporting Standards (IFRS) and Generally Accepted Accounting Principles (GAAP). As a result, it has become the standard accounting practice for most companies.

> Accrual accounting makes it easier to distinguish assets and liabilities by keeping up-to-date records of what items fall into either category and for how long.

This method arose from the increasing complexity of business transactions and a desire for more accurate financial information. The recognition and measurement or valuation of complex transactions, and assets and liabilities (e.g., finance leases, private-public partnerships (PPP), financial instruments, and intangible assets). Selling on credit and projects that provide revenue streams over a long period affect a company›s financial condition at the time of a transaction. Therefore, it makes sense that such events should also be reflected in the financial statements during the same reporting period that these transactions occur.

Cash Basis Accounting

Under this method, revenue is reported on the income statement only when cash is received and expenses are recorded only when cash is paid out. This leads to easier tracking of cash flow of the company, on the contrary it might overstate or understate the health of a company that is cash-rich since it does not recognize accounts receivables and payables. As a result, shareholders, investors and other users of the financial statement might conclude that the company is making a profit when, in reality, the company might be facing financial difficulties or conclude that it is making losses when the company is stable financially. The cash method is typically used by small businesses and for personal finances thus not accepted under GAAP.

Applications of Accrual Basis

- Larger companies are required to use the accrual method of accounting if their average gross receipt of revenues is more than $25 million over the previous three years.
- Any company that files audited financial statements should adopt accrual basis method as a requirement under GAAP.
- Accrual accounting is always required by companies that carry inventory or make sales on credit, regardless of the company size or revenue.
- Tracking assets and liabilities: In addition to cash on hand, businesses also count checks, short-term investments and inventory as assets. Likewise, any unpaid expense is a liability, acknowledged before bills get paid rather than after payments are sent Accrual accounting makes it easier to distinguish assets and liabilities by keeping up-to-date records of what items fall into either category and for how long.
- Accrual-basis accounting meets Generally Accepted Accounting Principles (GAAP)) standards as set by Financial Accounting Standards Board (FASB) thus Public companies have to adopt the accrual method to be compliant.

Why shift to accrual accounting?

- Under accrual accounting, firms have immediate feedback on their expected cash inflows and outflows, making it easier for businesses to manage their current resources, project future financial reports and easy to prepare cash flow statements and recognize financial trends.
- The accrual method provides companies with an accurate picture of the company's financial health. It includes receivables and liabilities, match revenues with expenses, helping the organization to monitor the true profitability trend. In addition, it provides a more accurate picture of a company's financial position.
- The detailed company's finances insight under accrual method

provides a better long-term financial view. The owner of the business can track how much money was earned and spent at a given time, despite payment dates. The insight will help in creating a better plan based on highs and lows throughout the year. Further, it gives a very clear picture of financial responsibilities

> **Accounting methods are tools for businesses to use in order to record their finances and keep track of their finances. The two most popular accounting methods that businesses use are accrual accounting and cash accounting. When comparing the two methods, the cash accounting method is an easier way to record financial records and track cashflow. However, its usage is restricted to businesses that do not offer credit to customers or maintain product inventory since it does not recognize receivables and payable.**

and financial resources. Accrual accounting proves to be an excellent methodology for a company to manage debt, income, and financial activity.

How to choose the right accounting method for your business

The differences between cash and accrual-based accounting often depend on the size of your business and its average annual revenues. Generally, small businesses prefer cash accounting as it's easier to understand and maintain. Although accrual accounting doesn't provide easier way of tracking cash flows, it helps organizations to get a clear idea of expenses and income for a given accounting period. The International Reporting Standard (IRS) gives guidelines on how to choose the best accounting method for the business. According to IRS the company cannot adopt cash method if the business:

- Offers credit to customers or maintains product inventory since it does not take into account receivables and payables. A company whose gross receipts cross the $25 million threshold is restricted from adopting cash basis as method of accounting thus cash accounting method not suitable for all businesses.
- Accrual accounting is the better choice for the business that handles extensive inventories, for companies whose gross revenue is $ 25 million and above however even small business with gross revenue less than $25 million is applicable. Accrual is being convenient and universal to all kinds of business.

Conclusion

- Accounting methods are tools for businesses to use in order to record their finances and keep track of their finances. The two most popular accounting methods that businesses use are accrual accounting and cash accounting. When comparing the two methods, the cash accounting method is an easier way to record financial records and track cashflow. However, its usage is restricted to businesses that do not offer credit to customers or maintain product inventory since it does not recognize receivables and payable. Without a record of accounts receivable or accounts payable, may inadvertently cause the omission of certain assets and liabilities. In addition, it may be harder to correctly grasp a business's current financial health, potentially causing major discrepancies. Secondly, it is only applicable to sole proprietors and businesses whose average turnover is below $ 25 million for the last year, whenever the company expands and its earning cross $ 25 million the company is forced to Switch from cash to accrual this can be cumbersome. Starting with accrual accounting from the outset helps organizations to avoid such challenges down the line. Although accrual accounting method, may be more complicated than the cash method, it allows businesses to see expenses as they are happening. It is a transparent method to see actual revenue real-time view and accurate assessment of finances. It is a tool for good management of debt and income and offers a clear picture of a company›s financial health as it smooths out earnings over time.
- Accrual accounting generally makes the relationship between revenue and expenses clearer, providing better insight into profitability. It also offers a more accurate picture of a company's assets and liabilities on its balance sheet. It is the more popular one of the two, being convenient and universal to all kinds of business and conforms to the Generally Accepted Accounting Principles (GAAP).

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Auditing Public Funded Schools for Accountability

How We Can Create Opportunities for Accountants Through Partnership With OAG

CPA Felix Nasubo

The Office of Auditor General should partner with ICPAK to establish a working framework to engage the services of professional accountants in private practice to offer audit services to public schools funded by the government.

This will bridge the gap occasioned by limited manpower due to understaffing in the office of the auditor general and create job opportunities for young and upcoming auditors in the private practice. Young practitioners with small upcoming firms will shall an opportunity to grab these chances and grow professionally in skills development.

Auditing of national government entities is a mandate of the Office of the Auditor General as provided for under Article 229 of the constitution which establishes the office of the Auditor General and gives it powers to audit all public entities and requires it to give a report to parliament, which within three months after receiving an audit report, parliament shall debate and consider the report and take appropriate action. Sub-Article 4 requires that, 'within six months after the end of each financial year, the Auditor-General shall audit and report, in respect of that financial year, on— (b) the accounts of all funds and authorities of the national and county governments; (5) The Auditor-General may audit and report on the accounts of any entity that is funded from public funds; (6) An audit report shall confirm whether or not public money has been applied lawfully and in an effective way. In adherence to these provisions of the law, the office of the Auditor General has a duty to; (a) review and evaluate budgetary performance, financial management, transparency and accountability mechanisms and processes in the public schools (b) to give reasonable assurance on the state of risk management, control and governance within the organization; and (c) review the effectiveness of the financial and non-financial performance management systems of the entities.

Public schools are national government entities that are funded by the exchequer to support education system in the country through free primary and secondary school education. The OAG therefore has a duty to ensure prudent utilization of the funds allocated towards this program and that there's value for money in the education sector. The OAG lacks adequate manpower to audit all government entities both at national and county level and has been outsourcing the services of external audit practitioners to audit these entities.

Since the inception of free primary education in Kenya by the NARC government in 2003, the ministry of education has received huge funding from the exchequer over the years. The lion share of this money has been funding government capitation in the public schools. Over the years, this budget has been increased tremendously as the number of learners triple. When the jubilee government came to power in the year 2013, the government rolled out free secondary schools education in day schools and subsidized secondary education in boarding schools with a government capitation of over half of the fees. Education sector in one of Kenya's biggest sectors funded by the government. In the 2023/2024 budget, over Kenya shillings 200Billion was allocated to fund free primary and secondary schools' education. With this kind of investment by the government, there is need for proper financial management by the school administrators. Over the years, the public has been kept in the dark over the amount of money sent to each school and the expenditure. There has been public outcry in the manner in which some schools have spent the money received from the exchequer. In some instances, parents have complained of financial mismanagement with a good number of audit reports indicating that books of accounts are not properly kept in some schools. Such circumstances normally leave room for manipulation by unscrupulous persons who have access to school funds and therefore there is need to find out ways of ensuring efficient and effective financial management in public schools.

Due to limited manpower experienced, it's in the public interest that the office of the Auditor General partners with the Institute of Certified Public Accountant (ICPAK) and engage the qualified accountants in private practice to undertake the audit services to this public schools. The office of auditor general has had challenges in auditing over 3000 public schools funded by the government. This has led to embezzlement of public funds by rogue public officers entrusted in safeguarding government resources. For instance, in the recent years an audit conducted at the ministry of education revealed a scandal where public officers created a non-existent school in the system and sent money to fictitious bank accounts which was later withdrawn for private use. This is a trend that can be avoided if the government engaged accounts in undertaking a physical audit to these institutions. The school accountants are not independent because they are solely employed at the whims of the school administrators. In some cases, these bursars have been used or colluded with them to swindle money sent to these schools by the government.

In addition, the government through the public service commission should employ qualified accountants who are members of ICPAK to offer accounting services to these schools to ensure prudent financial management in conformity generally acceptable accounting principles. More auditors should also be engaged to much the needs of these institutions who will routinely audit the work of these bursars and accountants employed to examine and review their books of accounts and financial transactions performed for transparency and accountability.

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The Tax Landscape

Kenya's Journey and Global Perspectives

By CPA Peter Kibet Kitur

Taxation, an essential component of any nation's fiscal framework. It plays a significant role in financing public services, addressing societal needs, and facilitating governmental operations.

A tax is a mandatory financial imposition or a form of obligatory charge placed upon a citizen or legal entity by a governing body with the intention of collectively financing government expenditure, public outlays, or to manage and diminish adverse external effects.

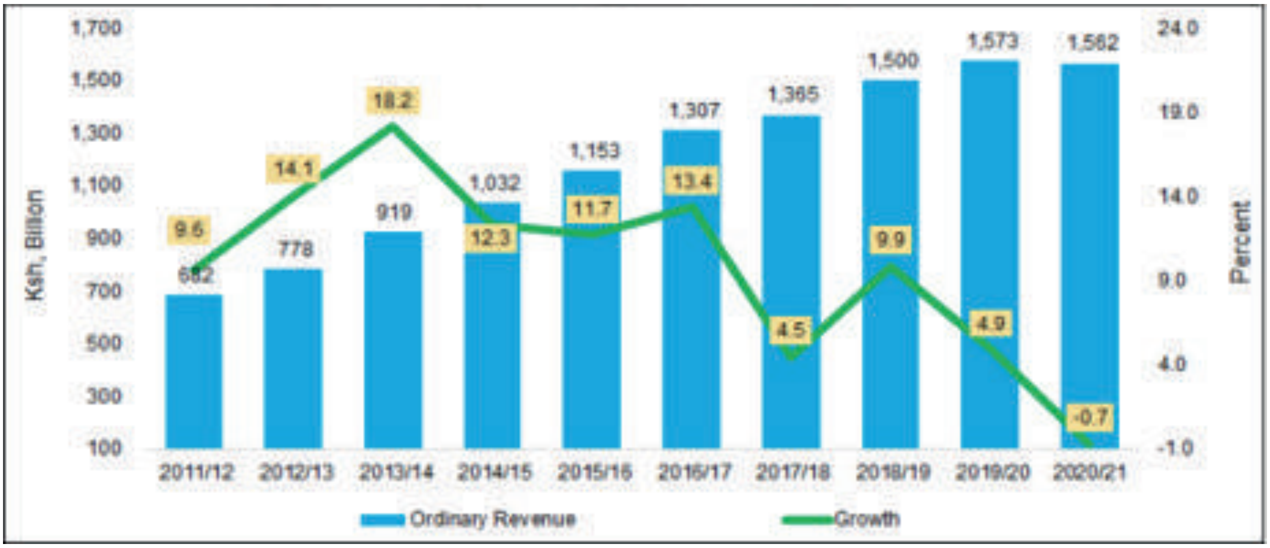
Tax compliance refers to governmental measures and individual conduct directed at ensuring that taxpayers fulfill their financial obligations accurately and promptly, while also availing themselves of appropriate tax allowances and exemptions. The earliest documented instances of levies date back to Ancient Egypt around 3000–2800 BC. Tax can take the form of either direct or indirect.

In Kenya, the first income tax legislation was enacted in 1937. This ordinance remained in effect until 1952 when the Income Tax management Act was enacted. This act laid down the basis of liability, assessment, collection and management. This act was repealed in 1958, and also in 1965. The tax development and enhancement has progressed up to the current reality with Kenya Revenue Authority (KRA) being at an advanced stage of embracing technology where Electronic Tax Invoice Management System (ETIMS) is being roll out amid implementation challenges.

Besides that, Kenya is gearing up for the adoption of national tax policy. As per the National Treasury, the National Tax Policy represents a crucial stride towards achieving the nation's aspiration for an equitable and efficient tax system, fostering fairness in tax administration and ensuring a stable, business-friendly tax environment. It outlines overarching guidelines for tax administration and revenue collection in Kenya, establishing frameworks for tax policy and associated matters. The Tax Policy aims to broaden the tax base for fairness and international standards in administration while ensuring predictability in rates and compliance. It addresses challenges like taxing the informal sector, policy unpredictability, and low compliance, offering recommendations. Additionally, it outlines implementation frameworks and roles for effective policy execution.

Kenya's tax system faces numerous challenges resulting in subpar revenue collection. Despite substantial governmental efforts to overhaul the tax system, Kenya's revenue remains below the East African Community's target of 25 percent of GDP for the EAC Monetary Union. Specifically, ordinary revenue as a proportion of GDP has consistently decreased over the past decade, from 18.2 percent in FY 2013/14 to 13.8 percent in FY 2020/21, underscoring persistent issues within the tax system.

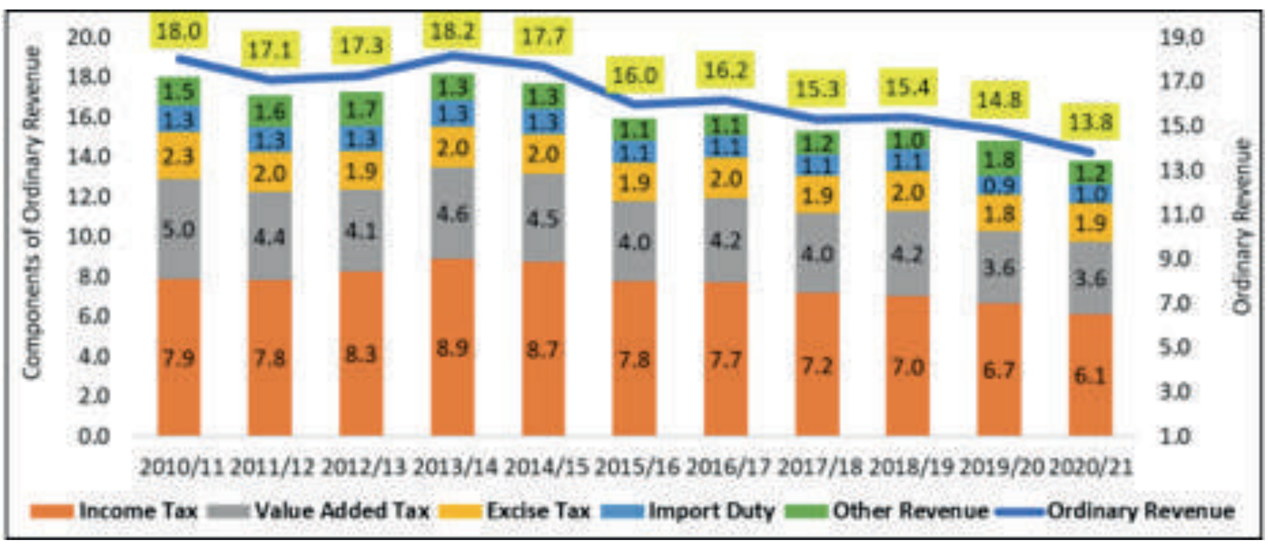
Growth in Absolute Ordinary Revenue (Ksh Billion & Percentage)



Source: National Treasury

Kenya's revenue remains below the East African Community target of 25 percent of GDP for the EAC Monetary Union.

Kenya's Performance of Ordinary Revenue in relation to GDP



Source: National Treasury

Comparison with the East African Countries for 10 years to 2021

Country	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Average
Kenya	17.4	16.8	16.9	18.3	17.6	16.9	16.6	15.7	15.8	14.8	13.8	16.4
Rwanda	13.6	13.9	14.5	14.9	15.1	16.1	15.2	15.6	16.3	15.9	16.6	15.2
Tanzania	11.1	11.4	11.8	12.6	11.7	13.3	13.2	13.4	11.4	12.2	11.4	12.1
Uganda	13.2	12.7	11.1	11.3	12.3	12.8	14.1	14.2	15.4	12.1	13.0	12.9
Burundi	14.1	16.3	15.1	13.6	13.7	13.0	13.4	13.6	14.1	15.8	16.5	14.5
South Africa	24.6	25.0	25.3	26.1	25.7	26.2	26.0	25.8	26.2	26.4	26.0	25.8
EAC Excluding Kenya	13.0	13.6	13.1	13.1	13.2	13.8	14.0	14.2	14.3	14.0	14.4	13.7

Source: EAC Comparative Revenue Data

Despite experiencing the highest tax-to-GDP ratio of 18.3% in 2013/2014, Kenya's overall average stands at 16.4% over the period. This places Kenya ahead of its East African counterparts like Rwanda, Burundi, Tanzania, and Uganda, which have maintained relatively lower tax-to-GDP ratios ranging from 12.1% to 15.2%. These variations reflect diverse economic structures and tax policies across the region, highlighting Kenya's comparatively stronger revenue mobilization efforts.

> **Meanwhile, South Africa stands out with a tax-to-GDP ratio of 25.8%, significantly surpassing the East African countries and underscoring its more mature and diversified economy.**

Meanwhile, South Africa stands out with a tax-to-GDP ratio of 25.8%, significantly surpassing the East African countries and underscoring its more mature and diversified economy.

Insights from Organization for Economic Co-operation and Development (OECD) Trends

The provisional data from OECD countries for the Revenue Statistics 2023 publication unveils a nuanced picture of global tax revenues relative to GDP. In 2022, the average tax-to-GDP ratio across OECD nations stood at 34.0%, marking a slight decrease of 0.15 percentage points from the previous year. This dip, the first since 2019, comes on the heels of two consecutive years of increases, a trend shaped by the tumultuous economic landscape during the COVID-19 pandemic. Notably, Denmark experienced the most significant decline, with its tax-to-GDP ratio plummeting by 5.5 percentage points, accentuated by reductions in income taxes and taxes on goods and services. This shift underscores the vulnerability of tax revenues to economic fluctuations and underscores the importance of adaptive fiscal policies to sustain revenue streams amidst evolving circumstances.

Furthermore, examining specific countries within the OECD reveals a diverse array of tax-to-GDP dynamics. While France maintained its position with the highest tax-to-GDP ratio at 46.1%, Norway closely followed with 44.3%, whereas Mexico showcased the lowest ratio at 16.9%.

Among notable changes, Korea emerged with the largest increase in tax-to-GDP ratio at 2.2 percentage points, attributed primarily to upticks in revenues from corporate income tax and value-added tax. Conversely, Turkey witnessed a noteworthy decline of 2.0 percentage points, primarily due to decreases in social security contributions and personal income tax revenues. These fluctuations underscore the intricate interplay between economic factors and tax policy decisions, shaping the fiscal landscapes of nations within the OECD.

The rationale of the National Tax Policy

It is rooted in the imperative of robust domestic resource mobilization to advance the country's development agenda. Key objectives include:

- Growing tax revenue to meet increasing spending pressures and reduce fiscal deficits.

- Providing a legal framework for tax incentives to support government programs effectively.
- Ensuring coherence and certainty in tax laws amid amendments.

> **Taxation remains a cornerstone of economic governance, serving as a vital instrument for funding public services and driving socio-economic development. The journey of taxation in Kenya, from its historical roots to contemporary challenges, underscores the critical importance of effective tax policies and administration.**

- Improving information gathering and sharing for better tax collection and compliance.
- Streamlining the tax refund process to alleviate liquidity constraints on businesses.
- Addressing complexities in tax legislation and administration to enhance the ease of business in the country.

By addressing these critical aspects, the National Tax Policy aims to optimize revenue mobilization, foster economic growth, and ensure effective governance of the tax system in Kenya.

Taxation remains a cornerstone of economic governance, serving as a vital instrument for funding public services and driving socio-economic development. The journey of taxation in Kenya, from its historical roots to contemporary challenges, underscores the critical importance of effective tax policies and administration. The development of the National Tax Policy by the National Treasury reflects a proactive approach towards addressing the complexities and inefficiencies within the country's tax system. However, the success of the National Tax Policy ultimately hinges on its implementation and enforcement.

Concerted efforts from government institutions, taxpayers, and other stakeholders will be crucial in realizing the objectives outlined in the policy.

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The Looming Danger of Fake Credentials

Surge in Forged Qualifications Undermines Growth

By CPA Samwel Baraka Ochieng

A disconcerting revelation regarding fake certificates recently surfaced within the public service, as detailed in a report by the Public Service Commission (PSC). This discovery sparked concern and raised questions about the efficacy and integrity of our institutions and systems.

Established by the Government of Kenya, the PSC boasts a rich historical lineage dating back to the colonial era. Initially known as the Civil Service Commission, it was instituted by the British Colonial Government to provide advisory roles to the Governor in matters of appointments, making it the oldest constitutional commission in the country. Moreover, substantial transformations ensued with the enactment of the Constitution of Kenya in 2010, which redefined and broadened the commission's mandate in pursuit of citizen-centric public service.

In October 2022, the PSC directed all ministries, state departments, state agencies, and state corporations to conduct an audit of the academic and professional certificates of all officers who were appointed in the last ten years, intensifying its crackdown to weed out public servants who obtained their positions using fake qualifications. Additionally, they were instructed to continuously verify the validity of academic and professional certificates before making any appointments. In February 2024, a disturbing 2,067 forgery cases were identified in the PSC's report, but this may be just the tip of the iceberg. This report was handed over to the Ethics and Anti-Corruption Commission (EACC) and the Directorate of Criminal Investigations (DCI) for necessary legal action against the offenders. In that joint presser held at the Commission House, the heads of the PSC, the EACC, and the DCI pledged to collaborate in rooting out public officers with fake academic credentials. EACC Chief Executive

Officer Twalib Mbarak stated, "When we start using fake certificates, the message we are sending to the world is that don't rely on the Kenyan certification system. You are undermining the education system of this country." On his part, the DCI boss emphasised, "The effects of hiring unqualified employees decrease productivity and performance, lower the quality of work, and have a negative impact on team morale." This threat likely extends beyond the public sector and poses risks to the private and non-governmental sectors as well.

Alarmingly, there has been a concerning surge in unethical—and indeed, illegal—conduct among a segment of the public, facilitated by the deeply ingrained nepotism, corruption, cronyism, favouritism, discrimination, and other malpractices deeply rooted in all sectors' hiring processes. Some reflections are better kept at arm's length, yet we are compelled to confront them: Is that lecturer genuinely qualified to lead those sessions? Is that accountant endowed to advise on the financial health of that establishment? And, perhaps most importantly, is that healthcare provider a competent person to entrust with your life? These are some of the startling questions left lingering by the PSC report's revelations. The statistics suggest that the danger may be great and the harm potentially irreversible, as people have provided audit opinions despite lacking the capacity to suggest any; numerous graduates have been misguided by charlatans, dimming their prospects; and tragically, many lives have been needlessly sacrificed on the altar of incompetence.

> **"When we start using fake certificates, the message we are sending to the world is that don't rely on the Kenyan certification system. You are undermining the education system of this country." On his part, the DCI boss emphasised, "The effects of hiring unqualified employees decrease productivity and performance, lower the quality of work, and have a negative impact on team morale."**

Kenya's national development blueprint, Vision 2030, is built on the economic, social, and political pillars. These pillars are deeply rooted in fundamental principles such as macroeconomic stability; infrastructural development; science, technology, and innovation; land reforms; human resources development; security; and public sector reforms. This vision embodies a multifaceted approach to development, requiring synergistic collaboration among governmental bodies, civil society organisations, private enterprises, and international allies. Its overarching objective is to elevate the collective quality of life and well-being of the citizens while fostering sustainable and inclusive growth for future generations. However, it is imperative to emphasize that achieving these aspirations hinges largely on the integrity and efficacy of Kenya's human resource development system. Any attempt to put the system in question has profoundly disturbing consequences for the economy, with a ripple effect that reverberates throughout society in some of the following ways:

1. **Undermines Meritocracy**

   American author Christopher Hayes once said, in an interview with Jake Blumgart, a Philadelphia-based writer and researcher, "Meritocracy is our social ideal, particularly among good liberals. Equality of opportunity, but not of outcome. Not evaluating people by their outward features, but by their innate talent and drive." However, the prevalence of counterfeit qualifications undermines the very principles of meritocracy, which are vital for the effective governance and economic progress of any nation. The educational system is intricately designed to instil the impetus not only to undertake tasks but to execute them expertly, and it's upon this foundational principle that talents are honed. Thus, when individuals attain positions through falsified academic and professional credentials rather than genuine competence and merit, it undermines the quality of work processes and hinders the achievement of national objectives. Additionally, it discourages hard work and commitment within society. Therefore, ensuring integrity in credentialing and upholding meritocratic principles is crucial for fostering a fair and prosperous nation.

2. **Diminishes trust in our Institutions and Systems**

   Nelson Mandela once said, "Education is the most powerful weapon you can use to change the world." So, it's no surprise that the Kenyan government has public spending on the education sector a 17.1% of the total government expenditure in the FY'2023/24 budget. However, the strength of the educational system and its institutions depends on the ethical safeguards put in place. The rise of fake qualifications has greatly undermined public trust in the institutions responsible for issuing, vetting, and ensuring the integrity of qualifications in the country. The country has worked hard to build these systems layer by layer, and any attempt to undermine them must be resisted with the same amount of energy. Losing trust not only affects the credibility of educational institutions, government bodies,

> **Businesses may suffer financial setbacks from hiring individuals with fake qualifications who may lack the necessary skills for the roles they are either appointed to undertake or for promotions. This mismatch between job requirements and employee capabilities often results in decreased productivity, missed opportunities, and wasted resources. Furthermore, the prevalence of counterfeit qualifications worsens the unemployment rates of a country as genuine talent may be foregone in favour of fraudulent credentials.**

and regulatory agencies but also undermines confidence in the entire education and employment systems. This can hinder national development efforts and undermine our literacy rankings and education systems.

3. **Stifles Innovation and Progress**

A workforce infiltrated with individuals possessing counterfeit qualifications poses a threat to national development as it stifles innovation and progress. In such a workforce, people tend to be indolent and inclined towards seeking quick gains, akin to living in an illusion. They advocate for the elevator over the staircase, shutting themselves off from paths of growth, creativity, and innovation. Notably, individuals with fake qualifications lack the skills and mindset necessary to drive innovation, hindering collaboration and critical thinking. Unfortunately, if they ascend to occupy influential positions, they stifle the contributions of authentic individuals with genuine expertise and skills essential for driving technological advancements, fostering entrepreneurship, and enhancing productivity—cornerstones of national development. These are skills they neither possess nor strive to acquire.

4. **Results in Economic losses and Inefficiencies**

The economic impact of fake certifications extends far beyond individual cases, permeating industries and economies, and ultimately hindering the progress and prosperity of a nation. In a developing country like Kenya, the surge of fake certifications can lead to significant economic losses and inefficiencies. Businesses may suffer financial setbacks from hiring individuals with fake qualifications who may lack the necessary skills for the roles they are either appointed to undertake or for promotions. This mismatch between job requirements and employee capabilities often results in decreased productivity, missed opportunities, and wasted resources. Furthermore, the prevalence of counterfeit qualifications worsens the unemployment rates of a country as genuine talent may be foregone in favour of fraudulent credentials. In essence, the proliferation of fake qualifications greatly undermines the effectiveness of the workforce, stifles economic growth, and fosters a culture of mistrust, depriving the nation of its ability to competently compete in the global arena.

5. **Undermines Public Service Delivery**

The public service must prioritise citizen-centricity, a trait often lacking among cheaters. Having individuals with fake qualifications in critical sectors such as healthcare, education, and public administration poses significant risks to public service delivery. The end doesn't justify the means by any stretch of the imagination, as cheaters will always remain incompetent and acutely unqualified personnel who, at best, can only compromise the quality and effectiveness of services provided by both the public and private sectors. This potentially leads to adverse outcomes, such as compromised public health, reduced educational outcomes, and inefficiencies in governance and service delivery mechanisms.

If cheaters succeed in mocking the system, we are all at risk. As Martin Luther King Jr. once urged, "In the end, we will remember not the words of our enemies but the silence of our friends." It's time to stand up and help curb the surge of fake qualifications in our society, as no number of wrongs can make a right, no matter the efforts.

To maintain national development—progress and prosperity—integrity must remain the cornerstone. Therefore, to curb this danger, a collective approach that involves government bodies, regulatory agencies, and educational institutions suffices. It is only by addressing the root causes of fake qualifications that Kenya can pave the way for sustainable growth, prosperity, and inclusivity for both present and future generations.

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Supply Chain: Logistics and Marketing

Let Logistics Be Part of Your Marketing Game Plan and Win

By CPA Michael Nzule

Traditionally, marketers and accountants have challenging conversations and managerial conflicts regarding approvals of expenditures.

It doesn't matter whether these expenditures are capital expenditures or operating expenses. Justification of the spend is where divergence occurs. However, it is expected that both clearly understand terms like return on investment (RoI), investing ahead to drive brand equity, customer churn, and all that lingua used to justify the spending. There is then logistics, which is mainly concerned with service or product delivery. This makes a trio alliance necessary in serving customers.

The marketer must market to the accountants while working together and collaborating with logistics counterparts to serve customers and consumers.

Let us try to focus on the logistics and marketing interface. Let us explore and understand the differences and alignment between marketing and logistics, knowing that these links with overall supply chain activities are also good. With this in mind, alignment between marketing and logistics becomes more accessible in the overall management of operations, particularly the execution of marketing strategies.

Let us try to focus on the logistics and marketing interface. Let us explore and understand the differences and alignment between marketing and logistics. And, of the essence, it is good to know that these links with overall supply chain activities. With this in mind, alignment between marketing and logistics becomes more accessible in the overall management of operations, particularly the execution of marketing strategies.

The logistics industry is vital in delivering goods and services to customers and consumers. So, it is expected to conclude that customer satisfaction is an end goal in the logistics industry. To give this, the logistics industry is heavily involved in the "movement" of goods (cargo) and attendant services, as well as all enabling consultancy or advisory services. Logistics delivers support to businesses to deliver profitable supply chains. This covers, by extension, decisions on product pricing (for profit margin growth, preservation or protection) and cost management (cost reduction, elimination or avoidance). Effective business strategies should always have logistics at their core. Businesses have a huge desire and focus to drive customer satisfaction. Satisfied customers lead to earning business revenues and, ultimately, profits. By now, we must be getting the drift to where marketers come in. Marketers are known to be obsessed with customer satisfaction. This is what delights and excites them. It is clear that logistics and marketing are conjoined and are critical strategic fronts of businesses.

Logistics is concerned with fulfilling customer needs and wants, the ultimate goal being customer satisfaction. Marketers are intimate with all that scope, which leads to understanding customer needs and designing products and services to fulfil specific needs.

> **Marketers are known to be obsessed with customer satisfaction. This is what delights and excites them. It is clear that logistics and marketing are conjoined and are critical strategic fronts of businesses.**

Marketers consistently keep in touch with ever-changing customer behaviours. This makes it possible to align and realign the selling efforts with the customer at the core. Marketers help in building customer loyalty. With this, it is easy to connect to what is often referred to as logistics marketing. Logistics marketing is all about customer satisfaction, which is linked to the definition of cutting-edge marketing strategies for companies.

With advancements in technology, customers continuously purchase goods and services remotely. Physical purchase locations are now being rendered redundant. Customers care more about the product's quality and delivery times; even product feature trials are done online to make purchase decisions. Therefore, the interaction space is now primarily online, and the logistics of delivering the products are now subjected to more visibility. Customers are more empowered and may have more rights to cancel orders, even when the orders are being processed. This has put more pressure on the supporting logistics to deliver orders in full, on time, and with the promised quality and standards. The risk of unfulfilled customer orders and poor customer satisfaction has grown enormously.

It is a fact that one dissatisfied customer may ruin a product easily due to its powerful online presence. Marketers must play hard on these platforms, too. Customers now look to see value added to every purchase. Logistics and marketers must work together to deliver this. They must know the service and product from the lens of value delivered to the customer.

Digital marketing strategies must be deployed consistently by marketers. When customers are satisfied, companies ultimately grow value and returns for their stakeholders. Communication is, therefore, critical to delivering the product promise and the value proposition behind each product or brand. The good thing is that customers are more enlightened and appreciate the value delivered, and their positive feedback is an excellent catalyst in marketing and driving value. A good service will always be rewarded.

So, how do we make marketers work together with logistics? Essentially, the two are intertwined in every decision and execution activity. It is an unavoidable symbiosis, and neither party should be left behind. Logistics helps qualify most of the marketing strategies and plans – from innovation to selling and after-sales, and, most recently, use data analytics throughout the processes. It is possible for some excellent and well-visioned marketing strategies to be rendered useless when the logistics angle is brought to the table.

There is a case of one failed strategy of product launch that was based purely on geographical distance as read from readings only. This had not factored in actual physical terrain barriers and climate (heavy equatorial rains with no access roads) in the target market. When a logistics team was brought into the picture, the whole plan was found not to be cost effective and would have led to massive transport losses, trying to use alternative means for delivery of inbound supplies, and possibly product quality issues. The planned market storm activities also failed!

Marketing and logistics relationships are exemplified more in the selling process. This however, does not undermine the behind-the-scenes marketing strategy definition process. Marketing strategy definition is the foundation of successful sales execution. It is therefore critical that logistics teams are involved at the concept and design stages. This makes the execution stages (the selling process) easier. All the loops must remain connected. At the design stage, marketers are concerned with ensuring that all information about the product is available. Logistics plays the critical role of quantifying and qualifying data required to support all activities like promotion and communication to bring clarity and shared understanding. If this is missed out, execution strategies are bound to fail.

It is relatively easy to connect the execution of the actual selling process to the logistics side of the business. This is where the congruence is more visible. The logistics team connect the moves to storage, returns, outlet planning and designs, inventory levels, order and re-order levels, channels, delivery times, packaging and all activities leading to the final customer. It is, therefore, critical that all these logistics parameters are communicated. The quality of the logistics services is affected by the visibility and communication of the information about the desired moves to be made about products to the target customers.

After the sale, marketers worry about whether the customer has been satisfied. Customers may give positive feedback about the product and even place new orders if satisfied. There are also expected logistics interfaces, either by returns made (say of packaging or rejected products) and the trigger of the ring account receivables process. After all, the climax of selling is qualified through customers paying for the good or service. The logistics team can, at this time, trigger the connection to accountants. Remember the story of returns on investment in marketing and that cash is king? Logistics now plays a critical role in initiating or even finalising the accounting processes.

> **Logistics teams and marketers would benefit more from enhanced visibility of activities and monitoring of product quality parameters like expiries, temperature controls and inventory levels. Deploying technology for data exchange and real time engagement with customers enhances customer satisfaction.**

Product returns and refund processes may be triggered if customers are unsatisfied with the delivery. Marketers would be keen to understand this as a missed outcome. This may be caused by many factors, e.g., product quality, late delivery, wrong product and wrong pack sizes. The causes of customer dissatisfaction can be attributed to both marketers and the logistics team. Hence, there is a need for another convergence in the continuum of chasing customer satisfaction, which ultimately leads to better profit returns. Realignment is critical to picking lessons, improving the next selling process, or even redesigning marketing strategies.

Upon making a successful sale, the next move should be to make another successful one. Then, grow on scale by building on customer loyalties. The success should drive customers to make the company product a top-of-mind choice. The iterations should be based on continuous learning and improvement. Logistics and marketing synergies should be encouraged and nurtured. Excellence in customer service can only be achieved when the two work together. Customers will be willing to pay for real value created and added to them

As seen, companies must recognise and uphold the symbiotic relationship that exists between logistics and marketing. Management must ensure that these critical functions are integrated. Effective collaboration between the two functions creates great harmony and delivery of exceptional customer satisfaction. A dysfunctional relationship will definitely result in dire negative outcomes. These present themselves as chaos. No one would like to be in the mode of crisis management, which manifests itself as stock outs, lost sales, late deliveries to customers, extra shipping costs, high operational costs like storage costs arising from poorly planned and executed warehousing, overtime costs, and production re-works including defects management.

The ultimate undesired outcome is loss of customers and profits. All these can be avoided by ensuring that logistics teams work in a deliberate and collaborative manner with marketing teams. Execution of marketing strategies becomes easier as a result of this collaboration.

Luckily, with advancements in technology, data analytics support collaboration of different functions in companies. Data is now a key resource and enabler in strategic planning and execution. Logistics teams and marketers would benefit more from enhanced visibility of activities and monitoring of product quality parameters like expiries, temperature controls and inventory levels. Deploying technology for data exchange and real time engagement with customers enhances customer satisfaction.

When marketers link up with logistics teams, facing accountants or the gatekeepers of marketing plans becomes a walk in the park. The trio can make things work easier. Most importantly, customers will be happy, and they will be satisfied. And the investors and shareholders will enjoy optimised returns on investment. So, let logistics be part of your marketing game plan. And win!

Views expressed here are personal.

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Controversies in the Concept of Carbon Credit Markets in Developing Countries

The Potential for Carbon Credit Projects to Generate Negative Environmental and Social Impacts in Developing Countries Must be Addressed

By CPA Nyakoi Oreko Godfrey

The concept of carbon credits in developing countries has generated a range of controversies that need to be addressed to ensure the effectiveness and equity of these market-based mechanisms.

One of the key controversies is the concern over the additionality of emission reductions achieved through carbon credit projects. Additionality refers to whether a project generates emission reductions that would not have occurred in the absence of the carbon credit incentive. In developing countries, there is a risk that some projects may claim carbon credits for reductions that would have happened anyway, raising questions about the integrity and credibility of the carbon market.

Another controversy in the concept of carbon credits in developing countries is the issue of leakage, where emission reductions achieved in one location result in emissions being shifted to another location. This can occur if carbon credit projects lead to the outsourcing of emissions-intensive activities to other regions with weaker environmental regulations, undermining the overall effectiveness of carbon credit schemes. Addressing leakage requires careful monitoring and oversight to ensure that emission reductions are real and verifiable, and that projects do not simply transfer pollution from one area to another.

Additionally, the distribution of benefits from carbon credit projects in developing countries has been a source of controversy. There are concerns that the benefits of carbon credits are not reaching the most vulnerable populations and marginalized communities, leading to social inequities and injustices. It is crucial to ensure that local communities are involved in the design and implementation of carbon credit projects, and that they receive a fair share of the revenues generated from trading carbon credits. Failure to address these issues can undermine the legitimacy and sustainability of carbon credit schemes in developing countries.

The role of offsetting in carbon credit projects has also been a source of controversy in developing countries. Offsetting allows emitters to compensate for their emissions by purchasing carbon credits from projects that reduce emissions elsewhere. While offsetting can provide a cost-effective way to achieve emission reductions, there are concerns that it may allow emitters to continue polluting without making meaningful efforts to reduce their own emissions. This raises questions about the additionality and integrity of offset projects, and whether they truly contribute to climate change mitigation in a meaningful way.

> **Developing countries must assess the risks and opportunities associated with participating in carbon credit schemes and develop strategies to manage price volatility and ensure the long-term sustainability of their projects. Diversifying revenue streams, accessing risk management tools, and leveraging financial instruments can help mitigate the financial risks of carbon credit projects.**

Another controversy in the concept of carbon credits in developing countries is the potential for greenwashing or the misrepresentation of carbon credit projects as more environmentally friendly than they actually are. Some projects may exaggerate their emission reduction claims or fail to deliver on their promises, leading to skepticism about the credibility of carbon credits as a tool for climate change mitigation. It is important to ensure transparency, accountability, and independent verification of carbon credit projects to build trust in the carbon market and prevent greenwashing practices.

The issue of double counting is another controversy in the concept of carbon credits in developing countries. Double counting occurs when the same emission reductions are claimed by multiple parties, leading to an overestimation of emission reductions and undermining the integrity of the carbon market. Developing countries must establish clear rules and protocols to prevent double counting and ensure that emission reductions are accurately measured, reported, and verified to avoid any discrepancies in the accounting of carbon credits.

Furthermore, the reliance on carbon credits as a sole mechanism for climate change mitigation in developing countries has been a subject of controversy. While carbon credits can provide a valuable incentive for emission reductions and sustainable practices, they should not be seen as a substitute for broader policy measures to address the root causes of climate change. Developing countries must adopt comprehensive strategies that integrate carbon credit schemes with regulatory frameworks, investment incentives, and technology transfer initiatives to achieve long-term sustainability and resilience to climate change impacts.

The issue of carbon pricing and the effectiveness of carbon credits as a tool for incentivizing emission reductions has also been a topic of controversy in developing countries. Carbon pricing mechanisms, such as cap-and-trade systems or carbon taxes, can provide a more direct and predictable signal to emitters to reduce their carbon footprint, compared to the voluntary nature of carbon credit schemes. It is important to assess the relative effectiveness of different carbon pricing mechanisms in achieving emission reductions and promoting sustainable development in developing countries.

Moreover, the governance and oversight of carbon credit projects in developing countries has been a source of controversy, with concerns about transparency, accountability, and the independence of project verification mechanisms. Developing countries must establish robust regulatory frameworks and oversight mechanisms to ensure the integrity and credibility of carbon credits, and to prevent fraud, corruption, and mismanagement in the carbon market. Strengthening institutional capacity and building local expertise in monitoring and verification are essential to address these governance challenges.

The potential for carbon credits to perpetuate or exacerbate environmental injustices and inequalities in developing countries is a significant controversy that needs to be addressed. There are concerns that carbon credit projects may displace communities, undermine indigenous rights, or lead to land grabs and conflicts over natural resources. It is crucial to conduct social and environmental impact assessments, engage with affected communities, and ensure their participation and consent in carbon credit projects to prevent unintended negative consequences and promote social equity and environmental justice.

Additionally, the lack of access to finance, technology, and capacity-building support for developing countries to participate in carbon credit projects has been a source of controversy. Many developing countries face barriers to entry in the carbon market, including high transaction costs, limited access to financing, and a lack of technical expertise to undertake emission reduction projects. International cooperation and partnerships are essential to address these challenges and support the participation of developing countries in carbon credit schemes, while also promoting technology transfer and knowledge sharing to build local capacity for sustainable development.

The impact of market volatility and carbon price fluctuations on the financial viability of carbon credit projects in developing countries is another controversy that needs attention. Carbon markets can be volatile, with prices fluctuating due to changes in supply and demand, regulatory uncertainty, and geopolitical factors. Developing countries must assess the risks and opportunities associated with participating in carbon credit schemes and develop strategies to manage price volatility and ensure the long-term sustainability of their projects. Diversifying revenue streams, accessing risk management tools, and leveraging financial instruments can help mitigate the financial risks of carbon credit projects.

> **Developing countries must prioritize a holistic approach to climate finance that aligns with their national development priorities and promotes synergies between different funding sources to achieve sustainable development outcomes.**

The potential for carbon credits to crowd out other climate finance mechanisms and detract from broader sustainable development goals in developing countries is a significant controversy that needs to be addressed. While carbon credits can provide a valuable source of revenue for climate-friendly projects, they should not overshadow the need for other forms of climate finance, such as grants, concessional loans, and public investments in adaptation and resilience initiatives. Developing countries must prioritize a holistic approach to climate finance that aligns with their national development priorities and promotes synergies between different funding sources to achieve sustainable development outcomes.

Moreover, the potential for carbon credit projects to generate negative environmental and social impacts in developing countries is a critical controversy that must be addressed. Some projects may involve unsustainable practices, land degradation, deforestation, or water contamination, leading to adverse consequences for ecosystems and communities. Developing countries must conduct thorough impact assessments, adopt safeguards and standards for project implementation, and engage with local stakeholders to prevent harmful impacts and ensure the sustainability of carbon credit projects.

The issue of carbon credit project permanence and the long-term sustainability of emission reductions achieved through these projects is another controversy that needs attention in developing countries. Carbon credits are often issued for emission reductions that are expected to endure over a specified period, typically decades. However, there are risks that these emission reductions may not be permanent, due to factors such as reversals in forest carbon stocks, changes in land use practices, or technological obsolescence. Developing countries must implement measures to assess and address the risks to project permanence and ensure the durability of emission reductions over time.

Furthermore, the potential for carbon credits to undermine national climate ambition and delay the transition to a low-carbon economy in developing countries is a significant controversy that needs to be addressed. While carbon credits can provide a valuable incentive for emission reductions, there is a risk that they may allow countries to rely on offsetting rather than implementing more ambitious emission reduction targets and policies domestically. Developing countries must strike a balance between using carbon credits as a tool for climate change mitigation and advancing their own domestic efforts to reduce emissions and promote sustainable development.

In conclusion, the concept of carbon credits in developing countries has sparked a range of controversies that need to be carefully considered and addressed to ensure the effectiveness and equity of these market-based mechanisms. From concerns over additionality and leakage to issues of benefit distribution, governance, and impact assessment, the controversies surrounding carbon credits highlight the complex challenges and trade-offs involved in leveraging carbon markets for climate change mitigation and sustainable development. Developing countries must prioritize transparency, accountability, and stakeholder engagement in carbon credit projects, while also considering broader policy measures, financing mechanisms, and technology transfer initiatives to support their transition to a low-carbon, sustainable future.

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Transforming Service Delivery

The Importance and Impact of E-Governance in National and County Governments in Kenya

By CPA Lucas Baraza William

In the rapidly evolving landscape of public governance, e-governance has emerged as a transformative force reshaping the way governments interact with their citizens and deliver services. Kenya, like many other nations, has recognized the potential of eGovernment to increase efficiency, transparency and citizen participation in the public sector. This article examines the importance and effects of e-governance application in service delivery with a focus on both national and county governments in Kenya.

Understanding E-Governance

E-governance refers to the use of digital technologies to facilitate the delivery of government services, streamline administrative processes and promote citizen engagement. The implementation of e-governance involves the integration of information and communication technology (ICT) into various aspects of governance, including policy-making, service delivery and citizen participation.

Importance of e-Governance in Kenya

Improved efficiency and availability: One of the main advantages of e-governance is the increase in efficiency in the provision of services. By digitizing and automating processes, governments can reduce bureaucratic hurdles and deliver services in a more timely and cost-effective manner. This is particularly important in Kenya, where a streamlined bureaucracy can lead to faster responses to citizens' needs.

In addition, e-governance facilitates better access to government services. Through online platforms, citizens can access information and services from the comfort of their homes, reducing the need for physical presence at government offices. This is particularly significant in rural areas where access to government services has historically been a problem.

Increased transparency and accountability: E-governance promotes transparency by providing a platform for open information sharing. Digital platforms allow governments to publish relevant data, budgets and policies, allowing citizens to monitor and evaluate government activities. This increased transparency promotes accountability as citizens are empowered to hold public officials accountable for their actions and decisions.

In Kenya, where corruption is a problem, e-governance transparency can play a key role in building trust between citizens and the government. Increased visibility of government actions helps in reducing corruption and ensures that resources are allocated and used efficiently.

Strengthening citizen engagement: E-governance creates pathways for meaningful involvement of citizens in the decision-making process. Online platforms such as public forums and social media provide channels for citizens to express their views, participate in consultations and contribute to policy debates. In Kenya, a more engaged citizenry can lead to policies that better reflect the diverse needs of the population.

> **E-governance promotes transparency by providing a platform for open information sharing. Digital platforms allow governments to publish relevant data, budgets and policies, allowing citizens to monitor and evaluate government activities. This increased transparency promotes accountability as citizens are empowered to hold public officials accountable for their actions and decisions.**

In addition, e-governance enables the implementation of e-participation mechanisms, allowing citizens to vote online, participate in surveys and collaborate with the government in decision-making. This inclusiveness strengthens the democratic process and ensures that a wider range of perspectives are taken into account.

Impact of e-Governance at the national level

Digital transformation of public services: At the national level, the application of e-governance has led to the digital transformation of public services. Government portals and mobile applications provide citizens with a single point of contact to access various services, from applying for identification documents to paying taxes online. This not only simplifies the process for citizens, but also reduces the burden on state authorities, leading to increased efficiency.

Infrastructure and systems of electronic administration: The establishment of a robust e-Government infrastructure and systems is essential for the effective implementation of e-Government. Kenya has made significant progress in this regard, developing platforms such as the Integrated Financial Management Information System (IFMIS) and the Huduma Kenya Programme. These systems integrate various government functions, improve coordination and contribute to a more coherent and responsive governance structure.

Data-driven decision making: E-governance generates vast amounts of data that can be analysed to inform decision-making processes. By leveraging data analytics and artificial intelligence, governments can gain valuable insights into citizen preferences, service usage patterns and areas requiring attention. This data-driven approach enables more informed policy formulation and resource allocation at the national level.

Impact of e-governance at district level

Strengthening devolution: Kenya's decentralized system of governance has seen power and resources shift to county governments. E-governance plays a vital role in strengthening decentralization by providing regions with the tools needed to effectively manage resources, improve service delivery and engage citizens at the local level.

Area-Specific Solutions: E-governance allows county governments to tailor solutions that address the unique needs of their communities. Online platforms allow customization of services and communication channels based on the specific requirements and demographics of each region. This localized approach contributes to more effective governance as decisions are made with a deeper understanding of local dynamics.

Citizen-oriented services: Through e-governance, regional authorities can create citizen-focused services that prioritize the needs and preferences of the local population. From healthcare to education and infrastructure development, e-governance ensures that services are designed and delivered in a way that resonates with the communities they serve.

Challenges and Considerations: While the benefits of e-governance are significant, it is essential to recognize the challenges and considerations associated with its implementation. Factors such as digital literacy, cyber security and the digital divide need to be addressed to ensure that the benefits of e-governance are available to all citizens.

The application of e-governance in both national and county governments in Kenya is a transformative path that holds enormous potential for improving service delivery, promoting transparency and enhancing citizen engagement. As the country continues to invest in digital infrastructure and innovation, the impact of e-government is expected to grow, contributing to a more responsive, efficient and accountable public sector.

Through strategic planning, continuous assessment and a commitment to inclusiveness, Kenya can realize its full potential.

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AAR Insurance Driving Innovation to Financial Success

CPA Hosea Kiprop
Group CFO AAR Insurance

If your actions inspire others to dream more, learn more, do more and become more, you are a leader;
John Quincy Adams

In this informative interview, CPA Hosea Kiprop, the Group Chief Finance Officer at AAR Insurance, explains how the company distinguishes itself in numerous ways; the latest being its robust ecosystem and innovative products like Kinga Afya and ShwAARi. These revolutionary solutions in particular, are carefully crafted to address underserved market segments.

CPA Kiprop highlights among other things, the company's digital transformation journey, encompassing the implementation of cloud infrastructure and partnerships to improve claims management efficiency. He stresses the importance of social responsibility, as demonstrated by initiatives like the *A Tree A Life* campaign and membership in the United Nations Global Compact.

With a focus on leadership development and mentorship, this CFO's management principles prioritize service to others, consistent performance, and trust-building. He counsels aspiring accountants to pay special attention to soft skills, integrity and continuous learning if they want to succeed in this competitive environment. Looking ahead, AAR Insurance intends to expand regionally and continue its growth through digital innovation and strategic partnerships.

In this Q&A, CPA Hosea Kiprop shares insights into the company's vision and what it offers and emphasizes its commitment to safeguarding health and wealth.

1. **AAR Insurance Kenya states that it offers medical and general insurance solutions to individuals, families, and businesses. Could you explain in more detail what insurance solutions AAR offers?** AAR Insurance offers Medical and General Insurance solutions to individuals, families, and businesses. This is in line with our vision of safeguarding the Health and Wealth of All. The company has products designed for the corporate, SME, and retail markets in medical insurance. Concerning general insurance, we have covers for travel insurance, home insurance, and professional indemnity among others. Our mission of reinventing insurance through innovative, affordable & sustainable solutions grounds our firm belief in agility as a response to prevailing market needs.

2. **AAR points out that it has touched over 1,000,000 lives in over 40 years through its various insurance schemes. Currently, it serves more than 200,000 customers in Kenya alone. AAR's focus is on expanding its market through digital innovation, capitalizing on opportunities in underserved segments like SMEs and micro insurance. This raises a number of questions: in what way is AAR different from others?** In keeping with our core values ARISE (Agile, Reliable, Innovative, Strategic, and Excellence), AAR Insurance Kenya has differentiated itself in the market. We operate in a robust ecosystem made of AAR Insurance Kenya as the underwriter, a technology partner – M-tiba and AAR Healthcare facilities. In Kenya, we collaborate with both AAR Healthcare, which operates 30 outpatient centers as well as AAR Hospital, which are known for delivering quality healthcare and an unparalleled patient experience.

   In Uganda, our ecosystem includes AAR Healthcare Uganda, which has over 10 outpatient centres. In addition, two hospitals – Kampala Hospital and Nakasero Hospital- in Uganda are part of our ecosystem. AAR Insurance Kenya has also partnered with Cigna Healthcare, one of the world's largest International private medical insurance companies, to offer international medical insurance products. This partnership leverages local nuances with international expertise, therefore paving the way for a future where comprehensive health coverage knows no boundaries.

3. **Does AAR Insurance cover risks not covered by others?**

   AAR Insurance remains committed to its mission of transforming insurance with innovative, affordable, and sustainable solutions. Through our innovation hub, AAR 3.0, in conjunction with our technology partner M-tiba, we introduced the revolutionary product - Kinga Afya to address an underserved market segment. This product provides immediate medical coverage for accidents resulting directly from PSV (Matatu) accidents. To date, we have extended coverage to over 238,000 customers through this product.

   We also recently launched a one of a kind product ShwAARi, an annual medical cover that is a single limit cover with multiple plan options tailored to accommodate the distinct needs of individuals and families. This empowers our clients to personalize the utilization of their insurance cover based on their specific needs.

4. **AAR Insurance recently launched a cloud infrastructure in a move to become a fully digital insurance company, and AAR is working with strategic partners to improve the efficiency of its claims management. Could you say that it takes less time than competitors do to process a claim?**

   Yes, absolutely. Our claims processing is now very efficient through our M-tiba platform. Our mission is to settle claims within 48 hours. There are many benefits associated with faster claims settlement. For instance, it enables us to get competitive prices from our providers and reduce the risk of fraudulent claims. In addition, it lowers operational costs by eliminating unnecessary reconciliations with providers. The ultimate beneficiary is our customer, who will get a better customer experience and affordable premiums.

5. **AAR has simplified access to its services through the AAR Insurance Mobile App and online interactive portals. How does this enhance customer experience?**

   These offer convenience - our customers can access their insurance information and manage their policies anytime, anywhere. There is no more waiting on hold or visiting a branch office during business hours. It also fosters trust through transparency because our customers can easily view their policy details and coverage limits. This facilitates an improved understanding of their insurance policy and its coverage details.

6. **What are the key benefits of collaborating with AAR Healthcare and AAR Hospital?**

Our partnership with AAR Healthcare and AAR Hospital enables our customers to get seamless quality healthcare services. For instance, AAR Hospital has a dedicated consultation room for AAR Insurance members, thereby reducing waiting time. The transition of outpatient cases to inpatients from AAR Healthcare outpatient centres to AAR Hospital is seamless. Patients do not have to go through tedious registration processes. These partnerships also enable us to collaborate in market research and develop new products to meet our clients' emerging needs. We have several exciting projects in the pipeline, including a new AAR product developed in partnership with AAR Healthcare and AAR Hospital. It is worth mentioning that alongside our strong partnerships with AAR Healthcare and AAR Hospital, our clients benefit from a wide-ranging network of over 1600 healthcare providers. This extensive panel offers our clients a variety of options beyond just AAR Healthcare and Hospital.

7. **In order to ensure a sustainable future, AAR cares about its social responsibility and invests in the well-being of people, communities, and the planet, as alluded to in the previous question. In what specific ways does AAR uphold its social responsibility?**

We aligned our operations with the Environmental, Social, and Governance (ESG) framework principles through a campaign we fondly refer to as "INTENT." Under the umbrella of the campaign, we introduced the *A Tree A Life Initiative*, whose objective is to plant a tree for every life covered. For 2024, our target is to plant at least 200,000 trees.

In 2023, we became members of the United Nations Global Compact (UNGC), a worldwide forum that unites businesses, Governments, and civil society in the pursuit of a more inclusive and sustainable global community. As an Insurance company, we acknowledge our vital responsibility to promote the welfare of individuals (including our staff), communities, and the environment. We therefore renewed our commitment to three essential Sustainable Development Goals (SDGs) that resonate with our fundamental principles and business practices. These include SDG 3: Good Health and Well-being, SDG 5: Gender Equality, and SDG 13: Climate Action.

8. **What factors and trends do you think will drive growth in the diverse health insurance industry?**

The insurance sector is currently experiencing a significant shift towards digitalization. The mobile phone is poised to develop further as a channel for convenient insurance solutions, effectively becoming a personal insurance advisor that fits right in your pocket. This advancement will streamline insurance comprehension and usage for ordinary Kenyans.

Microinsurance is set to continue making a difference, offering coverage to previously underserved market segments. The innovation introduced by InsureTech startups is expected to persist, bringing new perspectives to insurance discussions and enhancing the overall adaptability and responsiveness of the system to the evolving needs of the population.

Top of Form

9. **How has your career journey been?**

I was born and brought up in rural Kenya (Kapropita, Baringo County). My decision to pursue a career in accountancy was inspired by a pivotal moment when I interacted with my nephew Mr. Robert Bomet, who was then a branch manager at KCB. He introduced me to the possibilities offered by the Strathmore University School of Accountancy through a brochure, and from that point on, I was determined. Immediately after completing my high school studies at Sacho High School, I wasted no time in enrolling in an accountancy course at Strathmore University after my nephew offered to accommodate me in his home.

While pursuing my CPA qualification, I seized the opportunity to further my education and was admitted to the University of Nairobi for a Bachelor of Arts in Economics. Balancing daytime lectures at the university with evening accountancy classes at Strathmore was demanding, but I persevered. My diligence paid off when I completed my final CPA exams during my second year at the university.

Shortly after completing my undergraduate studies, I secured a position as an assistant accountant at a telecommunications firm, leveraging my accounting qualifications to gain a competitive advantage in the job market. Subsequently, I transitioned to an IT firm, where I expanded my skills in leadership as an accountant and administration officer. In 2007, I joined AAR Group, which later split into AAR Healthcare and AAR Insurance. Over the years, I continued to advance in my career, taking on roles of increasing responsibility. In 2011, I joined Kenya Airways (KQ, a global firm) as a senior management accountant, overseeing financial reporting and budgeting. I gained immense experience from operations in global environments.

Returning to AAR Insurance in 2013 as a Regional Finance Manager, I managed finance operations across Kenya, Uganda, Tanzania, and Zambia. My dedication and expertise were recognized with a promotion to General Manager – Finance in 2018, and subsequently to Group CFO in 2023.

Throughout my career, I have had the privilege of working across various industries, including telecommunications, banking, medical, aviation, and insurance. These experiences have not only broadened my skill set but have also exposed me to diverse cultures and leadership styles, shaping my journey as a leader and enabling me to work effectively with people from different backgrounds.

To enhance my professional profile, I have acquired certifications such as the Certified Public Secretary of Kenya (CS) and Certified Investment and Financial Analyst (CIFA 1). I also completed an MBA in Strategic Management from Kenyatta University. Within the insurance sector, I achieved qualifications such as Fellow of the Life Management Institute (FLMI) Level 1, and I am currently working towards attaining an Associate of the Life Management Institute (ALMI).

10. What are your plans for the future of AAR Insurance?

We are currently implementing a three-year strategy focused on digital transformation. AAR Insurance is actively enhancing our partnerships and ecosystem to maximize growth and innovation, a cornerstone of our approach. For instance, we have recently introduced groundbreaking products like shwAARi and Kinga Afya, designed to cater to the uninsured. Additionally, in Uganda, we have partnered with Airtel Money Uganda to launch AAR DwaliroCare, aimed at the broader market. We are also developing new products tailored for seniors and other underserved demographics. AAR Insurance is also keen to expand regionally.

11. What have been your key achievements?

One of my proudest accomplishments is the mentorship and development of emerging leaders. It brings me great joy to see individuals I have mentored thriving in significant leadership roles, with some of them currently holding executive positions within the insurance industry. I am inspired by the words of John Quincy Adams, "If your actions inspire others to dream more, learn more, do more, and become more, you are a leader."

I found particular fulfillment in the challenge presented by reshaping AAR Insurance's business operations to align with our digital transformation strategy. Collaborating closely with the executive team and our technology partner, M-tiba, we successfully implemented a new technology platform, M-tiba, revolutionizing claims administration at AAR. Furthermore, we capitalized on opportunities within our AAR ecosystem, ensuring seamless integration of systems and services while prioritizing compliance in our regulatory environment. Effective capital management ensured compliance with capital requirements mandated by the Insurance Regulatory Authority of Kenya and Uganda.

To streamline operations within the AAR Group and reduce costs, we established an efficient shared services center, minimizing function duplication and operational expenses. In alignment with our growth and innovation strategy, the establishment of an innovation hub, dubbed 3.0, has fostered the development of pioneering products. Additionally, we successfully implemented IFRS 17, a new accounting standard for insurance contracts, across the Group. I am honored to have also been involved in the Group's capital optimization initiatives, due diligence exercises to raise fresh capital, and strategic split into AAR Insurance and AAR Healthcare.

12. What leadership principles have worked for you?

My leadership principles draw inspiration from John Maxwell, a renowned author and speaker. According to Maxwell, the essence of leadership lies not in self-advancement but in advancing others. In his book ***"The 21 Irrefutable Laws of Leadership,"*** Law 5 emphasizes the importance of leaders serving others. Maxwell asserts that true leadership is gauged by the value added through service to others, rather than personal advancement. By prioritizing service to employees and customers, profits naturally follow. A leader is someone who not only knows the way but also leads by example and guides others along the path. I am committed to empowering and developing my team through effective delegation. Through experience, I have come to realize that consistent performance builds trust. When the team succeeds, everyone wins!

13. Is there any advice or encouragement for aspiring accountants in this field?

Throughout my professional journey, I have come to recognize the significant role of personal branding alongside academic and professional credentials. In today's competitive landscape, many individuals in Kenya possess the requisite qualifications, vying for limited opportunities. The crucial query then arises: how does one stand out from the crowd? I advocate for aspiring accountants to prioritize the development of soft skills, including effective communication, emotional intelligence, adaptability, time management, a positive attitude, teamwork, and leadership. Moreover, trustworthiness and honesty are fundamental attributes within the accounting field. Never take shortcuts.

14. Anything you would like to add?

I appreciate the interview opportunity and the chance to discuss both my perspectives and the products provided by our company. I am grateful to God, my wife, children, siblings and parents for their support in my career journey.

Thank you.

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Generation Z: On the Brink of Adulthood and Facing an Uncertain Future

We Need to Investigate and Understand Why They Behave How They Do

By Derek Mutiso

They're young, tech-savvy, controversial, ambitious, and crazy about social media. Scoot over millennials, Gen Z-ers are on the move. There's a lot to be said about the new kids on the block, but one thing that stands out is that they are now the most populous generation in the world. A Gen -Zer is anyone born between 1995-2009.

The generation now makes up about 23% of the global population. Elfafrica.org places its population in Kenya at 18,378,493 people or 33.42%. Census experts expect that by 2035, Gen Zers will be up to about 20% of the global population. Sometimes dubbed the TikTok generation, Gen Zers are the first truly "global generation"- a term which was used by Bryan Turner of the Australian Catholic University to describe" a generation made up of individuals who, while living in different parts of the planet, share experiences, opportunities, and problems.

Gen -Zers have grown up entirely in the twenty-first century, interacting with social media and staying connected through digital gadgets. This means they are distinctly different from Gen X and Boomers. But is this a good thing? According to a resumebuilder.com survey conducted in April 2023, 74% of managers and company executives said that working with Gen-Zers is more challenging than working with earlier generations. According to the responses, many business owners have been forced to lay off Gen Z workers. They claim that this group frequently acts lazy, unmotivated, and entitled. These are all common stereotypes about Gen -Zers.

But how justifiable are they?

Bobby Duffy, one of the UK's most respected social researchers, is professor of public policy and director of the Policy Institute at King's College London. He believes that if it's wrong to judge people based on their gender, religion, race, and sexuality, then making sweeping assumptions about people, solely based on the generation they belong to, ought to be wrong too. He suggests a pivot from this kind of "generational thinking," rejecting simplistic myths, in favor of a more in-depth examination of the variables that influence long-term shifts in behavior and attitudes. Duffy believes that rather than making blanket judgments about Gen-Zers, we need to investigate why they behave how they do.

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Growing up in Uncertain Times

As in most African cultures, the majority of Kenyan parents expect their children to have attained self-sufficiency and 'left the nest' as soon as they hit their early twenties. One thing that cannot be understated is that Gen–Zers are growing up in an inhospitable job market. Faced with unfavorable job prospects, rising costs of accommodation, and no stable income, it's no wonder they are leaving home later than older generations did. It's not because they are lazy or less capable of attaining self-sufficiency. The World Economic Forum predicts that by 2025, Gen-Z workers will make up 25% of the global workforce, and they will be powerful players. These young adults are conversant with a wide range of modern technology that includes; social media, software engineering, and artificial intelligence. These are all skills that are becoming increasingly essential in today's world.

Social media and modern technology influence

Gen-Zers have grown up in an era dominated by digital technology. Social media platforms are an integral part of their daily routines. This influence is evident in various aspects of their lives, including communication, self-expression, and relationships. One notable effect of social media on Gen Z is its transformative impact on communication. LinkedIn, Facebook, Instagram, Snapchat, and Twitter have opened up new avenues for connecting with others. Gen Z individuals use these platforms to maintain relationships with friends and family and to forge new connections globally.

This constant connectivity has also altered communication habits, with many preferring online interactions over face-to-face conversations; and it has led to Gen-Zers being termed as being a lonely generation. Social media platforms have also been known to portray a fake, or

Chat GPT was launched in November 2022. Its use has grown exponentially since then. This growth has brought into the limelight, the potential of Artificial Intelligence (AI) globally. Most ponderings about this new technology emphasize the critical role that it will play in the years to come. Businesses need to think up strategies to keep up with the competition.

As Gen-Zers come of age, and enter the labour force, they will be useful assets because of their familiarity with AI; not just as users, but as innovators. Generation Zers are positioning themselves as pioneers in this AI-driven era. Their distinct experiences and perspectives will undoubtedly expand the horizons of AI in inventive and imaginative ways.

Emotional Health and well-being

In May 2022, American international strategy and management consulting firm McKinsey & Company conducted a survey on Gen-Zers in the USA. They reported "remarkably high rates of mental health struggles". 55% of the 18- to 24-year-olds who were interviewed in the survey said they'd received a diagnosis and/or treatment for a mental illness. This isn't entirely applicable to Kenya; firstly because of our relatively limited capability to diagnose and treat mental illness, and secondly because, there isn't much data available on the mental health of Gen Zers in Kenya, as not much research has been carried out on the issue. There are, however, other ways we could use to try and understand their general state of mind.

Music is a big part of the human experience. Psychologists have found that it influences our mood. We humans also resonate with songs that describe how we are feeling at a particular point in time.

Spotify, a popular global music streaming platform recently released a report that shed some light on the sort of music Gen-Zers listen to in Kenya. It was revealed that the "chill vibes" genre was quite popular, along with these other ones:

the minds of society, and employers alike. The concept that people think or behave differently purely because they belong to a certain age group is deeply flawed. Other vital influences known as period effects shape us. These are things like the rise of AI and the COVID-19 pandemic. Coups and wars eventually affect everyone regardless of age, such as war, pandemic, or the invention of the smartphone.

On their part Gen-Zers need to be proactive in the work place. They need to rise above any negative preconceptions that their older colleagues may have about them, and prove that they too deserve a spot on the team.

Apart from Tik Tok , social platforms like LinkedIn can also be very useful for networking and seeking out opportunities for career growth. Outside the office, Gen Zers could register for online courses to learn marketable skills that will give them better prospects for economic independence even without formal employment.

Coding, videography and social media management are just a few examples of growth sectors in the Kenyan economy. Seeking out mentors is a good way for Gen Zers to gain as much as possible from the wealth of experience and knowledge previous generations have.

Despite there being different age groups, it makes sense to consider the fact that each group will be or has been the same age as the other. By doing this, we can sit as equals and put our heads together to see how we can improve our communities.

Rather than dismiss Gen Zers as entitled, flaky, and inexperienced, we should look at what good things they have to offer society, and humanity at large.

Top 5 mellow playlists among Kenyan Gen-Zers:

1. Soft Pop Hits
2. Chill Hits
3. Sad Songs
4. Soft Life
5. Sad Hour

The Gen-Z collective generally favored introspective lyrics, subtle musical rhythms, and emotionally stirring songs, leaning towards themes such as love, emotional pain, vulnerability, and self-examination. Data from Spotify's report points towards Kenyan Gen-Zers being a generation that prioritizes its mental health and well-being.

Discussing this new drift in listening habits, Phiona Okumu, Spotify's Head of Music for Sub-Sahara Africa, pointed out that, "Mellow music is a respite from the constant connectivity and information overload of the modern world, offering a space where listeners can find solace, connect with their emotions, and navigate the complexities of life at their own pace."

"From Lo-Fi and sad melodies to chill vibes and easy listening anthems, the younger generation has wholeheartedly embraced these soothing sounds to navigate life's complexities in a fast-paced world," the company said.

A lot has been written about Gen-Zers being more anxious, and emotionally fragile compared to other age groups; but before jumping to generational conclusions, let's look at the unique period in which they're growing up. Most Gen-Zers can remember what it was like living through the global financial crisis that struck the world in 2007–2009, they also experienced the effects of the COVID-19 pandemic, and have seen first-hand the difficulties their parents and communities have had finding work and making ends meet, so it's no surprise that they have more anxiety about the future than other age groups.

There's no shortage of negative publicity on this new generation, and it has led to a barrage of negative preconceptions in

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Accountants' Role In Sustainable Development

The Ultimate Goal Is to Achieve Economic Growth

By CPA Albert Otieno

Sustainable development has gained popularity because countries have seen the need to make proper and efficient use of natural assets for the benefit of present and future generations which had been inefficiently used and wasted resulting in hazardous repercussions.

Decades ago, economic growth was attained in ways that were dangerous to the natural environment. But sustainable development, propagates and advocates achieving growth in ways that will not jeopardize these natural resources, and ensure their availability and use by the present generation and the generations to come in quality value.

The ultimate goal of sustainable development is to achieve economic growth, environmental protection and social inclusion. To attain this, three main goals must be put to use at the same time and their consistent and committed interaction must be guaranteed. According to Emeraldbe.com (2017), it is expected that by 2050, the world population will be around 9 billion. This gives sustainable development the challenge of ensuring that every human being on earth will enjoy better life which will not be dangerous to the earth's resources. In line with this, every organization has its role to play to ensure that sustainable development is achieved.

Accountants have contributed towards this development. Through all its various transformations, accounting serves as a train that moves sustainable development. These transformations at all stages will make it conform to the current trends in global businesses geared towards it. The need for accountants' direct participation in sustainability issues became very strong, more recurrent, and more imperative. One of these global trends was the adoption of International Financial Reporting Standards (IFRS) for all quoted companies effective from January 2012 and subsequent adoption by private and other unquoted firms.

Research shows that global efforts towards integrated reports incorporating financial and non-financial data portray management accountants as the ideal providers of grouping devices in collaboration with senior managers to produce fully integrated reports which show sustainable strategies employed by businesses to satisfy the needs of different stakeholders.

Research shows that global efforts towards integrated reports incorporating financial and non-financial data portray management accountants as the ideal providers of grouping devices in collaboration with senior managers to produce fully integrated reports which show sustainable strategies employed by businesses to satisfy the needs of different stakeholders. Moreover, sustainability requires that monitoring and managing non-traditional data that will guide strategic decisions is a role that management accountants have to carry out.

Moreover, sustainability requires that monitoring and managing non-traditional data that will guide strategic decisions is a role that management accountants have to carry out.

Subsequently, accountants offer management the desired data and vision for achieving specific goals according to the needs of management. They (accountants) focus on more than just monetary and commercial outcomes but also on decisions that influence customers and investors.

Thus accountants play essential roles in sustainable development through the effective and efficient services they render to their organizations.

The following are International Federation of Accountants – IFAC (2011) recommendations on some realistic ways accountants play roles as partners and create a disparity toward sustainable development:

- Identify the environmental impacts and association with the business strategy.
- Identify and incorporate significant natural and social capital issues in the decision-making process.
- Organize internal systems and processes to ensure that important issues are measured together
- Control costs and reduce waste through efficient management
- Evaluate the benefits of tracking environmental and social issues (cost reduction, revenue generation)
- Link resources and strategies to the creation of value for stakeholders.

Thus, accountants should champion sustainable development and ICPAK should help push this agenda.

Adopted from sustainable development framework by IFAC (2011)

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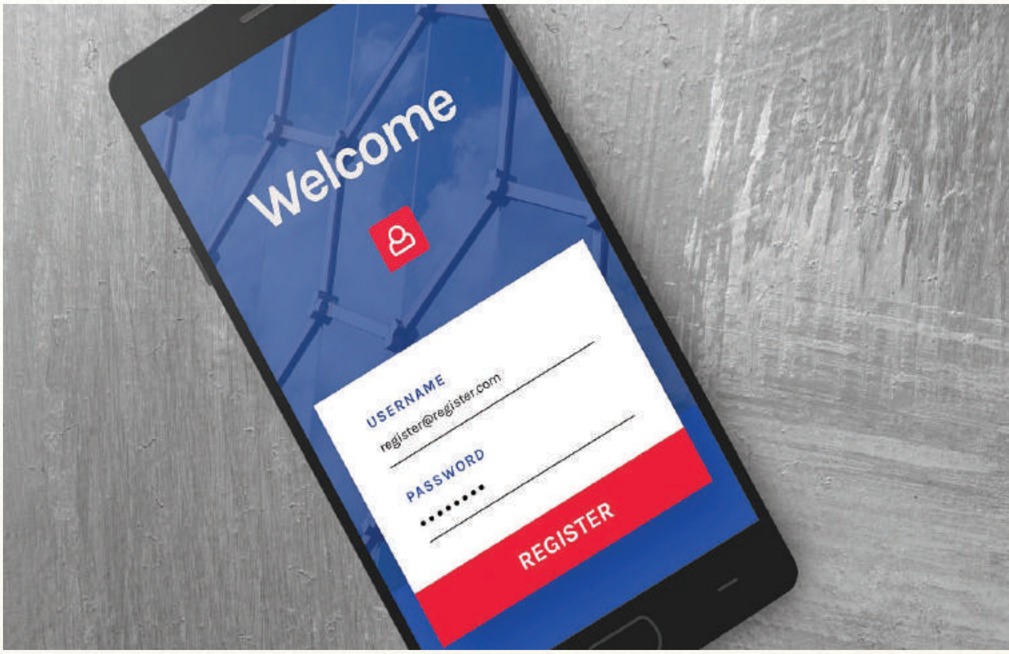

Pick Stones Thrown at You and Build a Monument

Follow Your Inspiration in your Chosen Way of Life

By CPA Dr. Joseph Nyanchama

If you are in a leadership position or any other position in life, many people will give intense negative criticism that can make you abandon a great idea or vision for your project if you are not strong willed.

I have tried to find out why people are so negatively critical to situations that are quite good and noted that most of the time, people who are critical in a negative way either suffer from scarcity mentality or are uninformed.

They usually say things about your leadership that aren't based on truth. If I held out an orange seed in my hand and asked what I am holding, many people would say, "an orange seed". That would be a fact but the truth is, I have a tree in my hand. In most cases, people become critical of situations because they simply look at facts and do not think in a way to see the truth. In the end, they become critical in order to discourage you from your great vision. As a leader you should never allow this to happen, instead focus on your great dream until it is realised.

Doctor Howes advised a young and visionary woman known as Florence Nightingale thus; "Whatever is unusual is usually treated as unsuitable but follow your inspiration in your chosen way of life despite criticism". She heeded the advice and within fourteen years her calling crystalised with clarity for the world to see her generational contribution and went down on record as the father of modern nursing. When the former American Secretary of State (Condoleezza Rice) was in high school, she was criticised and told that her test results showed that she probably wouldn't do well at university.

She did not let criticism deter her vision but instead modeled herself, and threw herself into studies with such concentrated energy that she actually entered the University of Denver at age 15 and graduated with academic honours at age 19. At 41 Rice became the youngest provost in the history of Stanford University, the first woman and the first African American to fill the prestigious post. For those who witnessed her presence here in Kenya in 2008, her power and influence were evident and need not be emphasised.

As much as it is interesting to note how Stanford University was led by the first woman (Condoleezza Rice), it is further interesting to understand how the idea of the University was conceived. Mr. and Mrs. Leland walked into the office of Harvard University President and Mrs. Leland said," Mr. President, we had a son that attended Harvard for one year and was happy here and loved the university. Unfortunately, about a year ago, he was accidentally killed hence my husband and I would like to erect a memorial for him somewhere on campus". The president said, "We can't put up a statue for every person who attended Harvard then died! If we did, this place would actually look like a cemetery".

Mr. Leland and his wife walked away and the negative criticism of Harvard's President energised them to establish the prestigious Stanford University that bears their names and a memorial to a son that Harvard no longer needed. Mr. and Mrs. Stanford managed to use criticism to their favor and out of it emerged the distinct Stanford university which actually ranks in the top league of universities with the class of Harvard and Yale. I therefore strongly believe that you as a leader too could be like Mr. and Mrs. Leland or like Simon Gicharu, who founded Mount Kenya University from scratch of course despite many challenges.

Mr. Simon Gicharu is a contemporary entrepreneur I personally admire. He walked into equity bank and borrowed his first loan of twenty thousand Kenyan shillings to partition a small rented house for ten-by-ten classes at Thika town. He forged forward by great inspiration and probably might have gained wisdom from Charles Darwin who said," It is not the strongest who survive nor the most intelligent but those who are most responsive to change". This man built a monument in the name of Mount Kenya University. Former President, late Mwai Kibaki recognised his efforts by awarding him in 2012 on Jamhuri day, the order of the burning spear [CBS] the highest state commendation a civilian can be awarded!

> **There are some leaders who eagerly begin well and do not achieve great things in their leadership because they are discouraged by critics. Criticisms make them forget to add patience, persistence and endurance to their enthusiasm. Josh Billings said, "Consider the postage stamp, its usefulness consists in its ability to stick to something until it gets there." Ignore the critics but use criticism to grow.**

One may ask what really brought the various leaders I have mentioned above to the pinnacle of their leadership or professions in the midst of many criticisms or challenges. My view is that all these leaders had a bigger picture perspective and never let any criticisms or challenges distort their focus on the picture. In fact, their thinking is related to a man who was convicted and sentenced to death but obtained a reprieve by assuring the king he would teach and train his majesty's horse to fly within a year with the proviso that if he didn't succeed, he would be put to death at the end of the year. The convicted man's friend was startled by his promissory note to the king and wanted to know how he could manage to train the horse to fly! The reprieved man answered by saying," within one year the king may die or with time the horse may learn how to fly or his time may come and he (the horse) dies naturally at the end of the year"!

This man belonged to a class of people who look at things which are not and say: why not? "This man belonged to the class of the late President John F. Kennedy who on May 25th 1961 announced to a joint session of congress that it was high time America sent a man to the moon. The congress was skeptical arguing that it was logistically and technologically impossible to travel to the moon! However, the president went ahead with his decision and dealt with the obstacles later and it's on record that a man was finally sent to the moon.

There are some leaders who eagerly begin well and do not achieve great things in their leadership because they are discouraged by critics. Criticisms make them forget to add patience, persistence and endurance to their enthusiasm. Josh Billings said, "Consider the postage stamp, its usefulness consists in its ability to stick to something until it gets there." Ignore the critics but use criticism to grow.

Criticisms will always be there. The Chinese have a proverb that says, "The gem cannot be polished without friction, nor man perfected without trials." It seems to me that great trials are the necessary preparation for greatness. It was Charles Spurgeon who maintained that "A world where everything was easy would be a nursery for babies and not all a fit place for men." For this reason, a leader who cannot push on against the wind and weather stands a poor chance of influencing others by his or her contribution in this life.

In most times people criticize you because they do not see where you see. So do not blame them. That is why Konrad Adenauer was correct when he said, "we all live under the same sky, but we do not all have the same horizon."

One day a certain bishop visited a president of a certain religious college. After dinner the bishop declared that the millennium couldn't be far off, because just about everything about nature had been discovered and all inventions conceived. The college president politely disagreed and said he felt there would be many discoveries when the angered bishop challenged the president to name one such invention. The president replied that he was certain that within fifty years men would be able to fly. The bishop's name was Mr. Wright and he had two boys at home who proved to have lean thinking and vision than their father. They (Orville and Wilbur Wright) disproved the critics who were saying that they did not have a university degree, were unknown and mere bicycle mechanics by flying the first plane on 17th December 1903 and the world was surprised.

The father (Mr. Wright) and his sons both lived under the same sky, but did not have the same horizon. In a similar way a critic and you live under the same sky but you have different horizons. Your mother does not know you. Your father does not know you either. The critics cannot see where you see. Remember a critic is a person who knows the way but does not know how to drive. So let him show you the way as you drive and do not forget to pick any stones, he throws at you to build a monument.

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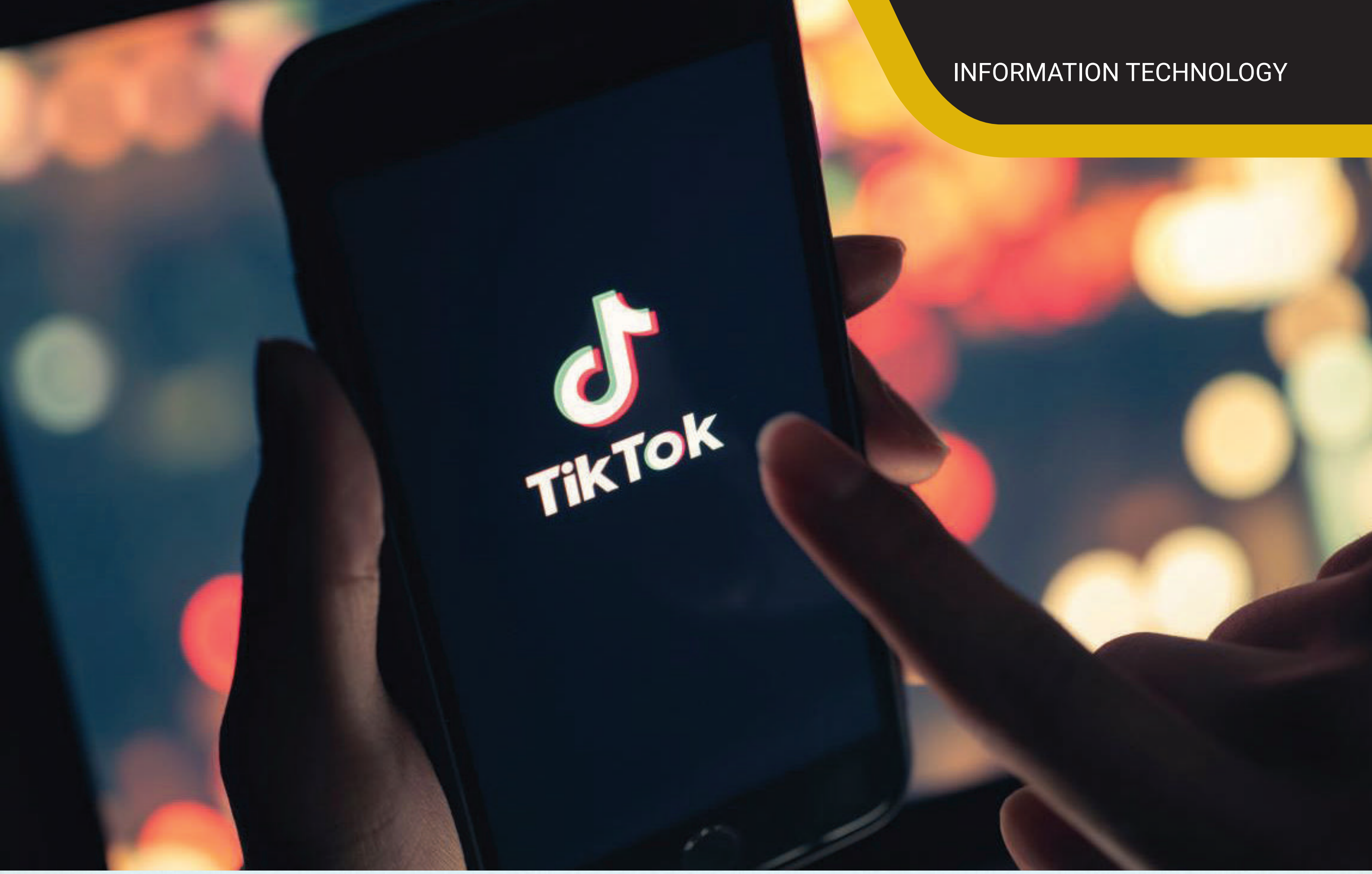

The Rise and Rise of Tiktok

How Did They Build Such an Entertaining - Some Would Say Addictive Product?

By Derek Mutiso

TikTok, the social media platform designed for creating, editing, and sharing short videos between 15 seconds and three minutes in length, now boasts more than 1 billion monthly active users, making it the fourth-largest social media platform worldwide. With a user base twice the size of Snapchat, TikTok is rapidly approaching the popularity level of Instagram.

DataReportal, an online resource hub that collects information and publishes reports on various topics, revealed in a 2024 paper titled "The time we spend on social media" that TikTok has significantly surged ahead of other social media platforms, with TikTok users spending an average of 34 hours monthly on its Android app. This implies they now spend over an hour daily on TikTok.

The COVID-19 pandemic accelerated the app's already remarkable expansion. The app witnessed a 45% rise in monthly active users from July 2020 to July 2022 amidst widespread lockdowns that affected billions of people. In 2022, TikTok surpassed longstanding giants like Instagram and Twitter to become the most downloaded app globally, marking a remarkable ascent that has astonished investors and industry analysts as it continues to snowball.

TikTok as we know it today originated from the amalgamation of two Chinese platforms – the lip-sync app Musical.ly and the video platform Douyin. Short video content initially became popular in 2013, on the Vine platform. The app enabled users to share 6-second-long videos known as vines.

The Chinese social media site Musical.ly made its debut the following year, enabling lengthier videos (up to one minute, ranging from 15 seconds). With thousands of songs to choose from, users could create delightful lip-synching and dancing videos, which was its initial focus.

Musical.ly attracted millions of users in a few years as it became increasingly popular, particularly with American teens. During the summer of 2018, ByteDance integrated all of Musical.ly's content and user accounts into TikTok. With the incorporation of Musical.ly's American user base and its popular features, ByteDance significantly expanded its international presence, combining its China-centric product Douyin with the globally-oriented TikTok.

"TikTok has become a source of culture, a reinforcement of culture, and a cauldron where culture is created," said Emily Dreyfuss, a researcher at Harvard's Shorenstein Center on Media, Politics and Public Policy.

The algorithm is also able to adapt and ensure that content recommendations evolve alongside users' changing preferences and interests. For instance, if someone develops a newfound interest in Turkish cuisine, they may notice an influx of Turkish cuisine-related TikToks. Conversely, as interest wanes, so does the frequency of such content on their "For You" page.

It displays an endless stream of videos and, unlike conventional social media apps it serves more as entertainment than as a connection to friends.

The TikTok algorithm

There are four main goals for TikTok's algorithm:

- **User Value**: This refers to the value or benefit that individual users derive from using the platform. It could include factors such as enjoyment, entertainment, information, or social interaction that users experience while using the platform.
- **Long-Term User Value:** This extends beyond immediate satisfaction to consider the ongoing benefits that users gain from continued use of the platform over an extended period. It encompasses factors such as user loyalty, engagement, and the sustained positive impact on users' lives or experiences.
- **Creator Value:** This pertains to the value that content creators contribute to the platform. It includes factors such as the quality, creativity, and appeal of the content they produce, as well as their ability to attract and retain an audience.
- **Platform value:** This refers to the overall value or success of the platform itself. It encompasses factors such as user growth, revenue generation, market share, brand reputation, and the platform's ability to attract both users and content creators.

The TikTok algorithm is the mechanism that has enabled TikTok to build such an entertaining — some would say addictive — product. The algorithm determines the videos showcased on users' "For You" page, it ensures that they are tailored to individual preferences. Essentially, it selects videos deemed appealing to each user. Consequently, the "For You" page is uniquely personalized, ensuring that different users view different content whenever they log onto the app. It delves into specific interests, such as presenting rugby-related content to rugby enthusiasts rather than generic sports content.

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TikTok achieved success where other short video platforms faltered, partly due to its user-friendly creation tools. The algorithm gives you content to build on; like background music to dance to, or memes to act out. Unlike other apps, it eliminates the need to fill silent audio. The algorithm's adeptness at uncovering users' inclinations, sometimes even before they realize them, is remarkable.

TikTok has openly outlined the general principles of its recommendation mechanism, stating that it considers factors such as user engagement metrics like likes and comments, along with video attributes such as captions, sounds, and hashtags. Additionally, external analysts have attempted to decipher the workings of its algorithm. A recent investigation by The Wall Street Journal illustrated TikTok's significant reliance on the duration users spend watching each video to guide them towards additional content that maintains their interest and encourages more scrolling.

Controversy

As with other social platforms, TikTok has faced controversy due to concerns about potential risks to sensitive user data. TikTok has faced even more scrutiny because of its alleged ties to the Chinese government. Lawmakers in various countries, including the United States, Europe, and Canada, have raised security concerns and initiated efforts to restrict access to the platform. The White House has directed federal agencies to remove the app from government devices, and there have been congressional hearings regarding TikTok's relationship with China and data handling practices.

Some countries and government bodies have banned TikTok from official devices. The Biden administration has supported legislation aimed at prompting ByteDance to sell TikTok and has been engaged in discussions with TikTok regarding national security concerns and user data handling. Despite TikTok's denial of allegations and efforts to address concerns, controversies persist, with ongoing investigations and legislative actions.

Western lawmakers and regulators are becoming more concerned that TikTok and its parent firm, ByteDance, would provide the Chinese government access to private user data, such as location data. They have cited legal provisions that permit the Chinese government to covertly get information for intelligence-gathering purposes from Chinese persons and businesses. Additionally, they are concerned that China can spread false information through TikTok's content-recommendation algorithm. This is a worry that has intensified in the US during the Israel-Hamas conflict.

In March 2024, local dailies reported that The Kenyan government plans to restrict the usage of TikTok among government officials to safeguard sensitive data and national security. While there's currently no official policy in Kenya regarding social media use by public officials, discussions within the NSC may lead to restrictions. The outcome of these deliberations will shape the government's stance on TikTok usage by officials and specific age groups. The government has also engaged with TikTok regarding privacy concerns and compliance with data protection laws

Some American social media experts view TikTok as a potential threat, but others argue that concerns about surveillance or censorship by the platform are exaggerated. Samm Sacks, a cybersecurity policy fellow at New America, believes that focusing solely on TikTok overlooks larger issues surrounding data privacy and security. Sacks suggests that even if TikTok were American-owned, foreign entities could still access its data through the open data broker market. Therefore, he asserts that worrying about TikTok's impact on national security may be unfounded and depends on one's analysis of the U.S.-China relationship and the future of technology and culture.

How Your Business Can Win Over the TikTok Algorithm

Small and big businesses alike can gain from TikTok's popularity. To effectively work with the TikTok algorithm, prioritizing engagement is key, especially for new brands on the platform. Here are some strategies to enhance your performance on TikTok:

- Utilize relevant hashtags to categorize your content and increase visibility. Incorporate trending hashtags for broader reach and inspiration for content creation.
- Capitalize on TikTok trends, including popular audio, hashtags, effects, and video formats, to align with current viral content and broaden your audience reach.
- Capture viewers' attention within the first few seconds of your video to increase completion rates and maintain viewer interest.
- Focus on creating shorter, engaging videos rather than longer ones to maximize viewer retention and engagement.
- Post content when your audience is most active to boost engagement and visibility, utilizing TikTok analytics to identify optimal posting times.
- Craft keyword-rich captions to provide context for your content and improve searchability within TikTok's algorithm.
- Leverage TikTok analytics to track performance metrics and optimize your content strategy based on audience preferences and engagement patterns.
- Optimize your content for search to enhance discoverability, including descriptive titles and captions that align with relevant keywords.
- Collaborate with TikTok influencers to reach new audiences and amplify your brand's presence through branded challenges, tutorials, and other partnership opportunities.

There are no strangers to controversy in the world of large enterprises, more so when it comes to social media platforms. With more than 4.5 million social media users worldwide, these companies deal with huge amounts of personal data every day. Handling this amount of information, and doing it perfectly is a tall order. Governments play their part in trying to control what gets used but at the end of the day, it falls to us, the users, to be careful with what we share on social media.

TikTok can work wonders for your brand identity; if you know how to use it effectively. There are numerous success stories of companies that have been able to go viral on the app, and with a little effort, you too can join their ranks.

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Cohabitation and Presumption of Marriage

It Represents a Quasi-Marital State; a Legal Classification Distinct from Marriage but Often Yielding Comparable or Similar Consequences

By Joan Ogeto

In the ever-evolving landscape of matrimonial unions, the traditional pathways to marriage have undergone transformation, giving rise to pragmatic alternatives such as cohabitation, colloquially known as 'come we stay' in Kenya.

This unconventional arrangement sees couples opting to live together, often without the formalities or blessings of their families or communities.

Typically, the genesis of such unions stems from a variety of circumstances, where the woman is invited by the man to share a dwelling, hence the evocative term 'come we stay'. Observation illuminates that these decisions are often spurred by reactive rather than deliberate choices. In many instances, the trajectory towards 'come we stay' is catalyzed by the unexpected arrival of a premarital pregnancy. Frequently, the women involved are young, still navigating through their educational pursuits, and some reliant on parental support. Conversely, the men, albeit young themselves, tend to be slightly older, having completed secondary education and boasting a more stable financial footing.

Within African cultures, the distinction between marriage and cohabitation can often become hazy, where societal norms and practices blur the lines between these two forms of union. This ambiguity reflects a complex interplay of tradition, societal expectations, and individual choices, underscoring the multifaceted nature of relationships in contemporary society. This ambiguity has triggered extensive deliberations both in courtrooms and scholarly circles regarding the appropriate treatment of cohabitation. Courts have grappled with the challenge of acknowledging cohabiting relationships and extending commensurate rights, often resorting to the common law principle of presumption of marriage.

This principle operates under the assumption that individuals in a cohabiting relationship should be entitled to certain rights and protections akin to those enjoyed by legally married couples. In the context of the Kenyan legal framework, the application of the presumption of marriage principle serves to deepen the comprehension of cohabitation dynamics.

Black's Law Dictionary defines it as "The fact or state of living together, especially as partners in life, with the suggestion of sexual relations." It constitutes a form of common law arrangement where a man and a woman live in a manner resembling that of a married couple, yet without formalizing their union. It's essential to distinguish that mere cohabitation does not extend to situations where friends share a living space or where family members reside together. To be categorized as cohabitants, a couple must dwell together in a manner reflective of spousal or civil partner relationships.

Before Kenya gained independence, the concept of cohabitation drew from British legal precedent, where it was construed as a presumption of marriage. This understanding became ingrained in Kenya's legal fabric through Section 3 of the Judicature Act, which recognizes common law as a source of law. Consequently, the Kenyan legal system embraced this presumption, reflecting the enduring influence of British jurisprudence.

In tracing the evolution of legal thought in Kenya, the recognition of cohabitation as a significant aspect of societal relationships can be traced back to pivotal documents such as *The 1968 Report of the Commission on the Law of Marriage and Divorce*. This landmark report, commissioned to evaluate existing laws concerning marriage and divorce, not only scrutinized the legal frameworks of its time but also proposed a blueprint for a new, comprehensive law applicable to all Kenyan citizens. It is noteworthy that during an era when such matters were under intense scrutiny, the acknowledgment of cohabitation within the legal realm marked a significant milestone in Kenyan jurisprudence.

The report delved into the intricacies of cohabitation, addressing fundamental questions such as its definition and the legal implications thereof. One of its key recommendations was the establishment of a general presumption of marriage when individuals cohabit in a manner akin to that of spouses. Moreover, the report provided guidance on determining the duration of cohabitation necessary to qualify as a cohabitation union. Specifically, it suggested a benchmark of at least one year of cohabitation, under circumstances where the couple has acquired the reputation of being husband and wife. This nuanced approach aimed to bridge the gap between traditional legal frameworks and the evolving dynamics of relationships within society.

The embodiment of this presumption was exemplified in the landmark case of ***Hortensiah Wanjiku Yawe v Public Trustee* (Civil Appeal 13 of 1976)**, where the courts endeavored to elucidate the concept of cohabitation. This case delineated the factors now pivotal in determining the existence of a presumption of marriage between two parties. The Court of Appeal for East Africa asserted that an extended period of cohabitation, conducted in a manner akin to that of spouses, may engender a presumption of marriage in favor of the party asserting it. The court held, *"The presumption does not hinge on legal formalities or a particular marital system. Rather, it is a presumption grounded in the extensive cohabitation and societal acknowledgment of the parties as husband and wife."*

> **"the report provided guidance on determining the duration of cohabitation necessary to qualify as a cohabitation union. Specifically, it suggested a benchmark of at least one year of cohabitation, under circumstances where the couple has acquired the reputation of being husband and wife. This nuanced approach aimed to bridge the gap between traditional legal frameworks and the evolving dynamics of relationships within society.**

Similarly, the UK case of ***Kimber v Kimber* [2000] 1 FLR** serves as a notable illustration where the presiding judge demonstrated factors requisite for establishing cohabitation. Central to this criterion was the notion that a reasonable observer would perceive the individuals involved as residing together in a manner akin to a married couple. This entails sharing the same residence, engaging in daily life together, and fostering a sense of stability and permanence in the relationship, transcending fleeting connections such as holiday romances. Furthermore, the court emphasized the significance of financial interdependence, a sexual relationship, and at times, the presence of children as additional indicators of cohabitation.

With the enactment of the Marriage Act in 2014, cohabitation was notably absent among the recognized legal forms of marriage. The Act explicitly acknowledges Customary, Hindu, Islamic, Christian, and Civil marriages, omitting cohabitation from its provisions. However, Section 2 of the Act offers a definition of cohabitation as "living in an arrangement where an unmarried couple resides together in a long-term relationship resembling marriage."

Subsequently, the case of ***Joseph Gitau Githongo v Victoria Mwihaki* [2014] eKLR** shed light on the legal implications of cohabitation. The court expounded on the concept of the presumption of marriage, arising from the extended cohabitation of a man and a woman without formalizing their union through a recognized form of marriage. In such instances, if the woman finds herself abandoned or widowed by her partner, the law, contingent upon sufficient evidence, accords her the status of "wife." This recognition enables her to seek maintenance or a portion of her deceased partner's estate. Numerous cases tackle the same issue. The underlying principle that unites them all is that establishing a presumption of marriage typically hinges on factual evidence, requiring individuals to substantiate their claims.

Unlike marriage, which is governed by specific laws aimed at safeguarding the individuals involved, cohabitation does not provide such assurances. It represents a quasi-marital state, a legal classification distinct from marriage but often yielding comparable or similar consequences.

In legal contexts, a "presumption" signifies the court's inclination or treatment toward a particular matter in the absence of contrary evidence, aiding in the determination of relevant questions. For instance, the presumption of innocence in a trial denotes the court's stance that the accused is considered innocent until proven guilty. However, this presumption doesn't inherently confirm innocence. Similarly, the presumption of marriage doesn't automatically imply a marital status. According to Section 119 of the Evidence Act, courts are empowered to infer the likelihood of certain facts based on the common course of natural events, human behavior, and public and private affairs pertinent to the specific case. The presumption of marriage doesn't establish a marital union; rather, it allows the individual invoking it to assert certain claims, particularly in matters concerning the inheritance of a deceased individual's estate.

> **"The initial attempt to address this issue was made in 2007 through the introduction of the 2007 Marriage Bill, which included a provision which proposed that if a man and woman, both capable of marrying, openly lived together for a minimum of two years in circumstances where they were perceived as husband and wife, there would be a rebuttable presumption of marriage.**

The initial attempt to address this issue was made in 2007 through the introduction of the 2007 Marriage Bill, which included a provision which proposed that if a man and woman, both capable of marrying, openly lived together for a minimum of two years in circumstances where they were perceived as husband and wife, there would be a rebuttable presumption of marriage.

In 2012, a second proposal emerged under the initiative titled *'A change to marriage laws.'* This proposal, approved by the Cabinet at the time, aimed to recognize 'come-we-stay' arrangements lasting over six months as legal marriages. The proposed legislation would have empowered chiefs to formalize such unions, registering them as marriages. Proponents argued that this approach would provide legal recognition to couples who may lack the means to undergo traditional or civil marriages. Additionally, the Marriage Bill outlined provisions for the maintenance of spouses and children in cases of marital breakdown or divorce following cohabitation. Despite these efforts, both proposals were ultimately abandoned.

In 2015, Justice Alfred Mabeya provided clarification on the legal status of couples claiming marriage through long-term cohabitation under the 2014 law. He noted that the law did not recognize marriage by long cohabitation. However, he highlighted that this omission did not invalidate relationships where couples had lived together as spouses for extended periods, often resulting in children. Mabeya emphasized that despite the absence of legal recognition, such relationships still held significance and warranted consideration under the law. Similarly, Justice William Musyoka articulated this principle in a 2015 ruling, stating that when a marriage fails to adhere to the formalities outlined in the Marriage Act or customary law, it may still be validated through the presumption of marriage by cohabitation. The court emphasized that for this presumption to apply, the couple must have resided together for a significant duration and presented themselves as husband and wife to their close circle of friends, relatives, and acquaintances.

The presumption of marriage hinges on specific criteria: the parties must have cohabited for a considerable duration and conducted themselves in a manner suggestive of a marital bond. This fundamental principle has consistently guided judgments across various cases heard in our courts. Determining the existence of a marriage, as well as the possibility of presumption, is a matter of fact. It is independent of any legal system, except where expressly excluded by written law. For example, a marriage cannot be presumed if one party is already married under statute. However, if both parties possess the capacity to marry, a presumption of marriage may arise from prolonged cohabitation or other circumstances indicating an intention to live together as spouses.

Much like in murder cases where intent is pivotal, the crux lies in the intention of the individuals to live as a married couple.

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Invest In Yourself

Keep Pace with Trends in Your Field of Study

Compiled by Angela Mutiso

"The most important days in your life are the day you are born and the day you find out why."- Mark Twain

Continuous learning is an essential part of personal and professional growth. It is the ongoing process of acquiring new knowledge, skills, and competencies throughout one's life.

Life-long learning allows individuals to keep up with the rapid pace of change and to adapt to new circumstances and challenge – Mindstone

Investing in yourself is one of the best gifts you can ever give yourself. Many worldwide are convinced that primary and secondary education is just about enough. There are, of course, many more who appreciate the importance of continuous learning.

Most people who have accomplished much in their lives have done so because of that extra mile and living a purposeful and structured life. They have kept pace with trends in their fields of study and ensured that they learn as much as possible outside their areas of expertise. This has helped them to increase their value and success in life. They have ensured that they have a work-life balance, enabling them to have time to do things that please and build them.

Career advisers, indeed.com, strongly advocate for continuous learning, which they explain refers to ongoing educational and professional development opportunities that you might have at work. These learning experiences can teach you new trends in your industry or enhance your skills in significant areas. This tradition can help you learn new hard and soft skills to boost your work experience. They describe hard skills as technical abilities related to a specific job or industry, like programming, medical recording or manufacturing processes. Soft skills are interpersonal characteristics that apply to industries, like communication, problem-solving and analytical thinking. indeed.com stresses that this kind of learning makes you innovative, gives you self-confidence and access to resources, boosts your leadership skills and empowers you to interact with people in your field.

Continuous learning also widens your scope and changes your worldview by building on what you already know. It also boosts your self-esteem, making you more confident and self-assured.

We are often told that failing to plan is planning to fail. When you do not plan your life, you can rapidly slide into depression and emptiness.

In his acclaimed book, Pursuit of Purpose, the late international teacher, speaker, lecturer, evangelist and advisor

> He noted that unlike his bank accounts, which were well filled, he was unfulfilled. The older man confessed that for years, he had been so driven by the expectations of others that he hadn't discovered his reason for being. He did not wish to live with such emptiness. So, on that day, he had decided to be dead than to be alive and not know why.

Myles Monroe described a sobering situation; when a young man attempts to save a drowning elderly man who pleads with him to just let him go. This puzzles the young man because he has known the person he is trying to save for the past twenty years as a rich and successful businessman with fulfilled children and a wealthy wife.

When the young man sought to know why the 76-year-old felt unfulfilled, he was amazed by his answer. The man acknowledged that his entire family was doing fine and his relationship with friends and foe alike was impressive, but he still felt empty, frustrated and sad, and his life had no meaning. He noted that unlike his bank accounts, which were well filled, he was unfulfilled. The older man confessed that for years, he had been so driven by the expectations of others that he hadn't discovered his reason for being. He did not wish to live with such emptiness. So, on that day, he had decided to be dead than to be alive and not know why.

As the old man was whisked away in an ambulance, the young man could not help but ponder over what he had told him, which was- "Son, do not strive to be like me. Find out who you are and be yourself." Myles Monroe says; these questions, who am I? why am I here? what was I born to do? What can I do? Where do I fit in? where am I going? What is my potential? are universal questions that haunt every human being. He stresses that purpose is the key to life. Without purpose, life has no meaning. He goes on to say that if your vision for life is measured by status, your upkeep will be your downfall. So, find out who you are.

What should you do to become a better you?

Discipline is an essential factor in self-improvement. Author Jordan B. Peterson emphasizes the importance of continuous learning from a different perspective. He talks about the changes he noted while studying for his clinical PhD. There was a marked improvement in character in everyone who continued in the progressively more difficult five-to-six-year program. He observed that their social skills improved, and they were more articulate. They also found a deep sense of personal purpose. Additionally, the discipline imposed upon them by the necessity of research and thesis preparation, in particular, improved their character. Apparently, being able to write clearly, something that is long, complex and coherent, builds your personality in more intense ways.

Time management is also essential; it shapes your personality and how people perceive you. Not being able to keep time and use it well makes you appear unreliable. No one can reclaim wasted time.

A cheerful personality is a good attribute. There are offices or shops you visit, and you are left wondering whether the person serving you has a problem with you. The degree of indifference while providing services is shocking—no greeting, smile, or warmth. If the service can be rendered without talking, it is be even better for them. Remember, you are attractive when you are optimistic, flexible and open-minded. No matter how stunning you look, people will stay away from you if your social skills are wanting.

Build on your strengths to remain relevant. It helps to always be ahead of the pack. Do not stay in your comfort zone for too long, lest you are left behind and become irrelevant because of stunted growth.

Stay healthy by exercising regularly, take care of your physical and mental health. And ensure that you are eating well, sleeping well, reading, nourishing relationships and networking. Remember that when you invest in yourself, you encourage personal growth and competence.

Financial literacy leads to financial stability. *Worldbank.org explains -" financial stability is when a financial system can allocate resources efficiently, manage financial risks, and withstand shocks without becoming impaired. It also means that the financial system can help economic activities run smoothly,*

Additionally, the discipline imposed upon them by the necessity of research and thesis preparation, in particular, improved their character. Apparently, being able to write clearly, something that is long, complex and coherent, builds your personality in more intense ways.

and can fix financial imbalances from shocks." To be honest, not many people are able to manage financial shocks. So put measures in place to avoid this difficult situation. Invest wisely, save, and avoid debt.

A well-groomed person draws people to him/her – so, strive to be sharp, improve your skill sets and take pride in your appearance. Always look confidentt and elegant regardless of the event.

To find yourself, set realistic goals and strive to achieve them. Peterson says when he became a professor, he realized that the students who took on more work got better grades than those who burdened themselves less. He counsels his clients to select the best path currently available to them even if it is far from their ideal. This has the benefit of replacing something that is real with one that is available only in fantasy.

Make sure you do something about your goals every day, do something good for someone and about yourself every day, and keep your doctor, mentor, friends and family close.

Above all, be resilient and adaptable to cushion yourself against this unpredictable and sometimes murky world and from the unforeseen.

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Juncao Grass Technology For Sustainable Livestock Farming

Perennial Droughts Have Caused Pasturelands to Dry Up

By Alfrique Mwana and Angela Mutiso

In the pastoral lands of Kenya, a prolonged crisis has been unfolding that threatens the very survival of local communities. Climate change has brought severe drought and uncertainty for decades, making it increasingly more complex for pastoral communities and other livestock herders to find adequate food and water for their all-important cattle herds.

Perennial droughts have caused pasturelands to dry up, leading to conflicts between farmers and nomadic herders as they struggle bitterly over water and pasture. John Lenkume, an esteemed Maasai elder of the Inkisanie community, has witnessed the devastating effects of climate change and the struggle for resources in his community. "We depend entirely on our cows for milk, meat, trade, status, and income. But the grass is completely gone, most waterholes are bone dry, and our cows grow thinner daily. Too many have died. It breaks my heart to see," Lenkume laments.

The increasing shortage of animal feed weighs heavily across Kenya's arid and Semi-arid regions. Over 9 million herders rely almost entirely on livestock for their livelihood and well-being, possessing herds with an estimated worth exceeding US$1 billion.

For generations, livestock has formed the foundation of health, culture, and wealth for these communities - but the severe lack of fodder now threatens their entire way of life. The resultant scarcity of fodder and depletion of animals has also sparked intense new conflicts among destitute pastoralist communities. As resources disappear, violent clashes have erupted between farmers and herders struggling to control grazing lands, water sources, and cattle routes. Desperate farmers even encroach and attempt to fence off precious open rangelands, while pastoralists increasingly invade farms with their hungry herds.

Experts estimate that Kenya faces a national deficit of millions of metric tons of animal feed annually. The country requires an estimated 55 million metric tons to sustain nationwide cattle stocks. Still, actual productive capacity only meets around 40 per cent of this demand – leaving a supply gap of over 33 million metric tons per year for dairy and meat production. According to the Kenya Agriculture and Livestock Research Organization (KALRO), a primary driver lies in the grossly inadequate cultivation and production of cattle fodder crops; only 10% of Kenyan farmers engage in livestock feed agriculture. However, an unexpected solution may be on the horizon – a resilient Chinese grass called Juncao fodder experts believe could help bridge the severe national supply gap.

> **This unique strain is called "magic grass" because it can change the country's fodder situation. The succulent, fast-growing green plant thrives under heat and drought. It can resist the most common diseases and pests while packing up to 18% digestible protein in its soft, juicy stems. He says a good feed of juncao will increase milk production by 50%. Further, upon maturity, Juncao has the potential to produce 180 metric tonnes of fodder per acre of land.**

Juncao grass was invented by Professor Lin Zhanxi in China and introduced in Kenya in 2021 by Jack Liu, a fodder expert. He recognized the potential of Juncao grass to transform the fodder situation in Kenya. After conducting preliminary studies, Liu now grows the grass in his model farms and sells it to local dairy farmers as a new but sustainable crop for profiting the struggling livestock industry. This unique strain is called "magic grass" because it can change the country's fodder situation. The succulent, fast-growing green plant thrives under heat and drought. It can resist the most common diseases and pests while packing up to 18% digestible protein in its soft, juicy stems. He says a good feed of juncao will increase milk production by 50%. Further, upon maturity, Juncao has the potential to produce 180 metric tonnes of fodder per acre of land.

"This could truly be a game-changer on all fronts," Liu declared regarding Juncao grass. Working in cooperation with national agriculture authorities and the KALRO research division, Liu developed rigorous protocols for controlled introduction, working for over eight months to pass quarantines and demonstrations before full approval was granted. Liu wasted no time implementing expansion plans and working closely with farms across Kenya to propagate the plant. He cultivated 130,000 acres for seed production within two years. Liu also set remarkably ambitious five-year goals to entirely transform national fodder production capabilities - to revolutionize the foundation of livestock feeding for Kenya's current generation of farmers and many generations to come.

Livestock practices have formed a solid cultural identity across Kenya for generations while driving significant portions of the nation's economy. Yet despite their great tradition, farmers have continued to have challenges in addressing many emerging issues that now threaten the entire industry. Persistent land pressures, prolonged droughts, lack of feeds, chronic diseases, and unsupportive infrastructure have brought smallholders to the brink of collapse. As animal health and productivity degenerate, many have understood that superior feeding alternatives may offer the last hope for survival.

In desperation before Juncao's arrival, farmers developed Hydroponic Fodder systems to sprout green feed from grain. While the nutritious feed showed promise, the high infrastructure and energy costs soon rendered operations economically unfeasible for all but the wealthiest producers. Small-scale dairy farmers need help feeding their animals from maize husks or sugarcane husks after harvests. Juncao grass has since emerged as an attractive and affordable fodder alternative. Lucas Ole Saiya, a pastoralist in Kajiado County, decided to experiment with juncao grass on his small farm; the results have been excellent. His dairy cows immediately took to the sweet, tender grass. Milk productivity rose to 20% within weeks, and Ole Saiya has continued expanding his Juncao stand since.

Liu emphasizes that his global vision transcends merely fodder production alone. By working closely with smallholder farms to improve yields, generate new revenues, and promote sustainable community enrichment, Liu insists Kenya can achieve a competitive advantage to build a thriving national dairy industry. With specialized feeding systems optimized for Juncao's exceptional digestibility and nutritional content, farms can substantially increase incomes while creating hundreds of thousands of rural jobs. Moreover, Liu believes the initiative can serve as a model to inspire innovative agricultural development across Africa.

With 18.6% digestible protein and an ideal balance of critical nutrients, veterinary scientists have positioned Juncao superior to traditional crop residues and grass hays. Juncao establishes rapidly, achieving mature green chop in just three months.

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After cutting stems down to 15 cm, the vigorous root system continues generating new shoots for years without reseeding. Chopped Juncao also yields exceptionally well to ensiling, preserving nutrition as fermented silage fodder for three years. This flexibility offers farmers tremendous advantage in planning their nutritional programs over seasons. Juncao's profound and sturdy roots also help conserve moisture and prevent topsoil losses from wind and rain, making it a uniquely sustainable multi-year crop.

Juncao is increasingly hailed worldwide as an environmentally friendly solution for its reliability, climate resilience, self-propagation, and resistance to most common pests and diseases. Experimental farms have proved that Juncao production systems excel in either pure stands or intercropped with other forages, grains, or legumes. Though the plant thrives under irrigation, Juncao grows well in low fertile soils under purely rain-fed conditions. This broad adaptability makes Juncao suitable for cultivation across an extensive range of moisture levels - from flooded rice paddies to severely moisture-stressed drylands. Accordingly, Liu has developed ambitious expansion plans to spread Juncao's cultivation across thousands of acres in over 24 arid and semi-arid (ASAL) counties.

Jack Liu intends to commence his county aggregation of Juncao grass, focusing on six vital ASAL counties: Kajiado, West Pokot, Mandera, Narok, Wajir and Garissa. An additional 80,000 acres are slated for Turkana County once local nurseries meet seedling demands. With strong producer interest following early successes, Liu plans to roll out Juncao to 20 additional midland counties better known for crops like maize, beans, and sugarcane. This second phase adds over 100,000 acres across counties, including Nakuru, Transmara, Kakamega, Embu, Migori, Kisii, and Bungoma. Liu states that these ambitious benchmarks are but a starting point. He fully expects Juncao to continue spreading to many more countries as farmers share their experiences and generations inherit Juncao's sustainable practices.

Tragically, Kenya has lost an estimated three million heads of cattle during the latest periods of severe drought, according to National Drought Management Authority statistics. For agro-pastoralists and mixed farming households across marginal county lands, the repeated climate shocks and lack of feeds have caused devastating hardship - forcing many out of generational lands. However, this ongoing crisis has motivated fodder experts like Liu to prioritize climate-smart crops and capacity-building assistance for vulnerable farmers. With adequate investment backing, leaders hope improved feeds like Juncao grass can help them restore regional stability and give them hope. Maasai elder John Lenkume is convinced that Juncao may sustain Maasai traditions through the problematic seasons ahead.

Compared to common Napier grass varieties that have sustained Kenyan

farms for decades, Juncao does require more labour and land preparation but

offers far more reliable production. While Napier stands may persist five or

more years before replanting, Juncao has continuously generated harvests for over thirty years. Juncao's absence of seeds avoids stem-wasting

reproductive cycles, while Kenya's pest and disease pressures have proven

far less harmful to Juncao than most local grasses.

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Self Care

What Does the Doctor Say?

By Angela Mutiso

What are you shaping yourself to be? Self-care, which is our focus here, is a topical matter (always has been) that many feel is not given the significance it deserves.

Self-care is described as the process of establishing behaviours to ensure holistic well-being of oneself to promote health, and actively manage illness when it occurs. Individuals engage in self-care daily with food choices, exercise, sleep, and hygiene – *Wikipedia*.

A message from Dr Michael Roizen

Michael F. Roizen, M.D. (whose work we delve deeply into in this piece) poses these questions in his book *Real Age*: Are you as young as you can be? As a doctor, he often felt he was fighting a difficult battle. He clarifies that his job is to cure people after they are already sick. But preventing it in the first place is the best treatment. Practising his speciality, which is cardiovascular anaesthesiology, has meant that he has spent much of his working life with patients who are among the sickest of the sick. He says after spending so much time in the operating room with patients who were so brutally ill, he was frustrated by not being able to do more for them. What angered him even more was that these people knew they should exercise more, eat healthier foods, and care for themselves, but they were not doing it.

Dr.Roizen then asks the questions we should all be asking: "Why were so many people- smart, educated, thoughtful people – not paying attention to the reports of studies that correlated good health behaviors with long, healthy lives?" so many of these patients were sick because they had mismanaged their lives.

He goes on to explain that it would have been easy to blame the patients but it was not their fault. He feels that the medical community was not communicating this message effectively. His frustration further stemmed from the fact that even though he expressed these views to his patients, the flow of patients kept increasing not reducing. It was like this information was not being properly digested and acted upon.

By doing what you are supposed to do (self-care) you can stem the tide and live longer, the result will be that you also avoid diseases linked to old age. Their commencement defines the moment when we first feel old says the doctor.

He says there are no surprises; smoking, even second-hand smoke, not only makes you sick, but you age faster, when you indulge in this. Additionally, eighty percent of accidents are avoidable – so take safety measures while travelling. Air pollution, like exposure to toxic chemicals is dangerous. He also advises against unprotected sex. Noting that sex and drugs, the symbols of wild youth, can keep people young or make them old. Avoiding unprotected sex, is a must, as is knowing your partner's sexual history and using condoms correctly. The doctor points out that contracting HIV is a way of getting old overnight. Your risk profile changes to that of a much older person. He advises that on sexual matters, do not depend on your partner for protection, it is your responsibility. He adds, that you should not believe your partner, this person may tell you in good faith that they are ok, when they don't know or are not even sure of their status. Discuss it openly before you act, but above all, what will save you is using a condom (the safest type) or maintaining a mutually monogamous relationship. He says, you must never be embarrassed to discuss this matter openly with your partner. When you finally decide to stop using protection, gently ask your partner if both of you can get tested for HIV.

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Mental health and stress management

There are many people out there who believe that mental issues are related to some kind of insanity. As a result, it is stigmatized and in certain cases, not enough attention is given to it. The World Health organization says; *Mental health is a state of mental well-being that enables people to cope with the stresses of life, realize their abilities, learn well and work well, and contribute to their community. It is an integral component of health and well-being that underpins our individual and collective abilities to make decisions, build relationships and shape the world we live in. Mental health is a basic human right. And it is crucial to personal, community and socio-economic development.*

Mental health conditions encompass mental disorders and psychosocial disabilities and other mental states linked to significant distress, impairment in functioning, or risk of self-harm.

WHO says promotion and prevention involvements work by recognizing the individual, social and structural determinants of mental health, and then intervening to minimize risks, build resilience and create supportive environments for mental health. Interventions can be designed for individuals, precise groups or whole populations.

If you know someone suffering from mental health, give them your time, encourage them, reassure them that things are fine, listen to them, laugh with them and calm them down. Walk with them and tell them stories that reduce their stress levels. It may be difficult for you to understand them for example when they say they are hearing voices or odd things like that. It helps to take them seriously and listen to them. Help them snap out of difficult situations and to seek help where necessary.

How about stress management? Ryan Niemiec has written an interesting book – the strengths- based workbook for stress relief (you should read it). In this book he states that when we feel hopeless, we forget about our core strengths. We forget that our strengths can keep us above water. He says chronic stress is a serious problem for many people, and can lead to a host of health and mental health problems, such as heart disease, anxiety, and depression. He counsels that you should identify your key character strengths—like perseverance, social intelligence, bravery and self-control, and to discover how these fortes can help you build greater happiness, better relationships with others, and boost your general health.

Take care of your environment

Re-use and recycle, plant trees, take care of your water (save it and keep it clean) and wetlands, reduce your carbon foot-prints and above all, avoid chemicals on your land.

Hydrate

We have often been told to drink a lot of water every day. This helps to keep us hydrated, because it regulates body temperature, keeps joints lubricated, prevents infections, distributes nutrients to cells, and keeps organs working properly. Being well-hydrated also improves sleep quality, cognition, and temperament. It helps to maintain blood pressure and helps the body to remove waste. Also keep away from the sun during the hottest hours of the day.

Fitness

The benefits of exercise are well-documented. These include walking, running, swimming, sports, yoga, cycling, jumping and several other activities. It is advisable to eat fruits and vegetables as well as whole grain. Avoiding sugar, salt and fat can be quite beneficial.

Nurture Relationships

Have some kind of social life, stay in touch with your family and friends and community. If you occasionally take alcohol with friends, know your limits. Indulge in continuous learning, sleep well, and maintain a positive attitude.

Spiritual health

Easter and Ramadan slightly coincided, and have ended. However, most of us still have the spirit of these holy days within us. We worship in different ways. However, many are of the view that there are certain things we do that enable us to prioritize our relationship with our God. Anxiety can make you less efficient and effective, but your faith can help you navigate life. Try setting your worries aside and seek God diligently. Many believe that prayer can make a way where there seems to be no way. It can also give you hope and represses negativity.

> "chronic stress is a serious problem for many people, and can lead to a host of health and mental health problems, such as heart disease, anxiety, and depression.

Your money will keep you warm as life gets colder

You know how important it is to have some kind of income to manage your life. Use your ideas, skills and experience to make money. Many people earn a lot of money during their working life, but wonder where it all went. Author David Bach, whose book *Start Late, Finish Rich*, we review in this Journal (*March April 2024 Accountant Journal*) says, the problem isn't our income, it is what we do with our money once we get it. Remember the phrase; *make a million, spend a million, at the end, you are still broke?*

When a prominent Kenyan was asked to tell us the best advice he had for retirees, he said that from experience, what will really keep you going in the end, is your God and your money.

Health tips

Guavas and their leaves are known to be beneficial to your body in many ways and may help in the following ways;

- Lower Blood Sugar Levels
- Boost Heart Health
- Help Relieve Painful Symptoms of Menstruation
- Benefit Your Digestive System
- Aid Weight Loss
- Have an Anticancer Effect
- Help Boost Your Immunity
- Be Good for Your Skin
- some point out benefits of guava leaf extracts, which are taken as dietary supplements

Source – healthline

Remember that these are health aids, always consult your doctor.

The writer is the editorial consultant of the Accountant Journal

Email: cananews@gmail.com

Navigating Financial Integrity

From Historical Precedents to Contemporary Challenges and the Role of Effective Corporate Governance

By CPA Peter Kibet Kitur

Creative accounting has become perpetual in nature. They range from the ancient Mesopotamia, to the South Sea Bubble of 1720, to the famous Enron of 2001, down to Parmalat, Tesco, Toshiba, Kenya's Uchumi and Nakumatt supermarkets. The series of accounting scandals that have occurred have called for a greater concern by the accounting profession and governments resulting in enactment of laws, regulations, policies, procedures, and accounting standards. They have also shown that there is a need to look beyond corporate governance in the fight against financial deception.

Creative Accounting can be defined as using the flexibility within accounting to manage the measurement and presentation of the accounts so that they serve the interests of preparers and other interested individuals. It can also be defined as exploiting loopholes in the existing regulatory system, to serve preparers' not users' interests. As per Oxford Dictionary of English "The exploitation of loopholes in financial regulation in order to gain advantage or present figures in a misleadingly favorable light." According to Chartered Institute of Management Accounting (2000) "A form of accounting which, while complying with all regulations, nevertheless gives a biased impression (generally favorable) of the company's performance.", The term came to popularity as a result of a book published by Ian Griffiths in 1986, "Creative Accounting "(Griffiths, 1986), written in the UK. Since then, there have been many other explorations of creative accounting.

Other terms in the same family with creative accounting include fraud and fraudulent financial reporting. However, the difference between creative accounting and fraud is that creative accounting is working within the regulatory framework.

Fraud covers the use of deception to obtain an unjust or illegal financial advantage and intentional misrepresentations affecting the financial statements by one or more individuals among management, employees, or third pares. Fraud may involve: manipulation of accounting records or other documents, misappropriation of assets or suppression or omission of the effects of transactions from records or documents, recording of transactions without substance or deliberate misapplication of accounting polies as well as willful misrepresentation of transactions.

> **Other terms in the same family with creative accounting include fraud and fraudulent financial reporting. However, the difference between creative accounting and fraud is that creative accounting is working within the regulatory framework.**

Fraudulent financial reporting is the Intentional misstatements or omissions of amounts or disclosures in financial statements, done to deceive financial statement users, that are determined to be fraudulent by an administrative, civil or criminal proceeding" or an intentional material misstatement of financial statements or financial disclosures or the perpetration of an illegal act that has a material direct effect on the financial statements or financial disclosures.

Other terms include:

Aggressive accounting near similar term with creative accounting where accounting rules and regulations to deliver a particular result, but working within the regulatory system.

Earnings management involves using the flexibility within accounting to deliver a predetermined profit.

Impression management represents an attempt by the management of the firm to give to users the impression of the firm which managers want and is usually associated with presentational issues such as accounting narratives and graphs.

Profit smoothing This involves the use of accounting techniques to ensure a steady profit that is the natural peaks and troughs of accounting profit are eliminated.

Examples of companies affected by creative accounting

HIH

It was Australian second largest insurance company before its Collapsed in 2001. Creative accounting issues included under-provision for future expected claims, reinsurance which did not transfer risk (e.g., side letters) and losses transferred to goodwill account. Its executives were prosecuted while auditor, Anderson's criticized for lack of independence. Failure of audit committee was also mentioned. HIH collapse led to enactment of Corporate Law Economic Reform Program Act 2004.

Zhenzhou Baiwen

Company dealing with household appliances and was the fifth largest company in China in 1997. In 2002, it ran into serious problems. Creative Accounting Issues included fraudulent sales, misused raised capital, capitalized expenses, deferral of expenses, inflated assets and related party provisions. Zhengzhou auditing company fined while failures of governance were mentioned with blame be placed on board of directors, supervisory board and local government. the collapse resulted into revised corporate governance guidelines and changes to Law in China.

Parmalat

In 2003, Parmalat defaulted on $150 million bond. Creative Accounting Issues included fictitious sales, double billing, fabrication of operating subsidiaries' sales, failure in recording debts, recording debt as equity, overstating assets and forging a € 3.95 billion Bank of America cheque. Governance Issues mentioned included the fact that one family dominate Board, non-independent non-executive directors, Audit committee lacked independence. It was mentioned that external auditors failed in their monitoring role. Parmalat collapsed resulted in the changes to audit regulations and changes in 8th Directive of Italy.

> **Impression management represents an attempt by the management of the firm to give to users the impression of the firm which managers want and is usually associated with presentational issues such as accounting narratives and graphs.**

Uchumi Supermarkets

Mismanagement, poor expansion strategies/blind expansion, management disputes, poor financial decisions, liquidity issues, poor corporate structures, huge losses, tax compliance issues, poor customer target, and theft of products and cash by owners, employees, suppliers, and the management are some reasons for the collapse of Kenya's retail giants. At one time, it was estimated that revenues were manipulated by a tune Kshs. 3 billion.

Effective corporate governance

Effective corporate governance is essential for mitigating the risks of creative accounting and fraud within a company. This involves implementing strong internal controls, including a control environment, risk assessment, and management, as well as monitoring and control activities. The division of responsibilities between the chief executive and chairman is crucial to prevent the concentration of power, as exemplified by the case of Asil Nadir. Additionally, the establishment of an independent audit committee, free from personal connections with executive directors, is vital for effective oversight of auditors. Furthermore, a robust board of directors, with independent non-executive members, is necessary to strengthen overall governance. By focusing on these key areas, companies can enhance transparency, accountability, and ultimately reduce the likelihood of financial malpractice.

The pervasive nature of creative accounting throughout history, from ancient times to recent corporate scandals, underscores its enduring presence in financial practices.

Numerous examples of companies, such as HIH, Zhenzhou Baiwen, Parmalat, and Uchumi Supermarkets, have succumbed to the repercussions of creative accounting, leading to regulatory changes in response. Effective corporate governance emerges as a critical solution to mitigate the risks associated with creative accounting and fraud. Strengthening internal controls, separating the roles of chairman and CEO, establishing independent audit committees, and having a robust board of directors with independent members are essential components for fostering transparency and accountability in financial reporting. As we confront the challenges posed by creative accounting, it is clear that a vigilant and comprehensive approach to governance is indispensable for maintaining the integrity of financial systems.

CPA Peter Kibet Kitur is a Tax consultant with Bon and Drew Associates, serves in public sector, is the ICPAK Central Rift Region's Branch Chairman and a member of ICPAK's Devolution subcommittee.

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“I wanted to do this special for more than 100 million people in the United States and over 1 billion people around the world who are living with obesity, maybe that’s you or maybe that’s somebody you love… In my lifetime I never dreamed we would be talking about medicines that would be providing hope to people like me, who have struggled for years with being overweight or with obesity.”
Media Mogul Oprah Winfrey talking about her weight loss.

“We are losing our productive age groups to the vices at an alarming rate. We have a family in Murang’a County that has lost all their seven sons.”
Deputy President Rigathi Gachagua. He said this after visiting a widow who had reportedly lost seven sons after consuming illicit brew.
Source; Daily Nation

“Human life is sacrosanct. I urge the government and the medics to shelve their hardline stances and dialogue to end the strike. Dialogue is always the best approach. I believe a solution can be reached.”
Bishop of the Catholic Diocese of Nakuru, Cleophas Oseso, appealing for an end to the stalemate between them.

“In the video, I wanted to show the Biblical death and rise of Jesus as provided for in the Bible. Not many people want to act that part, but I do not see anything wrong with it.”
The late comedian/musician Nicholas Kiplang’at. He liked playing dead and this was his last TikTok message before he met his death in a grisly road crash.
Source: Daily Nation

“When a child is faced with disappointment and his parent tells him that life is full of frustrations but we all have to learn to live with them, the parent is helping the child to learn to live with reality.”
Author Susan Forward

Do something this week; decide now what you’ll do, schedule it, and make it happen. I promise you the rewards of giving far outweigh any efforts you might make.
Author and motivational speaker – *Anthony Robbins.*

“This matter is so complex that it is not easy to decide whether to ban TikTok or not.”
Interior Cabinet Secretary Kithure Kindiki.

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Zambia's Limbo is an "Indictment" of the Global System for Sovereign Debt Restructuring

Zambia has agreed on a revised deal to restructure nearly $4bn in US dollar bonds with private investors, moving the bankrupt southern Africa nation closer to exiting a years-long default after months of tensions between China and other creditors. Under the new deal bondholders will take a cut to the face value of their claim worth $840mn, up from $700mn under the initial agreement. That has increased the direct "haircut" taken by bondholders from 16 per cent to 22 per cent of their overall claim, based on the 5 per cent discount rate that official creditors are using to judge the value of cash flow relief in the restructuring, people familiar with the matter said. Bondholders will also extend repayment dates and provide payment relief, enabling Zambia to continue receiving funds under a $1.3bn IMF bailout. Zambia's previous deal with bondholders collapsed in November after official creditors led by China said the terms did not compare with the relief they were already offering.

A New Record Price for One Tonne of Cocoa on the International Market

Cocoa prices have risen remarkably in recent months, doubling since the beginning of the year, the International Cocoa Organisation (ICCO) said. Poor harvests in West African countries where the crop is most common have been blamed on adverse El Niño weather conditions. The price per tonne cooled to $9,624 at the end of trading recently, but the new high illustrates the challenges being faced by chocolate makers ahead of the Easter holiday season. The ICCO expects cocoa production to fall by nearly 11% this year.

SOURCE; CNBC AFRICA

Greenpeace Maps Africa's Air Pollution Hotspots

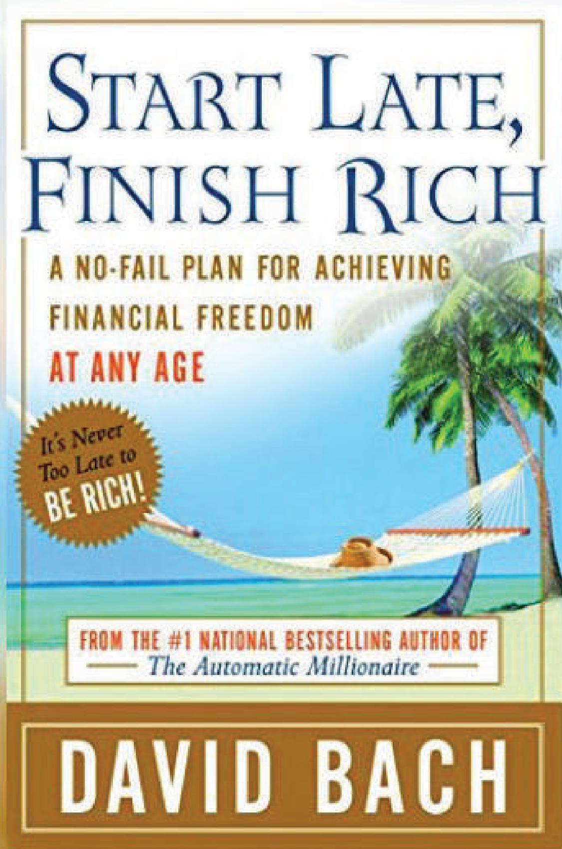
Egypt, Nigeria, and South Africa have emerged as Africa's most polluted countries in terms of air pollution disease burden, with profound health consequences for Africa's people and exacerbated impacts on climate change, a report prepared by Greenpeace Africa and Greenpeace MENA can now reveal. Titled "Major Air Polluters in Africa Unmasked," the report investigates the biggest human sources of air pollution across Africa, focusing on major industrial and economic sectors, including the fossil fuel industry. Every year in Africa, as many as 1.1 million premature deaths have been linked to air pollution. The report found that Africa is home to some of the worst nitrogen dioxide and sulphur dioxide hotspots in the world, all of which are primarily linked to thermal power plants.

SOURCE; GREENPEACE

Africa Needs to Capitalize on its Exports of Critical Minerals that are Essential to Semiconductor Manufacturing

In October last year the authorities in Beijing announced that they would be tightening export controls for some types of graphite, a critical mineral for the production of batteries and other electronics. The move, which China said was designed to "safeguard national security and interests", raised serious alarm bells in neighbouring South Korea. The country's major electronics companies, such as LG and Samsung, rely heavily on imports from China and other foreign markets to produce essential goods – not least semiconductors, which are central components of countless electronic devices and have become vital for the modern global economy. In what is perhaps a sign of Africa's growing geopolitical and economic importance, South Korea responded to this disruption by turning to the continent, and in particular Mozambique and Tanzania, both of which are home to significant graphite reserves. Seoul has been investing heavily in developing diplomatic and economic relations in Africa, partly in anticipation of such developments. The continent is home to swathes of natural resources – such as graphite, silicon, and quartz – which have become increasingly valuable as essential components for semiconductor production.

SOURCE; AFRICAN BUSINESS



A No Fail Plan for Achieving Financial Freedom At any Age

Reviewed by Angela Mutiso

Title: Start late finish rich – *A No Fail Plan for Achieving Financial Freedom at Any Age*
Author: David Bach
Category: investment/Financial Security
Publisher: Broadway Books

In this number one bestseller, the author of yet another best seller - the *automatic millionaire*, David Bach probes a subject many people crave to know more about. A reviewer aptly points out that Start Late, Finish Rich has helped hundreds of thousands of people of all ages take control of their financial future.

In this book described as inspiring, proven, and easy-to-follow "catch up" plan, which tailors his "Finish Rich" wisdom to those who forgot to save, procrastinated, or got side-tracked by life's unexpected challenges" the author meticulously shows you how you can take control of your finances at any age.

The book is divided into twenty-three chapters which are further broken down into five parts as follows: part one – it's time to get it. Part two - spend less - part three- save more - part four – make more and part five- give more, live more.

In the introduction, Bach presents some pertinent questions; he asks; what if he told you that even in your thirties, forties, fifties, sixties, seventies and beyond you still have an opportunity to put your life on the right track financially and stop worrying about the future? That you can catch-up on saving for the future without taking big risks? That even on an ordinary income, in no more than a few hours, you could change how you earn, how you save, and how you invest? What if he told you there are simple ways you can apply to make more money without leaving your job so you can finish with more?

This fascinating author who has made many people rich, says that if you follow what he instructs you in this book, it will lead you to a rich finish. He asks, are you ready to spend a few hours with him? Are you ready to start late and finish rich?

The author tells you to remember that it is not a sprint, it is a marathon. He notes that if he asked you to run a marathon today, it would seem impossible. Marathon runners, he explains, don't do the marathon in one day, they start with one block, then two, then half a mile, then a mile, and before they know it, after several months, they have moved from being out of shape, to being able to run a marathon. He then poses the question; can you save a dollar a day?

He reminds you that the past is over, and that you can see life is unfair, but no problem, you can move on, you can get over it. You should now stop asking yourself why you did not do what should have been done, the real questions he says is; what are you going to do about it now?

He counsels that if you really want to get over something, the fastest way to do it is to acknowledge the regret, and then burn it up. Literally. The author says you should get a blank sheet of paper and write down a list of as many of your personal "if only's" you can recall…if only I had not quit that job, if only I'd had kids…etc.…then set it on fire, or just tear them up. He points out that the brutal reality of life is that in almost every case if you are honest with yourself, you'll realise that 90 percent of your problems can be solved with money. "There are people who will say money does not make you happy, but lack of money can certainly make you miserable." Bottom line is, when all is said and done, you buy your freedom, then own it.

Unfortunately, the more we make, the more we spend, and if we are not careful, the more we owe. This falls under *the never get ahead race (which is another topic altogether).*

He also talks of the latte factor. He created this concept based on the idea that all you need to do to finish rich is look at the small things on which you spend most of your money every day and see whether you could redirect that spending to yourself. This could mean putting five dollars a day away for your future instead of spending it on that cup of coffee… you don't have to give them up entirely, just cut down a bit.

This latte factor applies, to the poor, the middle class and the rich. We all have the latte factor. Remember; make a million, spend a million, at the end, you are still broke.

Also remember, don't run any bills that you cannot pay in full every month.

There is so much to learn, to know and to apply from this masterpiece by David Bach. Who has authored other leading books like; *The Automatic Millionaire, Smart Women Finish Rich, Smart Couples Finish Rich, The Finish Rich Work Book, and the Automatic Millionaire; Homeowner, and greatly shared his ideas on finishing rich. He* has appeared in many shows including the Oprah Winfrey show, and changed many people's lives. You too could gain from his vast knowledge and experience by reading this book.

Start late, finish rich is available in most leading book stores.

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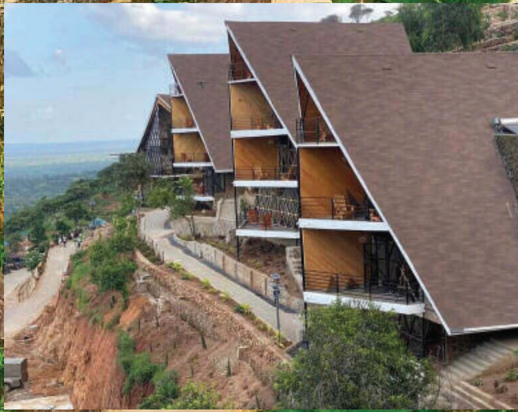


THE HAVEN OF MBIUNI

Elegant Cottages Embody Charm and Sophistication

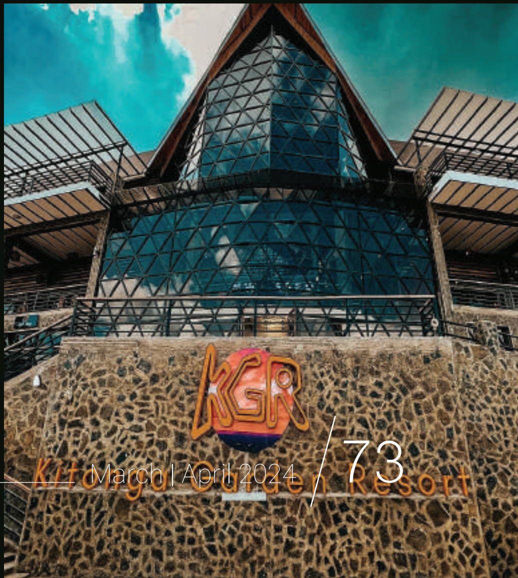
By Alfrique Mwana

The little-known town of Mbiuni in Machakos County is gaining popularity and attracting more visitors than ever before. The rolling hills and escarpment have captivated both local and international tourists for years.

From the shrubby hills, a charming panorama unfolds as the landscape gracefully descends into a picturesque escarpment lined with rough cliffs and vegetation.

The natural magnificence and beauty are truly remarkable. Standing tall above the escarpment, overlooking the breathtaking scenery below, is Kitonga Garden Resort - a hidden gem in Mbiuni. Adding vibrancy and beauty to the hills, this resort offers a perfect blend of natural attractiveness, modernity, and hospitality, making it an ideal destination for travelers seeking relaxation.

Building this resort required extensive digging and blasting through the rocky terrain. The stonework blends seamlessly with the surroundings, while curved stones fortify the buildings and paths, enhancing strength and beauty. The reception and restaurant overlook cliffs and swimming pools carved into the rocks. Zigzag paths ease uphill walks. Uniquely, each unit's roof features a peaked top resembling praying hands,



giving thanks. Higher elevations mean cooler breezes and temperatures, providing respite from intense heat below through crosswinds. The journey unveils lush, green surroundings with beautiful homes. Cool, fresh air envelops you. The resort nestles amidst expansive leafy gardens, vibrant flowers, and palm trees - a peaceful oasis soothing the senses and rejuvenating the soul.

The accommodations at Kitonga Garden Resort are 'A' shaped in design and each unit has three to four floors; each room decorated to provide guests with utmost comfort and luxury. The elegant cottages embody charm and sophistication, offering modern amenities and breathtaking views of the surrounding landscapes. Each cottage is named after a patriarch or matriarch of faith in the Holy Bible and is furnished with luxurious furniture to ensure a relaxing stay. KGR cottages range from standard to presidential family suite all installed with a balcony that over loos the Yatta plateau giving you different range of view depending on which floor and on which position on the hill. The windows are humongous to allow in more natural light but importantly to allow for the picturesque view. Curtains and the shears neatly roll down the windows to touch the fall. The curtains are made from heavy fabric that keeps out light even during the day to allow you catch a good sleep.

> **The journey unveils lush, green surroundings with beautiful homes. Cool, fresh air envelops you. The resort nestles amidst expansive leafy gardens, vibrant flowers, and palm trees - a peaceful oasis soothing the senses and rejuvenating the soul.**

The economical yet lovely basic rooms, hidden amid picturesque cottages, provide a quiet getaway for up to two adults and one child. The room has a quiet ambiance with a wonderful view of a huge plateau. A huge king-size bed sits in the center of the room, providing relaxation and serving as a focal point. The bed is dressed in fresh, clean linens, inviting guests to unwind and get a good night's sleep. To provide a family-friendly stay, an extra bed for the youngster is deliberately placed in a quiet area, providing a private space for leisure. The interior design is skillfully executed, resulting in a warm and inviting atmosphere. The room's large windows provide natural light and allow for a marvel at the external sceneries.

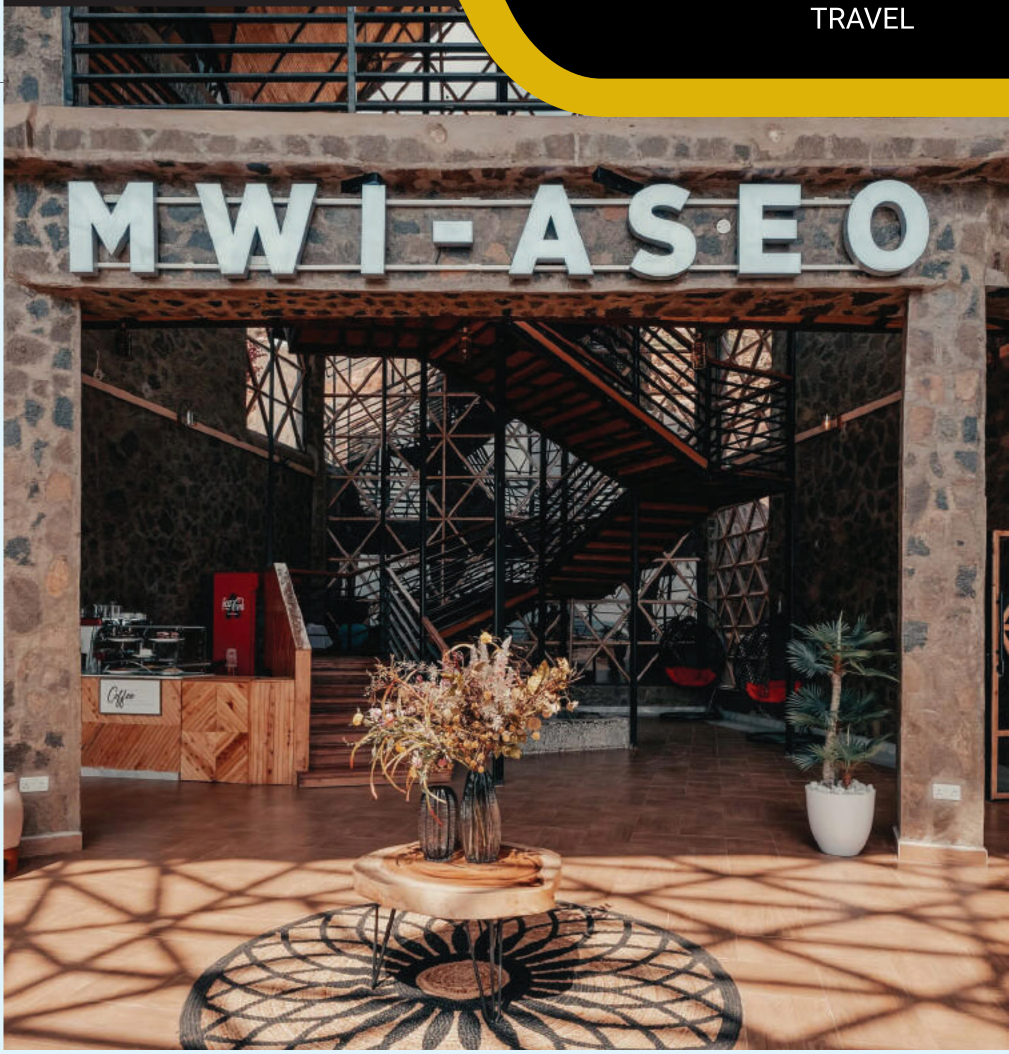
Deluxe room is one of a kind; with a large balcony and an extra outdoor bathroom under the sun, offering a breathtaking view of the majestic Yatta plateau. At a cost of 20,000 Kenya shillings, you can relish the room's king-size bed and two twin beds that can be joined to accommodate 3 people comfortably. The furnishing is exquisite; a king-size bed or twin beds are strategically placed right at the center of the room, adorned with linen as white as snow, clean and infused with a delightful fragrance. A cozy coffee table with a basket of fresh, seasonal fruits is tucked away in a corner, while a study desk with complimentary stationery and high-speed Wi-Fi caters to the needs of business travelers. A flat-screen TV with cable channels and a mini-fridge stocked with refreshments add to the room's amenities. A door leads you to the expansive balcony and the outdoor shower, where you can bask in the stunning views of the Yatta plateau, creating an unforgettable experience. The room also features plush bathrobes, slippers, and luxurious toiletries, ensuring a truly indulgent stay.

The upcoming penthouses, Royal Presidential Suite and Presidential Family Suite, at the KGR Resort will offer the highest standard of luxury accommodation compared to non in Kenya. Perched atop an amazing A-frame structure, will be one-of-a-kind Arctic apartments providing an immersive experience in the breathtaking surrounding. The angular form, with its soaring peaks and walls of windows, harmoniously integrates modern architecture with the natural beauty of the plateau. As soon as step inside, you will be struck by the breathtaking high vaulted ceilings and panoramic views that extend out in every direction. The room will have king size bed, cozy fur-lined sofas around a coffee table, making it an ideal environment to unwind and enjoy the breathtaking views.

The Presidential Family Suite will be spacious. It will be a lavish suite with a large balcony that offers beautiful views of the surroundings. The suite will have a comfortable living room, a fully-equipped kitchen, two bedrooms and luxurious bathrooms with showers, plus an outdoor shower in each bedroom. Guests will choose between large king and queen-size beds, as well as double beds for added flexibility. As part of the all-inclusive package, guests will receive a complimentary fruit basket and wine. This suite is designed to provide an exceptional experience for families, combining comfort and luxury.

The Royal Presidential Suite will take extravagance to the next level, offering a grand experience. This suite will have the largest balcony with plenty of seats, inviting guests to relax and enjoy the stunning views. Inside, there will be well-appointed study and closet, adding to the suite's functionality and elegance. Each bedroom will have a bathroom fitted with a bathtub for a kind bathing experience. Guests will have a choice between a luxurious king-size (5 by 6) bed or two queen size (6 by 6) beds, ensuring a restful night's sleep.

Here, wellness is not merely a concept but a way of life that permeates every aspect of your stay. It begins with a rejuvenating nature walk along scenic trails, where you can immerse yourself in the serene beauty of your surroundings. For the more adventurous souls, the resort offers exhilarating nature treks through rugged paths that wind through the hills, allowing you to challenge yourself physically and reconnect with the great outdoors. Those seeking an adrenaline rush can opt for the thrilling zipline experience, soaring



above the breathtaking landscape. KGR also provides an opportunity to explore the region's cultural treasures, with excursions to the Machakos People's Park and the majestic Masinga Dam. These cultural explorations offer a unique chance to meet and interact with local community members, gaining insight into their rich traditions and way of life.

For avid bird watchers, the mornings are filled with excitement as they quietly venture into the lush thickets, observing the vibrant feathered creatures hovering over their nests, singing joyous melodies as they prepare for the day ahead. If you seek a more leisurely pace, you can indulge in the resort's majestic pool, surrounded by lush greenery and breathtaking countryside views. The moderate high temperatures make the waters inviting and therapeutic, offering a refreshing respite from the day's activities. For those seeking profound relaxation and rejuvenation, the tranquil spa at KGR is tranquil. Expert therapists offer a range of therapeutic treatments and holistic therapies, each meticulously designed to restore balance, vitality, and overall well-being. Whether you choose a full-body soothing massage, a rejuvenating facial, a pampering mani-pedi, or an invigorating body scrub, each experience is a journey leaving you feeling revitalized and refreshed. Nights in these Gardens are incredible. From the plateau KGR lights like the proverbial guiding star that led men from the east to see Jesus. The garden lighting illuminates the compound as the orange-colored lights illume the paths creating a romantic feeling. The nights are dead quite except for the chirping crickets and bats flying in search of food. Patrons at the bar enjoy cool and nostalgic and popular music.

"It begins with a rejuvenating nature walk along scenic trails, where you can immerse yourself in the serene beauty of your surroundings. For the more adventurous souls, the resort offers exhilarating nature treks through rugged paths that wind through the hills, allowing you to challenge yourself physically and reconnect with the great outdoors. Those seeking an adrenaline rush can opt for the thrilling zipline experience, soaring above the breathtaking landscape.

The beauty of dawn is truly captivating. Birds chant joyous melodies, and cocks crow as the sun rises above the horizon, its radiant rays bathe the earth, bringing the restaurant's stained-glass windows to life in a mesmerizing display of colors. The air is filled with tantalizing aromas as the chefs in the bustling kitchen meticulously craft a symphony of flavors. They take pride in offering a diverse menu that showcases both traditional Kenyan delicacies, honoring our rich cultural heritage, and international cuisines that take you on a culinary journey around the world. Every dish is a masterpiece, created with love using locally sourced ingredients and authentic recipes that have been passed down through generations. You have the freedom to choose where you wish to indulge in your delightful breakfast experience - whether it's amidst the lush gardens, or overlooking the picturesque plateau, or in the comfort and privacy of your room. Escape the hustle and bustle of everyday life and embark on a journey of discovery and relaxation.

"Whether you seek adventure, romance, or simply a moment of tranquility amidst nature's embrace, Kitonga Garden Resort offers an unforgettable experience that will leave you refreshed, inspired, and longing to return," KGR.

Alfrique Mwana is a communication professional

email..otienoalfy@gmail.com

Deciphering Corporate Health

A Shareholder's Guide to Mastering Financial Indicators

By CPA Frederick Kibbedi

This article aims to elucidate the principles and significance of International Financial Reporting Standards (IFRS) for a diverse audience, including Finance Managers, shareholders, and stakeholders, who may not have a specialized background in accounting. In this context, the article will emphasize the relevance of IFRS in the preparation and interpretation of general-purpose financial statements in East Africa, particularly in Uganda.

Title: Navigating the Nuances of IFRS: A Guide for the Non-Accountant

In today's dynamic business environment, the clarity and reliability of financial reporting are paramount. For stakeholders in East Africa, understanding these reports is crucial, even more so when these reports adhere to International Financial Reporting Standards (IFRS). IFRS serves as a global benchmark for financial reporting, offering a consistent, transparent, and comparable view of a business's financial health. However, for those not steeped in accounting jargon, these reports can seem labyrinthine.

The Essence of IFRS: A Brief Overview

At its core, IFRS is about standardization and transparency. It ensures that a company's financial statements – the balance sheet, income statement, statement of changes in equity, and cash flow statement – are prepared using a globally recognized set of rules. This uniformity is crucial, especially for multinational companies or those seeking foreign investment. For instance, a Uganda-based company, like MTN Uganda, which adheres to IFRS, instils greater confidence in international investors, owing to the comparability and reliability of its financial reporting.

Decoding the Financial Statements

Understanding these statements under IFRS can seem daunting, but it's about knowing what to look for. For example, the balance sheet provides a snapshot of a company's financial position at a specific point in time. It shows what the company owns (assets) and owes (liabilities), and the difference between these (equity). Equity is of particular interest to shareholders, as it reflects the residual interest in the assets of the company after deducting liabilities.

Income Statement Insights

The income statement is where revenue and expenses dance. It shows how the revenue (the income a company earns from its normal business activities) matches against the expenses (the costs incurred in earning that revenue). A profitable company, like Safaricom in Kenya, demonstrates consistent revenue growth and controlled expenses, a positive sign for investors and stakeholders.

The Significance of the Auditor's Opinion

An aspect often overlooked by non-accountants is the auditor's opinion. This is where an independent auditor examines the financial statements to ascertain their accuracy and compliance with IFRS. A 'clean' or 'unqualified' opinion means the financial statements present a true and fair view of the company's financial position. This is a green light for stakeholders, indicating reliability and adherence to high reporting standards.

Case Studies: Listed and Non-Listed Entities

Consider the contrast between a listed entity like Equity Bank of Kenya and a non-listed entity in Uganda. While both adhere to IFRS, the listed entity faces stricter scrutiny and higher expectations for transparency from regulators and the public. This means their financial statements are often more detailed and rigorously reviewed.

Maximizing Benefit from Financial Statements

For shareholders and stakeholders in East Africa, the ability to interpret financial statements under IFRS is empowering. It enables informed decision-making, whether for investment, partnership, or understanding the economic dynamics of a region buzzing with potential. By familiarizing oneself with the basics of IFRS-compliant financial statements, one can glean insights into a company's performance, prospects, and position, making for a more informed and engaged financial community. The following tips can be very helpful;

1) **Revenue Growth: The Pace Setter**

   Revenue growth is the increase (or decrease) in a company's sales over a period. Consistent revenue growth is often a hallmark of a performing company. It indicates an expanding business, possibly due to market dominance, product innovation, or effective marketing strategies. For a shareholder, steady revenue growth can signal the company's robust market position and potential for long-term profitability.

2) **Equity Growth: Building Value**

   Equity growth refers to the increase in the owners' stake in a company over time. This can result from retained earnings or additional investments by shareholders. A steadily growing equity suggests a company is effectively using its profits and investments to enhance shareholder value. For stakeholders, this is a positive sign, indicating the company's ability to generate wealth for its owners.

3) **Profitability: The Bottom Line**

   Profitability, typically measured by net income, is the surplus after all expenses are deducted from revenue. A consistently profitable company is often considered a safe bet for investors. Profitability indicates effective management and a viable business model. For shareholders, profitability not only implies potential dividend payouts but also a company's capability to reinvest in growth and withstand economic downturns.

4) **Dividend Policy: Sharing Success**

   The dividend policy of a company indicates how it distributes profits to shareholders. A company with a stable or increasing dividend payout is often viewed favorably. It suggests not only current profitability but also management's confidence in future earnings. For shareholders, dividends are a direct benefit and a source of regular income.

5) **Gearing Ratios: Leverage and Risk**

   Gearing ratios, such as the debt-to-equity ratio, measure a company's financial leverage. High gearing means a company is using more debt compared to equity to finance its operations. While some leverage can enhance returns on equity, excessive debt can signal high risk, especially in uncertain economic times. Shareholders need to assess whether the company's leverage aligns with their risk tolerance.

6) **Going Concern: Future Prospects**

   The going concern principle assumes a company will continue its operations in the foreseeable future. Auditors assess this when reviewing financial statements. If doubts about going concern arise, it could indicate severe financial distress. Shareholders should be cautious, as it might affect the company's ability to maintain operations, meet obligations, and protect investments.

7) **Statements of Cash Flows: The Cash Reality**

   The statement of cash flows shows how a company generates and uses cash. It's divided into cash flows from operating, investing, and financing activities. Positive cash flow from operations is a good indicator of a company's health, as it means the business is generating enough cash to sustain itself. For shareholders, understanding cash flows is crucial, as it reveals the company's true cash position, often obscured in profit figures due to non-cash accounting adjustments.

In summary, this article serves as a guide for shareholders and finance professionals in East Africa to navigate the complex landscape of financial reporting and analysis. By understanding key concepts like revenue growth, equity growth, profitability, dividend policy, gearing ratios, the going concern assumption, and cash flow statements, stakeholders can make more informed decisions.

The ability to interpret these financial indicators not only reveals the current health of a company but also its future potential. With this knowledge, stakeholders in East Africa can better position themselves to capitalize on investment opportunities, mitigate risks, and contribute to the region's burgeoning economic landscape. This understanding is crucial in a world where financial literacy is not just an asset but a necessity for navigating the intricacies of modern business environments

Commemorating Easter

Life Is Fragile Handle With Prayer

Compiled by Angela Mutiso

Putting Easter into Context

For our sake he was crucified under Pontius Pilate, he suffered death and was buried, and rose again on the third day in accordance with the Scriptures. He ascended into heaven and is seated at the right hand of the Father. He will come again in glory to judge the living and the dead and his kingdom will have no end. Nicene Creed

Easter is a momentous event in Christianity, representing hope, renewal, and the victory of life over death. Easter is observed annually in the Christian calendar. It is normally a time of deep reflection as we remember the suffering of Christ. It is the most significant period in the Christian calendar and the holiest time of the year for Christians.

It marks the resurrection of Jesus Christ from the dead, as pronounced in the New Testament of the Bible. It portrays a conclusion of the Holy Week, which commences on Palm Sunday and encompasses Maundy Thursday, commemorating the Last Supper, while Good Friday observes the crucifixion.

Lent

When you think of Easter, Lent certainly comes to mind. Lent is a 40-day period of reflection and preparation before Easter in the Christian calendar. (During this time, many people observe the holy period through fasting and penance). For some, it begins on Ash Wednesday, six and a half weeks before Easter, and ends with the Holy Week, which leads to Easter Sunday. Lent imitates Jesus Christ's fasting in the wilderness before he began his public ministry. Christians replicate Jesus Christ›s sacrifice and withdrawal into the desert for 40 days by observing Lent (BBC). This is a time when a number of people give up certain luxuries as some spiritual discipline. Others choose to eat less, study the Bible together and give to charity.

The Holy Week

Minno gives us an uncomplicated overview about Easter - extracts;

- Holy Week narrates the final days of Jesus' life including his death, burial, and resurrection.
- Holy Week symbolizes the final week of the season of Lent and it recounts the final days of Christ's life, as well as his death, burial, and resurrection.
- The first Sunday of Holy Week is Palm Sunday, which recalls Jesus' triumphal entry into Jerusalem.
- Maundy Thursday is the fifth day of Holy Week leading up to Easter, which recalls the Last Supper with Jesus and His disciples.
- The most important occurrence of the Church Calendar is Easter Sunday. On this day Christians rejoice over Christ's resurrection from the dead. Not only has Christ paid for our sins on the cross, but He has triumphed over death!

What are your own thoughts about Easter?

Easter touches people in diverse ways;

Martha confesses that even though she feels close to God whenever she prays, the feeling is stronger during Easter. "It is the time for me to give most of my time to Him and make sacrifices for Him. It is the time for me to show my love to Him through deep prayer, humility and love for others. It is when I show Him how much I appreciate Him and tell Him how grateful I am for all the blessings he has bestowed upon me and my family."

Ernest asserts that he is always happy during Easter. He relishes the sacrifices he makes during Lent. He notes; "It is healthy, affirms endurance, and brings you closer to God."

Meanwhile, Joseph Nyash admits that it is rare to see him sober. Yet, during Easter, he abstains. It is a joy to see Joseph clear-headed; A testimony to his great sacrifice. Joseph acknowledges that alcohol is what he loves most. But for the love of his maker, he cannot indulge during Lent.

Generally, this is a time to detox yourself from evil thoughts, bad deeds, and sinfulness and to do good to others. You are reminded of how Christ suffered, and died for us and of His resurrection. It is a good time to ask yourself what you can do to show gratitude and renew your spiritual self.

Many Christians speak of the value of forgiveness at this time. Januarius, a staunch Catholic says- during this period, he cannot go to bed at night when he is angry with anyone. He starts the season with an attitude of gratitude and forgiveness and ensures that before he goes to sleep every night during Lent, he pardons all those who have wronged him.

The message of forgiveness is reinforced by Spd, Dr. James Khaemba; he talks about the power of forgiveness… He says… (Ecclesiastes.7.9) Do not hasten in your spirit to be angry, for anger rests in the bosom of fools. Sometimes we need a little reminder that the best gift we can give others and ourselves is forgiveness. We can follow the example of Jesus and offer others forgiveness as He forgives us of our daily sins. "Be kind and compassionate to one another, forgiving each other. For if you forgive other people when they sin against you, your heavenly Father will also forgive you. " Bear with each other and forgive one another if any of you has a grievance against someone. Today choose to forgive someone. Do this by acknowledging your emotions about the harm done to you, recognize how those emotions affect your behaviour, and work to release them. Choose to forgive the person who offended you. Release the control and power that the offending person and situation have had in your life.

How are Easter dates determined? How is it marked?

Easter dates change every year and are determined by the lunar calendar, falling on the first Sunday after the first full moon following the vernal equinox. This puts the date somewhere between late March and late April in the Gregorian calendar.

Easter Sunday is characteristically observed through delightful festivities in churches all over the world. Many attend special church services, where the resurrection narrative is reiterated through scripture readings, hymns, and sermons. The spirit is jubilant and there is a feeling of thankfulness for the central precept of Christian faith—the certainty in Jesus' resurrection.

Secular customs have entwined with Easter traditions over time. These include the Easter Bunny, illustrating fertility and new life, and Easter egg hunts, Eggs, are symbolic because they represent a fresh start and the empty tomb of Jesus after his resurrection.

Celebratory foods vary across cultures. In Kenya, people often prepare chicken, chapati, and rice. Kenyans love traditional vegetables, fish and meat, roasted or boiled, fresh kachumbari, and a hot, moderately burned Ugali. The meat roasting frenzy is typical here. In addition, fresh seasonal fruits usually adorn many tables with fresh juices. Lamb was loved during this period because of its significance. Today, we are also baking Easter cakes and treating our families to cross buns and eggs specially made for the occasion.

Families love Easter gatherings because, during these periods, they meet to reminisce over Jesus' death and resurrection. It is a shared feeling irrespective of one's religious beliefs; it is also a time of hope and a reminder of our mortality.

Finally, hymnary.org. reflects on an interesting song by Isaac Watts. the son of a schoolmaster, who was born in Southampton, July 17, 1674. The song is titled 'when I survey the wondrous cross.' The story goes that before Watts crafted this song that has become a classic, he had complained about the deteriorating quality of hymns at that time. So, his father challenged him to sit down and write a hymn instead. That is when he came up with this masterpiece. This hymn, is known as Watts' crowning achievement. Although "When I Survey the Wondrous Cross" was intended originally as a communion hymn, it gives us plenty to contemplate during Lent as our focus is on the cross Christ. Actually, the first and third stanzas really bring out the spirit of Easter.

The first one reads…

When I survey the wondrous Cross
On which the Prince of Glory died,
My richest gain I count but Loss,
And pour Contempt on all my Pride.

Then…

See from his Head, his Hands, his Feet,
Sorrow and Love flow mingled down!
Did e'er such Love and Sorrow meet,
Or Thorns compose so rich a Crown!

When you ponder over these powerful, insightful and meaningful words, you appreciate that life is fragile. Should we consider handling it with prayer?

Happy Easter!

The writer is the Editorial Consultant of the Accountant Journal.

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HAPPY Easter

ICPAK wishes you a blessed Easter filled With joy, hope and renewal. May this season inspire reflection on life's blessings and the spirit of new beginnings.

CPA Phillip Kakai
ICPAK Chairman

ICPAK and the National Treasury Budget delegation during a review of the Finance Bill FY 2024/25 proposals at the National Treasury offices.

ICPAK Engages with the National Treasury

By Nelson Ogallo

The Institute engaged with the National Treasury Budget team to review the Finance Bill FY 2024/25 proposals. During the meeting, the Institute discussed several changes to;

- Enhance compliance and deductibility of allowable expenses
- A fair distribution of the tax burden
- A review of the tax-deductible on pension contributions
- Consideration of reducibility of excise duty on imported goods by all manufacturers

FCPA Robert Waruiru, FCPA Erastus Kwaka Omolo, CPA Christine Kahema Muthui, FCPA Gerald Githuku, CPA Karaya Mokaya, CPA Dennis Mutitu, CPA Fredrick Kimotho, Hillary Onami, and Nancy Moraa represented ICPAK.

ICPAK Engagement with the Senate on County Public Finance Laws (Amendment) Bill 2024

The Legislative Affairs Subcommittee at ICPAK submitted a proposal to the Senate Standing Committee on Finance and Budget on the County Public Finance Laws (Amendment) Bill, 2023.

The ICPAK submission focused on guaranteeing the separation of powers principle and the implications of a County Assembly Fund for county governments' financial reporting.

The Chairman of the Committee, Sen. Capt. Ali Roba, and the Deputy Speaker of the Senate, Sen. Kathuri Murungi, appreciated ICPAK's contribution to legislation in Kenya. ICPAK was represented by members of the Legislative Affairs subcommittee: CPA Mary Njoroge, CPA Celestine Busieka, CPA Ochieng Ochiel, CPA Christine Mweu, CPA Japheth Kamao, and ICPAK's Senior Manager for Public Policy and Research Elias Wakhisi.

ICPAK and Its Stakeholders Pay a Courtesy Call to Kenya's President

The Institute of Certified Public Accountants of Kenya and its stakeholders; the Nairobi Securities Exchange, Capital Markets Authority, Public Sector Accounting Standards Board, and International Sustainability Standards Board, paid a courtesy call to the President of the Republic of Kenya, H.E Dr William Ruto.

They discussed sustainable development goals, how to attract investments, and how to ensure the prosperity of future generations. H.E. Dr Ruto hailed ICPAK for its underpinning role in sustainable finance and reporting on the effects of climate change through the reinforced collaborative efforts with CMA and NSE on the joint adoption of the new standards—IFRS S1 & S2 that ISSB issued.

The President noted that Kenya is keen to work with the International Sustainability Standards Board (ISSB) to mainstream climate change as a component of financial disclosure.

The meeting was attended by ICPAK Chairman CPA Philip Kakai, ICPAK CEO CPA Dr. Grace Kamau, ISSB Chairman Emmanuel Faber, ISSB board member Dr Ndidi Nnoli and CMA Chairman Ugas Sheikh Mohamed. Also present were CMA CEO FCPA Wycliffe Shamiah, PSASB Ag. CEO CPA Georgina Muchai, ICPAK Council Members and Senior Management.

Bell Ringing & IFRS

As part of the activities during the post-adoption & capacity building forum for ISSB IFRS S1 & S2 standards in Kenya, the International Sustainability Standards Board (ISSB) Chair Emmanuel Faber was hosted by the NSE Chairman Kiprono Kittony EBS, for the bell-ringing.

The ISSB Chair was accompanied by Dr Ndindi Nnoli-Edozien, an ISSB board member, ICPAK Chairman CPA Philip Kakai, CMA Chairman Mr. Ugas Sheikh Mohamed, and ICPAK CEO Dr. Grace Kamau. Others were CMA CEO FCPA Wycliffe Shamiah and ICPAK Council members.

International Sustainability Standards Board (ISSB) Chair Emmanuel Faber (Centre) rings the bell with ISSB board member Dr Ndindi Nnoli-Edozien at the Nairobi Securities Exchange.

The Immediate former Chairman of ICPAK FCPA George Mokua, his family, council members, and the ICPAK management team, pose for a group photo during his farewell party.

Befitting Farewell for FCPA George Mokua

On 14th March 2024, the Institute held a farewell dinner in honour of FCPA George Mokua, the immediate past Chairman of ICPAK.

During the dinner, FCPA Mokua was lauded for his outstanding and selfless service to the Institute as the 24th chairman of ICPAK.

In his speech, FCPA Mokua expressed gratitude to his council colleagues, family, and ICPAK staff for their unwavering support during his tenure and pledged to continue supporting the Institute as a life member.

FCPA Mokua handed the chairmanship to CPA Philip Kakai during a special 45th AGM that marked a significant transition in the Institute's leadership.

EID MUBARAK

Sending warm wishes of joy and prosperity for Eid to all our Muslim brothers and sisters. May Allah's blessings illuminate your path, guiding you towards happiness and success.

CPA PHILIP KAKAI
ICPAK CHAIRMAN

The New OECD Principles of Corporate Governance

The Mode of Doing Business Is Constantly Changing and "Sustainability" Is the New Buzzword

By Jim McFie, a Fellow of ICPAK

The Organization for Economic Cooperation and Development (OECD) Principles of Corporate Governance serve as a benchmark for many Corporate Governance codes around the world. They were first issued in 1999.

They aim to help policy makers and regulators evaluate and improve legal, regulatory and institutional frameworks for corporate governance, with a view to supporting market confidence and integrity, economic efficiency, and financial stability.

No mention of the document is made in the various publications of the Nairobi Securities Exchange or the Acts and Regulations promulgated by the Kenya Capital Markets Authority. But in "Mwongozo: The Code of Governance for State Corporations" it is clear that the OECD Principles acted as the framework for the instrument. In December 2014 President Uhuru Kenyatta signed the Foreword to Mwongozo and stated: "My Government is particularly eager to ensure that Kenya accedes to the Convention of the Organization for Economic Cooperation and Development (OECD) in the near future for the purposes of entrenching corporate governance. In this regard, I will shortly be issuing Mwongozo as Regulations under section 30 of the State Corporations Act, Chapter 446 of the Laws of Kenya". In the body of Mwongozo is stated: "The Corporate Governance framework developed into this Code embodies the six principles of good governance developed by the OECD, and which are now global benchmarks for corporate governance principles". In the 1999 version of the OECD publication, which was updated in 2015, the six principles were: (1) Ensuring the basis of an effective corporate governance framework; (2) The rights and equitable treatment of shareholders and key ownership functions; (3) Institutional investors, stock markets, and other intermediaries; (4) The role of stakeholders in corporate governance; (5) Disclosure and transparency; and (6) The responsibilities of the board". Mwongozo also incorporated the "2005 OECD Guidelines on Corporate Governance of State-Owned Enterprises". Mwongozo points out that these Guidelines require that: "State-owned enterprises should observe high standards of transparency; the boards of state-owned enterprises should have the necessary authority, competence and objectivity to carry out their function of strategic guidance and monitoring of management; and members of the Board are required to act with integrity and be held accountable for their actions". The original OECD principles have been adopted as one of the Financial Stability Board's Key Standards for Sound Financial Systems; in addition, they are the foundation for the World Bank's Corporate Governance Reports on the Observance of Standards and Codes (ROSC).

> **"The first principle is that the corporate governance framework should promote transparent and fair markets, and the efficient allocation of resources. It should be consistent with the rule of law and support effective supervision and enforcement.**

One could argue that these principles are as applicable today as they were years ago: why do they need to be updated? But the mode of doing business is constantly changing and "sustainability" is the new buzzword. And so, the OECD carried out a comprehensive review in 2021-2023 to update the Principles in keeping with changes in corporate governance and capital markets. The new Principles were adopted by the OECD Council at Ministerial Level in June 2023. The G20, which came into existence in 1999, is a group of twenty of the world's largest economies. Originally nineteen countries and the European Union made up the G20: the countries are Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, the Republic of Korea (i.e. South Korea), Mexico, Russia, Saudi Arabia, South Africa, Türkiye (as the Turks like to spell it), the United Kingdom and the United States. The G20 meets regularly to coordinate global policy on trade, health, climate, and other issues. At the 2023 summit, the group welcomed the African Union as its newest member. Together, the nations of the G20 account for more than 85 percent of global economic output, around 75 percent of global exports, and about 80 percent of the world's population. Another action that the G20 leaders carried out, in September 2023, was to endorse the revised Principles.

The review had two major objectives: to support national efforts to improve the conditions for companies' access to finance from capital markets, and to promote corporate governance policies that support the sustainability and resilience of corporations which, in turn, may contribute to the sustainability and resilience of the broader economy. Hence a major addition to the Principles is the new Chapter on "Sustainability and resilience" which reflects the growing challenges corporations face in managing climate-related and other sustainability risks and opportunities. This new Chapter also incorporates Chapter IV on "The Role of Stakeholders in Corporate Governance" of the previous version of the Principles. A substantial number of new recommendations have also been developed and integrated within the existing chapters of the Principles, whose structure remains otherwise unchanged. The Principles are presented in six chapters: (1) Ensuring the basis for an effective corporate governance framework; (2) The rights and equitable treatment of shareholders and key ownership functions; (3) Institutional investors, stock markets, and other intermediaries; (4) Disclosure and transparency; (5) The responsibilities of the board; and (6) Sustainability and resilience. Each chapter is headed by a single Principle that appears in bold italics and is followed by a number of supporting Principles and their sub-Principles in bold. The Principles are supplemented by annotations that contain commentary on the Principles and sub-Principles and are intended to help readers understand their raison d'être, or justification. The annotations also contain descriptions of dominant trends and offer alternative implementation methods and examples that may be useful in making the Principles operational.

The first principle is that the corporate governance framework should promote transparent and fair markets, and the efficient allocation of resources. It should be consistent with the rule of law and support effective supervision and enforcement. Effective corporate governance requires a sound legal, regulatory and institutional framework that market participants can rely on when establishing their private contractual relations. Legal jurisdictions seeking to implement the Principles should monitor their corporate governance framework with the objective of maintaining and strengthening its contribution to market integrity, access to capital markets, economic performance, and transparent and well-functioning markets. The division of responsibilities among different authorities and self-regulatory bodies should be clearly articulated and designed to serve the public interest.

Secondly, the corporate governance framework should protect and facilitate the exercise of shareholders' rights and ensure the equitable treatment of all shareholders, including minority and foreign shareholders. All shareholders should have the opportunity to obtain effective redress for violation of their rights at a reasonable cost and without excessive delay. This principle goes on to point out that the company cannot be managed by shareholder referendum. The shareholding body is made up of individuals and institutions whose interests, goals, investment horizons and capabilities vary. Moreover, the company's management must be able to take business decisions rapidly. In light of these realities and the complexity of managing the company's affairs in fast moving and ever-changing markets, shareholders are not expected to assume responsibility for managing company activities. The responsibility for company strategy and operations is typically placed in the hands of the board and a management team that is selected, motivated and, when necessary, replaced by the board.

Thirdly, the corporate governance framework should provide sound incentives throughout the investment chain and provide for securities markets to function in a way that contributes to good corporate governance. In order to be effective, the legal and regulatory framework for corporate governance must be developed with a view to the economic reality in which it is to be implemented. In many jurisdictions, the real world of corporate governance and ownership is no longer characterized by a straight and uncompromised relationship between the performance of the company and the income of the ultimate beneficiaries of shareholdings. In reality, the investment chain is often long and complex, with numerous intermediaries that stand between the ultimate beneficiary and the company. The presence of intermediaries acting as independent decision makers influences the incentives and the ability to engage in corporate governance.

> **Thirdly, the corporate governance framework should provide sound incentives throughout the investment chain and provide for securities markets to function in a way that contributes to good corporate governance.**

Fourthly, the corporate governance framework should ensure that timely and accurate disclosure is made on all material matters regarding the company, including the financial situation, performance, sustainability, ownership, and governance of the company.

Fifthly, the corporate governance framework should ensure the strategic guidance of the company, the effective monitoring of management by the board, and the board's accountability to the company and the shareholders. Board members should act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company and the shareholders, taking into account the interests of stakeholders and board members should be protected against litigation if a decision was made in good faith with due diligence. Where board decisions may affect different shareholder groups differently, the board should treat all shareholders fairly. The board should apply high ethical standards. The board has a key role in setting the ethical tone of a company, not only through its own actions, but also in appointing and overseeing key executives and consequently the management in general. High ethical standards are in the long-term interests of the company as a means to make it credible and trustworthy, not only in day-to-day operations, but also with respect to longer term commitments. To make the objectives of the board clear and operational, many companies have found it useful to develop company codes of conduct based on, among other matters, professional standards and sometimes broader codes of behaviour, and to communicate them throughout the organisation.

Finally, the corporate governance framework should provide incentives for companies and their investors to make decisions and manage their risks, in a way that contributes to the sustainability and resilience of the corporation. Investors are increasingly considering disclosures about how companies assess, identify and manage material climate change and other sustainability risks and opportunities. Paying a living wage is an important element of human capital management. A core feature of sustainability disclosures is to provide investors with a better understanding of the governance and management structures and processes for managing climate and other sustainability risks and identifying related opportunities. The corporate governance framework should support both the sound management of these risks and the consistent, comparable and reliable disclosure of material information in order to support investors' financial, investment and voting decisions. The combination of sound governance and clear disclosures will promote fair markets and the efficient allocation of capital, while supporting companies' long-term growth and resilience.

The revised Principles of Corporate Governance help policy makers evaluate and improve the legal, regulatory and institutional framework for corporate governance. They identify the key building blocks for a sound corporate governance framework and offer practical guidance for implementation at the national level. The Principles also provide guidance for securities exchanges, investors, companies and others that have a role in developing good corporate governance.

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