

JURISDICTIONAL PROFILE: **Kenya**

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This Profile provides information about the application of IFRS® Accounting Standards (Standards) in Kenya. The Standards are developed and issued in the public interest by the International Accounting Standards Board (IASB). The IASB is the standard-setting body of the IFRS Foundation (Foundation), an independent, private sector, not-for-profit organisation.

The Foundation has prepared this Profile based on information from various sources. The starting point was the answers provided by standard-setting and other bodies in response to surveys the Foundation conducted on the application of the Standards around the world. The Foundation drafted the profile and invited the respondents to the survey. The Foundation also invited others (including regulators and international audit firms) to review the drafts. Their comments are reflected in this Profile.

The purpose of the Foundation's Jurisdictional Profiles is to illustrate only the extent of implementation of the Standards across the globe. The Profiles do not reflect the intellectual property licensing status of the Standards within any given jurisdiction. The Standards are protected by copyright and are subject to licensing arrangements agreed upon within their jurisdiction. For further information, please contact [permissions@ifrs.org](mailto:permissions@ifrs.org).

Profile last updated: 16 June 2016

**RELEVANT JURISDICTIONAL AUTHORITY**

Organisation	Institute of Certified Public Accountants of Kenya (ICPAK)
Role of the organisation	The ICPAK is the professional organization that regulates the activities of all Certified Public Accountants in Kenya. It was established in 1978 by the <i>Accountants Act</i> CAP 531. Since then, ICPAK has been “dedicated to development and regulation of the accountancy profession in Kenya so as to enhance its contribution and that of its members to national economic growth and development”. In 2008, a new <i>Accountants Act</i> No. 15 was enacted to replace the 1978 <i>Accountants Act</i> to take into account the various developments that had shaped the accounting profession in Kenya and globally.
Website	<a href="http://www.icpak.com/">www.icpak.com/</a>
Email contact	<a href="mailto:icpak@icpak.com">icpak@icpak.com</a>

## COMMITMENT TO GLOBAL FINANCIAL REPORTING STANDARDS

Has the jurisdiction made a public commitment in support of moving towards a single set of high quality global accounting standards?	Yes.
Has the jurisdiction made a public commitment towards IFRS Accounting Standards as that single set of high quality global accounting standards?	Yes. See ICPAK' Council Statement on the Adoption of International Accounting Standards and International Standards on Auditing (International Standards) '
What is the jurisdiction's status of adoption?	Kenya has adopted IFRS Standards and the IFRS for SMEs Standard.
Additional comments provided on the adoption status?	<p>In Technical Release No. 4 (see above) the Council of the ICPAK adopted IAS Standards (now known as IFRS Standards) as the financial reporting standards in Kenya effective for financial statements covering periods beginning 1 January 1999. The ICPAK Council adoption of IFRS Standards was communicated through publication in a national newspaper and through communication to the various organisations in the country.</p> <p>IFRS Standards become effective on their respective effective dates as issued by the IASB Board. While the Council maintains the right to make changes to IFRS Standards, to date the ICPAK Council has not made any modifications to IFRS Standards. <a href="http://www.icpak.com/knowledge.php?a_id=123">www.icpak.com/knowledge.php?a_id=123</a></p> <p>The use of IFRS Standards is also required by the Nairobi Securities Exchange Listing Requirements.</p>
If the jurisdiction has NOT made a public statement supporting the move towards a single set of accounting standards and/or towards IFRS Accounting Standards as that set of standards, explain the jurisdiction's general position towards the adoption of IFRS Accounting Standards in the jurisdiction.	Not applicable.

## EXTENT OF IFRS APPLICATION

*For DOMESTIC companies whose debt or equity securities trade in a public market in the jurisdiction:*

Are all or some domestic companies whose securities trade in a public market either required or permitted to use IFRS Accounting Standards in their consolidated financial statements?	Yes.
If YES, are IFRS Accounting Standards REQUIRED or PERMITTED?	Required.
Does that apply to ALL domestic companies whose securities trade in a public market, or only SOME? If some, which ones?	All.
Are IFRS Accounting Standards also required or permitted for more than the	Yes.

consolidated financial statements of companies whose securities trade in a public market?

For instance, are IFRS Accounting Standards required or permitted in separate company financial statements of companies whose securities trade in a public market?

Required.

For instance, are IFRS Accounting Standards required or permitted for companies whose securities do not trade in a public market?

IFRS Standards, including the IFRS for SMEs Standard, are the Kenya national accounting standards. Companies whose securities are not publicly traded may choose the IFRS for SMEs Standard or full IFRS Standards.

If the jurisdiction currently does NOT require or permit the use of IFRS Accounting Standards for domestic companies whose securities trade in a public market, are there any plans to permit or require IFRS Accounting Standards for such companies in the future?

Not applicable.

*For FOREIGN companies whose debt or equity securities trade in a public market in the jurisdiction:*

Are all or some foreign companies whose securities trade in a public market either REQUIRED or PERMITTED to use IFRS Accounting Standards in their consolidated financial statements?

Yes.

If YES, are IFRS Accounting Standards REQUIRED or PERMITTED in such cases?

Required.

Does that apply to ALL foreign companies whose securities trade in a public market, or only SOME? If some, which ones?

All.

## IFRS ENDORSEMENT

Which IFRS Accounting Standards are required or permitted for domestic companies?

IFRS Standards as issued by the IASB Board.

The auditor's report and/or the basis of presentation footnote states that financial statements have been prepared in conformity with:

IFRS Standards.

Does the auditor's report and/or the basis of preparation footnote allow for 'dual reporting' (conformity with both IFRS Accounting Standards and the jurisdiction's GAAP)?

No.

Are IFRS Accounting Standards incorporated into law or regulations?

Yes.

If yes, how does that process work?

Requirements to use IFRS Standards are incorporated into Regulations issued by various governmental regulatory bodies, including the Central Bank of Kenya's prudential guidelines and regulatory guidelines issued by the Insurance Regulatory Authority of Kenya (IRA), the Capital Markets Authority

	of Kenya (CMA), and the Retirement Benefits Authority. Also IFRS Standards are required by the Nairobi Securities Exchange (NSE) listing rules.
If no, how do IFRS Accounting Standards become a requirement in the jurisdiction?	Not applicable.

Does the jurisdiction have a formal process for the 'endorsement' or 'adoption' of new or amended IFRS Accounting Standards (including Interpretations) in place?	No.
If yes, what is the process?	Not applicable.
If no, how do new or amended IFRS Accounting Standards become a requirement in the jurisdiction?	New and amended IFRS Standards are immediately effective as and when issued by the IASB Board. While the Council of ICPAK maintains the right to make changes to IFRS Standards, to date the Council has not made any modifications to IFRS Standards.

Has the jurisdiction eliminated any accounting policy options permitted by IFRS Accounting Standards and/or made any modifications to any IFRS Accounting Standards?	No.
If yes, what are the changes?	Not applicable.
Other comments regarding the use of IFRS Accounting Standards in the jurisdiction?	None.

## TRANSLATION OF IFRS ACCOUNTING STANDARDS

Are IFRS Accounting Standards translated into the local language?	No. The English Standards are used in Kenya.
If they are translated, what is the translation process? In particular, does this process ensure an ongoing translation of the latest updates to IFRS Accounting Standards?	Not applicable.

## APPLICATION OF THE IFRS FOR SMEs ACCOUNTING STANDARD

Has the jurisdiction adopted the <i>IFRS for SMEs</i> Accounting Standard for at least some SMEs?	Yes.
If no, is the adoption of the <i>IFRS for SMEs</i> Accounting Standard under consideration?	Not applicable.
Did the jurisdiction make any modifications to the <i>IFRS for SMEs</i> Accounting Standard?	No.
If the jurisdiction has made any modifications, what are those modifications?	Not applicable.
Which SMEs use the <i>IFRS for SMEs</i> Accounting Standard in the jurisdiction, and are they required or permitted to do so?	All entities that are not publicly accountable and prepare general purpose financial statements are permitted to apply the IFRS for SMEs Standard. Alternatively they may use full IFRS Standards.

The ICPAK has designated certain entities as being publicly accountable. Those entities cannot use the IFRS for SMEs Standard. They must use full IFRS Standards. Publicly accountable entities include, but are not limited to:

- Entities whose debt or equity instruments are traded in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets), or are in the process of issuing such instruments for trading in a public market.
- Entities that hold assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses.
- Public organisations that are owned in whole or in part by the State or that are otherwise controlled directly or indirectly by the State.
- Private organisations in which the State has a non-controlling equity interest.

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For those SMEs that are not required to use the *IFRS for SMEs* Accounting Standard, what other accounting framework do they use?

See above.

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Other comments regarding use of the *IFRS for SMEs* Accounting Standard?

None.