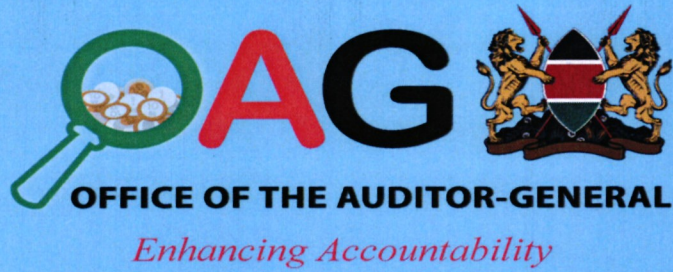


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Leader, Majority Party
Anne Shubuto

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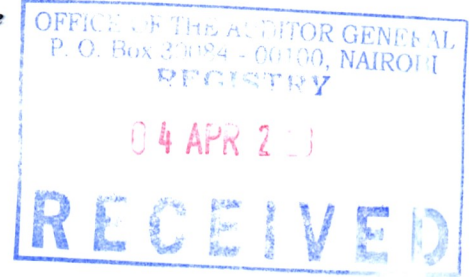
**KENYATTA INTERNATIONAL
CONVENTION CENTRE**

**FOR THE YEAR ENDED
30 JUNE, 2022**



**The Kenyatta International
Convention Centre**

Africa's Premier Meeting Venue



KENYATTA INTERNATIONAL CONVENTION CENTRE

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE PERIOD ENDED
30TH JUNE 2022**

**Prepared in accordance with the Accrual Basis of Accounting Method under the International
Financial Reporting Standards (IFRS)**

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1. KEY ENTITY INFORMATION & MANAGEMENT

Background information

The Corporation was established under the Tourism Act of 2011 that came into operation on 1st September 2012.

Principal Activities

The principal activities of the Corporation are to:

- a) Organize and host meetings and provide incentives for conferences and exhibitions at the Convention Centre;
- b) Develop and implement the national meetings, incentives for conferences and exhibitions strategy, in collaboration with the Tourism Board upon consultation with the relevant stakeholders;
- c) Market the Convention Centre, in collaboration with the Tourism Board; and
- d) Perform any other functions that are ancillary to the object and purpose for which the Convention Centre is established.

Directors

The Board of Directors are shown on page 4.

Corporate Headyears

Kenyatta International Convention Centre,

P.O. Box 30746 - 00100

KICC Building

Harambee Avenue

Nairobi, KENYA

Corporate Contacts

Telephone: (254)-20-2247277, 3620000

Fax: (254)-20-310223

E-mail: info@kicc.co.ke.

Website: www.kicc.co.ke

Corporate Bankers

Kenya Commercial Bank

KICC Branch, Harambee Avenue

P.O. Box 46950-00100

City Square 00200

Nairobi, Kenya

Co-operative Bank of Kenya

City Hall Branch

P.O Box 44805-00100

Nairobi

Kenya

Independent Auditors

Auditor General

Office of the Auditor General (OAG)

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

Principal legal advisor

The Attorney General,

State law Office,

P.O BOX 40112-00200

Harambee Avenue

Nairobi, Kenya

2. THE BOARD OF DIRECTORS






| | | | |
|---|---------------------------------------|---|---|
|  | <p>Mrs. Sara Talaso Bonaya</p> | <p>Chairperson</p> | <ul style="list-style-type: none"> ✓ Masters in Health Management, Policy and Planning-University of Leeds UK ✓ Diploma in Midwifery- KMTC ✓ Higher Diploma in Public Health Education-KMTC ✓ Diploma in Nursing-KMTC ✓ Member, Board of Directors, Kenya Mortgage Refinance Company ✓ Member of the third East African Legislative Assembly (EALA) ✓ Member of the second East African Legislative Assembly (EALA) ✓ Information Education and Communication Officer, Ministry of Health ✓ Nursing Officer 1/ IEC Officer, Kenyatta National Hospital ✓ Nursing Officer II, Kenyatta National Hospital. ✓ Nursing Officer III, Moyale Sub-District Hospital ✓ YOB 1962 |
|  | <p>Miss. Nana Wanjiku Gecaga, EBS</p> | <p>Chief Executive Officer / Secretary to the Board</p> | <ul style="list-style-type: none"> ✓ MBA United States International University-Africa ✓ BFA American Intercontinental University UK ✓ BA (AIU) UK ✓ Over 21 years' experience in Public Relations and Marketing. ✓ Over 11 years of experience in Tourism and Hospitality, under Ministry of Tourism ✓ Over 7 years of experience in Governance and Leadership and as CEO Kenyatta International Convention Centre ✓ YOB 1978 |
|  | <p>Ms. Lucy Macridis</p> | <p>Director</p> | <ul style="list-style-type: none"> ✓ Certificate from CIM ✓ Wide experience in Tourism Industry ✓ YOB 1967 |
|  | <p>Mrs Jane Adam</p> | <p>Director</p> | <ul style="list-style-type: none"> ✓ BSc in Tourism and Hospitality Management ✓ Over 30 years' experience in Tourism Industry ✓ YOB 1961 |
|  | <p>Capt. (Rtd) Kenneth Boit</p> | <p>Director</p> | <ul style="list-style-type: none"> ✓ BA, International Relations and Strategic Studies. ✓ 14 years' experience in military. ✓ Over 20 years' experience in Consultancy on Security Matters. ✓ YOB 1964 |

| | | | |
|---|--|--|--|
|  | FCPA Joseph W. Wamae | Director | <ul style="list-style-type: none"> ✓ FCPA (K) ✓ MBA ✓ B. Com ✓ Over 34 years' experience in auditing and accounting advisory services: 21 years with Deloit East Africa and 13 years with PWC Kenya. |
|  | Dr. Betty A. Radier, PhD | Chief Executive Officer - KTB | <ul style="list-style-type: none"> ✓ PhD Entrepreneurship and small Business Development, University of Cape town. ✓ MBA – Strategy and Finance. ✓ Bachelors – Design. ✓ 20 years' experience in management and currently Chief Executive Officer – KTB ✓ YOB 1968 |
|  | Ms.Kavi Mwendwa | Director | <ul style="list-style-type: none"> ✓ Diploma in Food and Beverage ✓ Over 24 years' experience in Hospitality Industry ✓ YOB 1965 |
|  | Ms. Winnie Katanu Mwalimu | Director | <ul style="list-style-type: none"> ✓ MSc Economics ✓ BA (Hons) ✓ Member ESK ✓ Over 20 years' experience in Treasury/Financial Management, Procurement, Budgeting and Research. ✓ YOB 1971 |
|  | Hon. Safina K. Tsungu, CBS | PS Tourism | <ul style="list-style-type: none"> ✓ Master's Degree in International Trade Policy and Trade Law – Lund University (Sweden). ✓ B. Com – UoN ✓ Over 20 years' experience. ✓ PS State Department of Tourism ✓ Served in several institutions and organizations both in the private sector and civil society. ✓ Served as PS Gender. ✓ Worked as CEC Member Trade and Cooperative Development Kwale County. ✓ Worked with Action Aid International-Kenya as a Women's Rights Coordinator. ✓ Served the EAC as a Legislator in the second EALA. ✓ Chaired the Parliamentary Standing Committee on Agriculture, Tourism and Natural Resources. ✓ Pioneered the establishment of the EALA Women's Parliamentarians forum which she chaired for 5 years. |
|  | Ms. Janefrances Mutio Mutisya | Corporatio n Secretary – Director Legal Services | <ul style="list-style-type: none"> ✓ LL.M – Corporate Governance. ✓ LLB. ✓ Post Graduate Diploma (KSL). ✓ CPS (K). ✓ Proficiency Certificate in German. ✓ Accredited Governance and Legal Auditor. ✓ Member, ICS: LSK ✓ Over 20 years' experience in Legal practice and Corporate Law/Practice. ✓ YOB 1974. |

3. BOARD COMMITTEES

| Name of the Committee | Members |
|--|--|
| Finance, Human Resource and Administration Committee | Hon. Safina K. Tsungu, CBS FCPA Joseph W.Wamae Jane Adam Ms. Nana W. Gecaga |
| Marketing, Public Relations and Operations Committee | Hon. Zeinab A. Hussein, CBS Lucy Macridis Kavi Mwendwa Dr. Betty A. Radier, PhD Ms. Nana W. Gecaga |
| Audit Committee | Hon. Zeinab A. Hussein, CBS Lucy Macridis Kavi Mwendwa Ms. Winnie Mwalimu Capt. (Rtd) Kenneth Boit |
| Governance and Strategy Committee | Lucy Macridis FCPA Joseph W.Wamae Dr. Betty A. Radier, PhD Ms. Winnie Mwalimu Ms. Nana W. Gecaga |

4. SENIOR MANAGEMENT TEAM

| | | | |
|---|--------------------------------|---|--|
|  | Miss. Nana Wanjiku Gecaga, EBS | Chief Executive Officer | <ul style="list-style-type: none"> ✓ MBA United States International University Africa ✓ BFA American Intercontinental University U.S.A ✓ BA (AIU) UK ✓ Over 21 years' experience in Public Relations and Marketing. ✓ Over 11 years of experience in Tourism and Hospitality, under Ministry of Tourism ✓ Over 7 years of experience in Governance Leadership and as CEO Kenyatta International Convention Centre ✓ YOB 1978 |
|  | Mr. Geoffrey Thande | Director-Business Development | <ul style="list-style-type: none"> ✓ MBA-International Business. ✓ BA-Economics. ✓ Over 17 Years' experience in Market Strategy, Stakeholder Management, Product Development, Competitive Analysis and Customer Service ✓ YOB 1977 |
|  | Mr. Gomeri Kombo | Director-Operations | <ul style="list-style-type: none"> ✓ BA Hospitality Management ✓ Diploma in hotel management (Switzerland) ✓ Over 20 years' experience in hospitality industry ✓ YOB 1970 |
|  | Ms. JaneFrances Mutio Mutisya | Corporation Secretary-Director Legal Services | <ul style="list-style-type: none"> ✓ LLM – Corporate Governance. ✓ LLB. ✓ Post Graduate Diploma (KSL). ✓ CPS (K). ✓ Proficiency Certificate in German. ✓ Accredited Governance and Legal Auditor. ✓ Member, ICS: LSK ✓ Over 20 years' experience in Legal practice Corporate Law/Practice. ✓ YOB 1974. |
|  | Mr. Hashim Hamed | Director-Corporate Planning | <ul style="list-style-type: none"> ✓ MBA Strategic Management ✓ Bachelor of Commerce (Finance) ✓ Diploma (French) ✓ Over 11 years' experience in Marketing and Strategy ✓ YOB 1983 |
|  | CPA Livingstone Kipyego | Ag. Director - Corporate Services | <ul style="list-style-type: none"> ✓ MBA –Accounting ✓ Bachelor of Business Management (Accounting) ✓ Diploma (Business Administration) ✓ CPA (K). ✓ Member of ICPAK & KIM. ✓ Over 12years' experience in Financial Management & Reporting in Public sector. ✓ YOB 1984 |

5. CHAIRPERSON'S STATEMENT

I am pleased to present The Kenyatta International Convention Centre (KICC) financial year 2021-2022 annual report and financial statement for the year ended June 2022.

On behalf of the Board of Directors of the KICC, we share with you the progress the Corporation has made in the implementation of the reviewed Corporate Strategic plan 2018-2022.

We also highlight the efforts the Corporation has put to manoeuvre through the challenging business environment caused by the prolonged effects of the Covid 19 pandemic and the hard-economic times, to increase the KICC revenue during the year.

The year has shown promise of economic recovery since the start of the pandemic in 2020. There was a good rebound in the business events industry with significant increase in the number of events the country hosted since the pandemic.

It is however noted that the sector is yet to operate at its optimal capacity but it is gratifying to note that the sector is registering an increase in the number of events and delegates attending conventions around the country. According to Kenya National Bureau of Statistics 2022 Economic Survey report, Conference capacity utilization increased by 2.7 percent from 5.2 in 2020 to 7.9 percent in 2021

As a Corporation we also recorded an increase in revenue during the financial year from 543.3 Million in 2020-2021 financial year to 669.5 Million in 2021-2022 financial year. We will continue to build on our impressive performance this year by looking for more innovative ways of ensuring that the business environment in Kenya remains adaptive and competitive. As the world economy continues to open up, we are optimistic that we will register even more growth in the sector and position Kenya competitively as a preferred business events destination in Africa and the world.

The Corporation further made progress in Renovations and uplift of the conference facilities. The Corporation refurbished some of the conference facilities to give them a modern look as well as increase their aesthetic value. Some facilities have been upgraded to increase the conferencing capacity of the centre.

During the year, the Corporation undertook various initiatives geared towards the fight against global warming. We recognise that for the Corporation to remain competitive, we must embrace sustainability to its full force.

It is further noted that a Net-Zero Carbon MICE industry initiative to address climate change and sustainable businesses was signed during COP26 under the auspices of the Joint Meetings Industry Council (JMIC), which presented a MICE industry commitment that is the result of a broad cross-industry collaboration to work toward carbon neutrality and zero carbon, affirming that the MICE industry has a major role to play in tackling climate change.

In realization of this, the Corporation undertook a number of initiatives geared towards the Country's efforts on Global Warming. The Corporation is implementing the Environmental Management system aimed at ensuring the Centre is compliant with EMS 14001 standards. The Corporation further planted trees in collaboration with the Kenyatta University and Kenya Forest services to increase the Country's forest cover

As we are cognisant of the changing business environment especially on conducting events and meetings post COVID period, the Corporation in its Strategic plan development 2022-2027 will include the upgrade of information technology to keep up with the shift in the meetings industry.

The Centre continues to be a significant contributor to the Meetings, Incentives, Conferences and Exhibitions (MICE) Tourism growth in Kenya.

I would like to express my sincere appreciation to my fellow Board members, the Management team, the entire KICC staff and all our stakeholders for their support and request for the same into the future.

Thank you.



.....
Chairperson
Board of Directors

6. STATEMENT FOR THE CHIEF EXECUTIVE OFFICER

The financial year 2021/2022 saw some revitalization of the meetings industry despite being two years into the COVID 19 pandemic. The country eased the pandemic restrictions giving hope to the Tourism and Business events industry.

The country hosted a number of events both local, regional and international events that brought back the confidence in the sector. Among the events that the country prides to have hosted is the 7th Programme for Infrastructure Development in Africa (PIDA), AFROCITIES conference, the World Safari Rally among others.

As a Corporation, we made strides in different aspects despite the slow recovery of tourism industry from the pandemic crisis. The Corporation ventured into new destination marketing initiatives by partnering with other stakeholders to position the destination for a 360-degree experience dubbed 'delegate's experience packages. The initiative is different from the traditional marketing through Exhibitions. The Corporation incorporated the film sector to offer a different destination feel. We marketed the destination by participating in the Dubai 2020, Pre Oscars-Awards, and Cannes festival.

On the same brand positioning breath, the Corporation won, for the third time in a row, Africa's Leading Meetings & Conference venue and Africa's Leading Business Travel Destination (Nairobi) by World Travel Awards (WTA). These awards are an indication of the outstanding efforts by the Kenyan M.I.C.E and Business Events Sector to position the country as a preferred destination for business events.

Business Performance

During the year under review, The Corporation achieved a turnover of Kshs. 669.5 Million compared to Kshs. 543.3 Million from the previous financial year posting a profit Kshs. 24.88 after tax and achieved a Profit Before Tax of Kshs. 35.54 million.

During the period the Corporation continued to employ stringent measures in its operations as per the current business environment.

The Corporation however maximised its revenue on other revenue streams like rent and leased parking.

Conference revenue went up from Kshs. 44.3Million in 2020/2021 to Kshs. 113.1Million in 2021/2022 financial year, Tower viewing was up from Kshs. 40,100 to Kshs. 5.3 Million in

2021/2022 and other revenues (Hire of equipment, catering etc) recorded an increase from Kshs. 28.2 million to Kshs. 69.8 million in 2020/22.

Modernization and upgrade of outdoor meeting room

During the year the Corporation has upgraded and refurbished the open verandah area on the first floor into one of its meeting spaces embracing outdoor and having plants, flowers planted so as to depict the natural environment. The outdoor meeting room targets to offer clients a meeting facility in a more natural environment and lush tropical garden. the outlook gives delegates a serene and peaceful environment.

The Corporation further undertook the renovations of some of the conference rooms to give them a facelift and make them modern and competitive in the market

Preventive maintenance

During the period, the Corporation carried out preventive maintenance of various facilities at the Centre. The maintained areas include the Lifts, Chiller Plant, Generator and Fire Detection and Suppression systems to improve their reliability and availability

Operationalization of ISMS

The Corporation operationalised the ISMS (Information Security Management System) for safety & Security of information and data.

Employee Productivity

The Corporation has continued to recognise the need for staff training and development. During the year, the Corporation carried out a number of staff trainings and sensitization activities bordering health and lifestyle issues.

The Corporation is cognizant of the worldwide health and mental challenges that has been brought about by the effects of the prolonged COVID 19 pandemic and the economic crisis and purposed to carry out the sensitizations as a staff wellness initiative as well as a way of improving organizational performance.

We also continue to invest in recruitment and development of human capital. As we diversify our business, we strive to attract and retain the best talent that will enhance the Corporation's performance.

FUTURE OUTLOOK

In the coming year, the Corporation endeavours to generate and surpass the target revenue. The Corporation's strategies will be aligned with the changing needs in the environment. the Corporation has earmarked key strategies to promote the Centre as a venue for MICE. The Corporation also looks forward to holding major events that will boost its revenue.

Our priority in 2022/2023

- 1) To ensure a sustainable and secure business operation environment
- 2) To generate top line revenue for the Centre
- 3) To improve KICC business events performance and enhance its market share
- 4) To enhance Capacity Development, continuous Performance Management for Effective Service Delivery and improved Productivity
- 5) To ensure that KICC governance system is effective and efficient

Finally, I would like to thank all the KICC staff for their immersed contribution, handwork, dedication and focus on driving the Corporation's core mandate.

Nana W. Gecaga

Chief Executive Officer

7. CORPORATE GOVERNANCE STATEMENT

Corporate Governance relates to internal means by which Corporations are directed, controlled and held to account. This is done with a view to ensuring that, corporations attain their long-term value of shareholders while taking into consideration the interests of other stakeholders. The Governance structures of Corporations stipulates rules and procedures of certain organizations and at the same time identifies the manner of distribution of rights amongst different stakeholders such as Board of Directors, Managers, Shareholders, Creditors and Auditors. The Board of Directors of Kenyatta International Convention Centre is responsible for the Governance of the Corporation. While discharging its functions, it is accountable to shareholders and stakeholders in ensuring that it complies with all set regulations and business ethics. Similarly, the Board adheres to the generally accepted Corporate Governance procedures as stipulated in the existing Governances' Codes and also embraces the internationally accepted principles and best practices of Corporate Governance.

The Board of Directors

The Board of Directors Comprises of nine (9) Directors, six of which are independent non-executive Directors including the Chairman.

The Board of Directors directs the Corporation generally. Its basic role in directing the Corporation entails the formulation of the Corporation's Strategic Objectives, Policy Making, Supervision of Executive Management and Accountability to Stakeholders. The Directors entrench a wealth of experience, relevant expertise and knowledge, while deliberating on major issues pertaining to the organization. Except for direction and guidance in general Policy, the Board of Directors delegates the authority of day to day business operations of the organization to the Management through the Chief Executive Officer.

In discharging its onerous function, the Board of Directors is assisted by a Corporation Secretary who attends all Board meetings except the Audit Committee Meetings. The Corporation Secretary advises the Board in respect of Corporate Governance issues as well as legal and regulatory requirements pertaining to the Corporation.

Board Meetings

The Board holds regular meetings as provided by the Corporation's Board Calendar and as stipulated under the relevant statutes. Special meetings may however be convened when the Corporation deems it necessary to do so.

During the year under review, the Board held 5(Five) regular Full Board meeting and 2(Special) Full Board Meetings. In light of the fact that, the Corporation is a State Corporation, the Inspector General of State Corporations is invited to attend the Corporation's Board meetings both Committees and Full Board Meetings from time to time. The Inspector General exercises an oversight and advisory role in such meetings in accordance with the State Corporations Act.

The Members, attendance per Board member for the Board meetings for the year was as follows:

| NO | BOARD MEMBER | Scheduled Meetings | Special Meetings | Total |
|----|----------------------------|--------------------|------------------|-------|
| 1 | Ms. Nana W. Gecaga | 5 | 2 | 7 |
| 2 | Dr. Betty Radier, PhD | 5 | 2 | 7 |
| 3 | Capt. (Rtd) Kenneth Boit | 3 | 2 | 5 |
| 4 | F CPA. Joseph Wangai Wamae | 5 | 2 | 7 |
| 4 | George Ombua | 2 | 2 | 4 |
| 5 | Safina K. Tsungu, CBS | - | - | - |
| 6 | Allan Njoroge | 1 | - | 1 |
| 7 | Ms. Winnie Mwalimu | 4 | 2 | 6 |

Committees of the Board

The Board discharges its functions through Committees which, have well defined terms of reference set by the Board. The operations of the Board, through various Committees, purposes to facilitate efficient and effective decision-making process in discharge its duties and responsibilities.

The Board Committees and their Membership comprises of the following-

I) Finance, Human Resources and Administration

- i) F CPA Joseph Wangai Wamae Member
- ii) PS, Ministry of Tourism Member
- iii) Ms. Nana W. Gecaga Member
- iv) Inspector General – State Corporations

The Committee assists the Board in fulfilling its oversight responsibilities in Financial, Staff and general Administrative matters pertaining to the Corporation.

The Committee held Five (5) regular meeting and 2(two) Special Meetings during the year under review. The attendance is as follows:

| NO | BOARD MEMBER | Scheduled Meetings | Special Meetings | Total |
|----|-------------------------------------|--------------------|------------------|-------|
| 1. | F CPA Joseph Wangai Wamae(Chairman) | 5 | 2 | 7 |
| 2. | Safina K. Tsungu, CBS | - | - | - |
| 3 | Ms. Nana W. Gecaga | 5 | 2 | 7 |
| 4 | Jane Adam | 4 | 1 | 5 |
| 5 | Ms. Winnie Mwalimu | 5 | 2 | 7 |
| 6 | George Ombua | 2 | 2 | 4 |

II) Marketing, Public Relations and Operations Committee

- (i) Lucy Macridis Chairperson
(ii) Kavi Mwendwa Member
(iii) PS. Tourism Member
(iv) Dr. Betty A. Radier, PhD Member
(v) Ms. Nana W. Gecaga Member
(vi) Inspector General – State Corporations

The Committee is tasked with the responsibility of overseeing the Corporation's activities relating to Marketing, Business Development and Projects.

The Committee held Three (3) regular meeting during the year under review. The attendance is as follows: -

| NO | BOARD MEMBER | Scheduled Meetings | Special Meetings | Total |
|----|-----------------------------|--------------------|------------------|-------|
| 1. | Lucy Macridis - Chairperson | 3 | - | 3 |
| 2 | Safina K. Tsungu, CBS | 1 | - | - |
| 3 | Kavi Mwendwa | 3 | | 3 |
| 4 | Dr. Betty A. Radier, PhD | 3 | - | 3 |
| 5 | Ms. Nana W. Gecaga | 3 | - | 3 |

(vii) Audit Committee

- i) Capt. (Rtd) Kenneth Boit Chairman
ii) Lucy Macridis Member
iii) Kavi Mwendwa Member
iv) PS. Tourism Member
v) PS. Treasury Member
vi) Inspector General – State Corporations

The Committee assists the Board in fulfilling its Corporate Governance responsibilities and in particular enhancing internal checks and balances while fostering effective internal audit functions. The Committee held Four (4) regular meeting in the year under review. The attendance is as follows: -

| NO. | BOARD MEMBER | Scheduled Meetings | Special Meetings | Total |
|-----|-----------------------------|--------------------|------------------|-------|
| 1 | Capt. (Rtd) Kenneth Boit | 4 | 2 | 6 |
| 2 | Lucy Macridis | 4 | 1 | 5 |
| 3 | George Ombua | 2 | - | 2 |
| 5 | Hon. Zeinab A. Hussein, CBS | 2 | - | 2 |
| 6 | Ms. Winnie Mwalimu | 4 | 2 | 6 |

(viii) Governance and Strategy Committee

- i) FCPA Joseph Wangai Wamae Member
- ii) Jane Adam Member
- iii) Dr. Betty A. Radier, PhD Member
- iv) Ms. Winnie Mwalimu Member
- v) Ms. Nana W Gecaga Member
- vi) Inspector General – State Corporations

The Committee assists the Board in fulfilling its Corporate Governance responsibilities and in particular enhancing internal checks and balances while fostering effective internal audit functions. The Committee held Four (4) regular meeting in the year under review. The attendance is as follows: -

| NO. | BOARD MEMBER | Scheduled Meetings | Special Meetings | Total |
|-----|--------------------------|--------------------|------------------|-------|
| 1. | Jane Adam | 3 | - | 3 |
| 2 | FCPA Joseph Wangai Wamae | 4 | - | 4 |
| 3 | Dr. Betty A. Radier, PhD | 4 | - | 4 |
| 4 | Ms. Nana W Gecaga | 4 | - | 4 |
| 5 | Ms. Winnie Mwalimu | 4 | - | 4 |

Succession Plan

The Board members of the Convention Centre are appointed at different times such that, the respective expiry dates of their terms of office shall fall at different times.

Board Remuneration

The aggregate amount paid to Directors in terms of sitting allowances for services rendered during financial year 2021/2022 are disclosed in the Financial Statements under Note 27 (ii). Non-Executive Directors are paid sitting allowances for any meeting attended.

Risk Management and Internal Controls

The Corporation has defined procedures and financial controls to ensure its accounting information is complete and accurate. These include systems for obtaining approvals for all transactions and strict adherence to laws and regulations that have significant financial implications. The Board takes into consideration the results of work carried out to Audit and review the activities of the Corporation with a view to ascertaining the effectiveness of internal control systems. The Board also considers the Management accounts for each year, reports from each Board Committee, annual budgetary proposals, and strategic opportunities for the Corporation.

Information and Board Developments

The Board is supplied with detailed Board Papers and reports on business to be conducted at each meeting in advance. All Directors have access, advice and services of the Corporation Secretary. Where necessary the Directors may access external legal advice.

To update their skills and expertise in discharging board functions, directors are required to receive induction training on appointment. In addition, they are also required to attend trainings suited to their needs and expertise required to perform their duties regularly.

8. MANAGEMENT DISCUSSION AND ANALYSIS

SECTION A

KICCs operational and financial performance

Performance of KICC's Core mandates

- ❖ To facilitate the Modernization and Expansion of KICC; the Corporation is carrying out a review of its modernization master plan for the KICC facility which outlines projects to be implemented. During the period under review, KICC is undertaking a refurbishment of the Courtyard, repair of Amphi Theatre, ICT infrastructure and repairs of Meeting rooms.
- ❖ MICE destination Marketing; In terms of participating in international exhibitions the Corporation participated in IMEX Frankfurt in May 2019, IBTM Spain in November 2019, and Meetings Africa in Johannesburg in February 2020.
- ❖ Some of the successful bids undertaken are: -ICASA, 24th UNWTO Conference, International women engineers and Scientists 2023, SESTECH Technology Conference and Expo, 36th International Society for Music Education World conference 2024, INTERCOL congress 2025, IAS on HIV Science in 2023 and African Development Bank AGM.

Revenues

The Corporation's main revenue streams include; conference/exhibitions & events, rental income, parking fees, tower viewing and third-party revenues. In total, the Corporation's revenue for the year was Kshs.599.75 Million this included, against a target of Kshs. 968.3 Million leading to unfavourable variance of Ksh.291.76 Million. In comparison with the same financial year 2020/2021 the corporation reported revenue of Ksh.543.33 Million.

During the year the Centre did not achieve its revenue targets on core mandates.

Expenses

The Corporation endeavored to spend within the budget limits. Total expenditure for the year was Kshs.564.21 Million inclusive of General Provision for bad debts Kshs.25.37 Million, depreciation and amortization amounting to Kshs.59.06 Million. The total budget for the year was Kshs.964.5 Million. There was favorable variance of Kshs. 323.49 Million due to cost cutting measures and cost rationalization, some costs related to third party.

In comparison to last year, the Corporation total operating expenses was Kshs.493.67 Million.

Profit/Loss for the Period

Reported profit for the year (after depreciation but before tax at 30%) was Ksh.24.88 Million.

SECTION B**KICCs compliance with statutory requirements****INTERNATIONAL STANDARDS**

Our commitment to quality in our services and processes remain steadfast. Complying to the requirements of ISO 9001:2008 ensures that the Corporation not only retains its status as an ISO 9001:2008 certified institution but that continuous improvement, research and development and on-going review of processes is systematically done to ensure that our processes and strategies remain current and relevant in the ever-dynamic business environment. In the long run there is positive impact on revenue, quality, costs, and customer satisfaction.

INFORMATION AND COMMUNICATIONS TECHNOLOGY

The ICT Department continued to collaborate with our business systems users in order to identify and exploit opportunities for utilizing technology solutions to solve business problems. Among the projects completed in the period under review include: Enterprise Resource Planning (ERP) integrating Finance, Stores and Marketing departments, installation of the internal audit software, and Data Storage offsite backup. ERP will be finalised through legal team. Data Storage offsite backup was done and is currently under support for the next 3years. The Corporation is also using the Integrated Financial Management Information System (IFMIS) for its procurement functions as per the Government requirement to all Government agencies.

SECTION C**Key projects and investment decisions KICC is planning/implementing**

The outlook for the Meetings, Incentives, Conferences and Exhibitions (MICE) Industry remains robust and resilient. M.I.C.E is the fastest growing subsector of tourism. KICC has the right strategy, brand, resilience and people to take it to the next phase of growth. Some of the projects under or due for implementation as per the strategic plan 2018/2022 are:

- Refurbishment of court yard at a cost of Kshs.71M (Phase I) and phase II sh.70M
- Automation of KICC gates at sh.10M
- ICT infrastructure at sh.35M
- Amphi Theatre roofing sh.15
- Improvement of meeting halls and facilities at sh.70M

SECTION D**Major risks facing KICC**

The Corporation will continue to recognize risk Management as an integral part of the internal control systems. We will therefore continue to logically and systematically engage in the process of establishing, identifying, analysing, evaluating and communicating risks associated with any activities, functions or processes in a way that enables the Corporation to minimize losses and maximize opportunities while getting value for money committed.

Operational Risk

This is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation as well as lead to financial loss.

The controls that the Corporation has put in place to minimize the potential risks include:

- a) Effective duty segregation,
- b) Staff sensitization, training and capacity building
- c) Definition of authorization levels,
- d) Periodic risk assessment,
- e) Compliance and conformity with laid down policies and procedures and Acts governing operations
- f) Use of internal audit; and
- g) Adherence to systems of internal controls.

Credit and Liquidity risks

The corporation continues to put measures in place to minimize risk of non-recovery of debts owed by defunct Government Ministries and Departments that were merged.

In compliance with accounting principles, the management will continue to recognise provisions for bad and doubtful debts in its financial statements.

The corporation cash and cash equivalents as at the end of the year was Kshs.401.5 Million held in our bank accounts. Trade and other receivables balance were Kshs.820.14 Million while trade and other payables balance was Kshs.999.5 Million.

Legal risks

Due to 14 pending litigations/cases in court which are at various stages of litigation, the corporation is likely to incur costs with regard to legal costs, penalties and interests. This is purely dependent on the outcome i.e. whether it is unfavourable.

SECTION E

Material arrears in statutory/financial obligations

| | |
|------------------------------------|----------------------|
| Trade and Other payables | 338,197,526 |
| Provisions for other pending bills | 109,643,534 |
| VAT Liability | 76,463,003 |
| Deferred Income | 400,000,000 |
| Accrued expenses | 12,674,108 |
| Corporation tax | 156,299,714 |
| Total | 1,093,277,885 |

SECTION F

KICCs financial improbity and serious governance issues

Corporate Governance is the process by which Corporations are directed, controlled and held to account. The Board of Directors are responsible for the long-term strategic goals of the Corporation while being accountable to the shareholders for legal compliance and maintenance of the highest Corporate Governance and business ethics.

An independent Board manages the business of the Corporation. The Board is keen on reviewing the overall framework of the internal controls and the assessment of Management process and the adoption of the appropriate codes of ethics. It is also responsible for ensuring that the Corporation complies with the law and highest standards of Corporate and business ethics. The Board currently comprises members drawn from public and private sectors.

The Corporation is committed to fighting corruption and other social vices in the work place. The corporation has adopted the government's zero tolerance approach to corruption and it has put in place mechanisms to control corruption. In this regard a corruption prevention committee has already been put in place and integrity assurance officers trained.

9. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 83 of the Public Finance Management (PFM) Act, 2012, Section 14 of the State Corporation's Act requires the Directors to prepare financial statements which give a true and fair view of the state of affairs of the Corporation at the end of the financial year and operating results of the corporation for the year. As the Directors of KICC we have ensured that the corporation keeps proper accounting records which disclose with reasonable accuracy the financial position of the corporation and of the results of its operations. We are also responsible for safeguarding the assets of the Corporation and preparation of the corporation's financial statements, which give a true and fair view of the state of affairs of the Corporation as at the end of the financial year 2021-2022 and of the result of its operations for the year then ended.

Our responsibility includes:

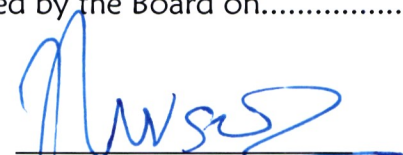
- (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity;
- (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- (iv) Safeguarding the assets of the Corporation;
- (v) Selecting and applying appropriate accounting policies; and
- (vi) Making accounting estimates that are reasonable in the circumstances.

As Directors of KICC we accept responsibility for the Corporation's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Section 83 of the PFM Act, 2012 and the State Corporation Act. We the Directors are of the opinion that KICC's financial statements give a true and fair view of the Corporation's transactions during the financial year ended 30th June, 2022, and of the Corporation's financial position as at that date. We further confirm the completeness of the accounting records maintained for the Corporation, which have been relied upon in the preparation of the financial statements as well as the adequacy of the systems of internal financial control. Nothing has come to the attention as Directors to indicate that the Corporation will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

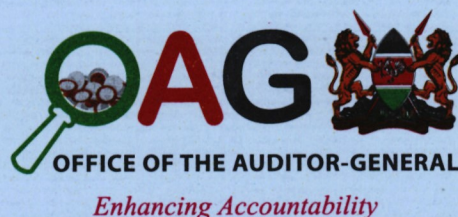
The Kenyatta International Convention Centre's Financial Statements have been prepared in accordance with Section 83 of the PFM Act and were approved by the Board on..... 2022 and signed on its behalf by:


Chief Executive Officer


Chairperson
Board of Directors

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KENYATTA INTERNATIONAL CONVENTION CENTRE FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment, and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kenyatta International Convention Centre set out on pages 1 to 30, which comprise of the statement of financial position as at 30 June, 2022, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows, statement of

comparison of budget and actual amounts for the year ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Kenyatta International Convention Centre as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the Tourism Act No.28 of 2011 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported Property, Plant and Equipment

As previously reported, the statement of financial position reflects property, plant and equipment balance of Kshs.5,036,384,170 as disclosed in Note 15 to the financial statements. Included in balance is land at Kshs.2,296,000,000 which as previously reported, excludes land commonly referred to as COMESA parking area and Courtyard on which the first Kenya President's monument stands. Further, the land on which the Garden Square Restaurant stands is under dispute between the Corporation and the County Government of Nairobi. However, a letter from the Chief-of-Staff and Head of Public Service to the Cabinet Secretary, Ministry of Lands, Housing and Urban Development clarified that the land in dispute has since been gazetted as a national monument and a part of the Corporation.

In the circumstances, the accuracy and ownership of the property, plant and equipment balance of Kshs.2,296,000,000 could not be confirmed.

2. Misclassification and Inactive Work in Progress

As previously reported, the statement of financial position and as disclosed in Note 15 to the financial statements reflects property, plant and equipment balance of Kshs.5,036,384,170. The balance includes work in progress of Kshs.1,117,342,484 which has been inactive and out of which Kshs.365,632,907 was recurrent expenditures misclassified under assets.

In the circumstances, the accuracy and completeness of the work in progress balance of Kshs.1,117,342,484 could not be confirmed.

3. Long Outstanding Staff Car Loans and Salary Advances

As previously reported, the statement of financial position reflects staff receivables due after one year balance of Kshs.7,478,900 as disclosed in Note 19(c) to the financial statements. The balance includes car loans and salary advance amounting to Kshs.3,986,177 for former employees which have been outstanding for more than three (3) years and there is no evidence that measures put in place to recover the debts have yielded positive results.

In the circumstances, the accuracy and recoverability of car loans and salary advance balance of Kshs.3,986,177 could not be confirmed.

The audit was conducted in accordance with International Financial Reporting Standards and Audit Institutions (ISSAIs). I am independent of the Kenyatta International Convention Centre Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of financial statements. There were no key audit matters to report in the year under review.

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. However, the Management has not resolved the issues or given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board templates and The National Treasury's Circular Ref: No. AG.4/16/3 Vol.1I (66) dated 6 July, 2022.

In the circumstances, Management was in breach of the National Treasury Circular.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the procedures performed, except for the matters described in the basis for Conclusion on Lawfulness and Effectiveness in use of Public Resources I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

Irregular Procurement Process - World Trade Organization (WTO) Conference

As previously reported, the 10th World Trade Organization (WTO) Ministerial Conference was held at the Kenyatta International Convention Centre (KICC) between 13-19 December, 2015. However, the following unsatisfactory matters were noted during for tender awards for goods and services.

- (i) The minutes of tender committee, contract documents, local purchase orders/local service orders, supervision reports and completion certificates for tender awards for goods and services were not provided for audit verification;

- (ii) Goods and services worth Kshs.70,823,765 were not subjected to competitive bidding but direct procurement method was used without evidence of notifying the Public Procurement Oversight Authority;
- (iii) Seventeen (17) projects were implemented during the period out of which fifteen (15) with contracts summing up to Kshs.1,432,333,345 were awarded between 13 July, 2015 and 30 September, 2015 by the then Chief Executive Officer through single sourcing without reference to tender committee. In addition, only five (5) contracts amounting to Kshs.894,976,341 had been signed while six (6) of these tenders were cancelled due to delay in release of funds;
- (iv) A local Company had signed a contract worth Kshs.64,976,341 without evidence of being issued with an award letter and another submitted a claim of Kshs.9,946,420 for partial works but there was no award letter, signed contract and evidence of being registered by the Registrar of Companies;
- (v) The Board of Directors irregularly participated in the revision of cost of the design, supply and installation of computerized conference management system tender;
- (vi) There was no report on the progress on implementation of the WTO projects by the ad-hoc committee;
- (vii) Currently, claims amounting to Kshs.701,031,000 for different works have not been paid due to lack of or inadequate documentation;
- (viii) Supplies amounting to Kshs.55,784,840 for WTO projects were not provided for in the financial statements for 2017/2018.

In the circumstances, Management was in breach of the law and value for money may not have been realized on these projects.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the review so as to obtain limited assurance as to whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the procedures performed, except for the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis of Conclusion

1. Lack of Proper Inventory Management

The statement of financial position reflects inventories balance of Kshs.3,835,513 as disclosed in Note 17 to the financial statements. However, there was no inventory movement schedule to track the movement of inventories. Further, there was no evidence of using bin cards as per Regulation 166(4) of the Public Procurement and Asset Disposal Regulations, 2020.

In the circumstances, the effectiveness of internal controls on inventory management could not be confirmed.

2. Non-Implementation of ERP and Disaster Recovery Plan

A review of the Enterprise Resource Planning (ERP) system revealed that it was not real-time since some transactions could not be traced in the system. In addition, review of the documents provided for audit revealed that the management had not established a disaster recovery plan.

In the circumstances, the effectiveness of internal controls and risk management could not be confirmed.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit so as to obtain limited assurance as to whether effective processes and systems of internal controls, risk management and governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and the Board of Directors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Centre's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of intention to terminate the Centre or to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015. In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

The Board of Directors is responsible for overseeing the Centre's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal controls that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal controls components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal controls may not prevent or detect misstatements and instances of noncompliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Centre's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Centre to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Centre to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that are identified during the audit.

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

11 May, 2023

11. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30TH JUNE 2022


| DESCRIPTION | NOTE | 2021-2022 | 2020-2021 |
|------------------------------------|-------|--------------------|--------------------|
| | | 30th June | 30th June |
| | | Kshs | Kshs |
| REVENUES | | | |
| Revenues | 6 | 669,533,884 | 543,328,193 |
| Cost of Sales | 7 | (77,272,027) | (10,818,086) |
| Gross Profit | | 592,261,857 | 532,510,107 |
| Other Income | | | |
| Other Income | 10 | 7,022,532 | 2,441,291 |
| Total Revenues | | 599,284,389 | 534,951,397 |
| OPERATING EXPENSES | | | |
| Administration Costs | 12 | 497,255,029 | 427,513,002 |
| Selling and Distribution Costs | 13 | 1,821,839 | 5,063,424 |
| Depreciation and amortization | 15/16 | 59,064,535 | 61,091,756 |
| Total Operating Expenses | | 558,141,403 | 493,668,182 |
| Operating profit | | 41,142,986 | 41,283,215 |
| Profit/ Loss before Taxation | | 41,142,986 | 41,283,215 |
| Income Tax @30% | 14 | (12,342,896) | (12,384,965) |
| Profit/ Loss after Taxation | | 28,800,090 | 28,898,251 |

12. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2022

| | Note | 2021-2022 30th June 2022 Kshs | 2020-2021 30th June 2021 Kshs |
|--------------------------------------|------|-------------------------------------|-------------------------------------|
| Non-Current Assets | | | |
| Property, plant and equipment | 15 | 5,036,384,170 | 5,043,013,102 |
| Intangible assets | 16 | 12,312,683 | 17,437,778 |
| Staff receivables due after one year | 19c | 7,478,900 | 6,666,757 |
| Total Non-Current Assets | | 5,056,175,753 | 5,067,117,637 |
| Current Assets | | | |
| Inventories | 17 | 3,835,513 | 1,558,398 |
| Trade and other receivables | 18 | 903,242,704 | 819,742,273 |
| Cash and bank balances | 21 | 401,607,338 | 430,896,515 |
| Staff Imprests | 19c | 384,400 | 722,933 |
| Total Current Assets | | 1,309,069,955 | 1,252,920,119 |
| TOTAL ASSETS | | 6,365,245,708 | 6,320,037,756 |
| EQUITY AND LIABILITIES | | | |
| Capital and Reserves | | | |
| Capital Fund | 22 | 3,933,446,000 | 3,933,446,000 |
| Retained earnings | 24 | 59,249,255 | 30,449,165 |
| Revaluation Reserve | 23 | 1,137,438,325 | 1,137,438,325 |
| Capital and Reserves | | 5,130,133,580 | 5,101,333,490 |
| Current Liabilities | | | |
| Trade and other payables | 25 | 1,077,132,879 | 1,073,067,913 |
| Tax Payable | 20 | 157,979,249 | 145,636,354 |
| Total Current Liabilities | | 1,235,112,128 | 1,218,704,267 |
| TOTAL EQUITY AND LIABILITIES | | 6,365,245,708 | 6,320,037,756 |


Chief Executive Officer


Director Corporate Services
ICPAK Reg No 18302


Chairperson
Board of Directors

13. STATEMENT OF CHANGES IN EQUITY & RESERVES FOR THE YEAR ENDED 30th JUNE 2022

| | Note | Shareholders' Equity | Revenue Reserves/Retained Earnings | Revaluation Reserve | Revenue Reserves Restated | T |
|---|------|----------------------|------------------------------------|---------------------|---------------------------|--------------|
| | | Kshs | Kshs | Kshs | Kshs | |
| At 1 July, 2019 | 31 | 3,933,446,000 | (35,840,738) | 1,137,438,325 | 3,897,605,262 | 5,035,043, |
| Net profit for the Year ended 30th June 2020 | | - | 37,391,652 | - | 37,391,652 | 37,391,65 |
| Prior year adjustment-Work In Progress | | - | - | - | - | |
| For the period ending 30th June, 2020 | 31 | 3,933,446,000 | 1,550,914 | 1,137,438,325 | 3,934,996,914 | 5,072,435,23 |
| Net profit for the year ending 30th June 2021 | | - | 28,898,251 | - | 28,898,251 | 28,898, |
| Prior year adjustments | | - | - | - | - | |
| For the period ending 30th June, 2021 | 31 | 3,933,446,000 | 30,449,165 | 1,137,438,325 | 3,973,289,351 | 5,101,333,4 |
| Net profit for the year ended 30th June 2022 | | - | 28,800,090 | - | 28,800,090 | 28,800,09 |
| Prior year adjustment's | | - | - | - | - | |
| For the period ended 30th June, 2022 | 31 | 3,933,446,000 | 59,249,255 | 1,137,438,325 | 3,983,863,368 | 5,111,907,50 |

14. STATEMENT OF CASH FLOWS AS AT 30TH JUNE 2022

| | As at 30th June 2022 | As at 30th June 2021 |
|--|-------------------------|-------------------------|
| | Kshs. | Kshs. |
| OPERATING ACTIVITIES | | |
| Cash generated from/ (used in) operations | 19,307,084 | 148,822,317 |
| Tax paid | | (11,800,000) |
| Net cash generated from/(used in) operating activities | 19,307,084 | 137,022,317 |
| INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | (48,596,261) | (5,182,866) |
| Net cash generated from/(used in) investing activities | (48,596,261) | (5,182,866) |
| FINANCING ACTIVITIES | | |
| Interest income | | |
| Net cash generated from/(used in) financing activities | | |
| INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS | (29,289,177) | 131,839,451 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | 430,896,515 | 299,057,065 |
| CASH AND CASH EQUIVALENTS AT END OF THE YEAR | 401,607,338 | 430,896,515 |

15. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS AS AT 30TH JUNE 2022

| DESCRIPTION | Actuals 2021-2022(A) | 2021-2022 Budget (B) | VARIANCE C(A-B) | % Variance | REMARKS F -(FAVORABLE) U(UN- FAVORABLE) | WHOLE YEAR BUDGET | NOTES EXPLA VARIANCES |
|--|-------------------------|-------------------------|----------------------|---------------|--|-------------------------|-----------------------------|
| | KSHS | KSHS | KSHS | % | | KSHS | |
| Rent Revenue | 299,102,075 | 258,670,554 | 40,431,521 | 16% | F | 258,670,554 | a |
| Leased Parking Revenue | 187,458,973 | 196,425,000 | (8,966,028) | -5% | U | 196,425,000 | |
| Conference Revenue | 113,127,675 | 217,311,616 | (104,183,941) | -48% | U | 217,311,616 | |
| Catering | 30,159,041 | 140,528,737 | (110,369,696) | -79% | U | 140,528,737 | b |
| Equipment | 39,686,121 | 142,776,245 | (103,090,124) | -72% | U | 142,776,245 | |
| Casual Parking Revenue | 1,698,348 | 600,000 | 1,098,348 | 183% | U | 600,000 | c |
| Tower Viewing Revenue | 5,300,074 | 10,000,000 | (4,699,926) | -47% | U | 10,000,000 | |
| Other sources of revenue | 24,110 | 2,000,000 | (1,975,890) | -99% | U | 2,000,000 | |
| GoK Recurrent grant | - | - | - | | | | |
| Total Revenue | 676,556,416 | 968,312,152 | (291,755,736) | | | 968,312,152 | |
| ADMINISTRATION COSTS | | | | | | | |
| Electricity | 37,803,284 | 48,000,000 | (10,196,716) | -21% | F | 48,000,000 | d |
| Water & Conservancy | 16,581,924 | 12,600,000 | 3,981,924 | 32% | U | 12,600,000 | |
| Postage and Courier | - | 112,000 | (112,000) | -100% | F | 112,000 | e |
| Telephone Expenses | 2,606,176 | 3,360,000 | (753,824) | -22% | F | 3,360,000 | f |
| E-Mail & Internet | - | 2,220,000 | (2,220,000) | -100% | F | 2,220,000 | |
| Transport Operating Expenses | 4,150,744 | 3,600,000 | 550,744 | 15% | | 3,600,000 | g |
| Travelling & Accommodation | 24,143,326 | 5,340,000 | 18,803,326 | 352% | F | 5,340,000 | |
| Printing, stationery and photocopying | 10,273,588 | 6,000,000 | 4,273,588 | 71% | F | 6,000,000 | h |
| Staff training expenses | 15,772,307 | 25,000,000 | (9,227,693) | -37% | F | 25,000,000 | i |
| Staff welfare & Uniform expenses | 20,456,882 | 31,905,000 | (11,448,118) | -36% | F | 31,905,000 | |
| Business Promotion Expenses(Entertainment) | 1,124,094 | 3,000,000 | (1,875,906) | -63% | F | 3,000,000 | j |
| General Insurance | 13,982,170 | 13,486,722 | 495,448 | 4% | | 13,486,722 | |
| Bank charges and commissions | 910,001 | 1,180,000 | (269,999) | -23% | F | 1,180,000 | k |
| Membership to professional bodies | 1,638,031 | 4,546,580 | (2,908,549) | -64% | F | 4,546,580 | l |
| Consultancy fees | 1,391,140 | 14,488,000 | (13,096,860) | -90% | F | 14,488,000 | |
| Legal fees, Land rates, Licenses & Subscriptions | 4,578,122 | 22,121,450 | (17,543,328) | -79% | F | 22,121,450 | m |
| Repairs and maintenance | 14,143,830 | 39,210,000 | (25,066,170) | -64% | F | 39,210,000 | n |
| Board Expenses | 5,095,352 | 18,120,000 | (13,024,648) | -72% | F | 18,120,000 | o |
| | 174,650,971 | 254,289,752 | (79,638,781) | | | 254,289,752 | |
| OTHER OPERATING EXPENSES | | | | | | | |
| Contracted Services | 58,705,696 | 86,800,000 | (28,094,304) | -32% | U | 86,800,000 | p |
| Consumable Stores | 2,775,056 | 6,500,000 | (3,724,944) | -57% | F | 6,500,000 | |
| Research and development | - | 11,000,000 | (11,000,000) | -100% | F | 11,000,000 | q |
| Gift shop | - | 2,500,000 | (2,500,000) | -100% | F | 2,500,000 | |

| | | | | | | | |
|--|--------------------|--------------------|----------------------|--------------|----------|--------------------|---|
| Corporate Social Responsibility/Investment | 110,000 | 1,000,000 | (890,000) | -89% | F | 1,000,000 | |
| | 61,590,752 | 107,800,000 | (46,209,248) | | - | 107,800,000 | |
| STAFF COSTS(PERSONNEL EMOLUMENTS) | | | | | | | |
| Salaries Wages & Leave Allowance | 181,806,293 | 272,602,168 | (90,795,875) | -33% | F | 272,602,168 | |
| Medical Insurance | 39,997,328 | 40,000,000 | (2,672) | | | 40,000,000 | |
| Gratuity & Pension | 9,810,343 | 18,097,576 | (8,287,233) | -46% | F | 18,097,576 | |
| | 231,613,964 | 330,699,744 | (99,085,780) | | - | 330,699,744 | |
| SELLING & DISTRIBUTION COST | | | | | | | |
| Third party costs | 44,801,824 | 110,669,152 | (65,867,328) | -60% | F | 110,669,152 | r |
| MICE & Participation in Exhibition | 32,470,203 | 75,000,000 | (42,529,797) | -57% | F | 75,000,000 | s |
| Production of Promotion Materials | 1,124,080 | 11,000,000 | (9,875,920) | -90% | F | 11,000,000 | t |
| Advertising & Publicity | 697,759 | 13,200,000 | (12,502,241) | -95% | F | 13,200,000 | |
| Provision for Depreciation | 59,064,535 | 40,000,000 | 19,064,535 | 48% | F | 40,000,000 | |
| Provision for Audit fees | 1,464,000 | - | 1,464,000 | 0% | | - | |
| Provision for Provision for debts | 27,935,341 | - | 27,935,341 | 0% | | - | |
| Replacement & Renewal Items | - | 21,840,000 | (21,840,000) | -100% | U | 21,840,000 | |
| | 167,557,743 | 271,709,152 | - 104,151,409 | | - | 271,709,152 | |
| Total Expenses | 635,413,430 | 964,498,648 | - 329,085,218 | | - | 964,498,648 | |
| Re-Current surplus | 41,142,986 | 3,813,504 | 37,329,482 | 979% | - | 3,813,504 | |
| | | | | | | | |
| Corporation Tax at 25% | (12,342,896) | (1,144,051) | (9,332,370) | 816% | | (1,144,051) | |
| | | | | | | | |
| Net Surplus | 28,800,090 | 2,669,453 | 27,997,111 | 1049% | | 2,669,453 | |

16. EXPLANATION OF THE VARIANCES

a) Rent revenue

The favourable variances during the year was achieved by short term leases and timely billing and collection of revenue during the year

b) Conference, catering and equipment revenue

During the year corporation did not meet the target for the above revenue due to slow recovery of the economy that lead few events happening in the centre.

c) Casual parking and Tower viewing revenue

Due to slow recovery up of economy there were slight increase in vehicles parked during year. Helipad is also slowly picking up since it was reopened for visitors.

d) Electricity, Water & Conservancy

Consumption of electricity significantly reduced due to utilization of solar panel installed this led to a favourable variance of Kshs. 10,196,716. Water and conservancy on the other hand had unfavourable variance of Kshs 3,981,924 this is due to high sewerage charges. and change.

e) Postage and courier

During the year the corporation opted to use email and internet services. This led to favourable variance of Kshs. 112,000.00

f) Telephone expense, E-mail and Internet

During the year telephone expenses decline and there was a favourable variance of Kshs. 753,824. Email and internet expenses were unutilized during year due billing problem from the service provider.

g) Travelling and accommodation.

The travelling accommodation had unfavourable variance of Kshs 22,954,070. This resulted from some of the staff travelling for various trainings during the year.

h) Printing, stationery and photocopying

Since the corporation opted to leasing printing and photocopying services, it resulted to a unfavourable variance of Kshs, 3,629,633 during the year.

i) Staff training expenses and Staff welfare & uniform expenses

During the period staff training was budgeted Kshs. 25,000,000.00 against actual expenditure of Kshs 15,772,307.00 this led to favourable variance Kshs. 9,227,693.00. Staff welfare & uniform expenses had a favourable variance of Kshs. 10,324,024.00.

j) Business promotion expenses (Entertainment)

During the year there were minimal business promotion meeting held this led favourable variance of Kshs 1,875,906.00

k) Bank Charges and Commission

The above vote head was budgeted Kshs.1,180,000.00 the actual expenditure was Kshs. 910,001.00 this resulted to favourable variance of Kshs. 269,999.00 due to reduced number of bank transactions in and out of our bank accounts.

l) Membership to professional bodies

During the year corporation spent Kshs. 1,638,031.00 on subscription to various professional bodies for both staff and corporate. There was a favourable variance of Kshs. 2,908,549.00.

m) Consultancy fees and Legal fees, land rates licenses & subscriptions

In the under review year there was an expenditure of Kshs. 1,391,140.00 on consultancy service this resulted into a favourable variance of Kshs 13,096,860.00. There was favourable variance of Kshs 4,578,122.00 on legal fees, Land rates, Licenses and Subscriptions.

n) Repairs and maintenance

During the year there were no major repairs and maintenance in the corporation this resulted in favourable variance of Kshs 21,343,970.00.

o) Board expenses

The board held normal committees and full board meeting during the year. This led to an expenditure of Kshs. 5,095,352.00 against a budget of Kshs. 18,120,000.00 during the year. This resulted to favourable variance of Kshs 13,024,648.

p) Contracted services

The above vote head was budgeted Kshs. 86,800,000.00 the actual expenditure was Kshs. 58,705,696.00 this resulted to favourable variance of Kshs. 28,094,304.00.

q) Consumables stores, Research and development, Gift shop and Corporate social responsibility

There was an expenditure of Kshs. 2,775,056.00 against a budget of Kshs. 6,500,000.00 this lead to favourable variance Kshs. 3,724,944.00 on consumables vote heads during the year. There were no expenditure on research and development which had an allocation of Kshs. 11,000,000.00 and gift shop with Kshs.2,500,00.00. Corporate social responsibility had a budget of Kshs. 1,000,000.00 against actual expenditure of Kshs. 110,000.00, the corporation had one activity for CSR during 2021/2022.

r) Third party costs

This is cost relating to event/conferencing activities, during the corporation endeavoured in providing equipment's during conferences and exhibition this has helped in reduction of costs, also during the year held few events. There was favourable variance of Kshs. 66,337,328.00

s) **MICE & Participation in Exhibition and Production of Promotion Materials**

There were four international exhibitions held during the year this led to an expenditure of Kshs. 32,470,203.00. There was an expenditure of Kshs. 1,124,080.00 on production of promotion materials during the year leading to a favourable variance of Kshs. 9,875,920.00

t) **Replacement and renewals**

During the year there were no renewal and replacement undertaken in the incorporation. This led to favourable variance of Kshs. 21,840,000.00

17. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

KICC is a State Corporation established under the Tourism Act, 2011.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Statement of compliance and basis of preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Corporation's accounting policies.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Corporation and all values are rounded to the nearest thousand (Kshs'000).

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, and International Financial Reporting Standards (IFRS). The accounting policies adopted have been consistently applied to all the years presented.

IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs.

IAS 19, 'Employee benefits', was amended in June 2012. The impact on the Company will be as follows: to immediately recognize all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset).

18. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Amendments to IAS 36, 'Impairment of assets', on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of CGUs which had been included in IAS 36 by the issue of IFRS 13. The amendment is mandatory for the company until 1 January 2014.

IFRS 12, 'Disclosure of interest in other entities' – includes the disclosure requirements for all forms of interest in other entities, including interest in subsidiaries, associates, joint arrangement special purpose entities and other off-balance sheet vehicles.

a) Standards, amendments and interpretations to existing standards that are not yet effective and not early adopted by the Corporation.

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2013, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the company, except the following set out below:

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities, IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the

Standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Group is yet to assess IFRS 9's full impact.

IFRS 15, 'Revenue recognition' (effective annual periods beginning on or after 1 January 2018 and early adoption is permitted). Final standard issued on 28th May 2014 proposed a five-step approach;

1. Identity contract – new definitions and additional guidance on contract combination and modification.
2. Separate performance obligation – Performance obligation is accounted for separately if it is 'distinct'; a good/ service is distinct if the customer can benefit from the good/ service on its own and it is not highly dependent on or interrelated with other promised goods/ services in the contract.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. Determine transaction price – variable consideration based on probability weighted or most likely amount but is constrained up to the amount that is probable of no significant reversal in the future; reflect time value when significant; credit risk as an expense in separate line on face and measured based on IFRS 9/IAS 39;

4. Allocate transaction price – Based on a relative selling price basis; “residual approach” only used when there is performance obligation with stand-alone price which is highly variable or uncertain.

5. Recognize revenue – Model now based on control, but risk and rewards remain an indicator; criteria for satisfied over time introduced.

b) Revenue recognition

Revenue is recognised to the extent that it is probable that future economic benefits will flow to the Corporation and the revenue can be reliably measured. Revenue is recognised at the fair value of consideration received or expected to be received in the ordinary course of the Corporation’s activities, net of value-added tax (VAT), where applicable, and when specific criteria have been met for each of the Corporation’s activities as described below.

i) **Revenue from the sale of goods and services** are recognised in the year in which the *entity* delivers services to the customer, the customer has accepted the services and collectability of the related receivables is reasonably assured. The key revenue streams include conference activities, rent income, leased and casual parking, tower viewing and third-party revenue.

ii) **Grants from National Government** are recognised in the year in which the Corporation actually receives such grants and its respective expenditure done.

iii) **Finance income** comprises interest receivable from bank deposits and investment in Fixed Deposit Reserves (FDRs), and is recognised in profit or loss on a time proportion basis using the effective interest rate method.

iv) **Rental income** is recognised in the income statement as it accrues using the effective lease agreements.

v) **Other income** is recognised as it accrues.

c) Property, plant and equipment

All categories of property, plant and equipment are initially recorded at cost less accumulated depreciation and impairment losses.

Certain categories of property, plant and equipment are subsequently carried at re-valued amounts, being their fair value at the date of re-evaluation less any subsequent accumulated.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Depreciation and impairment losses. Where re-measurement at re-valued amounts is desired, all items in an asset category are re-valued through periodic valuations carried out by independent external valuers.

Increases in the carrying amounts of assets arising from re-valuation are credited to comprehensive income. Decreases that offset previous increases in the carrying amount of the same asset are charged against the revaluation reserve account; all other decreases are charged to profit or loss in the income statement.

Gains and losses on disposal of items of property, plant and equipment are determined by comparing the proceeds from the disposal with the net carrying amount of the items, and are recognised in profit or loss in the income statement.

d) Depreciation and impairment of property, plant and equipment

Freehold land and capital work in progress are not depreciated. Capital work in progress relates mainly to the cost of on-going but incomplete works on buildings and other civil works and installations.

Depreciation on property, plant and equipment is recognised in the income statement on a reducing balance basis to write down the cost of each asset or the re-valued amount to its residual value over its estimated useful life. The annual rates in use are:

Class of Asset

| | |
|--|--------|
| Freehold Land | 0.0% |
| Buildings and civil works | 2.5 % |
| Furniture | 12.5 % |
| Others (<i>Tools, Fire extinguishers, Laptop chains</i>) | 12.5 % |
| Carpets | 12.5 % |
| Office equipment | 30.0 % |
| Motor Vehicles | 25.0 % |
| CCTV Cameras | 30.0 % |
| Software's | 33.3 % |
| Plant and Equipment | 12.5 % |
| Communication Equipment | 12.5 % |

A full year's depreciation charge is recognised both in the year of asset purchase and in the year of asset disposal.

e) Depreciation and impairment of property, plant and equipment

Items of property, plant and equipment are reviewed annually for impairment. Where the carrying amount of an asset is assessed as greater than its estimated recoverable amount, an Impairment loss is recognised so that the asset is written down immediately to its estimated recoverable amount.

f) Intangible assets

Intangible assets comprise purchased computer software licences, which are capitalised on the basis of costs incurred to acquire and bring to use the specific software. These costs are amortised over the estimated useful life of the intangible assets from the year that they are available for use, usually over three years.

g) Amortisation and impairment of intangible assets

Amortisation is calculated on the straight-line basis over the estimated useful life of computer software of three years.

All computer software is reviewed annually for impairment. Where the carrying amount of an intangible asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognised so that the asset is written down immediately to its estimated recoverable amount.

h) Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories comprises purchase price, import duties, transportation and handling charges, and is determined on the moving average price method

i) Trade and other receivables

Trade and other receivables are recognised at fair values less allowances for any uncollectible amounts. These are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end. In the year under review a 3% general provision has been made on conference debtors. Bad debts are written off after all efforts at recovery have been exhausted.

j) Taxation

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted as at the reporting date. Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

k) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

l) Trade and other payables

Trade and other payables are non-interest bearing and are carried at amortised cost, which is measured at the fair value of contractual value of the consideration to be paid in future in respect of goods and services supplied, whether billed to the corporation or not, less any payments made to the suppliers.

m) Retirement benefit obligations

The entity operates a defined contribution scheme for all full-time employees from July 1, 2013. The scheme is administered by Jubilee Insurance and is funded by contributions from both the

company and its employees. The company also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The company's

Obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs.200 per employee per month.

n) Provision for staff leave pay

Employees' entitlements to annual leave are recognised as they accrue at the employees. A provision is made for the estimated liability for annual leave at the reporting date.

o) Exchange rate differences

The accounting records are maintained in the functional currency of the primary economic environment in which the Corporation operates, Kenya Shillings. Transactions in foreign currencies during the year/period are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Any foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

p) Comparative figures

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

q) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30th June 2022.

r) Provision for employee entitlement-Staff leave pay

Employee entitlement to annual leave are recognised and paid immediately within the financial year when they accrue.

Certain employees of the Corporation are entitled to service gratuity based on resignation or termination of employment based on 31% of their basic pay for the period of time worked for. The service gratuity is provided for in the financial statements as it accrues to each employee.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

The Corporation makes estimates and assumption concerning the future. The resulting accounting estimates will by definition, seldom equal to related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Income taxes

The Corporation is subject to various income taxes. Significant judgement is required in determining the Corporation's provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The group recognizes liabilities or anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different

from the amounts that were initially record, such differences will impact the income tax provisions in the period in which such determination is made.

Gratuity scheme obligations

The present value of the gratuity obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for gratuity include the discount rate and future salary increases. Any changes in these assumptions will impact the carrying amount of gratuity obligations.

The Corporation relies on an independent actuary to determine the appropriate discount rate at the end of the year. This is the interest rate that should be used to determine the present value of estimate future cash outflows expected to be required to settle the pension obligations.

4. FINANCIAL RISK MANAGEMENT

The corporation's activities expose it to a variety of financial risks including credit and liquidity risks and the effects of changes in foreign currency rates. The corporation's overall risk management programme focuses on unpredictability of changes in the operating environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk.

i) Foreign exchange risk

ii) The corporation receives payments from clients and makes payments in US Dollars. The corporation is therefore exposed to foreign exchange risk arising primarily with respect to the US dollar transactions.

Foreign exchange risk arises from future commercial transactions, recognized income, assets and liabilities.

iii) Interest rate risk

The corporation is exposed to interest rate risk as it holds short term bank deposits at fixed interest rates.

iv) Price risk

The corporation does not hold investments that would be subject to price risk hence this risk is not relevant

v) Credit risk

The corporation's credit risk is primarily attributable to its trade receivables.

vi) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors through the senior management of the corporation. Management has built an appropriate liquidity risk management framework for the management of the corporation's short, medium and long-term funding and liquidity management requirements. The corporation manages liquidity risk by maintaining banking facilities through continuous monitoring of forecast and actual cash flows.

NOTES TO THE FINANCIAL STATEMENTS (continued)

| | Actual Un-Audited 2021-2022 | Actual Audited 2020-2021 |
|---|-----------------------------|--------------------------|
| 6 REVENUE | Kshs | Kshs |
| Conference | 113,127,675 | 44,263,553 |
| Rent | 299,102,075 | 275,199,063 |
| Leased Parking | 187,458,973 | 195,622,897 |
| Catering | 30,159,041 | 10,493,960 |
| Equipment | 39,686,121 | 17,748,720 |
| | 669,533,884 | 543,328,193 |
| 7 COST OF SALES | Kshs | Kshs |
| Third party outsourcing | 44,801,824 | 10,623,426 |
| MICE & Participation in exhibitions | 32,470,203 | 194,660 |
| | 77,272,027 | 10,818,086 |
| 8 GRANTS FROM NATIONAL GOVERNMENT | Kshs | Kshs |
| Recurrent grant received (Deferred Income) | 400,000,000 | 300,000,000 |
| | 400,000,000 | 300,000,000 |
| <i>The amount received from the Ministry of Tourism and Wildlife recognised as deferred income</i> | | |
| 10 Other Income | Kshs | Kshs |
| Casual Parking | 1,698,348 | 1,758,500 |
| Tower viewing | 5,300,074 | 40,100 |
| Other sources | 24,110 | 642,691 |
| GoK grant-Recurrent | - | - |
| | 7,022,532 | 2,441,291 |
| 12 ADMINISTRATION COSTS | Kshs | Kshs |
| Staff costs (note 12b) | 231,613,964 | 216,070,602 |
| Directors emoluments | 5,095,352 | 10,100,245 |
| Electricity and water | 54,385,208 | 46,881,183 |
| Communication services and supplies(Postage, Telephone, Email & Internet) | 2,606,176 | 4,280,454 |
| Transportation, travelling and subsistence(Transport operating expenses, Travelling & Accommodation.) | 28,294,070 | 13,846,755 |
| Printing, stationery and photocopying | 10,273,588 | 1,709,843 |
| Staff training expenses | 15,772,307 | 5,676,010 |
| Hospitality supplies and services(Entertainment& Staff Welfare) | 21,580,976 | 8,402,282 |
| Insurance costs(general) | 13,982,170 | 10,539,915 |
| Bank charges and commissions | 910,001 | 505,385 |
| Auditors' fees | 1,464,000 | - |
| Consultancy fees | 1,391,140 | 3,001,849 |
| Legal fees, licence & rates | 4,578,122 | 13,479,342 |

| | | | |
|------------|---|--------------------|--------------------|
| | Repairs and maintenance | 14,143,830 | 5,719,909 |
| | Other operating expenses(CSI, membership to Prof bodies, Contracted Services, Consumables, R&D, replacement and renewals) | 63,228,783 | 62,224,529 |
| | Provision for bad debts | 27,935,341 | 25,074,699 |
| | | 497,255,029 | 427,513,002 |
| 12b | Staff Costs | Kshs | Kshs |
| | Salaries and allowances of permanent employees | 181,806,293 | 171,860,929 |
| | Gratuity, Pension and Retirement Benefits | 9,810,343 | 4,480,544 |
| | Medical expenses | 39,997,328 | 39,729,129 |
| | | 231,613,964 | 216,070,602 |
| | The average number of employees at the end of the year was: | | |
| | Permanent employees – Management | 128 | 131 |
| | | 128 | 131 |
| 13 | SELLING AND DISTRIBUTION COSTS | Kshs | Kshs |
| | Advertising and publicity | 697,759 | 5,063,424 |
| | Production of promotional materials | 1,124,080 | - |
| | | 1,821,839 | 5,063,424 |
| 14 | INCOME TAX EXPENSE/(CREDIT) | Kshs | Kshs |
| | (a) Current taxation | | |
| | Current taxation based on the adjusted profit for the year at 30% | 12,342,896 | 12,384,965 |
| | | 12,342,896 | 12,384,965 |
| 17 | INVENTORIES | Kshs | Kshs |
| | Technical Items | 793,485 | 108,245 |
| | Housekeeping Items | 1,428,100 | 119,870 |
| | ICT items | 380,832 | 424,648 |
| | Stationery Items | 818,194 | 410,315 |
| | Promotional Items | 201,830 | 406,520 |
| | Consumables | 213,072 | 45,600 |
| | Security Items | | 43,200 |
| | | 3,835,513 | 1,558,398 |
| 18 | TRADE AND OTHER RECEIVABLES | Kshs | Kshs |
| | Net trade receivables (note 19a) | 903,242,704 | 810,748,597 |
| | Deposits and prepayments | | 8,993,676 |
| | Gross trade and other receivables | 903,242,704 | 819,742,273 |
| 19a | TRADE RECEIVABLES | | |
| | Trade receivables | 931,178,045 | 835,823,296 |
| | General provision for Bad Debts | (27,935,341) | (25,074,699) |
| | Net trade Receivables | 903,242,704 | 810,748,597 |
| 19c | STAFF RECEIVABLES | Kshs | Kshs |
| | Gross car loans & salary advance | 7,478,900 | 6,666,757 |
| | Staff Imprest | 384,400 | 722,932 |
| 20 | CORPORATION TAX LIABILITY | Kshs | Kshs |
| | At beginning of the year | 145,636,354 | 157,436,354 |

| | | | |
|-----------|--|----------------------|----------------------|
| | Income tax charge for the quarter | 12,342,896 | |
| | Income tax paid during the Quarter | | (11,800,000) |
| | At end of the Year | 157,979,249 | 145,636,354 |
| 21 | CASH AND CASH EQUIVALENTS | | |
| | BANK AND CASH BALANCES | | |
| | BANK & BRANCH | | |
| | | Kshs | Kshs |
| | Kenya Commercial Bank - KICC-Operations | 20,671,937 | 15,940,927 |
| | Kenya Commercial Bank - KICC-Development | 1,912,010 | 1,817,800 |
| | Kenya Commercial Bank - KICC-USD.137,694.50 | 16,247,951 | 32,629,716 |
| | Co-operative Bank - CITYHALL-Operations | 362,775,441 | 380,508,072 |
| | Petty Cash | | |
| | MPESA Control ACC | | |
| | TOTAL CASH AND CASH EQUIVALENTS | 401,607,338 | 430,896,515 |
| | <i>[The bulk of the cash at bank was held at Cooperative Bank of Kenya and Kenya Commercial Bank, the Corporation's main bankers.]</i> | | |
| 22 | CAPITAL FUND | | Kshs |
| | Capital contribution | 3,933,446,000 | 3,933,446,000 |
| | | 3,933,446,000 | 3,933,446,000 |
| | <i>The Corporation is a parastatal wholly(100%) owned by Government of Kenya, the Capital Reserve includes the original valuation of the Corporation and subsequent grants received from the Government.</i> | | |
| 23 | REVALUATION RESERVE | Kshs | Kshs |
| | Surplus on Revaluation of Property Plant & Equipment(PPE) | 1,137,438,325 | 1,137,438,325 |
| | | 1,137,438,325 | 1,137,438,325 |
| 24 | RETAINED EARNINGS | | |
| | <i>The retained earnings represent amounts utilised to finance the Corporation's business activities.</i> | | |
| | | Kshs | Kshs |
| | At the beginning of the year | 30,449,165 | 1,550,914 |
| | Net Profit for the year | 28,800,090 | 28,898,251 |
| | At the close of the year | 59,249,255 | 30,449,165 |
| 25 | TRADE AND OTHER PAYABLES | Kshs | Kshs |
| | Trade payables | 414,980,881 | 379,107,962 |
| | Provisions for WTO pending bills | 110,792,879 | 180,918,452 |
| | Provisional for court yard renovation phase 1 | 52,411,665 | 52,411,665 |
| | VAT Liability | 76,463,003 | 136,663,005 |
| | Income tax charge for the quarter | | 12,384,965 |
| | Provisions for gratuity | 9,810,343 | 4,480,544 |
| | Accrued expenses | 12,674,108 | 7,101,320 |
| | Deferred Income (note 8) | 400,000,000 | 300,000,000 |
| | | 1,077,132,879 | 1,073,067,913 |

26 NOTES TO THE STATEMENT OF CASHFLOWS

| | Kshs | Kshs |
|---|--------------------|--------------------|
| (a) Reconciliation of operating profit/ (loss) to Cash generated from/ (used in) operations | | |
| Operating profit/ (loss) | 41,142,986 | 41,283,215 |
| Depreciation and amortization | 59,064,535 | 61,091,756 |
| Operating profit/ (loss) before working capital changes | 100,207,521 | 102,374,971 |
| (Increase)/decrease in Inventories | (2,277,115) | (1,558,398) |
| (Increase)/decrease in trade and other receivables | (83,500,431) | 9,736,761 |
| Increase/ (decrease) in trade and other payables | 4,064,966 | 40,153,062 |
| Increase/ (decrease) in staff advances and loans | 812,143 | (1,884,080) |
| Cash generated from/ (used in) operations | 19,307,084 | 148,822,317 |
| (b) Analysis of cash and cash equivalents | | |
| Cash at bank | 401,607,338 | 430,896,515 |
| Balance at end of the year | 401,607,338 | 430,896,515 |

27 RELATED PARTY TRANSACTIONS DISCLOSURES

The Corporation is wholly owned and controlled by the Government of Kenya through the Ministry of Tourism; there are no other companies which are related to the Corporation.

The following transactions were carried out with related parties:

| | | |
|---|-------------|-------------|
| | 100,000,000 | 300,000,000 |
| i) Key management compensation | Kshs | Kshs |
| Salaries and other short-term employment benefits | 231,613,964 | 221,525,783 |
| ii) Directors' remuneration | | Kshs |
| The Board of Directors remuneration for last twelve (12) months | 5,095,352 | 10,100,245 |
| (iii) Employees | | |
| <i>The Corporation provides certain qualifying employees with car loans on terms more favourable than available in the market. The benefit obtained by staff is subjected to income tax as required under the Kenya Income Tax Act.</i> | 128 | 131 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15 PROPERTY, PLANT AND EQUIPMENTS (PPE)

| DETAILS | Freehold land | Buildings & civil works | Furniture | Carpets | Office equipment | Motor vehicle | Plant & equipment | Communication Equipment | Capital work in progress | Total |
|---|---------------|-------------------------|--------------|--------------|------------------|---------------|-------------------|-------------------------|--------------------------|---------------|
| | KSHS | KSHS | KSHS | KSHS | KSHS | KSHS | KSHS | KSHS | KSHS | KSHS |
| COST OR VALUATION | | | | | | | | | | |
| At July, 2019 (Cost) | 1,000,000,000 | 1,662,051,927 | 81,260,375 | 27,298,250 | 14,165,000 | 13,015,000 | 33,980,625 | 166,647,400 | 1,033,111,344 | 4,031,529,921 |
| Additions | | | | | | | | | | |
| Capital Revaluation Reserve | 1,296,000,000 | 2,748,073 | (64,231,905) | (23,675,229) | (7,791,160) | 6,715,000 | (31,258,125) | (149,015,465) | 84,231,140 | 1,113,722,329 |
| At 30th June 2020 at Valuation | 2,296,000,000 | 1,664,800,000 | 17,028,470 | 3,623,021 | 6,373,840 | 19,730,000 | 2,722,500 | 17,631,935 | 1,117,342,484 | 5,145,252,250 |
| DEPRECIATION | | | | | | | | | | |
| At July 2019 | - | - | - | - | - | - | - | - | - | - |
| Charge for the Year | - | 41,620,000 | 2,128,576 | 451,637 | 1,912,155 | 4,932,500 | 340,313 | 2,203,467 | - | 53,588,648 |
| Prior year adjustment | | | | | | | | | | |
| At 30th June 2020 | - | 41,620,000 | 2,128,576 | 451,637 | 1,912,155 | 4,932,500 | 340,313 | 2,203,467 | - | 53,588,648 |
| At July, 2019 at Valuation | 2,296,000,000 | 1,664,800,000 | 17,028,470 | 3,623,021 | 6,373,840 | 19,730,000 | 2,722,500 | 17,631,935 | 1,117,342,484 | 5,145,252,250 |
| At 30th June 2020 | 2,296,000,000 | 1,623,180,000 | 14,899,894 | 3,171,384 | 4,461,685 | 14,797,500 | 2,382,187 | 15,428,468 | 1,117,342,484 | 5,091,663,602 |
| | | | | | | | | | | |
| Balance As at 30th September 2020 | 2,296,000,000 | 1,623,180,000 | 14,899,894 | 3,171,384 | 4,461,685 | 14,797,500 | 2,382,187 | 15,428,468 | 1,117,342,484 | 5,091,663,602 |
| DEPRECIATION | | | | | | | | | | |
| At Sept 2020 | - | - | - | - | - | - | - | - | - | - |
| Depreciation for the year ending 30th Sept 2020 | - | 10,490,521 | 536,501 | 114,150 | 481,969 | 1,243,260 | 85,777 | 555,527 | - | 13,507,705 |
| Accumulated Dep as at 30th Sept 2020 | - | 52,110,521 | 2,665,077 | 565,787 | 2,394,124 | 6,175,760 | 426,090 | 2,758,994 | - | 67,096,353 |
| | | | | | | | | | | |
| At July, 2019 at Valuation | 2,296,000,000 | 1,664,800,000 | 17,028,470 | 3,623,021 | 6,373,840 | 19,730,000 | 2,722,500 | 17,631,935 | 1,117,342,484 | 5,145,252,250 |
| Net book value as at 30th Sept 2020 | 2,296,000,000 | 1,612,689,479 | 14,363,393 | 3,057,234 | 3,979,716 | 13,554,240 | 2,296,410 | 14,872,941 | 1,117,342,484 | 5,078,155,897 |
| | | | | | | | | | | |
| Balance As at 30th September 2020 | 2,296,000,000 | 1,612,689,479 | 14,363,393 | 3,057,234 | 3,979,716 | 13,554,240 | 2,296,410 | 14,872,941 | 1,117,342,484 | 5,078,155,897 |
| Additional | - | - | 639,038 | - | 148,000 | - | - | - | - | 787,038 |
| Transfer from WIP-Prior year adjustment | - | - | - | - | - | - | - | - | - | - |
| DEPRECIATION | | | | | | | | | | |
| As at 31st Dec 2020 | | | | | | | | | | |
| Depreciation for the year ending 31st Dec 2020 | - | 10,490,521 | 536,501 | 114,150 | 481,969 | 1,243,260 | 85,777 | 555,527 | - | 13,507,705 |
| Accumulated Dep as at 31st Dec 2020 | - | 62,601,041 | 3,201,578 | 679,937 | 2,876,093 | 7,419,021 | 511,868 | 3,314,521 | - | 80,604,059 |
| NET BOOK VALUE AS AT 31ST DEC 2020 | | | | | | | | | | |
| 2,296,000,000 | 1,602,198,959 | 14,465,930 | 2,943,084 | 3,645,747 | 12,310,979 | 2,210,632 | 14,317,414 | 1,117,342,484 | 5,065,435,229 | |
| Additional | - | - | - | - | 935,000 | - | - | - | - | 935,000 |

NOTE NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
16 INTANGIBLE ASSET AND SOFTWARE

| DETAILS | |
|--|------------|
| | Kshs |
| COST OR VALUATION | |
| At July, 2019 (Cost) | 13,068,509 |
| Additions | |
| Capital Revaluation Reserve | 23,715,995 |
| At 30th June 2020 at Valuation | 36,784,504 |
| AMORTIZATION | |
| At July 2019 | |
| Charge for the Year | 12,088,335 |
| Prior year adjustment | |
| At 30th June 2020 | 12,088,335 |
| NET BOOK VALUE | |
| At July, 2019 at Valuation | 36,784,504 |
| At 30th June 2020 | 24,696,169 |
| AMORTIZATION | |
| As at Sept 2020 | |
| Amortization for the year ending 30th Sept 2020 | 2,057,808 |
| Prior year adjustment | |
| Accumulated Amortization as at 30th Sept 2020 | 14,146,143 |
| NET BOOK VALUE | |
| At July, 2019 at Valuation | 36,784,504 |
| Net book value as at 30th Sept 2020 | 22,638,361 |
| AMORTIZATION | |
| As at Dec 2020 | |
| Amortization for the year ending 31st Dec 2020 | 1,886,341 |
| Prior year adjustment | |
| Accumulated Amortization as at 31st Dec 2020 | 16,032,484 |
| NET BOOK VALUE | |
| At July, 2019 at Valuation | 36,784,504 |
| Net book value as at 31st December 2020 | 20,752,020 |
| AMORTIZATION | |
| As at March 2021 | |
| Amortization for the year ending 31st March 2021 | 1,729,162 |
| Prior year adjustment | |
| Accumulated Amortization as at 31st March 2021 | 17,761,646 |
| NET BOOK VALUE | |
| At July, 2019 at Valuation | 36,784,504 |
| Net book value as at 31st March 2021 | 19,022,858 |
| AMORTIZATION | |
| As at June 2021 | |
| Amortization for the year ending 30th June 2021 | 1,585,080 |
| Prior year adjustment | |
| Accumulated Amortization as at 30th June 2021 | 19,346,726 |
| NET BOOK VALUE | |
| At July, 2019 at Valuation | 36,784,504 |
| Net book value as at 30th June 2021 | 17,437,778 |

| | |
|--|------------|
| AMORTIZATION | |
| As at Sept 2021 | |
| Amortization for the year ending 30th June 2021 | 1,453,003 |
| Prior year adjustment | |
| Accumulated Amortization as at 30th Sept 2021 | 20,799,729 |
| NET BOOK VALUE | |
| At July, 2019 at Valuation | 36,784,504 |
| Net book value as at 30th Sept 2021 | 15,984,775 |
| As at Dec 2021 | |
| Amortization for the year ending 30th June 2021 | 1,331,931 |
| Prior year adjustment | |
| Accumulated Amortization as at 30th Dec 2021 | 22,131,660 |
| NET BOOK VALUE | |
| At July, 2019 at Valuation | 36,784,504 |
| Net book value as at 31st Dec 2021 | 14,652,844 |
| As at March 2022 | |
| Amortization for the year ending 31st March 2022 | 1,220,948 |
| Prior year adjustment | |
| Accumulated Amortization as at 31st March 2022 | 23,352,608 |
| NET BOOK VALUE | |
| At July, 2019 at Valuation | 36,784,504 |
| Net book value as at 31st March 2022 | 13,431,896 |
| As at June 2022 | |
| Amortization for the year ending 30th June 2022 | 1,119,213 |
| Prior year adjustment | |
| Accumulated Amortization as at 30th June 2022 | 24,471,821 |
| NET BOOK VALUE | |
| At July, 2019 at Valuation | 36,784,504 |
| Net book value as at 30th June 2022 | 12,312,683 |

19. DISCLOSURE:

Name of the Valuing Firm: SYAGGA AND ASSOCIATES LIMITED-RESEARCH & DEVELOPMENT CONSULTANTS

Qualifications: Prof Maurice Syagga PhD.MISK, Registered and Licensed Valuer.

Revaluation basis applied: For book purposes at market value, and the insurable value for insurance purposes.

Date of Valuation: 15th December 2017

CONTIGENCIES**i) World Trade Organization Conference (2015)**

Kenya won the bid to host the 10th World Trade Organization (WTO) Ministerial Conference held from 15th to 18th December 2015. An Inter-Ministerial Organization Committee was established to coordinate all the activities geared towards successful hosting of the Conference. Several WTO related projects were initiated and procured without following laid out procurement procedures and regulations. The Corporation had recognized a provision of **Kshs.431Million** as potential liabilities in its books. After verification of accruing pending bills by office of Auditor General, **Kshs.198.4Million** has been settled based on the recommendation by Office of the Auditor General.

Out of the verified outstanding pending bill; there was a payment **Kshs. 70.1 Million** during the year under review. The Corporation continues to carry a further provision of **Kshs 110.8 Million** on WTO related pending bills in its books.

| PENDING BILLS -2015(VERIFIED & RECOMMENDED FOR PAYMENT BY KENAO) | | |
|--|--------------------------------------|------------|
| NO. | NAME OF SUPPLIER | AMOUNT |
| 1 | Tintin Restaurant | 23,487,374 |
| 2 | Safaripark Hotel & Casino | 21,147,262 |
| 3 | Sage Media | 20,000,000 |
| 4 | Radar Security Services Limited | 18,270,078 |
| 5 | Bella Kitchen | 9,012,478 |
| 6 | Viable Deco | 6,813,760 |
| 7 | Express Automation | 6,000,800 |
| 8 | Combiat Agencies | 5,400,000 |
| 9 | Silverpearl Creations | 5,204,393 |
| 10 | Thames Electrical | 5,020,178 |
| 11 | Nordica Logistics | 4,500,000 |
| 12 | Capital Group Limited 98.4 FM | 4,126,600 |
| 13 | Pillar Audio Visual Services Limited | 3,436,540 |
| 14 | Mema Trader Company Limited | 3,244,899 |
| 15 | Classique Concepts | 3,001,920 |
| 16 | Conference Caterers | 2,992,166 |
| 17 | Elzika Enterprises | 2,438,100 |
| 18 | House 7 Degrees | 2,436,240 |

| | | |
|----|---------------------------------------|--------------------|
| 19 | Hathaway General Merchants | 2,067,300 |
| 20 | Shwester Supplies Limited | 2,066,873 |
| 21 | Repcon Group Limited | 1,970,000 |
| 22 | Sukali & Associates Company | 1,950,000 |
| 23 | Mansard Contractors | 1,942,850 |
| 24 | Punja Supplies Limited | 1,928,562 |
| 25 | Skyvin Limited | 1,926,800 |
| 26 | Milda Agencies | 1,870,881 |
| 27 | Moment Contractors Limited | 1,654,900 |
| 28 | Tango Logistics | 1,605,500 |
| 29 | Bluryl Media Limited | 1,357,200 |
| 30 | Africa Metal Detectors | 1,183,200 |
| 31 | Proximus Company Limited | 1,149,960 |
| 32 | Opticom Kenya Limited | 1,095,602 |
| 33 | Joel E.D Nyaseme and Associates | 986,000 |
| 34 | Ravina Agencies Limited | 981,000 |
| 35 | Nuritek | 750,000 |
| 36 | Marsland Services | 542,920 |
| 37 | Compassy Trading Company Limited | 496,500 |
| 38 | Sap International Company Limited | 495,000 |
| 39 | Creative Consolidated Systems | 485,000 |
| 40 | Candoors Business Services | 477,365 |
| 41 | Dew Capital Investments Ltd | 471,225 |
| 42 | Fairdeal Superstores Ltd | 449,995 |
| 43 | Artoffice Furniture Limited | 434,800 |
| 44 | Philiki Enterprises | 431,740 |
| 45 | Maline General Supplies | 412,500 |
| 46 | Kenfront Consortium | 400,500 |
| 47 | Aguilla Ventures Limited | 397,285 |
| 48 | Prifannic Creations Limited | 390,000 |
| 49 | Sajucy Company Limited | 381,000 |
| 50 | Tamata Supplies | 338,305 |
| 51 | Chana Construction | 247,500 |
| 52 | Fachimo Florist | 201,000 |
| 53 | Rescuemed Supplies | 175,392 |
| 54 | Aristoc Ltd | 164,220 |
| 55 | Unique loo | 142,912 |
| 56 | Albin Enterprises Limited | 107,600 |
| 57 | Becitech Technologies | 96,940 |
| 58 | Advision Limited | 92,220 |
| 59 | Jaruh Supplies | 52,500 |
| 60 | Security Group Limited | 14,616 |
| | Total | 180,918,452 |
| | Amount paid during the quarter | |
| 1 | Safaripark Hotel & Casino | 21,147,262 |

| | | |
|---|---------------------------------------|--------------------|
| 2 | Thames Electrical | 5,204,393 |
| | Total | 26,351,655 |
| | Balance as 30th September 2021 | 154,566,797 |
| 1 | Radar Security Services Limited | 18,270,078 |
| 2 | Pillar Audio Visual Services Limited | 3,436,540 |
| | | 21,706,618 |
| | Balance as 31st December 2021 | 132,860,179 |
| | | |
| | Balance as 31st March 2022 | 132,860,179 |
| 1 | Sage Media | 20,000,000 |
| 2 | Hathaway general merchants | 2,067,300 |
| | | 22,067,300 |
| | Balance as 30th June 2022 | 110,792,879 |

ii) Tax Liability

Principal tax liability to date is Kshs.234.44 Million made up of corporate tax of Kshs.157.98 Million and VAT liability of Kshs. 76.46 Million. During the year under review the Corporation Paid Ksh.60.2 Million on VAT arrears and Ksh.6.38 million on installment tax. VAT arrears being implementation of the payment installment plan of approximately Kshs.5 Million per month, however KRA advised that once principal tax arrears are cleared, then the Corporation will apply for waiver to the Commissioner General.

iii) Work in progress

In the PPE schedule there is an amount of Kshs.1.12Billion relating to WIP that requires validation before capitalization.

iv). Pending Litigation

The Corporation has 15(Fifteen) Cases pending in different Courts i.e. Employment and Labour Relations Court, land Matters, Commercial Matters, Judicial Review Matters and Tenancy/ Landlord disputes. Depending on the outcome of the cases the total contingent liabilities arising from the same is approximately 450 (Four Hundred and Fifty) Million.

20. AUDIT RECOMMENDATIONS

| Reference No on the external audit report | Issue/Observations from Auditor | Management Comments | Focal Point Person to resolve the issue | Status (Resolved /Not resolved) | Time frame |
|---|---|---|---|---------------------------------|------------|
| 1.1 | Lack of title to COMESA, courtyard Land, Garden square restaurant | The Corporation is in talk with the relevant Government agencies with an aim of getting title for the said pieces of land. | CEO | Not resolved | On going |
| 2.1 | Long outstanding debts | Given that most of the KICC sales are on credit, the debt portfolio has increased in tandem with the increase in sales. However, management has made substantial efforts in pursuing the outstanding debts. In addition, the existing procedures for issuance of debt have been enhanced to ensure that clients, private clients pay before the event is held while for government institutions an LSO ought to be provided before an event | CEO | Not Resolved | On going |
| 3.0 | Outstanding debts for staff who left the organization | Demand notices to former members of staff to clear outstanding debts. So far 2 former members of staff have fully paid up their debts | CEO | Not resolved | On going |
| 4.0 | Flawed procurement process- (WTO) Conference | Special audit for WTO projects was undertaken by KENAO and resultant bills recommended for payment settled. | CEO | Not Resolved | On going |


 Chief Executive Officer


 Chairperson Board Of
 Directors