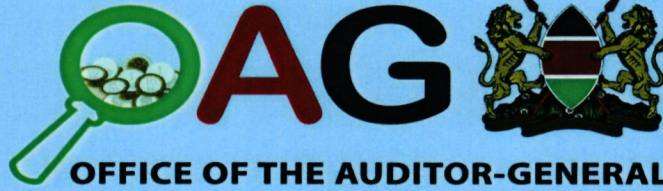



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**OFFICE OF THE AUDITOR-GENERAL**

*Enhancing Accountability*

 THE NATIONAL ASSEMBLY	
DATE: 02 MAR 2022	
DAY: WEDNESDAY	
TABLED BY:	MAJORITY WHIP HON. E. WANGWE
CLERK-AT-THE-TABLE:	SAMUEL KALANA

**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**KENYA EXPORT PROMOTION AND  
BRANDING AGENCY**

**FOR THE YEAR ENDED  
30 JUNE, 2020**



**KENYA EXPORT  
PROMOTION & BRANDING  
AGENCY**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDING  
JUNE 30, 2020**

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**Prepared in accordance with the Accrual Basis of Accounting Method under the International Public  
Sector Accounting Standards (IPSAS)**

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## **1. KEY ENTITY INFORMATION AND MANAGEMENT**

### **a) Background Information**

The Kenya Export Promotion and Branding Agency (KEPROBA) is a state corporation under the State Department for Trade in the Ministry of Industrialization, Trade and Enterprise Development which was established under the State Corporations Act Cap 446 by the Kenya Export Promotion and Branding Agency Order, 2019 Legal Notice No. 110 of 9<sup>th</sup> August 2019 after the merger of the former Export Promotion Council and Brand Kenya Board.

### **b) Principal Activities**

The Agency's principal activities are implementing export development and promotion activities through providing export assistance to promote Kenyan goods and services globally, distributing trade related and international export standards information and carrying out foreign country market research. The Agency is also mandated to manage the Kenya Brand image through coordinating Nation Branding initiatives and Trade fairs, providing branding guidelines for Kenya Missions abroad, marketing and providing positive information about Kenya and its products.

### **Vision**

Transform Kenya into a top global brand

### **Mission**

Brand Kenya, Export Kenyan, Build Kenya

### **Tagline**

Inspiring Global Trade

## **Functions**

- i. To advocate, coordinate, harmonize and implement export promotion and Nation branding initiatives and policies to promote Kenyan goods and services in export markets;
- ii. To collect, collate, disseminate and serve as a repository of trade and Kenya brand information;
- iii. To provide nation branding guidelines for stakeholders' initiatives including Kenya missions abroad;
- iv. To advocate, promote and facilitate the development and diversification of Kenya' export trade;
- v. To promote and brand Kenyan exports through knowledge-based support and information to exporters and producers including export procedures and documentation, market entry requirements and marketing techniques;
- vi. To encourage and monitor the observance of international standards and specifications by exporters;
- vii. To provide cooperation to the export inspection agencies on quality control and reshipment inspection of export products to ensure observance of international standards and specifications;
- viii. To promote and brand Kenya as a supplier of high-quality goods and services;
- ix. To ensure the harmonized application of the national mark of identity for Kenyan goods and services;
- x. To formulate and implement strategies for improved balance of trade foreign exchange earnings and retention;
- xi. To offer advice to Kenyan exporters including in technology upgrading, quality and design improvement, standards and product development, and innovation;
- xii. To provide export assistance services, such as distribution of trade-related information to exporters, foreign country market research, and counselling to exporters;
- xiii. To co-ordinate Kenya's participation in trade promotion events including trade fairs and buyer-seller meets;
- xiv. To provide market intelligence through research, analysis and monitoring of trends and opportunities in international markets that Kenyan exporters can take advantage of to increase or diversify exports;

- xv. To provide Kenyans with positive information about Kenya in order to promote national unity, patriotism and national pride;
- xvi. To establish an integrated approach within Government and private sector towards international marketing and branding of Kenya;
- xvii. To build national support for the nation brand with other Government Agencies, non-governmental organizations and the private sector;
- xviii. To provide customized advisory services; and
- xix. To do any other thing necessary or expedient for the discharge of its functions under this order.

### **Strategic Objectives**

The following strategic objectives will guide the Agency's strategies and activities over the next 3 years.

- 1) To develop, diversify and brand Kenya Export Products;
- 2) To develop and diversify Kenya's Export Market;
- 3) To Manage the image and reputation of the Kenya Brand; and
- 4) To Strengthen the Agency's institutional capacity to deliver on its mandate.

### **c) Key Management**

The Board's day-to-day management is under the following key organs:

- Board of Directors;
- Chief Executive Officer; and
- Management.

### **d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2020 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Chief Executive Officer	Dr. Wilfred Marube
2.	Director Corporate Services	Ms. Christine Mwaka
3.	Director, Resource Mobilization and Stakeholder Management	Ms. Floice Mukabana
4.	Ag. Director, Product and Market Development	Mr. Austin Macheso
5.	Ag. Director, Nation Brand Development, Marketing and Communication	Ms. Maureen Mambo
6.	Ag. Director, Research and Innovation	Mr. Peter Ochieng
7.	Ag. Director, Resource Centre	Mr. Reuben Wanjala
8.	Ag. Director Corporate Strategy, Planning & Quality Assurance	Ms. Celestine Rono
9.	Manager, Supply Chain Management	Mr. Domnick Ariro
10.	Manager, Internal Audit	Mr. Victor Odindo
11.	Corporation Secretary and Manager Legal Services	Ms. Frida Mbugua

**e) Fiduciary Oversight Arrangements**

The Board has formed three (3) principal committees which meet under well-defined terms of reference set by the Board members. These committees comprise of the following members:

**I. Finance, Human Resource and Administration Committee**

1. Jacqueline Muga - Chairperson
2. Kathleen Kihanya
3. Oliver Konje
4. Leah Baraza

5. Veronica Okoth

## **II. Strategy, Marketing, Communications and Quality Assurance Committee**

1. Kathleen Kihanya - Chairperson
2. Jacqueline Muga
3. Mark Bichachi
4. Oliver Konje
5. Leah Baraza

## **III. Audit, Risk and Governance Committee**

1. Mark Bichachi - Chairperson
2. Kathleen Kihanya
3. Oliver Konje
4. Leah Baraza
5. Veronica Okoth

The committees were formed to assist the board to effectively and efficiently carry out its functions. The following comprise the terms of reference for the three committees:

### **1. Finance, Human Resources and Administration Committee.**

Its functions include but are not limited to:

- KEPROBA Financial oversight.
- Budget approvals.
- Human Resource development.
- Work environment policies.
- Internal and external stakeholder engagements.
- Resource mobilization policy development and implementation.
- Organizational Culture and change management

## **2. Strategy and Quality Assurance Committee**

Its functions include but are not limited to;

- Strategic Plan development and implementation oversight.
- Performance management and appraisals.
- ISO certification.
- Performance Contracts (PC) development and Implementation.
- Export promotion and Nation Brand Programmes.

## **3. Audit and Governance Committee**

Its functions include but are not limited to;

- Internal controls.
- Governance.
- Organizational Risks and compliance

### **f) Headquarters**

Kenya Export Promotion and Branding Agency  
Anniversary Towers 16th Floor  
University Way  
P. O. Box 40247 – 00100  
**Nairobi, Kenya**

### **g) Contacts**

Tel: +254-20-2228534-8

Office Mobile: +254-722-205875, +254-734-228534

Fax: +254 -20-2228539/

Email: [chiefexe@brand.ke](mailto:chiefexe@brand.ke)

### **h) Bankers**

Kenya Commercial Bank Limited  
University Way Branch  
P.O. Box 7206 - 00100  
**Nairobi, Kenya**

Kenya Commercial Bank  
Capital Hill Branch  
NHIF Building  
P.O. Box 46360 - 00100  
**Nairobi, Kenya**

Housing Finance Limited  
Rehani House  
P.O. Box 20691 - 00100  
**Nairobi, Kenya**

**i) Independent Auditors**

Auditor - General  
Office of the Auditor General  
Anniversary Towers, University Way  
P.O. Box 30084 - 00100  
**Nairobi, Kenya**

**j) Principal Legal Adviser**

The Attorney General  
State Law Office  
Harambee Avenue  
P.O. Box 40112 - 00200  
City Square  
**Nairobi, Kenya**

## 2. THE BOARD OF DIRECTORS



**Mr. Jaswinder Bedi, EBS, MBS  
Chairman**

**D.O.B. 15/01/1963**

Mr. Jas Bedi is a seasoned leader whose business acumen has been recognized by various Governments worldwide and presidents of the Republic of Kenya. He is a Textile Graduate and has attended numerous executive business courses at the Havard Business School, IMD and IIM.

He has been tirelessly involved in developing export market opportunities in trading blocs such as EAC, COMESA, SADC, TFTA, AfCFTA, USA and the European Union.

He is the managing director, Bedi Investments Limited and the executive director, Fine Spinners Uganda Limited. He has previously served in other boards as chairman or director including Kenya Association of Manufacturers, Export Promotion Council, Export Processing Zones Authority, Federation of Kenya Employers, Kenya Private Sector Alliance, African Cotton & Textile Industries Federation, International Textile Manufacturers Federation among others.



**Mr. Oliver Konje  
Alt. to PS, State Department for Trade**

**D.O.B. 25/04/1963**

Mr. Konje holds a Bachelor of Commerce-Marketing and Master of Science Entrepreneurship degrees. He is an Deputy Director External Trade at the State Department for Trade. He has formerly served as a Senior Lecturer at the Kenya Institute of Business Training and as a Commercial Attaché in Germany.

***(Appointed Alternate Director on 1<sup>st</sup> November 2019)***



**Mrs. Veronica Okoth**  
Alt. to PS, The National Treasury

**D.O.B.** 25/05/1980

She is the current Director Public Private Partnerships (PPP) of the National Treasury.

Holds a bachelor's degree in economics from Moi university, Master's degree in Economic policy and management from Makerere University, Uganda, Post Graduate Diploma in Rural Development and devolved systems from the National institute of rural development, India.

Has vast experience in the managing high impact public sector projects in both National and County levels of Government for over 15 years having started my career as District Development Officer, as a County Executive Committee for Economic planning, Commerce and Industry in Transzoia County and as a Director Economic Pillar Vision 2030 delivery secretariat.

***(Appointed Alternate Director on 17<sup>th</sup> July 2020)***



**Ms. Leah Aywah Baraza**  
Alt. to the Attorney General

**D.O.B.** 21/06/1972

Leah is the Deputy Chief State Counsel, Office of the Attorney General and Department of Justice.

She holds a Bachelor of Laws, Master of International Relations and Master of International Trade and Commercial Law.

She is an International Trade Law Expert and has represented Kenya in the COMESA-EAC-SADC, Free Trade Area negotiations as well as the Africa Continental Free Trade Area negotiations. She has over 20 years post admission experience.

***(Appointed Alternate Director on 25<sup>th</sup> September 2019)***



**Ms. Kathleen Kihanya**  
Independent Director

**D.O.B.** 18/05/1962

Ms. Kihanya is the Managing Director of Sundales International, founder and CEO of XQUE Communications Ltd. She is the Publicity and Sponsorship Director of Kenya Open Golf Ltd.

She holds a Bachelor of Business Administration, Marketing Major from the University of Texas, USA and an MBA from United States International University.

She is a marketing consultant and brand strategist, a corporate culture and personal branding trainer and a guest lecturer at the United States International University.

***(Appointed director on 9<sup>th</sup> August 2019)***



**Mr. Mark Bichachi**  
Independent Director

**D.O.B.** 01/04/1984

Mr. Bichachi is a communication strategist. He holds a Bachelor of Science in Instrumentation and Control Engineering.

He is the founder and Managing Director of Dia Group of Companies, Dia Consult Limited and a Director of Clouds Digital, Tanzania.

***(Appointed director on 9<sup>th</sup> August 2019)***



**Ms. Jacqueline Muga**  
Independent Director

**D.O.B.** 06/06/1977

Ms. Muga holds a Bachelor of Arts Degree in Economics & Sociology and a Master of Business Administration – Finance. She also has post graduate qualifications in strategic leadership and corporate governance.

She is the General Manager at Eliud & Associates Management Consultants. She formerly worked for Cooperative Bank of Kenya.

***(Appointed director on 9<sup>th</sup> August 2019)***



**Dr. Wilfred Marube**  
Chief Executive Officer

**D.O.B. 10/02/1974**

Dr. Wilfred Marube holds a PhD in Communications Studies, Master of Arts (Linguistics) and Bachelor of Education (English and Literature). He also holds an Executive Diploma in Marketing and a Diploma in Public Relations Management.

He has previously served as Head of Public Relations and Communications at the Office of the Auditor-General from 2013 to 2020. Prior to that he was the Chief Public Relations Officer at the City Council of Nairobi from 2007 to 2013 and at the Teachers Service Commission from 1997 to 2007.

He is currently the president of the Public Relations Society of Kenya and served as the vice president from 2017 to 2019. He is a Board Member of Global Alliance for Public Relations and Communication Management.

*(Appointed Chief Executive Officer of Kenya Export Promotion and Branding Agency in May 2020).*



**Ms. Frida Mbugua**  
Corporation Secretary

**D.O.B. 17/08/1984**

Frida is an Advocate of the High Court of Kenya. She holds a Master of Arts Degree in International Studies from the University of Nairobi, a Bachelor of Laws from the University of Nairobi, a Post Graduate Diploma in Law from the Kenya School of Law and a Higher Diploma in Human Resource Management from the Institute of Human Resource Management. She is a Certified Public Secretary and a member of the Institute of Certified Public Secretaries of Kenya, a trained Arbitrator, Governance and Public Policy Expert.

She has a wealth of experience having worked in the manufacturing sector at the Kenya Association of Manufacturers (KAM) and in the agricultural sector while she worked at the Kenya Plant Health Inspectorate Service (KEPHIS).

### 3. MANAGEMENT TEAM



**Dr. Wilfred Marube**  
Chief Executive Officer

Dr. Wilfred Marube holds a PhD in Communications Studies, Master of Arts (Linguistics) and Bachelor of Education (English and Literature). He also holds an Executive Diploma in Marketing and a Diploma in Public Relations Management.

He has previously served as Head of Public Relations and Communications at the Office of the Auditor-General from 2013 to 2020. Prior to that he was the Chief Public Relations Officer at the City Council of Nairobi from 2007 to 2013 and at the Teachers Service Commission from 1997 to 2007.

He is currently the president of the Public Relations Society of Kenya and served as the vice president from 2017 to 2019. He is a Board Member of Global Alliance for Public Relations and Communication Management.

*(Appointed Chief Executive Officer of Kenya Export Promotion and Branding Agency in May 2020).*



**Ms. Christine Mwaka**  
Director, Corporate Services

Christine holds a Master of Business Administration in Finance. She is currently pursuing her PhD.

She is a Certified Public Accountant of Kenya (CPA(K)) and a full member of the Institute of Certified Public Accountants of Kenya, a member of the Kenya Institute of Management and the Institute of Directors.

She has over 20 years' experience in Financial Management and Accounting attained in the Public Sector, Private Sector and Non-Profit Sector in senior positions.



**Ms. Floice Mukabana**  
Director, Resource Mobilization and  
Stakeholder Management

Floice holds an Executive MBA from Jomo Kenyatta University of Agriculture and Technology and Bachelor of Law from the University of Nairobi.

Floice is a member of the Institute of Certified Financial Analysts (ICFA), Institute of Certified Public Accountants of Kenya (ICPAK), Institute of Certified Public Secretaries of Kenya (ICPSK) and the Law Society Kenya (LSK).

She has vast experience in financial management attained in both the Public and private sectors where she has worked in various capacities.



**Mr. Austin Macheso**  
Ag. Director, Product and Market  
Development

Mr. Macheso holds a Master's Degree in International Business Management MIM (International Marketing), from Pondicherry University, a Bachelor's Degree in Economics, Sociology & History from Agra University among other professional trainings.




He is a qualified Product Development and Export Promotion expert with over 15 years' experience in Export Market Development and Promotion. He is a member of the Marketing Society of Kenya



**Ms. Maureen Mambo**  
Ag. Director, Nation Brand  
Development, Marketing and  
Communication

Maureen is a Strategic Communications and Media Relations expert with over 13 years of experience in the industry. She holds a Master of Development Communications and a Bachelor of Arts Degree in Communications from Daystar University (Kenya).

She has managed client communications and engaged with high level media across international, Pan African and local outlets. She has supported clients from the private and public sector in various sectors including: Agriculture, Extractives, Infrastructure, Health, Banking, Oil and Gas among others. Prior to joining Brand Kenya, Maureen worked for Africappractice EA Ltd, a Pan-African strategy and

	<p>communications consultancy and the Kenya Broadcasting Corporation.</p>
 <p><b>Mr. Peter Ochieng</b>  <b>Ag. Director, Research and Innovation</b></p>	<p>Mr. Ochieng holds a Master of Economics and Business from the University of Zagreb and a post Graduate Diploma in International Relations from the University of Nairobi.</p> <p>He also has certificates in Trade Promotion Policy, Tourism Management and Negotiations. He has professional experience spanning over twenty-five years in Tourism Management, Trade Development and Promotion and in Diplomacy where he has served Kenya as a commercial Attaché.</p>
 <p><b>Mr. Reuben Wanjala</b>  <b>Ag. Director, Resource Centre</b></p>	<p>Mr. Wanjala holds a master's degree in Information System and a Bachelor of Commerce (Management Science) both from the University of Nairobi and a National Diploma in Computer Studies. He also holds several certifications in leadership, Microsoft systems and virtualization.</p> <p>He has close to 20 years' experience in the ICT industry having worked in both private and public sectors. He is a member of the Computer Society of Kenya and Information Society of Kenya.</p>
 <p><b>Ms. Celestine Rono</b>  <b>Ag. Director, Strategy, Planning &amp; Quality Assurance</b></p>	<p>Celestine holds a Master of Business Administration (Strategic management) and a Bachelor of Business Administration (Accounting). She is a Certified Public Accountant of Kenya (CPA(K), a Certified Monitoring and Evaluation Professional and a Certified Secretary of Kenya (CS)(K).</p> <p>She is a full member of the Institute of Certified Public Accountants (ICPAK), Institute of Certified Secretaries (ICSK) and Kenya Institute of Management (KIM), all in good standing. She has previously worked with the Anti-Counterfeit Agency, Kenya Women Finance Trust and Eastern Produce Kenya Limited.</p>



**Mr. Domnick Ariro**  
**Manager, Supply Chain**  
**Management**

Domnick holds a Master of Science Degree in Procurement and Logistics, a Bachelor of Purchasing and supplies Management Degree from Jomo Kenyatta University of Agriculture and Technology and a diploma in supplies management from Nairobi Technical Training Institute.

He is a licenced supplies practitioner and a registered member of the Kenya Institute of Supplies management. He has over 12 years' experience in public procurement.



**Mr. Victor Odindo**  
**Manager, Internal Audit**

Mr. Odindo holds a Master of Commerce (Forensic Accounting) and a Bachelor of Commerce (Finance). He is a certified Public Accountant of Kenya (CPA (K) and a member of the Institute of Certified Public Accountants of Kenya (ICPAK). He is also a Certified Information Systems Auditor (CISA).

He has over 13 years' experience in audit, risk and quality assurance.



**Ms. Frida Mbugua**  
**Corporation Secretary and Manager**  
**Legal Services**

Frida is an Advocate of the High Court of Kenya. She holds a Master of Arts Degree in International Studies from the University of Nairobi, a Bachelor of Laws from the University of Nairobi, a Post Graduate Diploma in Law from the Kenya School of Law and a Higher Diploma in Human Resource Management from the Institute of Human Resource Management. She is a Certified Public Secretary and a member of the Institute of Certified Public Secretaries of Kenya, a trained Arbitrator, Governance and Public Policy Expert.

She has a wealth of experience having worked in the manufacturing sector at the Kenya Association of Manufacturers (KAM) and in the agricultural sector while she worked at the Kenya Plant Health Inspectorate Service (KEPHIS).

**4. CHAIRMAN'S STATEMENT**

On behalf of the Kenya Export Promotion and Branding Agency, (KEPROBA), it is my utmost pleasure to present this report of the Agency for the financial Year 2019-2020.

This year marks the first anniversary since the merger of the former Export Promotion Council and Brand Kenya Board, formerly two distinct organizations that were given new impetus and created a stronger entity, that is more committed and better equipped to promote the country and Brand the country; ready to meet new challenges in global export markets.

The institution is founded on strong grounds, backed by equal commitment by the government to overcome export challenges as well as, setting a common ground for a multisectoral solution to export development and to upgrade the country's image.

As a new organization, it has been a remarkable beginning, full of opportunity, while the challenges as expected have also been there. The year therefore was instrumental in laying foundations and infrastructure to aid rejuvenated production and marketing of export products in the international markets.

The second half of the year, from Mid-March 2020, was affected by the complexities related to the novel Corona Virus. The economic activities in many global markets were almost at near zero level and this affected Kenya's exports to these markets. The Kenyan Export System has been experiencing underlying systemic challenges both in terms of product as well as market constraints.

Most of the top ten products that Kenya exported in 2019 (as reported by the KNBS) were also similar the top exports in 2009, indicative that the export basket has not changed much in the last 10 years. We exported the same items in the last decade while under normal circumstances economies are expected to go through structural changes in every 5-years.

The top 5 (five) products contributed to 52% of the total products exported in 2019. On the other part, the top 10 export markets accounted for about 64% of all Kenya's exports in 2019. The need for strengthening our presence in the global markets with products is a renewed preoccupation

that the Agency tackled in the reported period. The strategic objectives henceforth remain to diversify Kenya's export products, Kenya's export markets and Kenya's brand identity.

The world trading system is expected to provide renewed impetus to trade, even though currently moving at challenged pace without a clear path for growth. The Kenya Export Promotion and Branding Agency will be expected to think innovatively that will push trade to the next level and spur economic prosperity in Kenya. Global economic integration has meanwhile, taken the centre stage for global economic growth, with export-oriented nations poised to leverage promising performance for their national development. The Kenya Export System is on similar note taking the centre stage for rejuvenated performance of economic development. The African Continental Free Trade Area Agreement (AfCFTA) that has gained acceptance in a record time is coming into force in January 2021. The opportunities arising are expected to give new impetus to Kenya's export and new opportunities through new market access in the continent of Africa which comprises 54 countries with a population of 1.2 billion and a combined GDP of \$3.1 trillion.

In conclusion, the Kenya Export Promotion and Branding Agency will enhance efforts to draw values from a strong global brand perception through well packaged and unique products that Kenya is globally known and expand its exports slice of the global markets.



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**MR. JASWINDER (JAS) BEDI, EBS, MBS**  
**CHAIRMAN**

## **5. REPORT OF THE CHIEF EXECUTIVE OFFICER**

I am pleased to foreword this Financial Report for the Financial Year 2019-2020.

The Kenya Export Promotion and Branding Agency was formed in August 2019, pursuant to the merger between Kenya Export Promotion Council and Brand Kenya Board to create a one-stop focal point for all export promotion and country branding.

The merger has henceforth brought focused engagements both with producers, exporters, and the markets to ensure higher market access for Kenya's export products. In the period since creation, the agency has focused on building export capacities and integrating them into global market system.

Through a multi sectoral approach and collaborations with the lead trade support associations and corporate bodies, the Agency engaged at contextual levels to create common approaches for market access and higher performance of exports through a forward looking strategic Plan, 2019-2023; which particularly lays an emphasis on alleviating some of the most debilitating and binding constraints on export products and Kenya's in markets export performance.

Some of the activities within the period were:

The Agency facilitated market engagements in Foreign markets for fresh produce both in the European Union and in the Peoples Republic of China; these provided unique opportunity for export of fresh produce to Italy, Germany and Peoples Republic of China;

The Agency Coordinated Kenya's participation in exhibitions and exposure of Kenya's products in new markets including in the United Arab Emirates and in the Russian Federations. These are markets that have very good prospects for diversification and future growth;

Towards informing on opportunities, the agency collated and disseminated information on various promising markets as well as generated information through trade flows for lead Kenyan products. Market research was undertaken in the Republic of Rwanda and in Burundi, that were also instrumental in market development and formulating measures that would contribute

towards rejuvenation of exports to these markets that have been experiencing constrained performances;

The Agency supported entrepreneurs by providing technical assistance to local exporters both on export products and markets conformity through the client engagement programme.

In view of the many challenges that are confronting nations in international trade, the Agency has remained alive to the emerging challenges with a view to responding accordingly with appropriate policy responses.

The Corona Virus emerged at the beginning of 2020 and from mid-March, affecting nearly all productive sectors of the economy. The Agency engaged with national teams on efforts to manage the pandemic impacts on the economy and particularly, the export sector.

The global business environment has also become increasingly competitive, with some elements of adversarial relations cropping among leading exporting Nations. The United States of America and the Peoples Republic of China; the two leading global economies have been having rather cold relations on trade matters, each at one time trading accusing allegations on unfair trade. While this is purely a bilateral issue from the intensity of engagement, on the other hand it is reflective of the general health of global trade.

The European Union that has for many years been Kenya's lead market has been experiencing discomfort both in external relations with major trade partners including China and the United States and internally through the dynamics induced by the exit of the United Kingdom from the Union. Intra- European Union trade has not been as vibrant to pull the global economy.

The East African Community (EAC) remains a reliable market for trade and a market for Kenya's export products. Nevertheless, the market has also experienced challenges, some relating to the global challenging environment, while others relate to the protectionist tendencies by some member states that on a continual basis continue with the use of Non-tariff barriers to protect their domestic market spaces.



Amidst the regional and global challenges, the Agency is working towards implementing export strategies through an Integrated Marketing Communications approach for a robust and vibrant export performance.

A handwritten signature in black ink, appearing to read 'Dr. Wilfred Marube', written over a horizontal line.

**DR. WILFRED MARUBE  
CHIEF EXECUTIVE OFFICER**

## 6. REVIEW OF KEPROBA'S PERFORMANCE FOR FY 2019/2020

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the national government entity's performance against predetermined objectives.

The Kenya Export Promotion and Branding Agency has four (4) strategic pillars and objectives within its Strategic Plan for the FY 2019/2020- 2021/2022. These strategic pillars are as follows:

Pillar 1: To develop, diversify and brand Kenya's export products

Pillar 2: To develop and diversify Kenya's export markets

Pillar 3: To manage Image and reputation of the Kenya Brand.

Pillar 4: To strengthen institutional capacity for the Kenya Export Promotion and Branding Agency to deliver on its mandate.

The Kenya Export Promotion and Branding Agency develops its annual work plans based on the above four (4) pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Agency achieved its performance targets set for the FY 2019/2020 period for its four (4) strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
<b>Pillar 1:</b> To develop, diversify and brand Kenya's export products	This pillar seeks to develop and brand-new products to widen the Kenya's export basket and to earn premium prices associated with high quality product branding. The pillar also	<ul style="list-style-type: none"> <li>• 60 new product lines developed</li> <li>• 60 new product lines branded with the made in Kenya mark</li> <li>• 150 enterprises</li> </ul>	Undertake Product Research and supply surveys for Kenyan products	<ul style="list-style-type: none"> <li>• 5 product Categories profiled: (Coffee, Tea, Horticulture, Dairy Products and Textiles)</li> <li>• Product catalogues for four (4) products developed:</li> </ul>



Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
	seeks to build capacity of the exporters to improve competitiveness	trained to develop their skills in exporting		(Coffee, tea, avocados, milk and milk products).
			Advocate for registration of Kenyan products under geographical indications (GI)	Concept developed.
			Conduct made in Kenya Campaigns	116 leads were received out of which 23 were approved to use the mark on their products
<b>Pillar 2:</b> To develop and diversify Kenya's export markets	This pillar seeks to enhance market access for wider varieties of Kenyan exports through introduction of Kenyan exporters to new markets and deepen the already existing markets	<ul style="list-style-type: none"> <li>• 1 Primary Export Market Survey undertaken in Rwanda and Burundi</li> <li>• 6 Secondary market surveys generated</li> <li>• Coordinate and spearhead</li> </ul>	Undertake Primary Export Market Survey	1 Primary Market Survey and Product Research conducted in Rwanda and Burundi and report disseminated
			Secondary market surveys generated	3 secondary market surveys undertaken for USA, UAE and China
			Coordinate and spearhead Kenya's Participation in Trade promotion	Trade mission conducted in Sochi, Russia, participation at the Fruit Logistica Trade show, Beijing



Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
		Kenya's Participation in Trade promotion events in prioritized markets	<p>events in prioritized markets</p> <p>Participation in local shows and exhibitions</p> <p>Develop the Kenya Export Market Development Programme 2020 (KEMDP)</p>	<p>Expo 2019, Gulfood Trade show and preparations for Cross border Trade Promotion Bazaar in Moyale Ethiopia and Expo 2020 Dubai.</p> <p>Participated in Nairobi International Trade Fair</p> <p>KEMDP 2020 containing 225 export promotion events developed and disseminated</p>
<b>Pillar 3: To manage Image and reputation of the Kenya Brand.</b>	Through this pillar, the Agency endeavours to enhance the image of the Country to be among the top 50 brands in the world. Products will be branded to display its originality and display Kenya as	20 Kenya heroes celebrated	<p>Celebrate Kenyan heroes to inspire high levels of patriotism</p> <p>Undertake Public Service Branding Initiative</p>	<p>12 Kenya heroes celebrated to reshape the narrative of Kenya by highlighting positive news.</p> <p>2 MDAs (Ministry of Health and NACADA) adopted the Public Service Branding guidelines</p>



Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
	a source of High-quality products.			
<b>Pillar 4:</b> To strengthen institutional capacity for the Kenya Export Promotion and Branding Agency to deliver on its mandate.	This pillar aims at establishing structures within the Agency and identification of key stakeholders and frameworks to work with them to ensure that the Agency delivers on its mandate.	<ul style="list-style-type: none"> <li>• Strategic plan 2019-2022 developed and operational</li> <li>• Launch the Agency's Corporate brand for visibility by stakeholders</li> <li>• Agency's service charter developed and launched</li> </ul>	Develop Institution's Strategic plan to guide operations of the Agency	Strategic Plan developed and reviewed in light of Corvid – 19 and approved.
			Launch the Agency's Corporate brand for visibility by stakeholders	Agency's Corporate brand yet to be launched
			Develop and launch the Agency's service charter	The Agency's service charter is yet to be launched and cascaded to staff

## **7. CORPORATE GOVERNANCE STATEMENT**

The Kenya Export Promotion and Branding Agency (the Agency) was established on 9<sup>th</sup> August 2019 through Legal Notice No.110 of 2019 for purposes of promoting exports and nation branding. Paragraph 5 of the Legal Notice (Kenya Export Promotion and Branding Agency Order, 2019) established the Board of the Agency and on the same day the Board Chairperson and three independent Directors were gazetted vide Gazette Notice No. 7394 and Gazette Notice No. 7397 respectively.

The Agency is in compliance with the Mwongozo Code of Corporate Governance for State Corporations established to ensure effective and efficient use of public resources in order to achieve our vision and mission.

The Board of Directors of the Kenya Export Promotion and Branding Agency is responsible for the governance of the Agency and is accountable to the government and stakeholders in ensuring compliance with the relevant laws governing its operation, best practice and the highest standards of business ethics. Accordingly, the Directors attach great importance to the need to conduct the business and operations of the Agency with integrity, professionalism and has embraced the internationally developed principles and code of best practice of good corporate governance.

The Board in the performance of its functions is guided by the provisions of the Constitution, the Kenya Export Promotion and Branding Agency Order 2019, the State Corporations Act Cap 446, Mwongozo among other laws. The Boards and management have continued to uphold the core values of the Agency and in line with these, the board championed the development of the Strategic Plan 2019 – 2022 which focuses on enabling market access for Kenyan produced goods and services. Following the merger of the Brand Kenya Board and the Export Promotion Council to establish the Kenya Export Promotion and Branding Agency, there was need to develop a new strategic plan aligned to the mandate and functions of the Agency. The strategic plan will be a working document which will provide direction for implementation by the Board of Directors and the staff of the new Agency.

## 7.1 Board of Directors Composition

The Agency is run through the strategic direction of the Board of Directors. The Board comprises of nine members, namely:

	<b>BOARD POSITION</b>	<b>NAMES</b>	<b>GENDER</b>	<b>DATE OF APPOINTMENT</b>	<b>DATE OF EXPIRY</b>
1.	Chairman	Mr. Jaswinder Bedi, EBS, MBS	Male	9 <sup>th</sup> August 2019	8 <sup>th</sup> August 2022
2.	Member	Ms. Kathleen Kihanya	Female	9 <sup>th</sup> August 2019	8 <sup>th</sup> August 2022
3.	Member	Mr. Mark Bichachi	Male	9 <sup>th</sup> August 2019	8 <sup>th</sup> August 2022
4.	Member	Ms. Jacqueline Muga	Female	9 <sup>th</sup> August 2019	8 <sup>th</sup> August 2022
5.	Alternate to the Attorney General	Ms. Leah Aywah Baraza	Female	25 <sup>th</sup> September 2019	31 <sup>st</sup> October 2022
6.	Alternate to Permanent Secretary Trade	Mr. Oliver Konje	Male	1 <sup>st</sup> November 2019	31 <sup>st</sup> October 2022
7.	Alternate to Principal Secretary National Treasury	MS. Veronica Okoth	Female	17 <sup>th</sup> July 2020	16 <sup>th</sup> July 2023
8.	Ex Officio Member	Dr. Wilfred Marube	Male	-	-
9.	Ex Officio Member	Ms. Frida Mbugua	Female	-	-

## **7.2 Separation of Powers & Duties of the Chairman and CEO**

The separation of functions between the Chairman and the CEO has ensured requisite balance of power, increased accountability, clear definition of responsibilities and improved decision making.

## **7.3 Duties of Directors**

The Legal Notice establishing the Agency provides for functions of the board members under paragraph 6 to include:

- a) provide strategic advice and direction to the Agency;
- b) approve policies that shall facilitate the development of the Agency;
- c) recruit and appoint the Chief Executive Officer on such terms and conditions as the Board shall determine with the advice of the Salaries and Remuneration Commission;
- d) receive, on behalf of the Agency, grants-in-aid, gifts, donations, fees, subscriptions or monies;
- e) administer the property and funds of the Agency in such a manner and for such purpose as shall promote the functions of the Agency; and
- f) perform such other functions as may be incidental to the foregoing.

## **7.4 Board Committees**

The Board has formed three (3) principal committees which meet under well-defined terms of reference set by the Board members. These committees comprise of the following members:

### **7.4.1 Finance, Human Resource and Administration Committee**

- i) Jacqueline Muga - Chairperson
- ii) Kathleen Kihanya
- iii) Oliver Konje
- iv) Leah Baraza
- v) Veronica Okoth

### **7.4.2 Strategy, Marketing, Communications and Quality Assurance Committee**

- i) Kathleen Kihanya - Chairperson
- ii) Jacqueline Muga
- iii) Mark Bichachi
- iv) Oliver Konje
- v) Leah Baraza

### **7.4.3 Audit, Risk and Governance Committee**

- i) Mark Bichachi - Chairperson
- ii) Kathleen Kihanya
- iii) Oliver Konje
- iv) Leah Baraza
- v) Veronica Okoth

## **7.5 Board Committee Function**

The committees were formed to assist the board to effectively and efficiently carry out its functions. The following comprise the terms of reference for the three committees:

### **7.5.1 Finance, Human Resources and Administration Committee.**

Its functions include but are not limited to:

- KEPROBA Financial oversight.
- Budget approvals.
- Human Resource development.
- Work environment policies.
- Internal and external stakeholder engagements.
- Resource mobilization policy development and implementation.
- Organizational Culture and change management

### **7.5.2 Strategy and Quality Assurance Committee**

Its functions include but are not limited to;

- Strategic Plan development and implementation oversight.
- Performance management and appraisals.
- ISO certification.
- Performance Contracts (PC) development and Implementation.
- Export promotion and Nation Brand Programmes.

### **7.5.3 Audit and Governance Committee**

Its functions include but are not limited to;

- Internal controls.
- Governance.
- Organizational Risks and compliance

The board and committee meetings are held as per Board Calendar, while special board meetings are called when it is deemed necessary to do so. During the 2019/2020 financial year, the Board and its Committees held a total of 52 meetings during the year which included:

- Six Full Board meetings.
- Six Special Full Board Meetings;

- Thirteen Finance, Human Resource and Administration Committee meetings (including special meetings);
- Twelve Strategy, Marketing, Communications and Quality Assurance Committee meetings (including special meetings);
- Nine Audit, Risk and Governance Committee meetings; and
- Eleven Ad Hoc Committee meetings (for the recruitment of the position of the Chief Executive Officer

<b>Member</b>	<b>Full Board</b>	<b>Special Full Board</b>	<b>FHRA Committee (including special)</b>	<b>SMCQA Committee (including special)</b>	<b>Audit, Risk &amp; Governance Committee (including special)</b>	<b>Ad Hoc Committee Meeting</b>
Mr. Jaswinder Singh Bedi	5	4	-	-	-	-
Ms. Kathleen Kihanya	4	3	11	10	6	7
Ms. Jacqueline Muga	5	4	12	11	-	11
Mr. Mark Bichachi	5	4	8	10	8	8
Ms. Leah Baraza	4	4	10	6	7	
Mr. Oliver Konje	4	4	12	10	8	10
Dr. Wilfred Marube	1		0	0	1	



<b>Member</b>	<b>Full Board</b>	<b>Special Full Board</b>	<b>FHRA Committee (including special)</b>	<b>SMCQA Committee (including special)</b>	<b>Audit, Risk &amp; Governance Committee (including special)</b>	<b>Ad Hoc Committee Meeting</b>
Mr. Peter K. Biwott (former CEO)	2	1	9	9	-	

## **8 MANAGEMENT DISCUSSION AND ANALYSIS**

### **8.1 The Agency's Financial Performance**

The Agency made an operating surplus of **KShs.14,430,398** in the year under review.

### **8.2 The Agency's Compliance with Statutory Requirements**

The Agency is in compliance with various laws and regulations. Management is not aware of any non-compliance that may expose the entity to potential contingent liabilities.

### **8.3 The Agency's Operational Performance**

#### **8.3.1 Export Trade Development and Promotion Pre-Event Visit to Tanzania: 8<sup>th</sup> – 13<sup>th</sup> March 2020 and Planning for Dar-es- Salaam International Trade Fair 2020**

In view of the importance of Tanzania as an export trade destination for Kenyan goods and services, the Agency conducted a pre event visit to Tanzania on 8<sup>th</sup> – 13<sup>th</sup> March 2020 in Dar - es- Salaam to engage, share and involve key Tanzania stakeholders by informing, discussing and involving them in the planning, organising and holding of the planned export development activities in Tanzania in 2020. During the visit the team Identified suitable service providers and gathered guiding information on procurement related services for future planned activities. They held several meetings where they interacted with officials from the Kenya High Commission – Tanzania, Tanzania Chamber of Commerce, Industry and Agriculture, Tanzania Private Sector Foundation, Kenya Diaspora and workstation and the Tan trade visit & Service Providers in Dar-es-salaam.



*Meeting with a leading distributor of Kenya products*

### **8.3.2 Dubai 2020 High Level Breakfast Forum on 10<sup>th</sup> December 2019**

The Kenya Export Promotion and Branding Agency organized a high-level breakfast launch to announce Kenya's participation in the World Expo, Dubai 2020 that was planned to start from October 2020 to April 2021. The Forum was used as a platform to sensitize all stakeholders in both the public and private sector on the opportunities available for Kenya in the Tourism, Trade and Investment, Small Medium Enterprise, Education, Agriculture, Trade of Services i.e. Finance, Information technology and communication. Kenya is participating with an objective to gain more market access, investments, and overall improve the Country Brand. The theme of the World Expo is "**Connecting Minds, Creating the Future.**"

### **8.3.3 The Pre-Event Visit to Plan For 1<sup>st</sup> Kenya- Ethiopia Cross Border Trade Promotion Bazaar and Trade Facilitation Forum in Moyale**

In line with KEPROBA'S strategic direction, A Pre event planning meeting was carried out in Ethiopia in February 2020 with critical stakeholders and a buy in and support secured from the

Ethiopia National Chamber of Commerce. During the meeting, a proposal was done to conduct the 1<sup>st</sup> Kenya – Ethiopia Cross border trade Bazaar and Trade facilitation Forum in Moyale as market penetration and consolidation strategy for Kenya in the Ethiopian market to help deepen and maximize product and services exposure, showcase Kenya’s products and services with high potential in the Ethiopian market following a study conducted in 2015 where numerous products and services were profiled for the target market.

#### **8.3.4 PARTICIPATION AT THE EU TRADE MISSION AND FRUIT LOGISTICA 2020 IN BERLIN, GERMANY FROM 31<sup>st</sup> JANUARY 2020 TO 11<sup>TH</sup> FEBRUARY 2020**

The Kenya Exports Promotion and Branding Agency undertook a trade mission in Berlin, Germany and took part in the annual international Fruit Logistica event. The trade mission was to deepen Kenya’s trade relations and enhance market linkages with Germany and the European Union. Fruit Logistica presented a great platform to enhance the country’s visibility and create more awareness on Kenya’s export products through exports promotion, branding, media and publicity activities. The event brought together a record number of over 3,300 exhibitors as well as more than 72,000 trade visitors from all over the world. The events provided KEPROBA with an opportunity to brand the Kenyan pavilion, Branding of the Diaspora Forum, Branding of Display products in the pavilion with GROWN IN KENYA Sticker as well as distribution of Make it Kenya branded giveaways to different groups. In terms of publicity, the team presented Video on Destination Kenya, A press release on Kenya’s participation, Digital Media Support, Media Meet-and-greet and Story Pitching securing an interview opportunity with *DW Swahili TV* were all Kenyan exhibitors were interviewed.



*The branded Kenya Pavilion at Fruit Logistica 2020*

### **8.3.5 Made in Kenya Courtesy Calls**

In the Agency's efforts to brand all the goods and services originating from Kenya with the Made in Kenya Brand Mark, the Agency has been visiting the adoptees of the mark. During the said period, the agency held meetings with Osho Chemicals and Space and Style. The objective of the visits is to assess the impact of the mark on their products and explore possibilities for future partnerships.



*Branded Kenyan product with the Mark of Identity*

### 8.3.6 Heroes of the Week Campaign

In the Agency's quest to reshape the narrative of Kenya locally and drive civic pride and patriotism, the agency embarked on a campaign to celebrate ordinary Kenyans that are doing positive deeds that contribute to a positive image of the country. The digital campaign dubbed #kenyanoftheweek is running on Facebook and Twitter. A Total of 16 Kenyans have been profiled to date and the campaign achieved over 33,000 impressions.

### 8.3.7 Covid-19- Tujilinde Tulinde Kenya Campaign

In line with the Agency's mandate of sharing positive news with Kenyans, the Agency embarked on a campaign dubbed #Tujilinde tulinde Kenya. The objective of the campaign was to amplify government messaging to Kenyans on the preventive measures to be undertaken in order to curb the spread of the COVID-19 disease, showcase the resilience of Kenyans during the pandemic and to highlight positive news about the Nation Brand. The campaign ran on Social media; Facebook and Twitter and achieved over 2 million and 4 million impressions on Facebook and Twitter respectively.



*Campaigns on rallying Kenyan's to support Kenyan products as they stay at home*

### **8.3.8 Kenya Export Promotion and Branding Agency Stakeholder Engagement**

In a bid to address the Kenya Export Promotion and Branding Agency's strategic objectives aimed towards a 6.5% annual exports growth and improved nation brand performance, the Agency strategically engaged various stakeholders during this period to establish gaps and opportunities and forge partnerships that will yield into more export growth and meaningful collaborations. KEPROBA engaged the Kenya Association of Manufacturers, Fresh Produce Exporters Association of Kenya (FPEAK) and Kenya National Chamber of Commerce and Industry (KNCCI). The Agency also engaged Nyandarua County on areas of collaboration in enhancing exports in the County under the targeted 22 markets.

### **8.3.9 Participation in the Beyond Zero Half Marathon**

In a bid to give back to the community and support the Agenda 4 Pillar on maternal Health, the Agency participated in the 5th edition of Beyond Zero Half Marathon held on 8th March 2020 at Nyayo National Stadium that was graced by His Excellency President Uhuru Kenyatta. 35 KEPROBA staff participated in the 10 KM Corporate race geared towards supporting the health pillar under the Big Four Agenda.



*KEPROBA staff during the Beyond zero marathon on 8<sup>th</sup> March 2020*

#### **8.4 Major Risks facing the Agency**

In the process of implementation of our Strategic Plan, there are potential risks that must be mitigated if the Agency is to achieve its strategic objectives. The Board and Management pay close attention to all material risks that the organization faces. One of the key strategic risks is the Covid-19 pandemics which has affected the entire globe hence impacting on local and International Trade.

In addition, constraints affecting exporters (pain areas) eg poor infrastructure, ease of doing business, value chain weaknesses etc. and factors affecting the image and reputation of the Kenya brand are also considered as another category of risks affecting the achievement of the Strategic Plan.

## 9 CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

The Kenya Export Promotion and Branding Agency (KEPROBA) has embraced the true spirit of Corporate Social Responsibility in its strategic plan of activities. The Agency is committed towards participating in community-based projects that give back to the society. Through our stakeholder engagement activities, we have been able to identify areas of collaboration that give back to society. We recognize that we must integrate our corporate values and services to improve Kenya's Image and meet the expectations of stakeholders.

Our social, economic, and environmental responsibilities to our stakeholders are integral to the Agency's focus areas. Through the various activities organized by KEPROBA, we are committed to demonstrate our responsibilities through actions and within the corporate policies. We are open and honest in communicating our strategies, targets, performance, and governance to our stakeholders in our continual commitment towards creating a sustainable corporate social responsibility.

The Agency's corporate social responsibility commitments are built around four categories:

- **Community Services and Culture-** We seek to make positive contributions to the communities around us through offering enterprises product development capacity building skills that enhance their products and position them for market access in the international markets. We partner with organizations, Small Medium Enterprises (SME's) or institutions that have projects aligned to our mandate with an objective of addressing social issues as well as improving the livelihoods of the communities.
- **Education-** We seek to improve community learning experiences and standards especially in the marginalized regions of the country. This is done through capacity building skills that empowers the community with practical knowledge that enriches their products, improving the quality and standards of products for export readiness.
- **Health-** We seek to support projects aimed at improving health standards in the country. This may be through support and participating in the Government flagship projects under the Big Four Agenda, especially the health pillar. We have in the past supported and participated in the beyond zero campaigns that advocates for maternal health. We also amplify Government messaging through supporting other Ministries through creating



content awareness on various health issues that directly seek to improve the health of the Kenyan citizens i.e the Covid 19 messaging by the Ministry of Health.

- **Environment-** The value we have for the environment stems from the realization that the environment provides the platform on which all mankind depends for life. Hence, we seek to support projects that are geared towards conservation of the environment that is key to enhancing export crops production.
- **Sports-** We understand the important role that sports plays in the development especially of the youth in our country. Sports are not only a means of recreation but can also be a source of livelihood, and involvement in sports also has health benefits. The Kenya Export Promotion and Branding Agency partners with various local and international organizations to promote the development of sports and the great athletes of this country.

We are individually and collectively accountable for upholding our corporate social responsibility commitments. We encourage participation across our organization, and we will work with our external stakeholders to continually improve and support the objectives of our organization, contribute to the communities we serve, and ensure our actions are socially, ethically, and environmentally responsible.

## **10 REPORT OF THE DIRECTORS**

The Directors submit their report together with the audited financial statements for the year ended June 30, 2020 which show the state of the *Agency's* affairs.

### **Principal Activity**

The principal activities of the Agency are to implement export development and promotion activities through providing export assistance to promote Kenyan goods and services globally, distributing trade related and international export standards information and carrying out foreign country market research. The Agency is also mandated to manage the Kenya Brand image through coordinating Nation Branding initiatives and trade fairs, providing branding guidelines for Kenya Missions abroad, marketing and providing positive information about Kenya and its products.

### **Results**

The results of the Agency for the year ended June 30, 2020 are set out on page 1.

### **Directors**

The members of the Board of Directors who served during the year are shown on page *ix* to *xii*. They were appointed with effect from the dates indicated therein.

### **Auditors**

The Auditor-General is responsible for the statutory audit of the Agency in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 for the year ended June 30, 2020.

By Order of the Board



.....  
**Corporation Secretary**

**Nairobi**

Date: ..... 17/11/21 .....

## **11 STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Section 81 of the Public Finance Management Act, 2012 and section 14 of the State Corporations Act, require the Directors to prepare financial statements in respect of the Agency, which give a true and fair view of the state of affairs of the Agency at the end of the financial year and the operating results of the Agency for that year. The Directors are also required to ensure that the Agency keeps proper accounting records which disclose with reasonable accuracy the financial position of the Agency. The Directors are also responsible for safeguarding the assets of the Agency.

The Directors are responsible for the preparation and presentation of the Agency's financial statements, which give a true and fair view of the state of affairs of the Agency for and as at the end of the financial year ended on June 30, 2020. This 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 Agency; (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 Agency; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Agency's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the State Corporations Act. The Directors are of the opinion that the Agency's financial statements give a true and fair view of the state of the Agency's transactions during the financial year ended June 30, 2020, and of the Agency's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Agency, which have been relied upon in the preparation of the Agency's financial statements as well as the adequacy of the systems of internal financial control.

Further to the recommendations of the Presidential Taskforce Report on State Corporations Reforms to merge former Brand Kenya Board, Export Promotion Council, Kenya Investment

Authority, Kenya Tourist Board and Kenya Yearbook Editorial Board, the process of merging these institutions began in September 2020.

The Agency may thus not remain a going concern for at least the next twelve months from the date of this statement.

### **Approval of the Financial Statements**

The Agency's financial statements were approved by the Board of Directors on 30<sup>th</sup> September 2020 and signed on its behalf by:



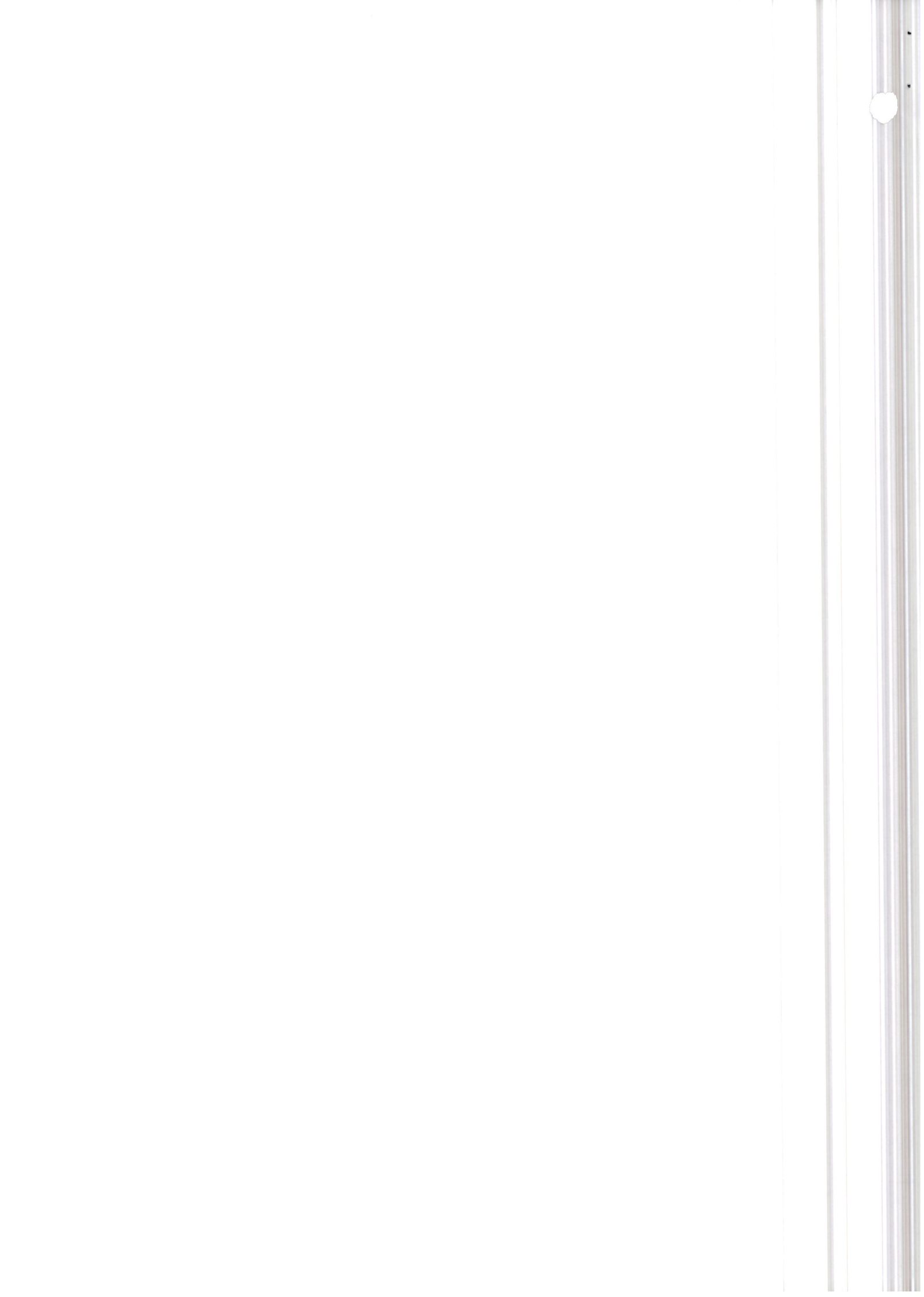
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**DR. WILFRED MARUBE**  
**CHIEF EXECUTIVE OFFICER**



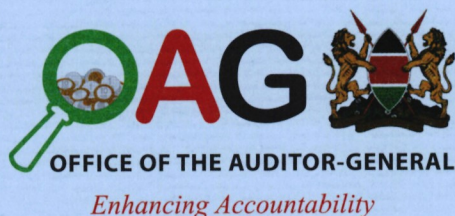
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**MR. JASWINDER BEDI, EBS, MBS**  
**CHAIRMAN**



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## **REPORT OF THE AUDITOR-GENERAL ON KENYA EXPORT PROMOTION AND BRANDING AGENCY FOR THE YEAR ENDED 30 JUNE, 2020**

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### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Opinion**

I have audited the accompanying financial statements of Kenya Export Promotion and Branding Agency set out on pages 1 to 39, which comprise the statement of financial performance, statement of financial position as at 30 June, 2020, statement of changes in net assets, statement of cash flows, statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Kenya Export Promotion and Branding Agency as at 30 June, 2020, and its financial performance and its cash flows for the year then ended in accordance with the International Public Sector Accounting Standards (Accrual Basis) and comply with the Kenya Export Promotion and Branding Agency Order, 2019 and the Public Finance Management Act, 2012.

#### **Basis for Opinion**

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kenya Export Promotion and Branding Agency 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 opinion.

#### **Key Audit Matters**

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

### **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

#### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, 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**

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about 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 audit procedures performed, 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 for Conclusion**

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, 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 Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal control 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 control, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Agency'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 the intention to terminate the Agency 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 Agency'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 control 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 control would not necessarily disclose all matters in the internal control 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 control 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 control may not prevent or detect misstatements and instances of non-compliance. 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 control.

- 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 Agency'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 Agency 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 Agency to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence, and to 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**

**27 January, 2022**

**13 STATEMENT OF FINANCIAL PERFORMANCE  
FOR THE YEAR ENDED 30 JUNE 2020**

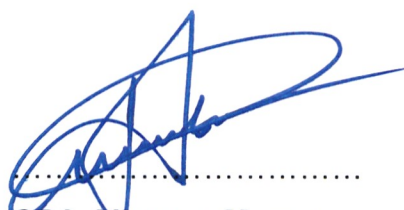
	Notes	2019/2020	2018/2019
		KShs	KShs
<b>Revenue from Non-Exchange Transactions</b>			
Transfer from Government Institutions – Recurrent Grants	6	472,800,000	459,777,200
Other Recurrent Grants	7	32,075,234	5,500,000
Deferred Income		-	92,000,000
<b>Revenue from Exchange Transactions</b>			
Other Income	8	<u>12,252,200</u>	<u>14,619,108</u>
<b>Total Revenue</b>		<b>517,127,434</b>	<b>571,896,308</b>
<b>Expenses</b>			
Use of Goods and Services	9	254,470,473	361,903,914
Employee Costs	10	215,477,984	187,393,619
Board Expenses	11	11,956,789	13,511,763
Depreciation & Amortization Expenses	12	18,953,050	18,106,905
Repairs and Maintenance	13	1,838,470	4,362,743
<b>Total Expenses</b>		<b>502,696,766</b>	<b>585,278,944</b>
<b>Surplus/(Deficit) for the Year</b>		<b><u>14,430,397</u></b>	<b><u>(13,382,636)</u></b>

The notes set out on pages 7 to 38 form an integral part of these Financial Statements.

**14 STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2020**

	Notes	2019/2020 KShs	2018/2019 KShs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	14	669,082,474	600,434,095
Receivables from Exchange Transactions	15	32,732,665	19,933,872
Receivables from Non-Exchange Transactions	16	26,667,299	32,716,774
		<b>728,482,438</b>	<b>653,084,741</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	17	25,765,923	41,728,181
Intangible Assets	18	4,068,011	6,071,550
		<b>29,833,934</b>	<b>47,799,731</b>
<b>Total Assets</b>		<b>758,316,372</b>	<b>700,884,472</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade Payables from Exchange Transactions	19	26,895,966	61,457,505
Payables from Non-Exchange Transactions	20	181,368,420	100,080,408
Current Provisions	21	11,510,140	15,235,113
<b>Total Liabilities</b>		<b>219,774,527</b>	<b>176,773,027</b>
<b>Net Assets</b>		<b>538,541,845</b>	<b>524,111,446</b>
<b>Reserves</b>	22(iv)	<b>538,541,845</b>	<b>524,111,446</b>

The Financial Statements set out on pages 1 to 38 were signed on behalf of the Board of Directors by:



CPA Albanus Mumo  
Manager Finance

ICPAK Member No. 7968

Date.....17/11/21.....



Dr. Wilfred Marube  
Chief Executive Officer

Date.....17/11/21.....



Mr. Jaswinder Bedi, EBS, MBS  
Chairman

Date.....17/11/21.....

15 STATEMENT OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED 30 JUNE 2020

Reserves			
	General Reserve	Revaluation Reserve	Total
	KShs	KShs	KShs
<b>Balance as at July 1, 2018</b>	<b>528,096,585</b>	<b>9,397,500</b>	<b>537,494,085</b>
Deficit for the Year	(13,382,636)		(13,382,636)
<b>Balance as at June 30, 2019</b>	<b>514,713,949</b>	<b>9,397,500</b>	<b>524,111,449</b>
Surplus for the Year	14,430,397		14,430,397
<b>Balance as at June 30, 2020</b>	<b>529,144,346</b>	<b>9,397,500.00</b>	<b>538,541,845</b>

The total reserves include capital replacement reserve (Sinking Fund) which was KShs. 30,620,777 at the end of the financial year.

Revaluation reserve represents an increase in carrying value after revaluation of motor vehicles done on 10<sup>th</sup> August 2016.

**16 STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

	<b>JUNE 2020</b>	<b>JUNE 2019</b>
<b>Surplus/ (Deficit) for the year</b>	14,430,398	(13,382,636)
<b>Adjustments for: -</b>		
Depreciation of Property Plant and Equipment	16,949,511	16,176,794
Amortisation	2,003,539	1,930,113
<b>Operating surplus before working capital changes</b>	<b>33,383,448</b>	<b>4,724,271</b>
Accounts receivables	(6,749,317)	(6,255,149)
Accounts payables	43,001,502	(100,300,556)
<b>Net Cash flows utilized in operating activities</b>	<b>69,635,633</b>	<b>(101,831,433)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net reclassification of property and equipment		
Purchase of property and equipment	(987,255)	(26,084,056)
<b>Net cash flows utilized in investing activities</b>	<b>(987,255)</b>	<b>(26,084,056)</b>
<b>NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>68,648,378</b>	<b>(127,915,489)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>600,434,095</b>	<b>728,349,584</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>669,082,474</b>	<b>600,434,095</b>

**17 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS  
FOR THE YEAR ENDED 30 JUNE 2020**

No.	Details	2019/2020 Printed Estimates	2019/2020 Adjustments	2019/2020 Revised Annual Budgets (4)	2019/2020 Annual Expenditure July 19- June 20	2019/2020 Annual Variance	2019/2020 % Utilization of Funds
		KShs	KShs	KShs	KShs	KShs	%
<b>A</b>	<b>Summary Report</b>						
6	<b>Recurrent Revenue</b>						
8	Internally Generated (A-in-A)	15,019,108		15,019,108	12,252,200	2,766,908	82%
	Recurrent Grants-Vote	453,840,000	(40,000)	453,800,000	453,800,000	0	100%
	Supplementary One Budget 100 million	0	100,000,000	100,000,000	100,000,000	0	100%
7	Recurrent Vote – Other's donors COMESA RIIP	10,000,000	-	10,000,000	10,000,000	0	100%
	Recurrent Vote – Others Deferred	325,807,484	-	325,807,484	325,807,484	0	100%
7	Expo Beijing Financial Grant Assistance-China	21,000,000	-	21,000,000	22,075,234	-1,075,234	105%
	Deferred Funds - Recurrent Funds		(374,849,019)	(374,849,019)	(374,849,019)		
	<b>Recurrent Revenue</b>	<b>825,666,592</b>	<b>(274,889,019)</b>	<b>550,777,573</b>	<b>549,085,899</b>	<b>1,691,674</b>	<b>100%</b>
	<b>Operation and Management Expenditure Analysis</b>						
<b>B</b>	<b>Expenditure Analysis</b>						
10	Employee Costs	246,783,529	8,904,904	255,688,433	215,477,984	40,210,449	84%
11	Board Expenses	18,010,000	-	18,010,000	11,956,789	6,053,211	66%
13	Repairs and Maintenance	3,000,000	-	3,000,000	1,838,470	1,161,530	61%
12	Depreciation and Amortization Expenses	12,316,313	6,965,776	19,282,089	18,953,050	329,039	98%
9	Use of goods and Services	262,259,432	(7,462,381)	254,797,051	254,470,473	326,578	100%
	<b>Total</b>	<b>542,369,274</b>	<b>8,408,299</b>	<b>550,777,573</b>	<b>502,696,766</b>	<b>48,080,807</b>	
	Surplus/(Deficit)			-	46,389,133		

## NOTES TO THE STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

### A. Revenues

The revenues received in the year includes;

#### Note 8                    A in A (Internally Generated funds)

A in A (Internally Generated funds) has a variance of **KShs.2.7M** which is attributed to the Covid-19 pandemic which led to postponement of planned activities as from March 2020 which were earmarked for generation of A in A.

### B. Expenditure

#### Note 10            Staff Costs

Staff Costs variance of **KShs 40.2M** is due to staff natural attrition in the year.

#### Note 11            Directors Expenses

The variance of **KShs. 6M** is attributed to the Covid-19 pandemic which led to postponement of board planned activities as from March 2020.

## **18 NOTES TO THE FINANCIAL STATEMENTS**

### **1. GENERAL INFORMATION**

The Kenya Export Promotion and Branding Agency (KEPROBA) is a state corporation under the State Department for Trade in the Ministry of Industrialization, Trade and Enterprise Development which was established under the State Corporations Act Cap 446 by the Kenya Export Promotion and Branding Agency Order, 2019 Legal Notice No. 110 of 9<sup>th</sup> August 2019 after the merger of the former Export Promotion Council and Brand Kenya Board.

The Agency's principal activities are implementing export development and promotion activities through providing export assistance to promote Kenyan goods and services globally, distributing trade related and international export standards information and carrying out foreign country market research. The Agency is also mandated to manage the Kenya Brand image through coordinating Nation Branding initiatives and Trade fairs, providing branding guidelines for Kenya Missions abroad, marketing and providing positive information about Kenya and its products.

### **2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION**

The Agency's financial statements have been prepared on a historical cost basis except for the measurement at revalued 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 Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Agency's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

The financial statements have been prepared and presented in Kenya shillings, which is the functional and reporting currency of the Agency.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, Brand Kenya Board Order No. 38 of 2008 and International Public Sector Accounting Standards. The accounting policies adopted have been consistently applied to all the years presented.

### 3. ADOPTION OF NEW AND REVISED STANDARDS

- i. **Relevant new standards and amendments to published standards effective for the year ended 30 June 2020.**

Standard	Impact
<b>IPSAS 40: Public Sector Combinations.</b>	<b>Applicable: 1<sup>st</sup> January 2019</b> The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only). Business combinations and combinations arising from non-exchange transactions which are covered purely under Public Sector Combinations as amalgamations.

**New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2020.**

Standard	Effective Date and Impact
<p><b>IPSAS 41:</b> Financial Instruments</p>	<p><b>Applicable: 1<sup>st</sup> January 2022</b></p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of amounts, timing and uncertainty of an entity's future cash flow.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29 by:</p> <ul style="list-style-type: none"> <li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for the instruments held as part of the risk management strategy.</li> </ul>
<p><b>IPSAS 42:</b> Social Benefits.</p>	<p><b>Applicable: 1<sup>st</sup> January 2022</b></p> <p>The objective of this standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of financial statements and general purpose financial reports assess:</p> <ol style="list-style-type: none"> <li>a) The nature of such social benefits provided by the entity;</li> <li>b) The key features of the operation of those social benefit schemes; and</li> <li>c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.</li> </ol>

<p>Amendments to other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p><b>Applicable: 1<sup>st</sup> January 2022</b></p> <ul style="list-style-type: none"> <li>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</li> <li>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</li> <li>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</li> <li>d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</li> </ul>
<p>Other improvements to IPSAS</p>	<p><b>Applicable: 1<sup>st</sup> January 2021</b></p> <ul style="list-style-type: none"> <li>a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks.</li> <li>b) IPSAS 13, Leases and IPSAS 17, Property, Plant and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved.</li> <li>c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant and Equipment and IPSAS 31, Intangible Assets.</li> <li>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the standard.</li> </ul>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### ii. Early Adoption of Standards

The Agency did not early-adopt any new or amended standards in year 2020.

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### a) Revenue Recognition

#### i) Revenue from Non-Exchange Transactions

#### Transfers from Other Government Entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Board and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realized in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the Board and the fair value of the asset can be measured reliably.

#### ii) Revenue from Exchange Transactions

#### Rendering of Services

The Board recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

### **Sale of Goods**

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the entity.

### **Interest Income**

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

### **b) Budget Information**

The original budget for FY 2019/2020 was approved by the National assembly in April 2019. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Agency recorded additional appropriations of KShs.274,889,019 on the 2019/2020 budget following the board's approval.

The Agency's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section xv of these financial statements.

### **c) Property, Plant and Equipment**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major replacement is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Revaluation will be done every five years and assets stated at valuation less accumulated depreciation and impairment losses. Any accumulated depreciation will be eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset. Decreases that offset previous increases of same assets will be charged against the revaluation reserve. Increase in carrying amount on revaluation will be credited to a revaluation reserve in the accumulated fund. The carrying amount of replaced asset will be derecognized.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Depreciation is calculated on the straight line basis at annual rates to write off the cost of assets over their estimated useful lives by equal annual instalments at the following rates;

(a) Motor Vehicles	25%
(b) Office Equipment	12.5%
(c) Furniture & Fittings	12.5%
(d) Computers	33.33%

### d) Intangible Assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The useful life of the intangible assets is assessed as either finite or indefinite. Amortization is calculated on a straight line basis at 33.33% per annum.

### e) Leases

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **f) Financial Instruments**

#### **Financial Assets**

##### **Initial Recognition and Measurement**

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Board determines the classification of its financial assets at initial recognition.

##### **Loans and Receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

##### **Held-to-Maturity**

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Board has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **Impairment of Financial Assets**

The Board assesses at each reporting date whether there is objective evidence that a financial asset or a part of financial assets is impaired. A financial asset or a part of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors or a part of debtors are experiencing significant financial difficulty;
- Default or delinquency in interest or principal payments;
- The probability that debtors will enter bankruptcy or other financial reorganization; and
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults).

### **Financial Liabilities**

#### **Initial Recognition and Measurement**

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Board determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

#### **Loans and Borrowing**

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

### **g) Provisions**

Provisions are recognized when the Board has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Board expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

### **Contingent Liabilities**

The Board does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

### **Contingent Assets**

The Board does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Board in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

#### **h) Nature and Purpose of Reserves**

The Agency creates and maintains reserves in terms of specific requirements.

#### **Retained Earnings**

This is the portion of net income of the Board that is retained by the corporation. If the Board incurs a loss, then that loss reduces the corporation's retained earnings balance.

#### **Revaluation Reserve**

This represents surplus on revaluation of property, plant and equipment. Three motor vehicles that had been fully depreciated were revalued in a previous financial year to reflect their current market value.

#### **Capital Reserve (Sinking Fund)**

The Agency makes provision for the renewal of depreciating assets by maintaining a sinking fund with balances sufficient to replace the assets on a need basis.

#### **i) Changes in Accounting Policies and Estimates**

The Agency recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

#### **k) Employee Benefits**

##### **Retirement Benefit Plans**

The Agency provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

The Agency currently contributes to a defined contribution pension scheme at the rate of 15% of basic pay and to the National Social Security Fund (NSSF) as provided in the relevant statute.

### **Employee Entitlements**

The estimated monetary liability for accrued employee annual leave entitlement at the statement of financial position reporting date is recognized as an expense in the statement of financial performance and accrued in the statement of financial position. Employee's entitlement to gratuity are recognized when they accrue and a provision for the liability is made in the statement of financial position.

### **l) Foreign Currency Transactions**

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

### **m) Related Parties**

The Agency regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Agency, or vice versa. Members of key management are regarded as related parties and comprise the directors, CEO and senior managers.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### n) 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 Kenya Commercial Bank and Housing Finance Limited at the end of the financial year.

### o) Comparative Figures

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

### p) 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 June 30, 2020.

## 5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Agency's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

### Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Agency based its assumptions and estimates on parameters available when the financial statements were prepared.

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Agency. Such changes are reflected in the assumptions when they occur (*IPSAS 1.140*).

### **Useful Lives and Residual Values**

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset based on the assessment of experts employed by the Agency;
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes;
- The nature of the processes in which the asset is deployed;
- Availability of funding to replace the asset; and
- Changes in the market in relation to the asset.

### **Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 21.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**6. Revenue**

**Transfer from Ministries, Departments and Agencies**

<b>Name of Entity Sending the Grant</b>	<b>Amount recognized to the Statement of Comprehensive Income</b>	<b>Amount deferred under deferred Income</b>	<b>Amount recognized in capital fund</b>	<b>Total grant income during the FY 2019/2020</b>	<b>FY 2018/2019</b>
	<i>KShs</i>	<i>KShs</i>	<i>KShs</i>	<i>KShs</i>	<i>KShs</i>
State Department for Tourism	140,000,000	-	-	140,000,000	137,337,200
State Department for Trade	332,800,000	-	-	332,800,000	322,440,000
<b>Total</b>	<b>472,800,000</b>	<b>-</b>	<b>-</b>	<b>472,800,000</b>	<b>459,777,200</b>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	DETAILS	2019/2020	2019/2020	2019/2020	2018/2019	2018/2019	2018/2019
		CONSOLIDATED	BKB	EPC	CONSOLIDATED	BKB	EPC
		KShs	KShs	KShs	KShs	KShs	KShs
7	Other Recurrent Grants - Donors	32,075,234		32,075,234	5,500,000		5,500,000
	Deferred Income	-		-	92,000,000		92,000,000
8	<b>OTHER INCOME</b>						
	Sundry income	-		-	100	100	
	Participation Fees from Trade Fairs	-		-	2,320,297		2,320,297
	Gain on Disposal of Assets/Tenders	-		-	600,000		600,000
	Interest Income from Bank Deposits	11,667,200	11,667,200	-	11,618,711	11,618,711	
	Revenue from Provision of Service	585,000		585,000	80,000	80,000	
	<b>Sub- Total</b>	<b>12,252,200</b>	<b>11,667,200</b>	<b>585,000</b>	<b>14,619,108</b>	<b>11,698,811</b>	<b>2,920,297</b>
9	<b>USE OF GOODS AND SERVICES</b>						
(a)	<b>Administrative Expenses</b>						
	Office Rent and Service Charge	42,708,237	3,318,110	39,390,127	43,313,298	13,272,440	30,040,858
	Travelling expenses	10,458,534	5,144,846	5,313,688	7,071,027	4,912,565	2,158,462
	Medical Insurance Expenses	29,619,923	36,942,422	(7,322,499)	30,150,069	9,163,644	20,986,425
	Recruitment and Training	11,790,972	692,196	11,098,776	9,123,053	4,838,245	4,284,808
	Telephone	1,099,871	26,731	1,073,140	3,956,587	122,763	3,833,824
	Printing and Stationery	2,502,183	41,765	2,460,418	4,558,279	1,154,529	3,403,750
	Motor Vehicle Expenses	3,903,640	354,959	3,548,681	5,537,170	2,147,526	3,389,644
	General Insurance	2,532,217	794,653	1,737,564	1,940,608	1,033,573	907,035
	Postal and Internet Expenses	5,105,693	351,430	4,754,263	3,919,707	1,491,498	2,428,209
	Legal and Professional Fees	1,620,532		1,620,532	6,392,900	6,330,000	62,900



		2019/2020	2019/2020	2019/2020	2018/2019	2018/2019	2018/2019
	DETAILS	Consolidated	BKB	EPC	Consolidated	BKB	EPC
		KShs	KShs	KShs	KShs	KShs	KShs
	Professional Membership Subscriptions	113,055		113,055	123,753	105,753	18,000
	Newspapers and Magazines	251,382	28,602	222,780	357,260	116,500	240,760
	External Auditors' Fees	970,000		970,000	815,500	348,000	467,500
	Club Subscriptions	4,244,785	500,535	3,744,250	966,456	-	966,456
	Entertainment Expenses	297,471	8,457	289,014	462,684	32,760	429,924
	Catering Expenses	2,909,291	114,339	2,794,952	3,815,449	1,951,660	1,863,789
	Cleaning Services	1,757,335		1,757,335	2,688,408	654,240	2,034,168
	Internal Audit	109,040	109,040	-	262,001		262,001
	Advertising	140,294	140,294	-	1,342,916	1,342,916	-
	Staff Induction and Merger	9,124,371		9,124,371	22,287,534	7,662,235	14,625,299
	Bank charges	624,853	46,682	578,171	444,583	115,884	328,699
	<b>Sub- Total</b>	<b>131,883,678</b>	<b>48,615,061</b>	<b>83,268,617</b>	<b>149,529,242</b>	<b>56,796,731</b>	<b>92,732,511</b>
(b)	<b>Other Operating Expenses</b>						
	Expo expenses	40,223,480		40,223,480	18,961,424		18,961,424
	Fairs and exhibitions	20,998,319		20,998,319	77,000,653		77,000,653
	Trade promotion, Export Research and publicity	21,472,892		21,472,892	42,548,547		42,548,547
	Kenya Trade Week & KEYA Awards and Advertising	8,397,185		8,397,185	10,436,389		10,436,389
	Nation Brand Development, Marketing and Communication	22,003,877	1,166,248	20,837,039	55,376,120	55,376,120	-
	ISO Certification	58,000		58,000	1,457,162		1,457,162
	Performance Contracting Expenses	329,570		329,570	686,885	686,885	
	CBIK Expenses	3,053,592		3,053,592	5,427,787		5,427,787
	Strategic Plan Development, Evaluation & Review	6,050,740		6,050,740	479,704		479,704
	<b>Sub- Total</b>	<b>122,587,065</b>	<b>1,166,248</b>	<b>121,420,817</b>	<b>212,374,672</b>	<b>56,063,005</b>	<b>156,311,667</b>
	<b>TOTAL USE OF GOODS AND SERVICES</b>	<b>254,470,743</b>	<b>49,781,309</b>	<b>204,689,434</b>	<b>361,903,913</b>	<b>112,859,736</b>	<b>249,044,177</b>

		2019/2020	2019/2020	2019/2020	2019/2020	2019/2020	2019/2020
	Details	Consolidated	BKB	EPC	Consolidated	BKB	EPC
		KShs	KShs	KShs	KShs	KShs	KShs
10	<b>STAFF COSTS</b>						
	Basic Pay	111,237,235	43,053,666	68,183,569	104,741,577	39,595,479	65,146,098
	Other Remunerative Allowances	57,795,326	15,354,000	42,441,326	54,114,293	13,291,400	40,822,893
	Other Personnel Costs	6,725,230		6,725,230	2,155,212		2,155,212
	Leave Allowance	2,300,377	1,135,937	1,164,440	564,000	564,000	
	Staff Welfare Costs	2,816,412		2,816,412	1,356,847	31,908	1,324,939
	Casual, Internship & Industrial Attachment Costs	2,505,066	46,200	2,458,866	1,574,650	106,750	1,467,900
	Pension Costs	15,330,443	5,160,670	10,169,773	12,823,377	5,050,043	7,773,334
	Gratuity Costs	12,003,909		12,003,909	7,774,247		7,774,247
	Staff Telephone Allowance	4,747,317	697,500	4,049,817	2,209,881	1,615,900	593,981
	Provision for Accrued Leave	(1,372,606)	(1,952,277)	579,672	(84,864)	(84,864)	
	Group Life Insurance	1,262,674		1,262,674	-		-
	Social Security Costs	126,600		126,600	164,400		164,400
		<b>215,477,984</b>	<b>63,495,696</b>	<b>151,982,288</b>	<b>187,393,619</b>	<b>60,170,616</b>	<b>127,223,003</b>
11	<b>BOARD EXPENSES</b>						
	Chairman's Honoraria and Telephone Allowance	912,194	102,452	809,742	1,711,516	1,007,200	704,316
	Board Sitting Allowances	7,621,100	280,000	7,341,100	6,672,866	2,052,000	4,620,866
	Travel, Accommodation and Other Expenses	3,423,495	42,196	3,381,299	2,008,795	468,020	1,540,775
	Training	-			300,000	300,000	
	CEO's Emoluments and Gratuity	-			2,818,587	2,818,587	
		<b>11,956,789</b>	<b>424,648</b>	<b>11,532,141</b>	<b>13,511,763</b>	<b>6,645,807</b>	<b>6,865,956</b>



		2019/2020	2019/2020	2019/2020	2019/2020	2019/2020	2019/2020
	Details	Consolidated	BKB	EPC	Consolidated	BKB	EPC
		KShs	KShs	KShs	KShs	KShs	KShs
12	<b>DEPRECIATION AND AMORTIZATION</b>						
	Depreciation of Property, Plant and Equipment	16,949,511	5,898,962	11,050,549	16,176,793	6,247,944	9,928,849
	Amortisation of Intangible Assets	2,003,539	-	2,003,539	1,930,113	-	1,930,113
		<b>18,953,050</b>	<b>5,898,962</b>	<b>13,054,088</b>	<b>18,106,905</b>	<b>6,247,944</b>	<b>11,858,961</b>
13	<b>REPAIRS AND MAINTENANCE</b>						
	Repairs and Maintenance - Office Equipment	763,120	-	763,120	942,777	-	942,777
	Repairs and Maintenance - Furniture & Fittings	275,734	-	275,734	1,353,278	157,495	1,195,783
	Repairs and Maintenance - Computers	799,616	-	799,616	1,774,450	237,294	1,537,156
	Repairs and Maintenance - Software	-	-	-	292,238	292,238	-
		<b>1,838,470</b>	<b>-</b>	<b>1,838,470</b>	<b>4,362,743</b>	<b>687,027</b>	<b>3,675,716</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 14. Cash and Cash Equivalents

Description	2019/2020	2018/2019
	KShs	KShs
Investment in Call Deposit	797,891	5,861,460
Bank and Cash Balances	668,284,583	594,572,635
<b>Total</b>	<b>669,082,474</b>	<b>600,434,095</b>

#### 14 (a) Detailed Analysis of the Cash and Cash Equivalents

Financial Institution	Account Number	2019/2020	2018/2019
		KShs	KShs
(a) Kenya Commercial Bank (Brand Kenya Board)	1110627041	485,777,486.70	434,405,254
(b) Kenya Commercial Bank (Main)	1104822008	177,515,946.04	138,458,418.84
(c) Kenya Commercial Bank (CBIK)	1104823411	121,375.25	625,591.25
(d) Kenya Commercial Bank (Participation)	1104715384	754,070.27	14,332,022.62
(e) Kenya Commercial Bank (DANIDA)	1104823934	3,990,503.96	2,566,089.96
(f) Kenya Commercial Bank (Dollar)	1129327957	18,472.63	215,217.52
(g) Kenya Commercial Bank (Euro)	1129328007	21,025.70	3,791,908.22
(h) Housing Finance- Call Deposit Acc	SD 200-0001013	797,891.01	5,861,460.00
(i) Cash in Hand (Petty Cash)	-	85,702	178,132.44
<b>Total</b>		<b>669,082,474</b>	<b>600,434,095</b>

The cash is held in Kenya Commercial Bank, University Way & Capital Hill Branches and Housing Finance Company and includes **KShs. 30,620,078** being the balance of the capital replacement reserve (sinking fund).



### 15. Receivables from Exchange Transactions

Description	2019/2020	2018/2019
	KShs	KShs
State Department of Trade	4,548,870	
Prepayments	28,183,796	19,933,872
<b>Total</b>	<b>32,732,665</b>	<b>19,933,872</b>

### 16. Receivables from Non-Exchange Transactions

Description	2019/2020	2018/2019
	KShs	KShs
Travel Advances	2,370,103	8,616,971
Staff Receivables	24,297,196	24,099,803
<b>Total</b>	<b>26,667,299</b>	<b>32,716,774</b>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

<b>17. Property, Plant &amp; Equipment</b>						
	<b>Equipment</b>	<b>Computers</b>	<b>Furniture &amp; Fittings</b>	<b>Motor Vehicles</b>	<b>Total</b>	
<b>Cost/Valuation</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>
As at 1 July 2018	<b>33,391,999</b>	<b>55,237,765</b>	<b>47,402,738</b>	<b>72,595,842</b>	<b>208,628,343</b>	
Additions	1,109,900	8,600,744	1,310,575	7,082,000	<b>18,103,219</b>	
Disposals	-	-	-	-	-	
<b>At 30 June 2019</b>	<b>34,501,899</b>	<b>63,838,509</b>	<b>48,713,313</b>	<b>79,677,842</b>	<b>226,731,562</b>	
Additions	30,000	957,255	-	-	<b>987,255</b>	
<b>At 30 June 2019</b>	<b>34,531,899</b>	<b>64,795,764</b>	<b>48,713,313</b>	<b>79,677,842</b>	<b>227,718,817</b>	
<b>Depreciation</b>						
At 1 July 2018	<b>26,011,633</b>	<b>45,687,367</b>	<b>38,877,428</b>	<b>58,250,160</b>	<b>168,826,589</b>	
Depreciation	1,496,550	4,879,154	2,359,870	7,441,220	<b>16,176,793</b>	
Disposals	-	-	-	-	-	
<b>At 30 June 2019</b>	<b>27,508,183</b>	<b>50,566,521</b>	<b>41,237,298</b>	<b>65,691,380</b>	<b>185,003,381</b>	
Depreciation	1,708,795	5,442,402	1,607,416	8,190,901	<b>16,949,513</b>	
<b>At 30 June 2020</b>	<b>29,216,977</b>	<b>56,008,923</b>	<b>42,844,714</b>	<b>73,882,281</b>	<b>201,952,894</b>	
<b>Net Book Values</b>						
<b>At 30 June 2020</b>	<b>5,314,921</b>	<b>8,786,841</b>	<b>5,868,599</b>	<b>5,795,561</b>	<b>25,765,923</b>	
<b>At 30 June 2019</b>	<b>6,993,716</b>	<b>13,271,988</b>	<b>7,476,015</b>	<b>13,986,462</b>	<b>41,728,181</b>	



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 18. Intangible Assets - Software

Description	2019/2020	2018/2019
	KShs	KShs
<b>Cost</b>		
At Beginning of the Year	22,995,015	15,014,178
Additions	-	7,980,837
<b>At the End of the Year</b>	<b>22,995,015</b>	<b>22,995,015</b>
<b>Amortization</b>		
At Beginning of the Year	16,923,465	14,993,352
Additions	2,003,539	1,930,113
<b>At the End of the Year</b>	<b>18,927,004</b>	<b>16,923,465</b>
<b>NBV</b>	<b>4,068,011</b>	<b>6,071,550</b>

The Board has software that cost **KShs.5,932,821.00** which is fully amortized but still in use.

### 19. Trade and Other Payables from Exchange Transactions

Description	2019/2020	2018/2019
	KShs	KShs
Trade Payables	26,895,966	61,457,505
<b>Total</b>	<b>26,895,966</b>	<b>61,457,505</b>

## 20. Payables from Non-Exchange Transactions

Description	2019/2020	2018/2019
	KShs	KShs
Payroll Liabilities	(332,424)	
Deferred Income	81,000,000	-
Staff Welfare Fund	100,700,844	100,080,408
<b>Total</b>	<b>181,368,420</b>	<b>100,080,408</b>

## 21. Current Provisions

Description	2019/2020	2018/2019
	KShs	KShs
Current Provisions (Leave)	4,562,620	5,850,362
Provision for Staff Gratuity	6,947,520	9,384,751
Provision for Doubtful Debt		
<b>Total</b>	<b>11,510,140</b>	<b>15,235,113</b>

## 22. Reserves

Description	General Fund	Revaluation Reserve	Total Reserves
	KShs		KShs
Balance Brought Forward 1 <sup>st</sup> July 2018	514,713,949	9,397,500	524,111,449
Surplus/(Deficit) for the year 2018/19	14,430,398	-	14,430,398
	-		
Balance as at 30 <sup>th</sup> June 2019	<b>529,144,347</b>	<b>9,397,500</b>	<b>538,541,847</b>
Surplus/(Deficit) for the year 2019/20	(31,926,153)		(31,926,153)
<b>Total</b>	<b>497,218,194</b>	<b>9,397,500</b>	<b>506,615,694</b>



## **23. Financial Risk Management**

The Agency's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Agency's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimize the potential adverse effects of such risks on its performance by setting acceptable levels of risk. The Agency does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

The Agency's financial risk management objectives and policies are detailed below;

### **i) Credit Risk**

The Agency has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal and external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net allowances for doubtful receivables, estimated by the Agency's management based on prior experience and their assessment of the current economic environment.

The carrying amount of financial assets recorded in the financial statements representing the Agency's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows;

	Total Amount	Fully Performing	Past Due	Impaired
At 30 June 2020	KShs	KShs	KShs	KShs
Receivables from Exchange Transactions	32,732,666	32,732,666	-	-
Receivables from Non-Exchange Transactions	26,667,299	26,667,299	-	-
Bank Balances	669,082,474	669,082,474	-	-
<b>Total</b>	<b>728,482,438</b>	<b>728,482,438</b>	-	-
<b>At 30 June 2019</b>				
Receivables from Exchange Transactions	19,933,872	19,933,872	-	-
Receivables from Non-Exchange Transactions	32,716,774	32,716,774	-	-
Bank Balances	600,434,095	600,434,095	-	-
<b>Total</b>	<b>653,084,741</b>	<b>653,084,741</b>	-	-

## ii) Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Agency's directors who have built an appropriate liquidity risk management framework for the management of the Agency's short, medium and long-term funding and liquidity management requirements. The Agency manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the Agency under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.



	<b>Less than 1 Month</b>	<b>Between 1 – 3 Months</b>	<b>Over 3 Months</b>	<b>Total</b>
<b>At 30 June 2020</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>
Trade Payables	26,895,966	-	-	26,895,966
Employee Benefit Obligations	11,510,140	-	-	11,510,140
<b>Total</b>	<b>38,406,106</b>	<b>-</b>	<b>-</b>	<b>38,406,106</b>
<b>At 30 June 2019</b>				
Trade Payables	61,457,505	-	-	61,457,505
Employee Benefit Obligations	15,235,113	-	-	15,235,113
<b>Total</b>	<b>76,692,618</b>	<b>-</b>	<b>-</b>	<b>76,692,618</b>

**iii) Market Risk**

The Agency has put in place an internal audit function to assist it in assessing the risk faced by the entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Board's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Overall responsibility for managing market risk rest with the Audit and risk Management Committee.

The Board's Finance department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day to day implementation of those policies.

There has been no change to the Board's exposure to market risks or the manner in which it manages and measures risk.

**a) Foreign Currency Risk**

The Board does not have transactional currency exposures.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**b) Interest Rate Risk**

Interest rate risk is the risk that the Agency's financial condition may be adversely affected as a result of changes in interest rate levels. The Agency's interest rate risk arises from the bank deposits. This exposes the Agency to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the company's deposits.

## Fair Value of Financial Assets and Liabilities

### Financial Instruments Measured at fair value

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Agency's market assumptions.

The Board does not hold any financial instruments hence no disclosure of fair values of financial instruments not measured at fair value has been made.

#### iv) Capital Risk Management

The objective of the Agency's capital risk management is to safeguard the Agency's ability to continue as a going concern. The Agency's capital structure comprises of general fund and revaluation reserve as follows;

Description	2019/2020	2018/2019
	KShs	KShs
General Fund	497,218,194	529,144,345
Revaluation Reserve	9,397,500	9,397,500
<b>Total Funds</b>	<b>506,615,694</b>	<b>538,541,845</b>
Total Borrowings	-	-
Less: Cash and Bank Balances	669,082,474	600,434,095
Net Debt (Excess Cash and Cash Equivalents)	669,082,474	600,434,095
<b>Gearing</b>	-	-



### **23. Events after the Reporting Period**

There were no material adjusting events after the reporting period.

Further to the recommendations of the Presidential Taskforce Report on State Corporations Reforms to merge former Brand Kenya Board, Export Promotion Council, Kenya Investment Authority, Kenya Tourist Board and Kenya Yearbook Editorial Board, the process of merging these institutions began in September 2020.

### **Ultimate and Holding Entity**

The Agency is a state corporation under the Ministry of Industry, Trade and Enterprise Development. Its ultimate parent is the Government of Kenya.

### **24. Currency**

The financial statements are presented in Kenya Shillings (KShs).

### **25. Contingent Liabilities**

The Agency has three ongoing litigations by former employees and SportPicha Agencies. One case is by a former Brand Kenya Board employee (Industrial case no. 1441 of 2014) for work injury and other claims for a total of KShs. 7,455,496. The other case is by former Brand Kenya Board Chief Executive Officer for alleged wrongful dismissal and for Sportpicha Agencies it has alleged breach of copyrights. The outcome of the cases cannot be accurately determined as at the end of the financial year.

### **26. Capital Commitments**

The Agency did not have any capital commitments at the end of the financial year.

### **27. In-Kind Support**

#### **The International Horticultural Exhibition in Beijing China- In-Kind Support**

The International Association of Horticultural Producers (AIPH), organized the international exhibition, aimed at uniting horticultural producers globally, thereby awakening the mutually important bond with nature in the production of horticulture and supporting the work of grower

associations all over the globe and championing a prosperous industry, growing plants that enhance lives, advance societies and sustain the planet, for the present and future generations. The Export Promotion Council (now referred as Kenya Export Promotion and Branding Agency) in collaboration with key Government Ministries and State Corporations was the implementing agency for Kenya's participation in the International Horticultural Exhibition in Beijing China. The Exhibition was running for six months as from 29<sup>th</sup> April 2019 to 7<sup>th</sup> October 2019.

The China Government through the EXPO organizer (The International Association of Horticultural Producers) of International Horticultural Exhibition 2019 Beijing China supported the Republic of Kenya **In kind** through the Export Promotion Council (now referred as Kenya Export Promotion and Branding Agency) to undertake the International Horticultural Exhibition 2019 Beijing at cost amounting to **RMB 1,500,000** equivalent to **KShs. 21 Million (In-kind Support)** towards Kenya Pavilion Design and Construction, Outdoor exhibition expenses related to design, build up and demolition of the entire exhibition grounds occupied by Kenya Pavilion during this event.

### **Fruit Logistica In Berlin Germany 31<sup>st</sup> January – 11<sup>th</sup> February 2020**

The trade fair was to deepen Kenya's trade relations and enhance market linkages with Germany and the European Union. Fruit Logistica presented a great platform to enhance the country's visibility and create more awareness on Kenya's export products through exports promotion, branding, media and publicity activities. The support was amounting to KShs.184,900 towards travel, Upkeep for one officer and one booth for the Agency.

### **28. Taxation**

The Agency is established under the State Corporations Act and is fully funded by the exchequer.

### **29. Financial Statements Comparative for Figures for FY2018/2019**

The Agency came into existence on 9<sup>th</sup> August 2019 and the financial statements have been prepared using the opening balances of Export Promotion Council and Brand Kenya Board as of 1<sup>st</sup> July 2019. Since all the assets and liabilities for the two institutions were carried over to the new entity as per clause 19 (d) of the Legal Notice No.110, 2019 (Attached). The comparative figures in the financial statements reflects the Audited consolidated balances of the two merged



institutions (Export Promotion Council and Brand Kenya Board) as guided by the Legal notice No. 110, 2019.

### 30. Related Party Balances

#### Nature of Related Party Relations

Entities and other parties related to the entity include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members.

#### Government of Kenya

The Agency is a state corporation fully owned by the Government of Kenya under the Ministry of Industry, Trade and Enterprise Development. The Agency received recurrent grants of Kshs.553,800,000 from the National Treasury through the State Department of Tourism and the State Department of Trade.

	2019/2020	2018/2019
<b>Transactions with related parties</b>	<b>KShs</b>	<b>KShs</b>
<b>(a) Grants from the Government</b>		
Grants from National Government	401,600,000	553,800,000
<b>(b) Key Management Compensation</b>		
Directors Emoluments & Other Expenses	14,936,772	11,956,789
Compensation to Key Management	100,678,821	77,965,266
<b>Total</b>	<b>115,615,593</b>	<b>89,922,055</b>



**31. APPENDICES**

**APPENDIX 1: PROGRESS ON FOLLOW-UP OF AUDITOR RECOMMENDATIONS**

Ref. No. on External Audit Report	Issue/ Observations from Auditor	Management Comments	Focal Point Person to Resolve the Issue.	Status	Timeframe

Dr. WILFRED MARUBE  
 CHIEF EXECUTIVE OFFICER

MR. JASWINDER BEDI, EBS, MBS  
 CHAIRMAN, BOARD OF DIRECTORS

DATE: 17/11/21

DATE: 17/11/21



## **APPENDIX 2: PROJECTS IMPLEMENTED BY THE BOARD**

There were no projects implemented by the Board which were funded by development Partners.

### APPENDIX 3: INTER-ENTITY TRANSFERS

Kenya Export Promotion and Branding Agency				
Break Down of Transfers from the State Department for Tourism				
FY 2020/2021				
(a) Recurrent Grants	Bank Statement Date	Amount (KShs)	FY to which Amounts Relate	
	08/10/2020	100,400,000	2020/2021	
	29/01/2021	100,400,000	2020/2021	
	16/04/2021	100,400,000	2020/2021	
	13/05/2021	100,400,000	2020/2021	
	05/07/2021	100,000,000	2020/2021	
	<b>Sub-Total</b>	<b>501,600,000</b>		
Break Down of Transfers from the State Department for Trade				
FY 2019/2020				
	08/11/2019	78,450,000	2019/2020	
	27/02/2020	231,541,600	2019/2020	
	23/04/2020	358,400	2019/2020	
	03/06/2020	78,450,000	2019/2020	
	08/06/2020	25,000,000	2019/2020	
	<b>Sub-Total</b>	<b>413,800,000</b>		
	<b>Total</b>	<b>553,800,000</b>		

The above amounts have been communicated to and reconciled with the parent ministries.



**APPENDIX 4: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

Name of MDA / Donor Transferring the Funds	Date Received as per Bank Statement	Nature: Recurrent / Development / Others	Total Amount (KShs)	Where Recorded	Total Transfers During the Year
				<i>Statement of Financial Performance</i>	
N/A	N/A	N/A	NIL	N/A	NIL

There were no transfers from other government entities in the FY 2019/2020.