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OF

THE AUDITOR-GENERAL

ON

**KENYATTA INTERNATIONAL
CONVENTION CENTRE**

**FOR THE YEAR ENDED
30 JUNE, 2021**



**The Kenyatta International
Convention Centre**

Africa's Premier Meeting Venue

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
REGISTRY

25 MAY 2022

RECEIVED

Kenyatta International Convention Centre

ANNUAL REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDING
JUNE 30, 2021

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

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1. KEY ENTITY INFORMATION & MANAGEMENT

Background information

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

Principal Activities

The principal activities of the Corporation are to:

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

Directors

The Board of Directors are shown on page 4.

Corporate Headquarters

Kenyatta International Convention Centre,
P.O. Box 30746 - 00100
KICC Building
Harambee Avenue
Nairobi, KENYA

Corporate Contacts

Telephone: (254)-20-2247277, 3620000

Fax: (254)-20-310223

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

Website: www.kicc.co.ke

Corporate Bankers

Kenya Commercial Bank
KICC Branch, Harambee Avenue
P.O. Box 46950-00100
City Square 00200
Nairobi, Kenya

Co-operative Bank of Kenya
City Hall Branch
P.O Box 44805-00100
Nairobi
Kenya







Independent Auditors

Auditor General
Office of the Auditor General (OAG)
Anniversary Towers, University Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya

Principal legal advisor

The Attorney General,
State law Office,
P.O BOX 40112-00200
Harambee Avenue
Nairobi, Kenya

2. THE BOARD OF DIRECTORS




	<p>Mr. Immanuel Imana Ichor</p>	<p>Non Executive Chairman</p>	<ul style="list-style-type: none"> ✓ BSc Business Admin – USIU ✓ Certificate in HR Development ESAMI – Arusha ✓ SMC – KIA – Kabete ✓ Certificate in Cooperative Management – Russia ✓ Certificate in Cooperative Development – KIA ✓ Certificate in Fishery Administration – Norway ✓ Certificate in Book Keeping and Management ✓ 5 years’ experience as MD in State Corporations. ✓ 3 years as Chairman of State Corporations. ✓ 9 years as GM in Fisheries Corporations. ✓ 5 Years as Manager of Polytechnics ✓ 1.5 Years as program officer UNICEF ✓ 4 Years as Accountant with Local Authorities.
	<p>Ms. Nana W Gecaga</p>	<p>Chief Executive Officer / Secretary to the Board</p>	<ul style="list-style-type: none"> ✓ MBA Roehampton University ✓ BA (AIU) UK ✓ Over 17 years’ experience in Public Relations and Marketing. ✓ YOB 1978
	<p>Ms. Lucy Macridis</p>	<p>Independent Director</p>	<ul style="list-style-type: none"> ✓ Certificate from CIM ✓ Wide experience in Tourism Industry ✓ YOB 1967
	<p>Mrs Jane Adam</p>	<p>Independent Director</p>	<ul style="list-style-type: none"> ✓ BSc in Tourism and Hospitality Management ✓ Over 30 years’ experience in Tourism Industry ✓ YOB 1961
	<p>Capt. (Rtd) Kenneth Boit</p>	<p>Independent Director</p>	<ul style="list-style-type: none"> ✓ BA, International Relations and Strategic Studies. ✓ 14 years’ experience in military. ✓ Over 20 years’ experience in Consultancy on Security Matters. ✓ YOB 1964
	<p>FCPA Joseph W. Wamae</p>	<p>Independent Director</p>	<ul style="list-style-type: none"> ✓ FCPA (K) ✓ MBA ✓ B. Com ✓ Over 34 years’ experience in auditing and accounting advisory services: 21 years with Deloitte East Africa and 13 years with PWC Kenya.

	Dr. Betty A. Radier, PhD	Chief Executive Officer - KTB	<ul style="list-style-type: none"> ✓ PhD Entrepreneurship and small Business Development, University of Cape town. ✓ MBA – Strategy and Finance. ✓ Bachelors – Design. ✓ 20 years’ experience in management and currently Chief Executive Officer – KTB ✓ YOB 1968
	Ms. Kavi Mwendwa	Independent Director	<ul style="list-style-type: none"> ✓ Diploma in Food and Beverage ✓ Over 24 years’ experience in Hospitality Industry ✓ YOB 1965
	Ms. Winnie Katanu Mwalimu	Alternate to the PS/National Treasury	<ul style="list-style-type: none"> ✓ MSc Economics ✓ BA (Hons) ✓ Member ESK ✓ Over 20 years’ experience in Treasury/Financial Management, Procurement, Budgeting and Research. ✓ YOB 1971
	Hon. Safina K. Tsungu, CBS	PS State Department Tourism	<ul style="list-style-type: none"> ✓ Master’s Degree in International Trade Policy and Trade Law – Lund University (Sweden). ✓ B. Com – UoN ✓ Over 20 years’ experience. ✓ PS State Department of Tourism ✓ Served in several institutions and organizations both in the private sector and civil society. ✓ Served as PS Gender. ✓ Worked as CEC Member Trade and Cooperative Development Kwale County. ✓ Worked with Action Aid International-Kenya as a Women’s Rights Coordinator. ✓ Served the EAC as a Legislator in the second EALA. ✓ Chaired the Parliamentary Standing Committee on Agriculture, Tourism and Natural Resources. ✓ Pioneered the establishment of the EALA Women’s Parliamentarians forum which she chaired for 5 years.
	Ms. Janefrances Mutio Mutisya	Corporation Secretary – Director Legal and Regulatory Affairs	<ul style="list-style-type: none"> ✓ LLM – Corporate Governance. ✓ LLB. ✓ Post Graduate Diploma (KSL). ✓ CPS (K). ✓ Proficiency Certificate in German. ✓ Accredited Governance and Legal Auditor. ✓ Member, ICS: LSK ✓ Over 19 years’ experience in Legal practice and Corporate Law/Practice. ✓ YOB 1974.

3. BOARD COMMITTEES

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

4. SENIOR MANAGEMENT TEAM

	Ms. Nana W Gecaga	Chief Executive Officer	<ul style="list-style-type: none"> ✓ MBA Roehampton University ✓ BA (AIU) UK ✓ Over 17 years' experience in Public Relations and Marketing. ✓ YOB 1978
	Mr. Geoffrey Thande	Director-Business Development	<ul style="list-style-type: none"> ✓ MBA-International Business. ✓ BA-Economics. ✓ Over 17 Years' experience in Marketing, Strategy, Stakeholder Management, Product Development, Competitive Analysis and Customer Service ✓ YOB 1977
	Mr. Gomeri Kombo	Director-Operations	<ul style="list-style-type: none"> ✓ BA Hospitality Management ✓ Diploma in hotel management (Switzerland) ✓ Over 20 years' experience in hospitality industry ✓ YOB 1970
	Ms. JaneFrances Mutio Mutisya	Corporation Secretary-Director Legal Services	<ul style="list-style-type: none"> ✓ LLM – Corporate Governance. ✓ LLB. ✓ Post Graduate Diploma (KSL). ✓ CPS (K). ✓ Proficiency Certificate in German. ✓ Accredited Governance and Legal Auditor. ✓ Member, ICS: LSK ✓ Over 19 years' experience in Legal practice and Corporate Law/Practice. ✓ YOB 1974.
	Mr. Hashim Hamed	Director-Corporate Planning	<ul style="list-style-type: none"> ✓ MBA Strategic Management ✓ Bachelor of Commerce (Finance) ✓ Diploma (French) ✓ Over 11 years' experience in Marketing and Strategy ✓ YOB 1983
	Mr. Luvale Muganda	Ag. Director - Corporate Services	<ul style="list-style-type: none"> ✓ MSc – Finance & Accounts ✓ B. Com (Hons) (Finance). ✓ CPA (K). ✓ Member of ICPAK & ICIFA. ✓ Over 12years' experience in Financial Management, Budgeting, Accounting & Reporting. ✓ YOB 1984

5. CHAIRMAN'S STATEMENT

On behalf of the Board of Directors of the Kenyatta International Convention Centre (KICC), I am pleased to present to you the 2020/2021 Financial Years Report and Financial Statements of the Corporation for the year ended 30th June 2021.

The year continued to face challenging business environment due to the prolonged effects of Covid 19 pandemic. The events and hospitality industry remain the most affected due to the Covid 19 restrictions in place. The usually vibrant industry was faced with events cancellations and uncertain postponement of major events.

The Centre missed out on opportunities to host signature events like the 2020 Africa & Indian Ocean Gala ceremony among others that the Corporation had won the bid to host in October 2020. Since the event was postponed to a later date, the Corporation and indeed the country missed the chance to showcase and position the destination as attractive for Meetings, Incentives Travel, Conferences and Exhibitions (MICE) as well as the monies that the country will have accrued as revenue from the ripple effect of the events

This situation affected the Corporation's revenue projection which interfered with some operations at the Centre. The reduced projected revenue due to cancellations of events led to the Corporation not being able to meet some of its operational obligations among them strict adherence to the payment schedule of the pending bills. The difficult times notwithstanding, the Corporation devised strategies to reduce its pending bills: an activity that the Corporation will keep giving priority to ensure we foster good, strong and reputable stakeholder relationship.

The Corporation however used the closure period to carry out some activities like renovations and upgrade of some facilities at the Centre. As a corporation, plans are underway to facilitate hybrid meetings for our clientele as the future of meetings adapts to the new reality of both on site and remote attendance for meetings. The Centre has already set up a virtual environment for holding virtual meetings for business continuity.

Despite the above challenges, the Corporation took necessary measures to reduce its operations by cutting down most of the activities at the centre and by adhering to other measures that the Government put in place to safeguard Government's shareholding value, meet its financial commitments-short and long term, renovate/maintain the facility in good condition to international standards/service and also took deliberate efforts in implementing efficiency measures to reduce procurement and general operating costs without compromising our operating standards. The Corporation continues to be a significant contributor to the Meetings, Incentives, Conferences and Exhibitions (MICE) Tourism growth in Kenya.

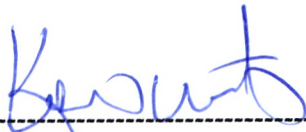
We continue to increase our efforts to ensure that all operational and tactical strategies geared towards securing higher business levels and protecting top and bottom lines have been put in place.

The Corporation further continues to implement appropriate Human Resources Management (HRM) practices and sound Corporate Social Investments (CSI) programs that complement its long-term business strategy.

As has been the case, the Board and Management remain confident that, notwithstanding the challenging business environment, the Corporation has the inherent strength and business resilience to continue to focus on its long-term growth prospects, thus maintaining its market share and its leading position in Business Events industry.

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

Thank you.



for Hon. Immanuel Ichor Imana

6. REPORT OF THE CHIEF EXECUTIVE OFFICER

The year 2020/2021 saw the hospitality and events industry adversely affected by Global pandemic Covid 19. Most events and conferences around the globe were held virtually. The few that were held physically observed caution with varied Covid 19 protocols.

BUSINESS PERFORMANCE

During the year under review, The Corporation achieved a turnover of Ksh. 534.3 Million compared to Ksh.707.8 Million from the previous year posting a profit of Ksh.17.7 Million after tax a decrease of 47.3% and achieved a Profit Before Tax of Kshs 25.3 Million (2019/20: Kshs. 49.9 Million), a 50.7% decline.

During the period the Corporation reviewed its strategies and targets to depict the current business environment. The conference targets were reduced because of the reduced revenues occasioned by restrictions on hosting events due to the pandemic.

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

SUSTAINABLE INITIATIVES

During the financial year, the Corporation regulated its power costs by supplementing the Corporation's energy with the installed solar energy. The solar panels among other green initiatives at the centre elevated the building to an environmentally friendly building

The Corporation continues to employ other environmentally friendly initiatives in its operations. Some of them include:

1. **Installation of led lighting systems**

The corporation is in the process of replacing fluorescent tubes, mercury lamps, sodium vapor lamps and other incandescent bulbs with modern light emitting diodes which are efficient and use less energy. The corporation has been able to reduce the power lighting bills by about 50%

2. **Re-use of water**

The corporation is recycling and using fountain water to do irrigation of global forests, lawns and flower gardens. The water is filtered, cleaned and recycled to be used on fountains and also used for cleaning of yards. The recycling lowers the water bills. Irrigation of the lawns and forests creates the greening effect and ameliorates the climate around the center

3. **Garbage collection and treatment system.**

The garbage at KICC is segregated and collected by outside firms for recycling and re-use

4. **Hand dryers and sensor-based taps**

The corporation has installed hand driers and sensor-based taps which have led to conservation of water and hand driers which use air instead of paper or tissues which also conserves the forests

EMPLOYEE PRODUCTIVITY

The Corporation has continued and will continue recognizing the need for Training and development. This is to enhance both staff and organizational performance, assist employee gain competences and skills for current and future responsibilities. The corporation also ensures there is availability of sufficient trained human resource base to meet the current and future requirements.

The Corporation harnessed its digital technology for the staff using Google Workspace – Google Meet.

The innovation was necessitated by the need to ensure staff meetings are held in adherence to the laid down Covid 19 protocols requiring staff to work from home and attend meetings virtually.

It also aims at ensuring that meetings are done virtually for business continuity in light of the imposed restrictions.

In the coming Financial year, we undertake to continue offering the staff trainings mostly focusing on; Mentoring and Talent Management trainings, Management level development trainings, Professional trainings, Corporate culture change training, Integrity awareness training, Corporate Governance training to mention but a few.

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

INTERNATIONAL STANDARDS

Our commitment to quality in our services and processes remain steadfast. Complying to the requirements of ISO 9001: 2015 ensures that the Corporation not only retains its status as ISO 9001: 2015 certified institution but that continuous improvement, research and development and on-going review of processes is systematically done to ensure that our processes and strategies remain current and relevant in the ever-dynamic business environment. In the long run there is positive impact on revenue, quality, costs, and customer satisfaction.

FUTURE OUTLOOK

In the Financial Year 2021/2022, the Corporation endeavours to generate and surpass the target revenue. The Corporation's strategies will be aligned with the changing needs in the environment.

The Corporation has earmarked key strategies to promote the Centre as a venue for MICE. The Corporation also looks forward to holding major events that will boost its revenue.

Our priority in 2021/2022

- 1) To improve KICC Business Events Performance and enhance its Market Share
- 2) To Facilitate Upgrade of KICC and for cutting edge service delivery
- 3) To Enhance Governance Systems and Structures for Effective and Efficient Governance
- 4) To undertake Research and Development on Products and Services for Continuous Improvement

5) To enhance Capacity Development, continuous Performance Management for Effective Service Delivery and improved Productivity

Whilst we still face the uncertainty in the business environment, we endeavour to increase our revenues.

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



Nana W. Gecaga
Chief Executive Officer

7. CORPORATE GOVERNANCE STATEMENT

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

The Board of Directors

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

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

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

Board Meetings

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

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

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

NO	BOARD MEMBER	Scheduled Meetings	Special Meetings	Total
1	Hon.Immanuel Imana Machor	5	-	5
2	Mrs. Kavi Mwendwa	5	-	5
3	Ms. Nana W. Gecaga	5	-	5
4	Mrs. Jane W. Adam	5	-	5
5	Dr. Betty Radier, PhD	5	-	5
6	Capt. (Rtd) Kenneth Boit	5	-	5
7	Ms. Lucy Macridis	5	-	5
8	FCPA. Joseph Wangai Wamae	5	-	5
9	Mwangi Nyutu Peter	5	-	5
10	Hon Safina Kwekwe Tsungu, CBS	-	-	-
11	Allan Njoroge	-	-	-
12	Ms. Winnie Mwalimu	5	-	5

Committees of the Board

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

The Board Committees and their Membership comprises of the following-

1) Finance, Human Resources and Administration

- i) Mrs. Jane W. Adam Chairperson
- ii) FCPA Joseph Wangai Wamae Member
- iii) PS, Ministry of Tourism Member
- iv) Ms. Nana W. Gecaga Member
- v) Inspector General – State Corporations

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

The Committee held five (5) regular meeting during the year under review. The attendance is as follows:

NO	BOARD MEMBER	Scheduled Meetings	Special Meetings	Total
1.	Mrs. Jane W. Adam	5	-	5
2.	Hon Safina Kwekwe Tsungu, CBS	5	-	-
3	Ms. Nana W. Gecaga	5	-	5
4	FCPA Joseph Wangai Wamae	5	-	5
5	Mwangi Nyutu Peter	5	-	5

IV) Governance and Strategy Committee

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

The Committee assists the Board in fulfilling its Corporate Governance responsibilities and ensuring best practice of the corporate governance. The Committee held one (2) regular meeting in the year under review. The attendance is as follows: -

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

Succession Plan

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

Board Remuneration

The aggregate amount paid to Directors in terms of sitting allowances for services rendered during the financial year 2020/2021 are disclosed in the Financial Statements under Note 9. Non-Executive Directors are paid sitting allowances for any meeting attended.

Risk Management and Internal Controls

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

Information and Board Developments

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

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

8. MANAGEMENT DISCUSSION AND ANALYSIS

SECTION A

KICCs operational and financial performance

Performance of KICC's Core mandates

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

Revenues

The Corporation's main revenue streams include; conference/exhibitions & events, rental income, parking fees, tower viewing and third-party revenues. In total, the Corporation's revenue for the year was KShs.534.3 Million this included, against a target of Kshs. 1.4 Billion leading to unfavourable variance of Ksh.868.5 Million. In comparison with the same period last financial year 2019/2020 the corporation reported revenue of Ksh.707.8 Million.

During the year under review, the Centre did not achieve its revenue targets on core mandates i.e. conferencing and exhibition the reason being few events booked and conferences that were scheduled postponed as a result of Covid-19 Pandemic.

Expenses

The Corporation endeavored to spend within the budget limits. Total expenditure for the year was Kshs.509.02 Million inclusive of General Provision for bad debts Kshs. 24.6 Million, depreciation and amortization amounting to Kshs.61.01 Million. The total budget for the year was Kshs. 1.3 Billion. There was favorable variance of Kshs.753.2 Million due to cost cutting measures and cost rationalization, some costs related to third party i.e. conferencing not being held due to effects of Covid-19.

In comparison to same period last year, the Corporation total operating expenses for the Year ended 30th June 2020 i.e. FY 2019/2020 was Kshs.658 Million.

Profit/Loss for the Period

Reported Profit for the year (after depreciation but before tax at 30%) was Ksh.25.3 Million.

SECTION B

KICCs compliance with statutory requirements

INTERNATIONAL STANDARDS

Our commitment to quality in our services and processes remain steadfast. Complying to the requirements of ISO 9001:2015 ensures that the Corporation not only retains its status as an ISO 9001:2015 certified institution but that continuous improvement, research and development and on-going review of processes is systematically done to ensure that our processes and strategies remain current and relevant in the ever-dynamic business environment. In the long run there is positive impact on revenue, quality, costs, and customer satisfaction.

INFORMATION AND COMMUNICATIONS TECHNOLOGY

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

SECTION C

Key projects and investment decisions KICC is planning/implementing

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

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

SECTION D

Major risks facing KICC

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

Operational Risk

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

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

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

Credit and Liquidity risks

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

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

The corporation cash and cash equivalents as at the end of the year was Kshs.429.8Million held in our bank accounts. Trade and other receivables balance were Kshs.814.8Million while trade and other payables balance was Kshs.1.08 Billion.

Legal risks

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

SECTION E

Material arrears in statutory/financial obligations

Trade and Other payables	379,107,962
Provisions for other pending bills	180,918,452
VAT Liability	136,663,005
Deferred Income	300,000,000
Accrued expenses	7,101,320
Corporation tax	150,183,482
TOTAL	1,149,427,093

SECTION F

KICCs financial improbity and serious governance issues

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

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

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

9. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 83 of the Public Finance Management (PFM) Act, 2012, Section 14 of the State Corporation's Act requires the Directors to prepare financial statements which give a true and fair view of the state of affairs of the Corporation at the end of the financial year and the operating results of the corporation for the year. As the Directors of KICC we have ensured that the corporation keeps proper accounting records which disclose with reasonable accuracy the financial position of the corporation and of the results of its operations. We are also responsible for safeguarding the assets of the Corporation and preparation of the corporation's financial statements, which give a true and fair view of the state of affairs of the Corporation as at the end of the financial year ending June 30th, 2021 and of the result of its operations for the Year then ended.

Our responsibility includes:

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

As Directors of KICC we accept responsibility for the Corporation's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards (IFRS), and in the manner required by the Section 83 of the PFM Act, 2012 and the State Corporations Act. We the Directors are of the opinion that KICC's financial statements give a true and fair view of the Corporation's transactions during the financial Year ended 30th June, 2021, and of the Corporation's financial position as at that date. We further confirm the completeness of the accounting records maintained for the Corporation, which have been relied upon in the preparation of the financial statements as well as the adequacy of the systems of internal financial control. Nothing has come to the attention as Directors to indicate that the Corporation will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Kenyatta International Convention Centre's Yearly Financial Statements have been prepared in accordance with Section 83 of the PFM Act and were approved by the Board on..... 2021 and signed on its behalf by:

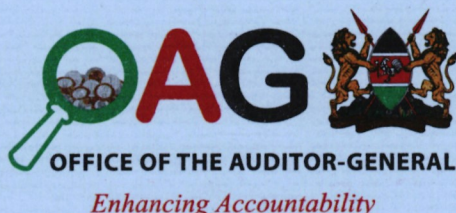


Chief Executive Officer



Chairman

REPUBLIC OF KENYA



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HEADQUARTERS
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KENYATTA INTERNATIONAL CONVENTION CENTRE FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kenyatta International Convention Centre set out on pages 1 to 29 which comprise of the statement of financial position as at 30 June, 2021, and the statement of profit or loss and other comprehensive

Report of the Auditor-General on Kenyatta International Convention Centre for the year ended 30 June, 2021

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Kenyatta International Convention Centre as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the Tourism Act No.28 of 2011 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracies in the Financial Statements

1.1 Statement of Profit and Loss and Other Comprehensive Income

The statement of profit and loss and other comprehensive income and as disclosed in Note 12 to the financial statements reflects administration costs amount of Kshs.428,013,953. However, Note 12 indicates a balance of Kshs.427,513,001 resulting to unreconciled variance of Kshs.500,952.

1.2 Notes to the Financial Statements

The statement of financial position and as disclosed in Note 15 and 16 relating to property, plant and equipment and intangible assets respectively. However, the assets movement schedule is disclosed as Note 19 while the intangible assets schedule as Note 20. Further, Note 16 also refers to income tax amount of Kshs.12,234,679 in the statement of profit and loss and other comprehensive income.

In the circumstances, the accuracy and completeness of the financial statements could not be confirmed.

2. Unsupported Property, Plant and Equipment

The statement of financial position reflects a balance of Kshs.5,043,013,103 under property, plant and equipment, as disclosed in Note 15 to the financial statements which, includes a balance of Kshs.2,296,000,000 relating to land. As previously reported, this balance excludes land commonly referred to as COMESA parking area and Courtyard on which the first Kenya President's monument stands. Further, the land on which the Garden Square Restaurant stands is under dispute between the Corporation and the County Government of Nairobi. However, a letter from the Chief-of-Staff and Head of Public Service to the Cabinet Secretary, Ministry of Lands, Housing and Urban Development clarified that the land in dispute has since been gazetted as a national monument and a part of the Corporation.

In the circumstances, the accuracy of the property, plant and equipment balance of Kshs.5,043,013,103 could not be confirmed.

3. Unsupported Staff Receivables

The statement of financial position reflects staff receivables due after one (1) year balance of Kshs.6,666,757 as disclosed in Note 19(c) to the financial statements. Included in this balance is an amount of Kshs.3,378,418 advanced to ten (10) employees as car loans. However, review of the staff receivables ledger revealed that no repayment has been received from the beneficiaries for a period of more than two (2) years. In addition, log-books that were provided as security by the Corporation did not agree with the list of staff receivables.

In the circumstances, the accuracy and completeness of the staff receivables balance of Kshs.3,378,418 could not be confirmed.

4. Long Outstanding Debts

The statement of financial position and as disclosed in Note 18 of the financial statements reflects trade and other receivables balance of Kshs.819,742,274. Included in this balance are debts owed by Ministries and Departments Agencies totalling Kshs.35,610,206 which have been outstanding for more than three (3) years. Management's efforts to recover the debts have not yielded positive results.

In the circumstances, the accuracy and recoverability of the debts balance of Kshs.35,610,206 could not be confirmed.

5. Stalled Work in Progress

The statement of financial position and as disclosed in Note 19 to the financial statements reflects property, plant and equipment balance of Kshs.5,043,013,103 which includes work in progress balance of Kshs.1,117,342,484. However, as reported in the previous year, the balance has been inactive and it was noted that Kshs.365,632,907 of the balance comprised of expenditures of recurrent nature.

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

6. Unsupported Intangible Asset

The statement of financial position reflects intangible asset balance of Kshs.17,437,778 as disclosed in Note 20 to the financial statements. Review of intangible asset ledger revealed that there was a capital revaluation reserve transaction of Kshs.23,715,995 done in the financial year 2019/2020. However, no valuation report was provided to support the revaluation.

In the circumstances, it was not possible to confirm the accuracy and completeness of the intangible asset balance of Kshs.17,437,778.

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

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Irregular Procurement Process - World Trade Organization (WTO) Conference

As previously reported, during the 10th WTO Ministerial Conference held between 13 -19 December, 2015 at the Kenyatta International Convention Centre, the Corporation made tender awards for goods and services and works to various firms. Review of the procurement processes however revealed that it was executed in total disregard of the then Public Procurement and Disposal Act, 2005 and Public Procurement and Disposal Regulations, 2006 as enumerated hereunder:

- (i) Key procurement records including minutes of Tender Committee meetings that deliberated on some of the procurements, contract documents and local purchase orders/local service orders were not provided for audit verification. No supervision reports and completion certificates were provided for the completed works which were carried out to ascertain whether the works were carried out as per the specifications.
- (ii) The Tender Committee was not procedurally constituted in compliance with the Second Schedule of the then Public Procurement and Disposal Regulations, 2006 and in most cases was not involved in the procurement process for projects which were directly procured. The Corporation made several procurements for goods and services worth Kshs.70,823,765 without going through competitive bidding as required by the Public Procurement laws and regulations. Further, there was no

evidence of any report submitted to the Public Procurement Oversight Authority for direct procurements contrary to Section 62(3) of the then Public Procurement and Disposal Regulations, 2006 which stipulated that any direct procurement of value exceeding Kshs.500,000 has to be reported to the Authority within 14 days after notification of award.

- (iii) Seventeen (17) projects were implemented during the period. However, only five (5) projects had invitation for bids to participate in tenders through the restricted tendering method. Out of the five, only two (2) were considered by the Tender Committee. Available information indicated that the awards for fifteen (15) tenders was done singly by the then Chief Executive Officer through single sourcing while making references to non-existent bids for tenders by fictitious Companies in total disregard of the Tender Committee. The awards to the fifteen (15) different companies was done on diverse dates between 13 July, 2015 and 30 September, 2015 for a total sum of Kshs.1,432,333,345.
- (iv) Available information further revealed that six (6) of the above tenders were cancelled due to delay in release of funds. In some instances, award letters were terminated but the signed contracts were not terminated hence exposing the Corporation to litigations and resultant costs. Only five of the fifteen companies had signed contracts, which amounted to Kshs.894,976,341.
- (v) Further examination of records revealed that a local Company, had signed a contract worth Kshs.64,976,341 even though it had not been issued with an award letter for a tender. Another company undertook some partial works and submitted a claim of Kshs.9,946,420 despite the fact that there was no letter of award of tender, no signed contract and the company was not registered with the Registrar of Companies.
- (vi) The Board of Directors was also directly involved in the flawed procurement process whereby it participated in the revision of cost of the design, supply and installation of computerized conference management system tender. Although the Board had constituted an ad-hoc committee to oversee the implementation of the WTO projects, no report was prepared for consideration by the full Board despite the many meetings held. Thus, the committee may not have carried out its oversight role as expected given the haphazard manner in which the projects were initiated and implemented or not implemented at all.
- (vii) The Corporation has so far received claims amounting to Kshs.701,031,000 from various suppliers for the works which have not been paid due to lack of or inadequate documentation.
- (viii) In addition, supporting documents provided for audit review revealed that vendors amounting to Kshs.55,784,840 relating to WTO projects were not provided for in the financial statements for 2017/2018 yet the Centre is yet to resolve issues relating to WTO expenditure.
- (ix) Further review of the letter from the Office of the Attorney General and Department of Justice dated 8 March, 2018, Reference AG/CIV/MLG/20/18 addressed to the Chief Executive Officer-KICC in relation to an arbitration between Dimensions Data

Solutions, one of the firms contracted to provide services during the WTO conference and Kenyatta International Conference Centre, found the matter to be lacking in merit and ignored the issue raised by the Chief Executive Officer, KICC touching on the illegality, validity and irregularity in the award and possibility of a collusion during procurement award process.

- (x) It is important to note that the Board did approve for restricted tendering which was not adhered to and instead the Management chose single sourcing which was not approved thus rendering the whole process a violation of the provision Section 73 of the then Public Procurement and Disposal Act, 2005 on restrictive tendering.
- (xi) The arbitrator did not confirm whether such firms were in the list of prequalified suppliers.
- (xii) They did not also confirm whether the process was legal and enforceable.
- (xiii) The interests of the taxpayers were not taken into consideration.
- (xiv) The arbitrator further stated "the procurement process was in the purview of the procuring entity (KICC) and it was up to the Respondent (Dimension Data) to adhere to the provisions of the Act and not the claimant's responsibility to investigate whether the process was in line with the then Public Procurement and Disposal Act, 2005. This sets a bad precedent which may not be sustainable as the law is binding to both the contractor/vendor and the procuring entity.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis of Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit so as to obtain limited assurance as to whether effective processes and systems of internal 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 Financial Reporting Standards 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 overall governance.

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

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

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

Auditor-General's Responsibilities for the Audit

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in

an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal 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 controls that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal 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 controls may not prevent or detect misstatements and instances of noncompliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.


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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal 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 Centre's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Centre to cease to continue to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Centre to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal 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 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

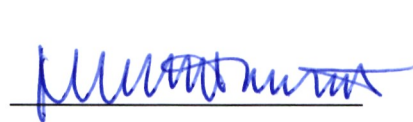
09 September, 2022

11. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30TH JUNE 2021

DESCRIPTION	NOTE	2020-2021	2019-2020
		30 th June	30 th June
		Kshs	Kshs
REVENUES			
Revenues	6	543,328,193	1,037,908,964
Cost of Sales	7	(10,818,086)	(344,495,360)
Gross Profit		532,510,107	693,413,604
Other Income			
Other Income	10	2,441,291	14,435,148
Total Revenues		534,951,397	707,848,752
OPERATING EXPENSES			
Administration Costs	12	428,013,953	571,064,914
Selling and Distribution Costs	13	5,063,424	21,251,319
Depreciation and amortization	19/20	61,091,756	65,676,983
Total Operating Expenses		494,169,134	657,993,215
Operating profit		40,782,263	49,855,536
Profit/ Loss before Taxation		40,782,263	49,855,536
Income Tax @30%	16	(12,234,679)	(12,463,884)
Profit/ Loss after Taxation		28,547,584	37,391,652

12. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE, 2021

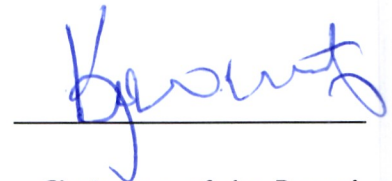
	Note	2020-2021 Kshs	2019-2020 Kshs
Non-Current Assets			
Property, plant and equipment	15	5,043,013,103	5,091,663,602
Intangible assets	16	17,437,778	24,696,169
Staff receivables due after one year	19c	6,666,757	4,782,677
Total Non-Current Assets		5,067,117,637	5,121,142,448
Current Assets			
Inventories	17	1,558,398	
Trade and other receivables	18	819,742,274	829,479,034
Cash and bank balances	21	430,896,515	299,057,065
Staff Imprests	19c	722,932	644,014
Total Current Assets		1,252,920,119	1,129,180,113
TOTAL ASSETS		6,320,037,756	6,250,322,561
EQUITY AND LIABILITIES			
Capital and Reserves			
Capital Fund	22	3,933,446,000	3,933,446,000
Retained earnings	24	30,098,498	1,550,914
Revaluation Reserve	23	1,137,438,325	1,137,438,325
Capital and Reserves		5,100,982,823	5,072,435,239
Non-Current Liabilities			
Tax Payable	20	145,636,354	157,436,354
Total Non-Current Liabilities		145,636,354	157,436,354
Current Liabilities			
Trade and other payables	25	1,073,067,913	1,032,914,851
Total Current Liabilities		1,073,067,913	1,032,914,851
TOTAL EQUITY AND LIABILITIES		6,320,037,756	6,250,322,561



Chief Executive Officer



Director Corporate Services
ICPAK Reg No 20409



Chairman of the Board

13. STATEMENT OF CHANGES IN EQUITY & RESERVES FOR THE YEAR ENDED 30TH JUNE, 2021

	Note	Shareholders' Equity	Revenue Reserves/Retained Earnings	Revaluation Reserve	Revenue Reserves Restated	Total
		KSHS	KSHS	KSHS	KSHS	KSHS
At 1 July, 2019	31	3,933,446,000	(35,840,738)	1,137,438,325	3,897,605,262	5,035,043,587
Net profit for the Year ended 30th June 2020		-	37,391,652	-	37,391,652	37,391,652
Prior year adjustment-Work In Progress		-			-	-
For the period ending 30th June, 2020	31	3,933,446,000	1,550,914	1,137,438,325	3,934,996,914	5,072,435,239
Net profit for the Quarter ending 30th June 2021		-	28,547,584	-	28,547,584	28,547,584
Prior year adjustments				-	-	
For the period ending 30th June, 2021	31	3,933,446,000	30,098,498	1,137,438,325	3,972,253,990	5,100,982,823

14. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE, 2021

	Note	As at 30th June 2021 Kshs.	As at 30th June 2020 Kshs.
OPERATING ACTIVITIES			
Cash generated from/ (used in) operations	26	148,822,316	(191,755,621)
Tax paid		(11,800,000)	
Net cash generated from/ (used in) operating activities		137,022,316	(191,755,621)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	15	(5,182,866)	-
Net cash generated from/ (used in) investing activities		(5,182,866)	-
FINANCING ACTIVITIES			
Interest income			-
Net cash generated from/ (used in) financing activities			-
INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS		131,839,450	(191,755,621)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		299,057,065	490,812,686
CASH AND CASH EQUIVALENTS AT END OF THE QUARTER		430,896,515	299,057,065

15. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30 JUNE 2021

DESCRIPTION	2020-2021 Actual (A)	2020-2021 Budget (B)	VARIANCE C(A-B)	% Variance	REMARKS F - (FAVORABLE) U (UNFAVORABLE)	WHOLE YEAR BUDGET	NOTES TO EXPLANATION OF VARIANCES
	KSHS	KSHS	KSHS			KSHS	
Rent Revenue	275,199,064	253,671,000	21,528,064	8%	F	253,671,012	a
Leased Parking Revenue	195,622,897	196,425,000	(802,103)	0%	U	196,425,000	
Conference Revenue	44,263,553	396,000,000	(351,736,447)	-89%	U	396,000,000	
Catering	10,493,960	234,000,000	(223,506,040)	-96%	U	234,000,000	b
Equipment	17,748,720	291,000,000	(273,251,280)	-94%	U	291,000,000	
Casual Parking Revenue	1,758,500	3,000,000	(1,241,500)	-41%	U	3,000,000	
Tower Viewing Revenue	40,100	20,000,000	(19,959,900)	-100%	U	19,999,988	c
Other sources of revenue	642,691	8,700,000	(8,057,309)	-93%	U	8,700,000	
GoK Recurrent grant	-	-	-				
Total Revenue	545,769,484	1,402,796,000	(857,026,516)	-61%	U	1,402,796,000	
ADMINISTRATION COSTS							
Electricity	36,996,530	51,600,000	(14,603,470)	-28%	F	51,600,000	d
Water & Conservancy	9,884,652	12,600,000	(2,715,348)	-22%	F	12,600,000	
Postage and Courier	9,450	112,000	(102,550)	-92%	F	112,000	e
Telephone Expenses	2,361,246	3,360,000	(998,754)	-30%	F	3,360,000	f
E-Mail & Internet	1,909,758	2,000,000	(90,242)	-5%	F	2,000,000	
Transport Operating Expenses	3,036,132	3,600,000	(563,868)	-16%	F	3,600,000	
Travelling & Accommodation	10,810,623	8,000,000	2,810,623	35%	U	8,000,000	g
Printing, stationery and photocopying	1,709,843	8,000,000	(6,290,157)	-79%	F	8,000,000	h
Staff training expenses	5,676,010	42,160,000	(36,483,990)	-87%	F	42,160,000	
Staff welfare & Uniform expenses	8,402,282	20,280,000	(11,877,718)	-59%	F	42,349,000	i
Business Promotion Expenses (Entertainment)	132,181	7,040,000	(6,907,819)	-98%	F	7,040,000	j
General Insurance	10,539,915	26,051,000	(15,511,085)	-60%	F	26,051,000	
Bank charges and commissions	505,385	1,180,000	(674,615)	-57%	F	1,180,000	k
Membership to professional bodies	3,446,392	4,002,800	(556,408)	-14%	F	4,002,800	l
Consultancy fees	3,001,849	31,764,000	(28,762,151)	-91%	F	31,724,000	
Legal fees, Land rates, Licenses & Subscriptions	13,479,342	20,000,000	(6,520,658)	-33%	F	31,825,000	m
Repairs and maintenance	5,719,909	45,450,000	(39,730,091)	-87%	F	45,450,000	n
Board Expenses	10,100,245	19,959,000	(9,858,755)	-49%	F	20,102,000	o
	127,721,744	307,158,800	(179,437,056)			341,155,800	
OTHER OPERATING EXPENSES							
Contracted Services	54,062,727	109,725,000	(55,662,273)	-51%	F	109,725,000	p
Consumable Stores	2,613,410	6,500,000	(3,886,590)	-60%	F	6,500,000	
Research and development	-	25,000,000	(25,000,000)	-100%	F	25,000,000	
Gift shop	-	1,000,000	(1,000,000)	-100%	F	1,000,000	q
Corporate Social Responsibility/Investment	-	1,000,000	(1,000,000)			1,000,000	
	56,676,137	143,225,000	(86,548,863)			143,225,000	
STAFF COSTS							

(PERSONNEL EMOLUMENTS)							
Salaries Wages & Leave Allowance	171,860,929	219,265,150	(47,404,221)	-22%	F	230,053,370	
Medical Insurance	39,729,129	40,000,000	(270,871)		F	40,000,000	
Gratuity & Pension	4,480,544	16,210,140	(11,729,596)	-72%	F	21,613,520	
	216,070,602	275,475,290	(59,404,688)			291,666,890	
SELLING & DISTRIBUTION COST							
Third party costs	10,623,426	219,000,000	(208,376,574)	-95%	F	219,000,000	r
MICE & Participation in Exhibition	194,660	4,375,000	(4,180,340)	-96%	F	71,500,000	s
Production of Promotion Materials	-	35,000,000	(35,000,000)	-100%	F	35,000,000	t
Advertising & Publicity	5,063,424	83,300,000	(78,236,576)	-94%	F	83,300,000	
Provision for Depreciation	61,091,756	65,000,000	(3,908,244)	-6%	F	65,000,000	
Provision for Audit fees	-	-	-			-	
Provision for Provision for debts	25,575,651	-	25,575,651	0%		-	
Replacement & Renewal Items	-	129,690,000	(129,690,000)	-100%	F	129,690,000	

16. EXPLANATION OF THE VARIANCES

a) **Rent revenue**

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

b) **Conference, catering and equipment revenue**

During the year corporation did not meet the target for the above revenue due to effect of prolonged COVID 19 pandemic. This led to several events being cancelled and also few bookings witnessed during the year.

c) **Casual parking and Tower viewing revenue**

There were Less vehicles parked during the year due to COVID -19 and competition from Holy family Basilica who charges on hourly basis unlike our fixed and standard rates. Helipad is closed for all visitors due to COVID-19.

d) **Electricity, Water & Conservancy**

Since commissioning of solar, the cost of electricity has significantly reduced this has led to favourable variance of Kshs. 14,603,470. Water and conservancy on the other hand also had favourable variance of Kshs 2,715,348, this is due to operationalization of the drilled borehole.

e) **Postage and courier**

During the year the corporation opted to use email and internet services. This led to favourable variance of Kshs. 102,550

f) **Telephone expense, E-mail and Internet**

Due to COVID-19 most of the staff were working from home this resulted to making less calls there was a favourable variance of Kshs.998,754. Also, during the year Directors and Managers were provided with MiFi to enable them coordinate the operations in their department from home though, this led to favourable variance Kshs. 90,242

g) **Transport operating expense, Travelling and accommodation.**

The transport and operating expense vote had a favourable variance of Kshs 563,868 this was due to less maintenance caused breakdowns and fuel and fuel consumption during the year. The travelling accommodation had unfavourable variance of Kshs 2,810,623 during the year most of the staff travelled for their trainings and retreats this led to the variance.

h) **Printing, stationery and photocopying**

During the year the corporation leased printing and photocopying services this led to favourable variance of Kshs, 6,290,157

- i) **Staff training expenses and Staff welfare & uniform expenses**
During the period staff training was budgeted Kshs. 42,160,000. against actual expenditure of Kshs 5,676,010. This led to favourable variance Kshs. 36,483,990. Staff welfare & uniform expenses had a favourable variance of Kshs. 11,877,718. the favourable variance resulted from majority of staff working from home.
- j) **Business promotion expenses (Entertainment)**
During the year there was one business promotion held this led to favourable variance of Kshs 6,907,819.
- k) **Bank Charges and Commission**
The above vote head was budgeted Kshs.1,180,000 the actual expenditure was Kshs. 505,385 this resulted to favourable variance of Kshs. 674,615 this was due to reduced number of bank transactions in and out of our bank accounts.
- l) **Membership to professional bodies**
The actual expenditure on this vote head was 3,446,392 against a budget of Kshs. 4,002,800 this led to favourable variance of Kshs 556,408.
- m) **Consultancy fees and Legal fees, land rates licenses & subscriptions**
In the year Corporation spend Kshs. 3,001,849 on consultancy service this resulted into a favourable variance of Kshs 28,762,151. There was favourable variance of Kshs 6,520,658 on legal fees, Land rates, Licenses and Subscriptions.
- n) **Repairs and maintenance**
There was no much repairs and maintenance in the corporation during the year this resulted in favourable variance of Kshs 39,730,091.
- o) **Board expenses**
The board held all the committees and full board meeting during the period, they also held a week-long training in Mombasa. This led to an expenditure of Kshs. 10,100,245 against a budget of Kshs. 19,959,000 during the year.
- p) **Contracted services**
Some costs such as meals reduced tremendously during the year due to staff working from home. This resulted into a favourable variance of Kshs. 55,662,273
- q) **Consumables stores, Research and development, and Gift shop**
There was no expenditure in these vote heads during the year since most activities will done in the next year.

r) **Third party costs**

This relates to event/conferencing activities, hence, due to less events led to less being spent on costs related to holding these events like on equipment and catering, therefore during the year there was a favourable variance of Kshs. 208,376,574

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

Most international exhibitions planned in the Year did not happen due to COVID-19. There was also no expenditure on production of promotion materials during the year due to COVID-19.

t) **Replacement and renewals**

During the year there were no replacement undertaken in the in the corporation. This led to favourable variance of Kshs. 129,690,000

17. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Statement of compliance and basis of preparation

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

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

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

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

IAS 19, 'Employee benefits', was amended in June 2012. The impact on the Company will be as follows: to immediately recognize all past service costs; and to

replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset).

Amendments to IAS 36, 'Impairment of assets', on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of CGUs which had been included in IAS 36 by the issue of IFRS 13. The amendment is not mandatory for the company until 1 January 2014.

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

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

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

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

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

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

1. Identity contract – new definitions and additional guidance on contract combination and modification.
2. Separate performance obligation – Performance obligation is accounted for separately if it is 'distinct'; a good/ service is distinct if the customer can benefit from the good/ service on its own and it is not highly dependent on or interrelated with other promised goods/ services in the contract.
3. Determine transaction price – variable consideration based on probability weighted or most likely amount but is constrained up to the amount that is probable of no significant reversal in the future; reflect time value when significant; credit risk as an expense in separate line on face and measured based on IFRS 9/IAS 39;
4. Allocate transaction price – Based on a relative selling price basis; "residual approach" only used when there is performance obligation with stand-alone price which is highly variable or uncertain.
5. Recognize revenue – Model now based on control, but risk and rewards remains an indicator; criteria for satisfied over time introduced.

b) Revenue recognition

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

- i) **Revenue from the sale of goods and services** are recognised in the year in which the *entity* delivers services to the customer, the customer has accepted the services and collectability of the related receivables is reasonably assured. The key revenue streams include conference activities, rent income, leased and casual parking, tower viewing and third-party revenue.
- ii) **Grants from National Government** are recognised in the year in which the Corporation actually receives such grants and its respective expenditure done.

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

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

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

c) Property, plant and equipment

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

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

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

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

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

d) Depreciation and impairment of property, plant and equipment

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

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

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

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

e) Depreciation and impairment of property, plant and equipment

Items of property, plant and equipment are reviewed annually for impairment. Where the carrying amount of an asset is assessed as greater than its estimated recoverable amount, an

impairment loss is recognised so that the asset is written down immediately to its estimated recoverable amount.

f) Intangible assets

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

g) Amortisation and impairment of intangible assets

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

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

h) Trade and other receivables

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

i) Taxation

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

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

j) Cash and cash equivalents

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

k) Trade and other payables

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

l) Retirement benefit obligations

The entity operates a defined contribution scheme for all full-time employees from July 1, 2013. The scheme is administered by Jubilee Insurance and is funded by contributions from both the company and its employees. The company also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The company's

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

m) Provision for staff leave pay

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

n) Exchange rate differences

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

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.

q) Provision for employee entitlement-Staff leave pay

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

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

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

Income taxes

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

Gratuity scheme obligations

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

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

4. FINANCIAL RISK MANAGEMENT

The corporation's activities expose it to a variety of financial risks including credit and liquidity risks and the effects of changes in foreign currency rates. The corporation's overall risk management programme focuses on unpredictability of

changes in the operating environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk.

i) **Foreign exchange risk**

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

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

ii) **Interest rate risk**

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

iii) **Price risk**

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

iv) **Credit risk**

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

v) **Liquidity risk management**

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

	Actual Un-Audited 2020-2021	Actual Audited 2019/2020
6 REVENUE	Kshs	Kshs
Conference	44,263,553	222,206,897
Rent	275,199,063	298,534,998
Leased Parking	195,622,897	197,919,682
Catering	10,493,960	148,300,365
Equipment	17,748,720	170,947,023
	543,328,193	1,037,908,964
7 COST OF SALES	Kshs	Kshs
Third party outsourcing	10,623,426	303,192,079
Participation in exhibitions	194,660	41,303,281
	10,818,086	344,495,360
8 GRANTS FROM NATIONAL GOVERNMENT	Kshs	Kshs
Recurrent grant received (Deferred Income)	300,000,000	-
	300,000,000	-
<i>The amount received from the Ministry of Tourism and Wildlife recognised as deferred income</i>		
10 Other Income	Kshs	Kshs
Casual Parking	1,758,500	1,936,500
Tower viewing	40,100	12,472,796
Other sources	642,691	25,852
GoK grant-Recurrent	-	-
	2,441,291	14,435,148
12 ADMINISTRATION COSTS	Kshs	Kshs
Staff costs (note 12b)	216,070,602	253,903,801
Directors emoluments	10,100,245	8,849,914
Electricity and water	46,881,183	58,892,973
Communication services and supplies (Postage, Telephone, Email & Internet)	4,280,454	6,295,996
Transportation, travelling and subsistence (Transport operating expenses, Travelling & Accommodation.)	13,846,755	10,686,252
Printing, stationery and photocopying	1,709,843	4,605,681
Staff training expenses	5,676,010	26,800,456
Hospitality supplies and services (Entertainment & Staff Welfare)	8,402,282	18,719,999
Insurance costs (general)	10,539,915	27,147,706
Bank charges and commissions	505,385	1,566,176
Auditors' remuneration	-	493,103
Consultancy fees	3,001,849	7,828,605
Legal fees, licence & rates	13,479,342	4,394,790
Repairs and maintenance	5,719,909	33,027,606
Other operating expenses (CSI, Mship to Prof bodies, Contracted Services, Consumables, R&D, Replacement and renewals)	62,224,529	82,691,307
Provision for bad debts	25,074,699	25,160,549
	427,513,001	571,064,914

12b Staff Costs	Kshs	Kshs
Salaries and allowances of permanent employees	171,860,929	202,773,728
Gratuity, Pension and Retirement Benefits	4,480,544	8,823,702
Medical expenses	39,729,129	42,306,370
	216,070,602	253,903,801
The average number of employees at the end of the year was:		
Permanent employees – Management	131	136
	131	136
13 SELLING AND DISTRIBUTION COSTS	Kshs	Kshs
Advertising and publicity	5,063,424	15,763,155
Production of promotional materials	-	5,488,164
	5,063,424	21,251,319
14 INCOME TAX EXPENSE/(CREDIT)	Kshs	Kshs
(a) Current taxation		
Current taxation based on the adjusted profit for the year at 30%	12,384,965	12,463,884
	12,384,965	12,463,884
17 INVENTORIES	Kshs	Kshs
Technical Items	108,245	
Housekeeping Items	119,870	
ICT items	424,648	
Stationery Items	410,315	
Promotional Items	406,520	
Consumables	45,600	
Security Items	43,200	
	1,558,398	-
18 TRADE AND OTHER RECEIVABLES	Kshs	Kshs
Net trade receivables (note 19a)	810,748,597	813,524,425
Deposits and prepayments	8,993,676	15,954,609
Gross trade and other receivables	819,742,274	829,479,034
19a TRADE RECEIVABLES		
Trade receivables	835,823,296	838,684,975
General provision for Bad Debts	(25,074,699)	(25,160,549)
Net trade Receivables	810,748,597	813,524,425
19c STAFF RECEIVABLES	Kshs	Kshs
Gross car loans & salary advance	6,666,757	4,782,677
Staff Imprest	722,932	644,014
20 CORPORATION TAX LIABILITY	Kshs	Kshs
At beginning of the year	157,436,354	144,972,470
Income tax charge for the year		12,463,884
Income tax paid during the Year	(11,800,000)	-
At end of the Year	145,636,354	157,436,354
21 CASH AND CASH EQUIVALENTS		
BANK AND CASH BALANCES		
BANK & BRANCH		
	Kshs	Kshs
Kenya Commercial Bank - KICC-Operations	15,940,927	5,060,470
Kenya Commercial Bank - KICC-Development	1,817,800	33,213,648

Kenya Commercial Bank - KICC-USD.299,356.35	32,629,716	93,496,036
Co-operative Bank - CITYHALL-Operations	380,508,072	167,286,910
Petty Cash		-
MPESA Control ACC		-
TOTAL CASH AND CASH EQUIVALENTS	430,896,515	299,057,065
<i>[The bulk of the cash at bank was held at Cooperative Bank of Kenya and Kenya Commercial Bank, the Corporation's main bankers.]</i>		
22 CAPITAL FUND	Kshs	Kshs
Capital contribution	3,933,446,000	3,933,446,000
	3,933,446,000	3,933,446,000
<i>The Corporation is a parastatal wholly (100%) owned by Government of Kenya, the Capital Reserve includes the original valuation of the Corporation and subsequent grants received from the Government.</i>		
23 REVALUATION RESERVE	Kshs	Kshs
Surplus on Revaluation of Property Plant & Equipment (PPE)	1,137,438,325	1,137,438,325
	1,137,438,325	1,137,438,325
24 RETAINED EARNINGS		
<i>The retained earnings represent amounts utilised to finance the Corporation's business activities.</i>		
	Kshs	Kshs
At the beginning of the year	1,550,914	(35,840,738)
Net Profit for the year	28,547,584	37,391,652
At the close of the year	30,098,498	1,550,914
25 TRADE AND OTHER PAYABLES	Kshs	Kshs
Trade payables	379,107,962	571,970,656
Provisions for WTO pending bills	180,918,452	234,522,185
Provisional for court yard renovation phase 1	52,411,665	-
VAT Liability	136,663,005	191,479,748
Income tax charge for the year	12,384,965	12,463,884
Other Payables-Deposits & Prepayments	-	1,089,433
Provisions for gratuity	4,480,544	
Accrued expenses	7,101,320	21,388,945
Deferred Income (note 8)	300,000,000	
	1,073,067,913	1,032,914,851
26 NOTES TO THE STATEMENT OF CASHFLOWS		
(a) Reconciliation of operating profit/ (loss) to Cash generated from/ (used in) operations	Kshs	Kshs
Operating profit/ (loss)	41,283,215	49,855,537
Depreciation and amortization	61,091,756	65,676,983
Operating profit/ (loss) before working capital changes	102,374,972	115,532,519
(Increase)/decrease in Inventories	(1,558,398)	
(Increase)/decrease in trade and other receivables	9,736,761	(139,065,991)
Increase/ (decrease) in trade and other payables	40,153,062	(156,334,243)
Increase/ (decrease) in staff advances and loans	(1,884,080)	(11,887,906)

Cash generated from/ (used in) operations	148,822,316	(191,755,621)
(b) Analysis of cash and cash equivalents		
Cash at bank	430,896,515	299,057,065
Balance at end of the year	430,896,515	299,057,065
27 RELATED PARTY TRANSACTIONS DISCLOSURES		
<i>The Corporation is wholly owned and controlled by the Government of Kenya through the Ministry of Tourism; there are no other companies which are related to the Corporation.</i>		
The following transactions were carried out with related parties:		
i) Key management compensation	Kshs	Kshs
Salaries and other short-term employment benefits	221,525,783	211,597,430
ii) Directors' remuneration	Kshs	Kshs
The Board of Directors remuneration for last twelve (12) months	10,100,245	8,849,914
(iii) Employees		
<i>The Corporation provides certain qualifying employees with car loans on terms more favourable than available in the market. The benefit obtained by staff is subjected to income tax as required under the Kenya Income Tax Act.</i>	131	136

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
19 PROPERTY, PLANT AND EQUIPMENTS (PPE)

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

Additional	-	-	-	-	935,000	-	-	-	-	935,000
Transfer from WIP-Prior year adjustment	-	-	-	-	-	-	-	-	-	-
DEPRECIATION										
As at 31st March 2021	-	10,262,466	524,823	111,668	541,615	1,216,233	83,913	547,951	-	13,288,669
Depreciation for the quarter ending 31st Mar 2021	-	72,863,507	3,726,402	791,605	3,417,708	8,635,253	595,781	3,862,472	-	93,892,728
Accumulated Dep as at 31st March 2021	-	1,591,936,493	13,941,106	2,831,416	4,039,132	11,094,747	2,126,719	13,769,463	1,117,342,484	5,053,081,560
NET BOOK VALUE AS AT 31ST Mar 2020										
Additional	-	3,460,828.00	-	-	-	-	-	-	-	3,460,828
Transfer from WIP-Prior year adjustment	-	-	-	-	-	-	-	-	-	-
DEPRECIATION										
As at 30th June 2021	-	10,463,014	530,703	112,909	554,033	1,229,747	84,845	554,033	-	13,529,285
Depreciation for the quarter ending 30th June 2021	-	83,326,521	4,257,105	904,515	3,971,742	9,865,000	680,626	4,416,505	-	107,422,013
Accumulated Dep as at 30th June 2021	-	1,584,934,307	13,410,403	2,718,506	3,485,098	9,865,000	2,041,874	13,215,430	1,117,342,484	5,043,013,103
NET BOOK VALUE AS AT 30th JUNE 2021										

Note 20
 INTANGIBLE ASSET AND SOFTWARE

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

18. DISCLOSURE:

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

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

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

Date of Valuation: 15th December 2017

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

Kenya won the bid to host the 10th World Trade Organization (WTO) Ministerial Conference held from 15th to 18th December 2015. An Inter-Ministerial Organization Committee was established to coordinate all the activities geared towards successful hosting of the Conference. Several WTO related projects were initiated and procured without following laid out procurement procedures and regulations. The Corporation recognized a provision of Kshs.181 Million as potential liabilities in its books after verification and recommendations by the Office of the Auditor General (OAG).

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

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

ii) Tax Liability

The Corporation Principal tax liability to date is Kshs.283.03 Million made up of corporate tax of Kshs.146.37 Million and VAT liability of Kshs.136.66 Million. As at the end of the year the Corporation Paid Ksh.43.92 Million on VAT arrears and Ksh.18.66 million on installment tax. VAT arrears being implementation of the payment installment plan of approximately Kshs.5 Million per month, however KRA advised that once principal tax arrears are cleared, then the Corporation will apply for waiver to the Commissioner General.

At the time of negotiating for tax arrears payment, we were advised that interest and penalties will be granted on application and after clearance of principal tax arrears.

iii) Work in progress

In the PPE schedule there is an amount of sh.1.117Billion that management intends to review for capitalization.

iv). Pending Litigation

a) HCC 298 of 2017 Mo Sound events ltd Vs KICC

The financial implication the corporation could incur in the event the judgement is entered against is Kshs.54, 739,912 the case is currently on hearing stage and there likely to concluded within 2021/2022 financial year.


b) Milimani CMCC 588 of 2018 Total Services Ltd Vs KICC

The financial implication the corporation could incur in the event the judgement is entered against is Kshs.8,479,227 the case is also likely to concluded next financial year.

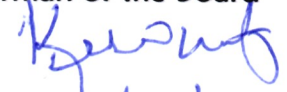
19. AUDIT RECOMMENDATIONS

Reference No on the external audit report	Issue/Observations from Auditor FY 2019/2020	Management Comments	Focal Point Person to resolve the issue	Status (Resolved /Not resolved)	Time frame
1.1	Lack of title to COMESA, courtyard Land, Garden square restaurant	The Corporation is in talk with the relevant Government agencies with an aim of getting title for the said pieces of land.	CEO	Not resolved	On going
1.2	Valuation of Assets should be done after every 5 years	The asset valuation exercise has been undertaken. The asset register was uploaded into the ERP as at 01 st July 2019.	CEO	Resolved	Done
1.3	Motor Vehicle Registration	The matter was followed up by relevant authorities and anomaly corrected	CEO	Resolved	Done
1.4	Asset Register	The asset tagging exercise was undertaken in the financial year 2017/2018 There is an updated asset register in place	CEO	Resolved	Done
2.1	Long outstanding debts	Given that most of the KICC sales are on credit, the debt portfolio has increased in tandem with the increase in sales. However, management has made substantial efforts in pursuing the outstanding debts. In addition, the existing procedures for issuance of debt have been enhanced to ensure that clients, private clients pay before the event is held while for government institutions an LSO ought to be provided before an event	CEO	Not Resolved	On going
2.2	Tenancy Agreement	The issue is being followed up by management	CEO	Resolved	Done
3.0	Outstanding debts for staff who left the organization	Demand notices to former members of staff to clear outstanding debts. So far 2 former members of staff have fully paid up their debts	CEO	Not resolved	On going
4.0	Flawed procurement process- (WTO) Conference	Special audit for WTO projects was undertaken by KENAO and resultant bills recommended for payment settled.	CEO	Resolved	Done
5.0	Grant from the Ministry (2015/2016)	The corporation did not remit any money to the Ministry of Tourism as requested in a letter ref MOT/1/97 dated 24 February 2016.	CEO	Resolved	Done

Chief Executive Officer
(Kenya International Convention Centre)


Date... 24/05/2022

Chairman of the Board


Date... 24/5/2022

