

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

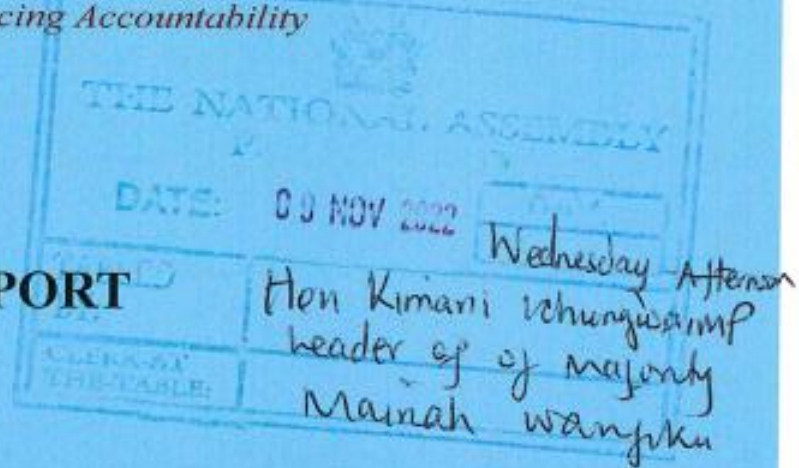
OF

THE AUDITOR-GENERAL

ON

**KENYATTA INTERNATIONAL
CONVENTION CENTRE**

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





The Kenyatta International Convention Centre
Africa's Premier Meeting Venue

OFFICE OF THE AUDITOR GENERAL
P. O. BOX 30084 - 00100, NAIROBI
KENYA
30 SEP 2020
RECEIVED

Kenyatta International Convention Centre

ANNUAL REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDING
JUNE 30, 2020

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

**THE KENYATTA INTERNATIONAL CONVENTION CENTRE (KICC) ANNUAL REPORTS
AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020**

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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

**THE KENYATTA INTERNATIONAL CONVENTION CENTRE (KICC) ANNUAL REPORTS
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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

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THE BOARD OF DIRECTORS

<p>Mr. Immanuel Imana Ichor</p>	<p>Chairman</p>		<ul style="list-style-type: none"> • Bachelor of Science degree in Business Administration from USIU, Nairobi, Kenya. • Certificates in Human Resource Development (ESAMI-Arusha Tanzania), Senior Management (KIA) Kabete, Cooperative Management. Certificate in Co-operative management (Russia), Certificate in Cooperative Development (KIA), Certificate in Fishery Administration, Oslo-Norway), Certificate in Book Keeping and Management. • 5yrs experience as MD in State Corporations, 3yrs as Chairman of State Corporations, 9yrs as GM in Fisheries Corporations, 5yrs as Manager of Polytechnics, 1.5yrs as Program officer UNICEF & 4yrs as accountant with Local Authorities.
<p>Mr. Joe Okudo</p>	<p>Principal Secretary – Ministry of Tourism</p>		<ul style="list-style-type: none"> • Master's in Business Administration (MBA) from Copenhagen Business School/Inoorero University. • Bachelor of Arts degree from the University of Nairobi
<p>Ms.Nana Gecaga</p>	<p>Chief Executive Officer and Secretary to the Board</p>		<ul style="list-style-type: none"> • MBA Roehampton University (Online) • BA(AIU) UK • Over 17 years' experience in Public Relations and Marketing • Y.O.B: 1978
<p>Ms.Lucy Macridis</p>	<p>Director</p>		<ul style="list-style-type: none"> • Certificate from CIM. • Wide experience in Tourism Industry • Y.O.B: 1967
<p>Mrs. Jane Adam</p>	<p>Director</p>		<ul style="list-style-type: none"> • Bsc in Tourism and Hospitality Management. • Over 30 years' experience in Tourism Industry • Y.O.B: 1961

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<p>Capt.(Rtd) Kenneth Boit</p>	<p>Director</p>		<ul style="list-style-type: none"> • BA, International Relations & Strategic Studies • 14 years' experience in military and over 20 Years' experience in consultancy on security matters. • Y.O.B: 1964
<p>FCPA Joe Wamae</p>	<p>Director</p>		<ul style="list-style-type: none"> • MBA, Bachelor of Commerce, FCPA(K) • Over 34 years' experience in auditing, and accounting advisory services; 21 years with Deloitte East Africa and 13 years with Price Waterhouse Kenya • Y.O.B 1956
<p>Dr. Betty Radier</p>	<p>Chief Executive Officer KTB</p>		<ul style="list-style-type: none"> • PhD Entrepreneurship and Small Business Development, University of Cape Town • MBA, Strategy and Finance • Bachelor's Degree in Design • 20 years' experience in Management and currently Chief Executive Officer, KTB • Y.O.B 1968
<p>Ms.Kavi Mwendwa</p>	<p>Director</p>		<ul style="list-style-type: none"> • Diploma in Food and Beverage • Over 24 years' experience in Hospitality Industry • Y.O.B: 1965
<p>Ms Winnie Katanu Mwalimu</p>	<p>Director</p>		<ul style="list-style-type: none"> • Master's in Economics, Bachelor of Arts(Hons) • Member ESK • Over 20year's experience in Treasury/Financial Management, Procurement, Budgeting and Research. • Y.O.B 1971
<p>Ms. JaneFrance s Mutio Mutisya</p>	<p>Corporatio n Secretary- Director Legal Services</p>		<ul style="list-style-type: none"> • LLM (Corporate Governance), • LLB, PGD(KSL), • CPS (K), • Proficiency Cert. German, • Accredited. Governance and Legal Auditor • Member ICS, Law Society of Kenya • Over 19 years' experience in legal practice and Corporate Law/practice • YOB 1974







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BOARD COMMITTEES

Name of the Committee	Members							
Finance , HR and Administration Committee	<table border="1"> <tr><td data-bbox="954 344 1465 421">Mrs Safina Kwekwe / Joe Okudo CBS</td></tr> <tr><td data-bbox="954 421 1465 474">Mrs. Jane Adam</td></tr> <tr><td data-bbox="954 474 1465 551">FCPA. Joseph W. Wamae</td></tr> <tr><td data-bbox="954 551 1465 604">Dr. Betty Radier</td></tr> <tr><td data-bbox="954 604 1465 658">Ms. Nana Gecaga</td></tr> </table>	Mrs Safina Kwekwe / Joe Okudo CBS	Mrs. Jane Adam	FCPA. Joseph W. Wamae	Dr. Betty Radier	Ms. Nana Gecaga		
Mrs Safina Kwekwe / Joe Okudo CBS								
Mrs. Jane Adam								
FCPA. Joseph W. Wamae								
Dr. Betty Radier								
Ms. Nana Gecaga								
Marketing, PR and Operations committee	<table border="1"> <tr><td data-bbox="954 694 1465 770">Mr. Joe Okudo, CBS/ Mrs Safina Kweke</td></tr> <tr><td data-bbox="954 770 1465 824">Ms. Lucy Macridis</td></tr> <tr><td data-bbox="954 824 1465 878">Mrs. Jane Adam</td></tr> <tr><td data-bbox="954 878 1465 931">FCPA. Joseph W. Wamae</td></tr> <tr><td data-bbox="954 931 1465 985">Ms. Kavi Mwendwa</td></tr> <tr><td data-bbox="954 985 1465 1039">Dr. Betty Radier</td></tr> <tr><td data-bbox="954 1039 1465 1093">Ms. Nana Gecaga</td></tr> </table>	Mr. Joe Okudo, CBS/ Mrs Safina Kweke	Ms. Lucy Macridis	Mrs. Jane Adam	FCPA. Joseph W. Wamae	Ms. Kavi Mwendwa	Dr. Betty Radier	Ms. Nana Gecaga
Mr. Joe Okudo, CBS/ Mrs Safina Kweke								
Ms. Lucy Macridis								
Mrs. Jane Adam								
FCPA. Joseph W. Wamae								
Ms. Kavi Mwendwa								
Dr. Betty Radier								
Ms. Nana Gecaga								
Audit Committee	<table border="1"> <tr><td data-bbox="954 1160 1465 1214">Mr. Joe Okudo, CBS</td></tr> <tr><td data-bbox="954 1214 1465 1267">Ms. Winnie Mwalimu</td></tr> <tr><td data-bbox="954 1267 1465 1321">Ms. Lucy Macridis</td></tr> <tr><td data-bbox="954 1321 1465 1375">Capt. (Rtd) Kenneth Boit</td></tr> <tr><td data-bbox="954 1375 1465 1429">Ms. Kavi Mwendwa</td></tr> </table>	Mr. Joe Okudo, CBS	Ms. Winnie Mwalimu	Ms. Lucy Macridis	Capt. (Rtd) Kenneth Boit	Ms. Kavi Mwendwa		
Mr. Joe Okudo, CBS								
Ms. Winnie Mwalimu								
Ms. Lucy Macridis								
Capt. (Rtd) Kenneth Boit								
Ms. Kavi Mwendwa								

**THE KENYATTA INTERNATIONAL CONVENTION CENTRE (KICC) ANNUAL REPORTS
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SENIOR MANAGEMENT TEAM

Ms.Nana Gecaga	Chief Executive Officer		<ul style="list-style-type: none"> • MBA Roehampton University(Online) • BA(AIU) UK • Over 17 years' experience in Public Relations and Marketing • Y.O.B: 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 • Y.O.B 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 • Y.O.B 1970
Ms. JaneFrances Mutio Mutisya	Corporation Secretary- Director Legal Services		<ul style="list-style-type: none"> • LLM (Corporate Governance), • LLB, PGD(KSL), • CPS (K), • Proficiency Cert. German, • Accredited. Governance and Legal Auditor • Member ICS, Law Society of Kenya • 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) • Dip(French) • Over 11 years' experience in Marketing and Strategy • YOB 1983
Ms. Lilians Wafukho	Ag. Director Corporate Services		<ul style="list-style-type: none"> • MBA (Finance/Operations Management) • B Com (Hons) (Accounting), CPA (K) and a member of ICPAK & AWAK • Diploma in Purchasing & Supplies Management (KIM), • Certified Monitoring & Evaluation, M&E specialist(KIM), • Over 15 years' experience in Financial Planning, Management & Reporting. • Y.O.B: 1974

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 Annual Report and Financial Statements of the Corporation for the year ended 30th, June 2020.

During the year 2019/2020, the meetings industry performed well in the first half of the year with the country and indeed KICC hosting major international and local conferences that saw positive destination profiling and increased conference tourism revenue in multiplier effects of the monies that accrued to the country's Gross Domestic Profit.

The second half of the year was however faced with challenging business environment due to the Global Pandemic Covid 19 that posed a lot of uncertainty leading to cancellation of most of the events in the world. The meetings industry was the most affected because travel and gatherings were banned across the globe making the sector to be the 'first out' and probably would be the 'last in' for business.

This situation affected the Corporation's revenue projection which further affected the operations at the Centre.

Activities such as debt collection was highly affected as most organizations and companies operated at minimal. Further, the Corporation faced challenges collecting some debts dating back to the year 2015. Coupled with the reduced projected revenue due to cancellations of events, the Corporation could therefore not meet some of its operational obligations and among them strict adherence to the payment schedule of the pending bills.

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.

The difficult times notwithstanding, the Corporation developed 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. Among the strategies will be engaging a debt collector to help in collecting the difficult debts.

The Conference business outlook for the year 2019/2020 was positive with increased 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 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 the MICE industry.

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

Thank you.


.....
Hon. Immanuel Ichor Imana

THE KENYATTA INTERNATIONAL CONVENTION CENTRE (KICC) ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

REPORT OF THE CHIEF EXECUTIVE OFFICER

The year 2019/2020 saw the better part adversely affected by Global pandemic Covid 19. But despite all this, the Corporation results were still encouraging.

BUSINESS PERFORMANCE

The Corporation achieved a turnover of Ksh.1.052Billion compared to Ksh.1.027Billion from the previous financial year posting a profit Ksh.37.39Million after tax.

The Corporation's main revenue streams include; conference/exhibitions & events, rental income, parking fees, tower viewing and third-party revenues. During the year under review, the centre did not achieve its revenue targets on all revenue streams except for rent and leased parking due to cancellation of events that were scheduled to take place as a result of Covid 19 Pandemic.

It is noted that during the period, as a result of Covid 19 Pandemic, the Corporation did not achieve its revenue targets on all revenue streams except for rent and leased parking due to cancellation of events that were scheduled to take place.

GREEN INITIATIVES

During the financial year, the Corporation invested in solar energy in a bid to cut power costs and make the Centre an environmentally friendly centre

The Kshs46 million investment will see the solar power be the first supply and the rest supplemented by the national grid. The installation of 580 solar panels were fitted and fixed on one of the conference room's rooftop, the Tsavo Ballroom. The investment has reduced the Centre's power bill by about 20 per cent which currently stands at approximately Ksh5.5 million per month

It has also made KICC a green building in line with major convention centres globally.

The project is in addition to other green initiatives that the Centre is in the process of undertaking including elimination of plastic bottled water in conference rooms.

EMPLOYEE PRODUCTIVITY

The Corporation has continued and will continue recognizing the need for Training and development. This is to ensure 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. Exposing staff to the best international standards continue to remain at the core of our Human Resource Management strategy. In this financial year, training and exposures both local and international have been carried out across all cadres of staffs to develop the relevant skill gaps. Budgetary allocations are prioritised in Human capital development initiatives.

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

THE KENYATTA INTERNATIONAL CONVENTION CENTRE (KICC) ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

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.

INFORMATION AND COMMUNICATIONS TECHNOLOGY

The ICT department in the financial year under review undertook to play its supportive role to the Corporation's core mandate by providing support to the marketing of the Centre as a MICE destination. Key among them include; the termination of a new Internet Service Provider (ISP) and reconfiguration of the Corporation's Local Area Network (LAN) to stabilize the provision of network services including Internet to both the internal and external clients; the quarterly maintenance of ICT related equipment; the securing of ICT services, equipment and facilities including the data centre; the recovery of the Corporation's Email services; the initiation and facilitation of the ERP upgrade project; the provision of Audio Visual support as and when needed in support of business events at the Centre; and the provision of Telecommunications and IT related support as and when needed. Further, the Corporation made strides towards the fulfilment of the demands related to the safety of the Corporation's information as the department led the initiative of rolling out the Information Security Management System framework (ISO 27001). Subsequently, the appointed project champions were successfully trained examined and met the examining board's requirements for Lead Implementers critical for the subsequent stages of the process.

FUTURE OUTLOOK

In the Financial Year 2020/2021, the Corporation endeavours to generate to surpass the target revenue. Having development of a new five-year Strategic Plan which was carefully 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 2020/2021

- To improve KICC Business Events Performance and enhance its market share
- To Enhance Brand Visibility for Increased Awareness

THE KENYATTA INTERNATIONAL CONVENTION CENTRE (KICC) ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

- To undertake Refurbishment and modernization the of the indoor and outdoor facilities
- To Facilitate Upgrade and Expansion of KICC for Leading Edge Service Delivery
- To Enhance Governance Systems and Structures for Effective and Efficient Governance
- Undertake Research and Development on Products and Services for Continuous Improvement.
- Enhance Capacity Development for Effective Service Delivery.
- Ensure Continuous Performance Management for Improved Productivity

Whilst we have fallen short of our revenue target, we have promising projections and confirmation businesses thus are optimistic that we shall return to target levels in the Financial Year 2020/2021.

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

Nana W. Gecaga
Chief Executive Officer

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 meetings and two (2) special meetings. In light of the fact that, the Corporation is a State Corporation, the Inspector General of State Corporations is invited to attend the Corporation's Board meetings both Committees and Full Board Meetings from time to time. The Inspector General exercises an oversight and advisory role in such meetings in accordance with the State Corporations Act.

THE KENYATTA INTERNATIONAL CONVENTION CENTRE (KICC) ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

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	Immanuel Imana	5	2	7
2	Mrs. Kavi Mwendwa	5	2	7
3	Ms. Nana W. Gecaga	5	2	7
4	Mrs. Jane W. Adam	5	2	7
5	Dr. Betty radier	4	2	6
6	Capt. (Rtd) Kenneth Boit	5	2	7
7	Ms. Lucy Macridis	4	2	6
8	FCPA. Joseph Wangai Wamae	4	2	6
9	Mwangi Nyutu Peter	5	1	6
10	Mr. Joe Okudo,CBS	1	-	1
12	Fatma Muses	4	2	6
11	Allan Njoroge	1	-	1
13	Ms. Winnie Mwalimu	1	-	1

Committees of the Board

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

The Board Committees and their Membership comprises of the following-

I) Finance, Human Resources and Administration

- i) Mrs. Jane W. Adam Chairperson
- ii) Dr. Betty Radier Member
- iii) FCPA Joseph Wangai Wamae Member
- iv) PS, Ministry of Tourism Member
- v) Ms. Nana W. Gecaga Member
- vi) *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 meetings and three (3) special meetings in the year under review. The attendance is as follows:

NO	BOARD MEMBER	Scheduled Meetings	Special Meetings	Total
1.	Mrs. Jane W. Adam	5	3	8
2.	Mrs.Fatma Muses	3	3	6
3	Ms. Nana W. Gecaga	5	3	8
4	FCPA Joseph Wangai Wamae	5	3	8
5	Mwangi Nyutu Peter	5	2	7
6	Dr.Betty Radier	2	2	3

II) Marketing, Public Relations and Operations Committee

- i) Ms. Lucy Macridis Chairperson
- ii) FCPA Joseph Wangai Wamae Member
- iii) PS. Tourism Member
- iv) Mrs. Jane W. Adam Member

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- v) Mrs. Kavi Mwendwa Member
- vi) Dr. Betty Radier Member
- vii) Ms. Nana W. Gecaga Member
- viii) *Inspector General – State Corporations*

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

The Committee held four (4) regular meetings during the year under review. The attendance is as follows: -

NO	BOARD MEMBER	Scheduled Meetings	Special Meetings	Total
1	Ms. Lucy Macridis	4	-	4
2	Mrs. Jane W. Adam	4	-	4
3	Mrs. Fatma Muses	4	-	4
4	Mrs. Kavi Mwendwa	4	-	4
5	FCPA. Joseph Wangai Wamae	4	-	4
6	Mwangi Nyutu Peter	4	-	4
7	Ms. Nana W. Gecaga	4	-	4
8	Dr. Betty Radier	2	-	2
8	Allan Njoroge	1	-	1

III) Audit Committee

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

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

NO.	BOARD MEMBER	Scheduled Meetings	Special Meetings	Total
1	Capt. (Rtd) Kenneth Boit	4	-	4
2	Mrs. Kavi Mwendwa	3	-	3
3	Mwangi Nyutu Peter	3	-	3
4	Ms. Lucy Macridis	3	-	3
5	Fatma Muses	1	-	1

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.

THE KENYATTA INTERNATIONAL CONVENTION CENTRE (KICC) ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

Board Remuneration

The aggregate amount paid to Directors in terms of sitting allowances for services rendered during the financial year 2019/2020 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 quarter, 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.

THE KENYATTA INTERNATIONAL CONVENTION CENTRE (KICC) ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

MANAGEMENT DISCUSSION AND ANALYSIS

SECTION A

The entity's 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 and driveway as well as installation of Solar Panels at KICC
- ❖ MICE destination Marketing; In terms of participating in international exhibitions the Corporation participated in one IMEX in Frankfurt during the year and is working on five bids to host international Conferences namely;
 - ✓ Word Federation of the Deaf 2021
 - ✓ International Astronautically Federation 2021
 - ✓ World Environmental Education Congress 2021
 - ✓ International Union for Food Science and Technology 2022
 - ✓ World Cleft Congress 2020
- ❖ The KICC at the same time has developed a bidding strategy which will be used to guide the bidding for international conferences and events. The Corporation also undertook research on international marketing trends
- ❖ Visibility and Promote Positive Corporate Image of KICC; the KICC is developing an integrated brand communication strategy to guide its re-branding and public relations campaign and a brand strategist has been procured to undertake the same. A corporate investment strategy has also been developed ready for approval and implementation.

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.1.052Billion against a target of Kshs.1.387Billion leading to unfavorable variance of Ksh. 335Million. In comparison with the same period last financial year 2018/2019 the corporation reported revenue of sh.1.027Billion.

During the year under review, the Centre did not achieve its revenue targets on all revenue streams except for rent and leased parking due to cancellation of events that were scheduled to take place as a result of Covid 19 Pandemic.

Expenses

The Corporation endeavoured to spend within the budget limits. Total expenditure for the year was Kshs.1.002Billion inclusive of General Provision for bad debts Kshs.25.16Million, depreciation and amortization amounting to Kshs.65.67Million. The total budget for the year was Kshs.1.269Billion. There was favourable variance of Kshs.267.26Million due to decrease in third party costs as a result cancellation conferences/events within the last quarter of the year ie result of Covid19 pandemic. In comparison to same period last year, the Corporation total operating expenses for the year ended 30th June 2019 i.e. FY 2018/2019 was Kshs.980.74Million.

Profit/Loss for the Period

Reported net Profit for the year (after depreciation but before tax at 25%) was Ksh.49.86M.

THE KENYATTA INTERNATIONAL CONVENTION CENTRE (KICC) ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

SECTION B

Entity's compliance with statutory requirements

INTERNATIONAL STANDARDS

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

INFORMATION AND COMMUNICATIONS TECHNOLOGY

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

SECTION C

Key projects and investment decisions the entity 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 2017/2020 are:

- Refurbishment of court yard at a cost of Kshs.71M (Phase I) and phase II sh.70M
- Installation of solar panels at a cost 46M and CCTV at sh.40M
- 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 the entity

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

THE KENYATTA INTERNATIONAL CONVENTION CENTRE (KICC) ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

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 current trade payables as at 30th June 2020 is Ksh.1.02Billion which includes provision for pending bills amounting to Ksh.234.52M. Tax liability is Kshs.348.9Million made up of Corporate tax of Kshs.157.44Million and VAT liability of Kshs.191.48 Million During the year under review the Corporation has settled WTO pending bills amounting to Ksh.196M (Note 25) as verified by the Office of the Auditor General and recommended for payment.

Trade receivables as at end of the year amounted to Ksh.829.48M.

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 ie whether it is unfavourable.

SECTION E

Arrears in statutory/financial obligations

	KSHS
Trade and Other payables	571,970,656
Provisions for other pending bills	234,522,185
VAT Liability	191,479,748
Accrued expenses	22,478,378
Corporation tax	157,436,354
	<u>1,177,887,321</u>

SECTION F

The entity's financial probity 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.

THE KENYATTA INTERNATIONAL CONVENTION CENTRE (KICC) ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

The Corporation upholds the Corporate Social Investment activities as fundamental part of the way it does business.

The Corporation commits to good Corporate Social Investment initiatives relevant to its business, employees, customers and stakeholders as per the Corporate Social Investment (CSI) policy.

The policy stipulates that the Corporation focuses on initiatives that support green conferencing and those that enhance community development in line with the Corporation's Strategic plan.

During the year under review, the Corporation collaborated with Kenya Utalii College to award the best performing student in Tour Operations Management, in which Meetings, Incentives, Conferences and Exhibitions (MICE) is taught. The award is aimed at inspiring more students to take up the MICE courses.

During the year, the Corporation had also planned to carry out two more CSI activities; however, due to the COVID 19 pandemic the activities did not take place.

The Corporation was to Partner with The Kenyatta University to plant 200 trees as per the Presidential directive of increasing the Country's forest cover and further Partner with a waste management company to collect all the KICC waste and in return use the proceeds from the waste to carry out minor refurbishments and renovations of the KICC conference rooms. This is in an effort to conduct events in a manner that minimizes environmental burden.

The Corporation still commits to undertake the activities in the coming year.

Over the coming years we intend to commit even more time and resources to support social investment initiatives based on our business performance as we seek to build good corporate citizenship.

REPORT OF THE DIRECTORS

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

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.

Results

The results of the entity for the year ended June 30, 2020 are set out on page 1 to 23.

Dividends

The corporation does not pay dividend, all the surpluses are reinvested back into refurbishment and modernization of the facility.

Board of Directors

The Board of Directors who served within the Financial Year are shown on page iii & iv.

Appointment of Chairman of the Board

Hon. Immanuel Ichor Imana was appointed the chairman of the Board of Directors on 12th July 2018.

Auditors

The Auditor General is responsible for the statutory audit of the Corporation in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board

**THE KENYATTA INTERNATIONAL CONVENTION CENTRE (KICC) ANNUAL REPORTS
AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020**

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 30th June 2020 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, 2020, and of the Corporation's financial position as at that date. We further confirm the completeness of the accounting records maintained for the Corporation, which have been relied upon in the preparation of the financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention as Directors to indicate that the Corporation will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Kenyatta International Convention Centre's financial statements were approved by the Board on 2020 and signed on its behalf by:


Chief Executive Office


Chairman

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON KENYATTA INTERNATIONAL CONVENTION CENTRE FOR THE YEAR ENDED 30 JUNE, 2020

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 24, which comprise the statement of financial position as at 30 June, 2020, and the statement of comprehensive income, statement of changes in equity, statement of cash flows and statement of comparison of budget and actual amounts for the year then 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, 2020, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards (Accrual Basis) and comply with the Tourism Act, No.28 of 2011 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Trade and Other Receivables

1.1 Long Outstanding Debts

As previously reported, the statement of financial position reflects a balance of Kshs.829,479,034 under trade and other receivables which includes an amount of Kshs.742,236,842 or 90%, which has been outstanding for over one year and the bulk of which is owed by various Government Ministries and Departments. In particular, the National Assembly owes an amount of Kshs.47,311,344 which has been outstanding for a considerably long period of time.

Further, a balance of Kshs.60,646,813 of the debts is owed by defunct Government Ministries and Departments. However, an inquiry and comparison with financial statements of the reported debtors showed that the said debts were not recognized as payables or pending bills in those institutions. In addition, a substantial portion of the accounts receivables mostly arose when credit sales were extended to the conference

clients, Government and private tenants and leased parking. The Management efforts to recover these debts have not been fruitful.

1.2 Failure to Honor Tenancy Agreement

Available information indicates that the 18th floor of Kenyatta International Convention Centre was occupied by the private secretary to the third President from 01 July, 2013 to 01 July, 2016 accruing a total debt of Kshs.36,096,972 though no lease agreement was provided for audit review. Recoverability of the debts remain doubtful despite there being a provision for bad and doubtful debts of Kshs.25,160,549, which appears inadequate

In the circumstances, recoverability of the debts is doubtful and it was not possible to confirm that the trade and other receivables balance of Kshs.829,479,034 as at 30 June, 2020 is fairly stated.

2. Trade and Other Payables

The statement of financial position reflects a balance of Kshs.1,020,450,968 under trade and other payables which, as disclosed in Note 19 to the financial statements, includes trade payables amounting to Kshs.571,970,656. The latter balance include an amount of Kshs.338,514,062 or 60% that had been outstanding for over one year but is reflected as current liabilities. Further, the ledger and supporting schedules for the entire trade and other payables balance of Kshs.1,020,450,968 were not provided for audit verification.

Under the circumstances, the accuracy of the trade and other payables balance of Kshs.1,020,450,968 as at 30 June, 2020 could not be confirmed.

3. Property, Plant and Equipment

The statement of financial position reflects a balance of Kshs.5,091,663,602 under property, plant and equipment which, as disclosed in Note 13 to the financial statements, includes an amount of Kshs.2,296,000,000 relating to land. As previously reported, the latter 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 addition, the Cabinet Secretary was directed to urgently issue ownership documents to the Corporation. The above notwithstanding, Management has not provided any proof that such title documents have been acquired. It has also been noted that the land on which the Kenyatta International Convention Centre building stands is not registered in the name of the Corporation although its value has been included in the financial statements.

Consequently, it was not possible to confirm the accuracy and ownership of property, plant and equipment balance of Kshs.5,091,663,602 as at 30 June, 2020.

4. Unsupported Work-In-Progress

As disclosed in Note 13 to the financial statements, the statement of financial position reflects a balance of Kshs.5,091,663,602 under property, plant and equipment which includes an amount of Kshs.1,117,342,484 in respect of capital work in progress. A special audit report by the Auditor-General on World Trade Organization Projects and pending bills at KICC carried out in 2018 recommended payment to various contractors amounting to Kshs.386,931,228 out of the initial costs of Kshs.1,053,391,228. The remaining claims from the suppliers, contractors and service providers were not recommended for payment due to lack of legitimacy of the law and also lack of adequate valid supporting documents.

Review of the work in progress schedule revealed that the Corporation still reflects part of the initial amounts totalling Kshs.153,086,005 instead of the amount of Kshs.74,238,410 approved for payments resulting to a variance of Kshs.78,847,595 as indicated below.

Vendors	Description	Amount (Kshs.)	OAG Approved Payments (Kshs.)	Variance (Kshs.)
Odermark investment Limited	AC	9,300,000	2,535,000	6,765,000
Metallica Merchantile Limited	Cabro	19,424,288	16,984,559	2,439,729
Lemina Limited	Carpets	17,334,400	11,019,942	6,314,458
Frumac Kenya	Media Booths	8,120,000	4,700,000	3,420,000
Bravo Limited	Refurbishment	6,250,000	3,945,433	2,304,567
Creativeedge Solutions	Refurbishment	39,142,000	7,076,484	32,065,516
Dynacorp Logistics	Refurbishment	33,852,102	20,632,805	13,219,297
Kimbisa Agencies Limited	Refurbishment	19,663,215	7,344,187	12,319,028
Total		153,086,005	74,238,410	78,847,595

Further, the reported work in progress balance of Kshs.1,117,342,484 includes expenditure that is recurrent in nature amounting to Kshs.365,632,907.

Under the circumstances, the accuracy and fair statement of the work in progress balance of Kshs.1,117,342,484 as at 30 June, 2020 could not be confirmed.

5. Cash and Bank Balances

As disclosed in Note 17 to the financial statements, the statement of financial position reflects a balance of Kshs.299,057,065 in respect of cash and bank balances as at 30 June, 2020. The Centre operated three (3) bank accounts in Kenya Shillings and one (1) dollar bank account. However, the cash balances as per the bank reconciliation statements presented for audit differed with the cash books balances as indicated below:

Account No.	Type	Cash book Balance as per Bank Reconciliation Statement (Kshs.)	Balance as per Cash Book (Kshs.)	Balance as per Bank Statement (Kshs.)
1102296147 - KCB	Development	33,213,773	(570,594)	33,213,648
1102302262- KCB	USD	93,496,036	44,331,436	93,496,036
1102294810 - KCB	Operations	3,528,796	46,843,633	5,060,470
1141093218300 - Co-op	Operations	168,551,217	34,961,962	167,286,910

Further, bank balances were used in preparation of the financial statements as opposed to the reconciled cash book balances as at 30 June, 2020. In addition, the exchange rate used of Kshs.105.5720 against the dollar was lower than the Central Bank of Kenya mean rate of Kshs.106.5224 as at 30 June, 2020 resulting in under reporting of the cash balance held in dollars by an amount of Kshs.841,653. Further, the bank reconciliation statements were not reviewed or approved by the designated officials.

Consequently, the accuracy of the cash and bank balance of Kshs.299,057,065 as at 30 June, 2020 could not be confirmed.

6. Double Payment

On 7 May, 2020, a Country Club was paid an amount of Kshs.386,784 for the provision of catering services. Similarly, another Resort Club was on 25 May, 2019 paid an equivalent amount of Kshs.386,784 for the same service that had been offered by the Country Club. The double payment was noted and the Resort Club requested to refund the amount paid which was declined as the Centre owed the Resort Club.

Under the circumstances, recovery of the sum of Kshs.386,784 double paid is doubtful and the expenditure for the year is also overstated by the same amount.

7. Procurement of Parking Slots

During the year under review, an amount of Kshs.2,376,000 was paid to a local firm for parking slots for the African Caribbean and Pacific (ACP) Summit of Heads of State and Government function, the charges therein being 600 slots per day for six days. However, no register or records to confirm the clients who parked during the six-day event was provided for audit verification.

Further, an amount of Kshs.1,980,000 was also paid for parking slots for an International Conference on Population and Development (ICPD) function held from 12 November, 2019 to 14 November, 2019. The Local Service Order (LSO) was dated 7 November, 2019 while the invoice was dated 6 November, 2019, an indication that the invoice had been issued before the function commenced. Further, the parking slots expenditure item was not provided for in the procurement plan and the contract for the ICPD function. In addition, the Procurement Department was not involved in the procurement process.

Under the circumstances, the accuracy and propriety of the expenditure incurred on parking slots totalling Kshs.4,356,000 could not be confirmed.

8. Unsupported Expenditure on Contracted Services

Records indicates that KICC pays the National Youth Service (NYS) an amount of Kshs.3,100,000 monthly for the provision of security services. However, contract agreement specifying the contractual obligations of both parties was not provided for audit review.

Under the circumstances, the accuracy and propriety of the expenditure incurred on provision of security services from NYS could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme 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 ISSAIs 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 judgment, are of most significance in the audit of the 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 audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, 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

1. Flawed 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 they 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 for due to lack of or inadequate documentation.
- (viii) In addition, supporting documents availed 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 firm(s) 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 was 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.

From the foregoing, the Corporation was clearly in breach of the Public Procurement and Disposal Act, 2005 and Regulations, 2006 and may not have received value for money from WTO projects due to the flawed procurement process.

2. Retreat to Mauritius

As previously reported, some Board Members and staff of the Corporation went to Mauritius to attend the World Travel Award. However, the following anomalies were noted: -

- a) Through payment voucher No.721 dated 20 May, 2019, the Corporation made irregular payment of USD 14,816 equivalent of Kshs.1,506,639 to an accountant and

it was noted that the said person is not a Board Member nor was he among the staff nominated to represent the Corporation in the award ceremony.

- b) It was also noted that the Board Members were paid their per diem in cash instead of making payments through their respective bank accounts and no evidence was availed to show that indeed the members acknowledged the receipts of the money.
- c) It was further, noted that all the per diem requisition forms supporting the payment voucher were not signed and dated by the head of the relevant department but were only signed by the Financial Controller and Chief Executive Officer and no explanation was provided as to why the user department did not approve the per diem.
- d) No invitation from the host supporting the payment voucher was provided for audit review.
- e) Further, it was noted that twelve (12) members of staff and eight (8) Board members were paid per diem allowances totalling Kshs.6,805,650 to represent the Corporation to attend the award ceremony in Mauritius. It is not clear why the Corporation incurred such high expenses in sending a huge delegation of staff members in a single award ceremony when less members could have represented the Corporation adequately and reduce such expenses.

The Management therefore breached Section 68(1) of the Public Finance Management Act, 2012 that requires an Accounting Officer for a national government entity to ensure that resources are used in a lawful and authorised manner which is also effective, efficient, economical and transparent.

3. Grant from the Ministry

As previously reported, a review of the documents and correspondence between the Ministry and the Corporation revealed the following;

- In a letter Ref. MOT/1/97 dated 24 February, 2016 from the Principal Secretary, Ministry of Tourism and addressed to Ag. Managing Director, the Ministry requested transfer of Kshs.480,000,000 meant for the World Trade Organization Conference from KICC to the Ministry. It is not clear why the Ministry had to request the transfer of the same money they had transferred to the Corporation for the furtherance of the conference activities.
- Further, details of the actual amount received from the conferences, total expenditure incurred and bank balance were not provided for audit review.

In view of the above, the transactions relating to transfer of Kshs.480,000,000 and the related expenditure at the Ministry for the year 2015/2016 could not be confirmed.

4. Non-Remittance of Statutory Tax Deductions

As disclosed in Note 16 to the financial statements, the statement of financial position reflects a balance of Kshs.157,436,354 under tax payables representing outstanding corporation tax as at 30 June, 2020. Further, and as disclosed in Note 19 to the financial

statements, the Centre had an outstanding Value Added Tax (VAT) liability of Kshs.191,479,748 as at 30 June, 2020. However, no explanation has been provided on why the amounts remained un-remitted to the Kenya Revenue Authority as required by the Income Tax Act.

The Management was in breach of the Law, to this extent.

5. Staff Car Loan and Advances

The statement of financial position reflects a balance of Kshs.4,782,677 under staff receivables which, as disclosed in Note 15 to the financial statements, relates to staff car loans and advances. However, and as previously reported, some of the staff who resigned or had their services terminated left without being cleared by the Corporation leaving uncleared car loans and advances debts. The outstanding car loan balance stood at Kshs.4,644,510 as at 30 June, 2020 and the Corporation is exposed to the risk of non-recovery of the car loans and advances due from staff who left the organization.

The Management violated the Human Resource Manual which requires employees to obtain clearance certificates on resignation, termination or dismissal of appointment or retirement from the service.

6. Staff Receivables-Outstanding Imprest

As previously reported, the statement of financial position reflects a balance of Kshs.644,014 in respect of staff imprests which was outstanding as at 30 June, 2020. This is contrary to Section 93(5) of the Public Finance Management (National Government) Regulations, 2015 which requires a holder of a temporary imprest to account or surrender the imprest within 7 working days after returning to duty station.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

Engagement of Temporary Employees

During the year under review, an amount of Kshs.3,729,183 was paid to temporary employees engaged by the Corporation. However, there was no documented procedure for inviting, identifying and appointment of the temporary employees. The Centre did not maintain personal details of all the temporary employees engaged. Further, though the Centre maintained an attendance register for temporary employees, not all the temporary employees recorded their attendance. In particular, forty (40) temporary employees engaged for the International Conference on Population and Development (ICPD) summit held between 12 to 14 November, 2019 for 10 days did not sign the attendance register an indication of weak internal control.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and overall 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 (Accrual Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and 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 the 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 the 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 of the Financial Statements

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

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


 CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

09 March, 2022

**THE KENYATTA INTERNATIONAL CONVENTION CENTRE (KICC) ANNUAL REPORTS
AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020**

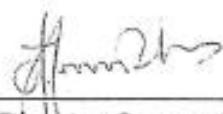
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR
ENDED 30TH JUNE 2020**

DESCRIPTION	NOTE	CUMMULATIVE TO DATE 2019/2020	ACTUAL 2018/19
		KSHS	KSHS
REVENUES			
Sales	5	1,037,908,964	1,007,372,246
Other Income	6	14,435,148	20,230,629
Total Revenues		1,052,344,112	1,027,602,876
OPERATING EXPENSES			
Administration Costs	7	308,311,199	387,095,247
Staff Costs	8	253,903,801	205,154,680
Board Emoluments	9	8,849,914	20,821,664
Selling and Distribution Costs	10	365,746,679	295,515,531
Depreciation and amortization	12/13	65,676,983	72,157,116
Total Operating Expenses		1,002,488,575	980,744,238
Operating profit		49,855,537	46,858,638
Profit/ Loss before Taxation		49,855,537	46,858,638
Income Tax @25%	16	(12,463,884)	(14,057,591)
Profit/ Loss after Taxation		37,391,652	32,801,046

**THE KENYATTA INTERNATIONAL CONVENTION CENTRE (KICC) ANNUAL REPORTS
AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020**

STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE, 2020

	Note	As at 30th June 2020 Kshs	As at 30th June 2019 Kshs
ASSETS			
Non-Current Assets			
Property, plant and equipment	13	5,091,663,602	4,044,860,041
Intangible assets	12	24,696,169	4,364,884
Staff receivables due after one year	15	4,782,677	6,541,134
Total Non-Current Assets		<u>5,121,142,448</u>	<u>4,055,766,059</u>
Current Assets			
Trade and other receivables	14	829,479,034	667,521,953
Cash and bank balances	17	299,057,065	490,812,686
Staff Imprests	15	644,014	5,262,245
Total Current Assets		<u>1,129,180,113</u>	<u>1,163,596,884</u>
Total Assets		<u>6,250,322,561</u>	<u>5,219,362,943</u>
EQUITY AND LIABILITIES			
Capital and Reserves			
Capital Fund	20	3,933,446,000	3,933,446,000
Retained earnings	22	1,550,914	(35,840,738)
Revaluation Reserve	23	1,137,438,325	-
Capital and Reserves		<u>5,072,435,239</u>	<u>3,897,605,262</u>
Non-Current Liabilities			
Tax Payable	16	157,436,354	144,972,470
Total Non-Current Liabilities		<u>157,436,354</u>	<u>144,972,470</u>
Current Liabilities			
Trade and other payables	19	1,020,450,968	1,176,785,211
Total Current Liabilities		<u>1,020,450,968</u>	<u>1,176,785,211</u>
TOTAL EQUITY AND LIABILITIES		<u>6,250,322,561</u>	<u>5,219,362,943</u>



Director Corporate Services
ICPAK Reg No 6899



Chief Executive Office

**THE KENYATTA INTERNATIONAL CONVENTION CENTRE (KICC) ANNUAL REPORTS
AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020**

**STATEMENT OF CHANGES IN EQUITY & RESERVES FOR THE YEAR ENDED 30TH
JUNE, 2020**

	Note	Shareholders' Equity	Revenue Reserves/Retained Earnings	Revaluation Reserve	Revenue Reserves Restated	Total
		KSHS	KSHS	KSHS	KSHS	KSHS
At 1 July, 2019	21	3,933,446,000	(55,840,738)	1,137,438,325	3,897,605,262	5,035,043,5
Net profit for the Year ended 30th June 2020		-	37,391,652	-	37,391,652	37,391,652
At 30th June, 2020		3,933,446,000	1,550,914	1,137,438,325	3,920,611,450	5,072,435,239

**THE KENYATTA INTERNATIONAL CONVENTION CENTRE (KICC) ANNUAL REPORTS
AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020**

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE, 2020

FOR THE QUARTER ENDED 30TH JUNE 2020

	Note	As at 30TH JUNE 2020 Kshs.	As at 30TH JUNE 2019 Kshs.
OPERATING ACTIVITIES			
Cash generated from/ (used in) operations	18	(191,755,621)	61,549,040
Net cash generated from/ (used in) operating activities		(191,755,621)	61,549,040
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	12/13	-	(88,360,507)
Net cash generated from/ (used in) investing activities		-	(88,360,507)
FINANCING ACTIVITIES			
Interest income		-	-
Net cash generated from/ (used in) financing activities		-	-
INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS		(191,755,621)	(26,811,467)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		490,812,686	517,624,153
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		299,057,065	490,812,686
		=====	=====

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30 JUNE 2020

DESCRIPTION	CURRENT YEAR ACTUAL 2019/2020	FINAL APPROVED BUDGET 2019/2020	VARIANCE BUDGET TO ACTUAL	% Variance	REMARKS F - (FAVORABLE) U (UNFAVORABLE)	EXPLANATION OF VARIANCES
	KSHS	KSHS	KSHS			
Rent Revenue	298,534,998	258,677,479	37,338,323	15%	F	Positive variance mainly attributed to 100% billing and also billings on Service charge. Extra revenue also realised from short term leasing to Tribunal office under cabinet affairs for 9 months at a cost of sh.5.55Millin per quarter. Less revenue realised due to spill over effect as a result of prolonged elections which led to event cancellation.
Leased Parking Revenue	197,919,682	196,425,000	5,896,329	-1%	F	
Conference Revenue	222,206,897	387,000,000	(146,041,084)	43%	U	
Catering	148,300,365	233,000,000	(84,699,635)	36%	U	
Equipment	170,947,023	288,000,000	(117,052,977)	41%	U	
Casual Parking Revenue	1,936,500	3,000,000	(1,063,500)	35%	U	
Tower Viewing Revenue	12,472,796	18,000,000	(5,527,204)	31%	U	
Other sources of revenue	25,852	3,000,000	(2,975,337)	99%	U	
Recurrent /Total Revenue	1,052,344,112	1,387,102,479	(314,125,085)	24%	U	
ADMINISTRATION COSTS						
Electricity	50,549,635	60,000,000	9,450,365	16%	F	Cost saving realised on solar installation and commissioning.
Water & Conservancy	8,343,338	12,600,000	3,866,092	34%	F	Less consumption as less events held and also stay home directive by Health team during covid 19 pandemic led to most staff and clients working from home, hence less consumption.
Postage and Courier	40,036	112,000	71,964	64%	F	As per billing for the year, less correspondence on registered mails.
Printing, stationery and photocopying	4,605,681	7,243,225	3,094,309	36%	F	More consumption as a result of usage of more airtime during major events eg from Telkom ie increase of bandwidth.
Telephone Expenses	2,526,777	4,228,000	1,807,723	40%	F	
Travelling & Accommodation	6,347,918	5,340,000	(1,402,118)	19%	U	This went up as a result of pick and drop of all staff without personal means of transport during working from home rota.
Transport Operating Expenses	4,338,334	3,600,000	(485,766)	21%	U	
Staff welfare & Uniform expenses	16,401,020	39,959,000	23,207,812	59%	F	Apart from cost rationalisation, most of the staff worked from home, hence less usage resulting to less costs.
E-Mail & Internet	3,729,183	3,480,000	1,402,083	-7%	F	
Business Promotion Expenses(Entertainment)	2,318,979	7,040,000	4,721,022	67%	F	
Staff training expenses	26,800,456	40,000,000	14,286,094	33%	F	Anticipated/planned trainings as per the TNA report not implemented due to effects of covid pandemic.
Membership to professional bodies	3,533,796	3,886,402	261,145	9%	F	This includes increase in subscription fees to both Corporate and staff professional membership.
Consultancy fees	7,828,605	23,930,000	18,248,395	67%	F	
Legal fees, Land rates, Licenses & Subscriptions	4,394,790	31,734,370	27,339,580	86%	F	Less spent this year

THE KENYATTA INTERNATIONAL CONVENTION CENTRE (KICC) ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

Board Expenses	8,849,914	20,102,000	11,252,086	56%	F	Board calendar affected by covid 19 pandemic. Meetings done virtually.
OTHER OPERATING EXPENSES						
Contracted Services	64,570,266	102,397,000	34,068,770	37%	F	This was billing as per the signed contracts during the year.
Consumable Stores, Replacement & renewable items	10,174,378	15,250,000	4,617,157	33%	F	This includes sh.5M for consumables and sh.10.25Million on replacement and renewals. Major costs done in quarter 4 with regard to ensuring the centre was habitable during this time of corona eg masks, sanitizers, cloak rooms maintenance and fixing of sanitizer dispensers.
Research and development	375,000	25,500,000	25,125,000	99%	F	Most anticipated R&D activities never took place as part of second half activities were disrupted.
Corporate Social Responsibility/Investment	20,000	3,000,000	2,980,000	99%	F	During the year under review, the Corporation collaborated with Kenya Utalii College to award the best performing student in Tour Operations Management, in which Meetings, Incentives, Conferences and Exhibitions (MICE) is taught. The award is aimed at inspiring more students to take up the MICE courses.
STAFF COSTS(PERSONNEL EMOLUMENTS)						
Salaries Wages & Leave Allowance	202,773,728	216,458,352	13,659,621	6%	F	Increase in costs due to implementation of approved Organisation structure by SCAC ie additional staff recruited.
Medical Insurance	42,306,370	28,500,000	(12,273,853)	48%	U	
Gratuity & Pension	8,823,702	20,000,000	14,552,871	56%	F	
SELLING & DISTRIBUTION COST						
Third party costs	303,192,079	291,645,037	(39,256,913)	-4%	U	Unfavourable variance as a result of underbudgeting during the year the corporation spent more on third parties with regard to ACP and ICPD conferences.
MICE & Participation in Exhibition	41,303,281	56,000,000	14,696,719	26%	F	Planned activities were disrupted by the uncertainties with regard to cancelation of anticipated exhibitions.
Production of Promotion Materials	5,488,164	34,500,000	29,011,836	84%	F	
Advertising & Publicity	15,763,155	39,100,000	23,438,569	60%	F	

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).

THE KENYATTA INTERNATIONAL CONVENTION CENTRE (KICC) ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. Determine transaction price – variable consideration based on probability weighted or most likely amount but is constrained up to the amount that is probable of no significant reversal in the future; reflect time value when significant; credit risk as an expense in separate line on face and measured based on IFRS 9/IAS 39;
4. Allocate transaction price – Based on a relative selling price basis; “residual approach” only used when there is performance obligation with stand-alone price which is highly variable or uncertain.
5. Recognize revenue – Model now based on control, but risk and rewards 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.

THE KENYATTA INTERNATIONAL CONVENTION CENTRE (KICC) ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Increases in the carrying amounts of assets arising from re-valuation are credited to 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 %
CCTV Cameras	30.0 %
Software's	33.3 %
Plant and Equipment	12.5 %
Communication Equipment	12.5 %

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

e) Depreciation and impairment of property, plant and equipment

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 conference 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. At 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, 2018.

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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

THE KENYATTA INTERNATIONAL CONVENTION CENTRE (KICC) ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 2019/2020 Kshs	ACTUAL AUDITED 2018/19 Kshs
5 SALES		
Conference	222,206,897	205,245,998
Rent	298,534,998	286,473,024
Leased Parking	197,919,682	197,162,680
Catering	148,300,365	143,320,745
Equipment	170,947,023	175,169,799
	1,037,908,964 =====	1,007,372,246 =====
6 OTHER INCOME		
Casual Parking	1,936,500	1,532,900
Tower viewing	12,472,796	17,988,675
Other sources	25,852	709,054
	-	-
	14,435,148 =====	20,230,629 =====
Total Revenues	1,052,344,112	1,027,602,876

THE KENYATTA INTERNATIONAL CONVENTION CENTRE (KICC) ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

7 ADMINISTRATION COSTS

Electricity and water	58,892,973	69,038,473
Communication services and supplies(Postage,Telephone,Email&Internet)	6,295,996	4,654,117
Transportation, travelling and subsistence(Transport Operating,Travelling & Acco.)	10,686,252	9,261,194
Printing, stationery and photocopying	4,605,681	5,552,310
Staff training expenses	26,800,456	40,006,882
Hospitality supplies and services(Entertainment& Staff Welfare)	18,719,999	39,509,071
Insurance costs(general)	27,147,706	62,793,033
Bank charges and commissions	1,566,176	1,163,369
Auditors' remuneration	493,103	493,103
Consultancy fees	7,828,605	8,345,707
Legal fees, licence & rates	4,394,790	15,565,088
Repairs and maintenance	33,027,606	24,391,924
Other operating expenses(CSI,mship to prof bodies,Contracted Services,Consumables,R&D,Replacement and renewals)	82,691,307	82,702,125
Provision for bad debts	25,160,549	23,618,849
	<u>308,311,199</u>	<u>387,095,247</u>
	=====	=====

8 STAFF COSTS

Salaries and allowances of permanent employees	202,773,728	203,439,837
Gratuity, Pension and Retirement Benefits	8,823,702	1,714,843
Medical expenses	42,306,370	-
	<u>253,903,801</u>	<u>205,154,680</u>
	=====	=====

The average number of employees at the end of the year was:

Permanent employees – Management	136	140
	<u>136</u>	<u>140</u>
	=====	=====

9 DIRECTORS EMOLUMENTS

8,849,914	20,821,664
=====	=====

10 SELLING AND DISTRIBUTION COSTS

Third party outsourcing	303,192,079	220,339,548
Advertising and publicity	15,763,155	

THE KENYATTA INTERNATIONAL CONVENTION CENTRE (KICC) ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

	22,413,425	
Participation in exhibitions	41,303,281	45,247,012
Production of promotional materials	5,488,164	7,515,546
	365,746,679	295,515,531
	=====	=====
	ACTUAL UN-AUDITED 2019/2020	ACTUAL AUDITED 2018/19
	Kshs	Kshs
11 INCOME TAX EXPENSE/(CREDIT)		
(a) Current taxation		
Current taxation based on the adjusted profit for the year at 25%	12,463,884	(14,057,591)
	-----	-----
	12,463,884	(14,057,591)
	=====	=====
	ACTUAL UN-AUDITED 2019/2020	ACTUAL AUDITED 2018/19
	Kshs	Kshs
12 INTANGIBLE ASSETS		
COST		
At July 1	44,180,000	44,180,000
Additions	-	-
Transfers	-	-
	-----	-----
As at 30 th June	44,180,000	44,180,000
	=====	=====
AMORTISATION		
At July 1	39,815,116	37,826,000
Charge for the Year	1,282,873	1,989,116
Disposals		
Impairment loss		
As at 30 th June	41,097,989	39,815,116
	=====	=====
	33%	33%
NET BOOK VALUE		
As at June 30	3,082,011	4,364,884
	=====	=====
14 TRADE AND OTHER RECEIVABLES		
Trade receivables	838,684,975	674,824,324
Deposits and prepayments	15,954,609	15,954,609
Bank Guarantee(KCB Bank)	-	-
Receipt Control Account	-	361,871
General provision for Bad Debts	(25,160,549)	(23,618,851)

THE KENYATTA INTERNATIONAL CONVENTION CENTRE (KICC) ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

	Gross trade and other receivables	829,479,034	667,521,952
		=====	=====
15	STAFF RECEIVABLES		
	Gross car loans & salary advance	4,782,677	6,541,134
	Staff Imprest	664,851	5,262,245
16	CORPORATION TAX LIABILITY		
	At beginning of the year	144,972,470	130,914,879
	Income tax charge for the Year	12,463,884	14,057,591
	Income tax paid during the Year	-	-
	At end of the Year	157,436,354	144,972,470
		=====	=====
17	CASH AND CASH EQUIVALENTS		
	BANK AND CASH BALANCES		
		ACTUAL UN- AUDITED 2019/2020	ACTUAL AUDITED 2018/19
	BANK & BRANCH	Kshs	Kshs
	Kenya Commercial Bank - KICC-Operations	5,060,470	38,097,760
	Kenya Commercial Bank - KICC-Development	33,213,648	34,354,057
	Kenya Commercial Bank - KICC-USD	93,496,036	49,857,465
	Co-operative Bank - CITYHALL-Operations	167,286,910	367,766,582
	Petty Cash	-	2,822
	MPESA Control ACC	-	734,000
	TOTAL CASH AND CASH EQUIVALENTS <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>	299,057,065	490,812,686
18	Notes to the Statement of Cashflows		
		ACTUAL UN- AUDITED 2019/2020	ACTUAL AUDITED 2018/19
	(a) Reconciliation of operating profit/ (loss) to Cash generated from/ (used in) operations	Kshs	Kshs
	Operating profit/ (loss)	49,855,537	46,858,635
	Depreciation and amortization	65,676,983	72,157,116
	Operating profit/ (loss) before working capital changes	115,532,519	119,015,751

THE KENYATTA INTERNATIONAL CONVENTION CENTRE (KICC) ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

	(Increase)/decrease in trade and other receivables	(139,065,991)	240,540,063
	Increase/ (decrease) in trade and other payables	(156,334,243)	(302,602,795)
	Increase/ (decrease) in staff advances and loans	(11,887,906)	4,596,021
	Cash generated from/ (used in) operations	(191,755,621)	61,549,040
		=====	=====
	(b) Analysis of cash and cash equivalents		
	Cash at bank	299,057,065	490,812,686
	Balance at end of the year	299,057,065	490,812,686
		=====	=====
		ACTUAL UN-AUDITED 2019/2020	ACTUAL AUDITED 2018/19
		Kshs	Kshs
19	TRADE AND OTHER PAYABLES		
	Trade payables	571,970,656	589,452,648
	Provisions for contingency	-	5,728,504
	Provisions for other pending bills	234,522,185	255,395,308
	VAT Liability	191,479,748	305,612,312
	Other Payables-Deposits & Prepayments	1,089,433	20,596,439
	Accrued expenses	21,388,945	-
		1,020,450,967	1,176,785,211
		=====	=====
		ACTUAL UN-AUDITED 2019/2020	ACTUAL AUDITED 2018/19
20	CAPITAL FUND		
	Shareholder's Equity	3,933,446,000	3,933,446,000
		3,933,446,000	3,933,446,000
		=====	=====
	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.		
		ACTUAL UN-AUDITED 2019/2020	ACTUAL AUDITED 2018/19
21	RELATED PARTY TRANSACTIONS DISCLOSURES		
	The Corporation is wholly owned and controlled by the Government of Kenya through the Ministry of Tourism; there are no other companies which are related to the Corporation. The following transactions were carried out with related parties:		

THE KENYATTA INTERNATIONAL CONVENTION CENTRE (KICC) ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

	i) Key management compensation	Kshs	Kshs
	Salaries and other short-term employment benefits	211,597,430	205,154,680
	ii) Directors' remuneration		
	The Board of Directors remuneration for last twelve (12) months	8,849,914	20,821,664
	(iii) Employees		
	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.	136	140
22	RETAINED EARNINGS		
	The retained earnings represent amounts utilised to finance the Corporation's business activities.		
		ACTUAL UN-AUDITED 2019/2020 Kshs	ACTUAL AUDITED 2018/19 Kshs
	Retained Income	(35,840,738)	286,138,054
	Pror year adjustment(Corporate Tax Liability)	-	(107,922,284)
	Prior Year adjustment(VAT Liability)	-	(246,857,552)
	Net Profit for the year	37,391,652	32,801,044
		1,550,914 =====	(35,840,738) =====
23	REVALUATION RESERVE	ACTUAL UN-AUDITED 2019/2020 Kshs	ACTUAL AUDITED 2018/19 Kshs
	Surplus on Revaluation of Property Plant & Equipment(PPE)	1,1137,438,325	1,137,438,325
		DR	CR

THE KENYATTA INTERNATIONAL CONVENTION CENTRE (KICC) ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

Note 24.



WTO PENDING BILLS PAID-was Ksh.196.4M cumulatively.

No	Description	KSHS
1	Builders 7 Company Limited	19,154,301
2	Invescan Matrix	12,257,553
3	Compassy Trading Company Ltd	985,283
4	Metallica Merchants Ltd	16,984,559
5	Odermark Investments Company Ltd	2,535,000
6	Kimbisa Agencies Limited	7,344,187
7	Creativeedge Solutions	7,076,484
8	MFI Solutions	7,424,000
9	Rostrum East Africa Limited	13,508,480
10	Unicore Projectors Limited	39,847,160
11	Lemina Limited	11,019,942
12	Dynacorp Logistics	20,632,805
13	Frumac Kenya	4,700,000
14	Bravo Limited	3,945,433
15	M/s Chege Designers	8,114,803
	Total paid in FY 2018-2019	175,529,991
	PART OF SH.211M	
1	Carnivore Restaurant	2,569,363.00
2	Jakoki Investments	988,000.00
3	Kate Interior	8,704,200.00
4	Sols Inclination	8,611,560.00
	Total paid in FY 2019-2020	20,873,123.00
	Grand total	196,403,114.00

FOR THE YEAR ENDED 30TH JUNE 2020

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

DETAILS	Freehold land	Buildings & civil works	Furniture	Softwares	Carpets	Office equipment	Motor vehicle	Plant & equipment	Communication Equipment	Capital work in progress	Total
	KSHS	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	13,068,509	27,298,250	14,165,000	13,015,000	33,960,625	166,647,400	1,033,111,344	4,044,598,430
Additions											
Capital Revaluation Reserve	1,296,000,000	2,748,073	(64,231,906)	23,715,995	(23,679,228)	(7,791,160)	6,715,000	(31,256,125)	(149,015,465)	84,231,140	1,137,438,324
At 30th June 2020 at Valuation	2,296,000,000	1,664,800,000	17,028,470	36,784,504	3,623,021	6,373,840	19,730,000	2,722,500	17,631,935	1,117,342,484	5,182,036,754
DEPRECIATION											
At July 2019	-	-	-	-	-	-	-	-	-	-	-
Charge for the Year	-	41,620,000	2,128,576	12,086,335	451,637	1,912,155	4,932,500	340,313	2,203,467	-	65,676,983
Prior year adjustment											
At 30th June 2020	-	41,620,000	2,128,576	12,086,335	451,637	1,912,155	4,932,500	340,313	2,203,467	-	65,676,983
NET BOOK VALUE											
At July, 2019 at Valuation	2,296,000,000	1,664,800,000	17,028,470	36,784,504	3,623,021	6,373,840	19,730,000	2,722,500	17,631,935	1,117,342,484	5,182,036,754
At 30th June 2020	2,296,000,000	1,623,180,000	14,899,894	24,698,169	3,171,384	4,461,685	14,797,500	2,382,187	15,428,468	1,117,342,484	5,116,359,771

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

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

Kenya won the bid to host the 10th World Trade Organization (WTO) Ministerial Conference held from 15th to 18th December 2015. An Inter-Ministerial Organization Committee was established to coordinate all the activities geared towards successful hosting of the Conference. Several WTO related projects were initiated and procured without following laid out procurement procedures and regulations. The Corporation had recognized a provision of Kshs.431Million as potential liabilities in its books. After verification of accruing pending bills by office of Auditor General, Kshs.175.53Million has been settled based on the recommendation by Office of the Auditor General. Out of the verified of sh.211M outstanding; an additional payment was done amounting to Ksh.21M leaving an outstanding of sh.190M on the verified pending bills in the year 2015.

The Corporation continues to carry a further provision of Kshs.234.5Million on WTO related pending bills in its books.

ii) Tax Liability

The Corporation renegotiated and continued to be remit an equivalent of Kshs.5Million to Kenya Revenue Authority on monthly basis to offset the tax arrears of Kshs.347Million excluding current tax of Kshs.12.46Million as at end of FY 2019/2020. The total outstanding as at 30th June 2020 Principal tax arrears on all tax heads is Kshs.348.9Million made up of Corporate tax of Kshs.157.44Million and VAT liability of Kshs.191.48 Million.

As at the year ending 30th June 2020, the Corporation paid a total of paid Kshs.108.55Million to Kenya Revenue Authority as tax arrears. Due to cash flow constraints, the Corporation renegotiated tax arrears installment payments plan from Kshs.24 Million to Kshs.5 Million per Month as from March 2020.

iii) Work in progress

In the PPE schedule there is an amount of sh.1.1137Billion that management intends to capitalize in the FY 2020-2021.

Reference No on the external audit report	Issue/Observations from Auditor FY 2018/2019	Management Comments	Focal Point Person to resolve the issue	Status(Resolved/Not resolved)	Time frame
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AUDIT RECOMMENDATIONS

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	Resolved	Done
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-World Trade Organization (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