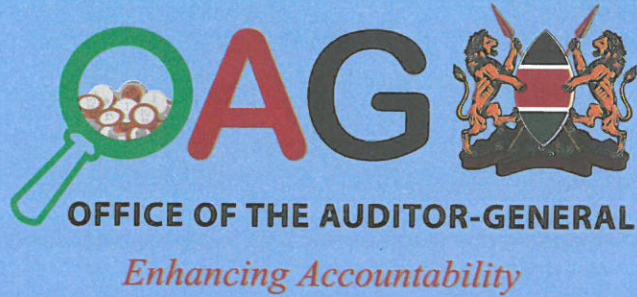


REPUBLIC OF KENYA



REPORT

OF

THE AUDITOR-GENERAL

ON

KENYA CULTURAL CENTRE

**FOR THE YEAR ENDED
30 JUNE, 2023**





OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
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KENYA CULTURAL CENTRE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2023

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

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Annual Report and Financial Statements
for the year ended June 30, 2023

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Acronyms, Abbreviations and Glossary of Terms

A: Acronyms and Abbreviations

| | |
|-------|--|
| BETA | Bottom- Up Economic Transformation Agenda |
| CEO | Chief Executive Officer |
| CBK | Central Bank of Kenya |
| GC | Governing Council |
| ICPAK | Institute of Certified Public Accountants of Kenya |
| IPSAS | International Public Sector Accounting Standards |
| KCC | Kenya Cultural Centre |
| NT | National Treasury |
| OCOB | Office of the Controller of Budget |
| OAG | Office of the Auditor General |
| OSHA | Occupational Safety and Health Act of 2007 |
| PFM | Public Finance Management |
| PPE | Property Plant & Equipment |
| PSASB | Public Sector Accounting Standards Board |
| PWDs | Persons with Disabilities |
| SAGAs | Semi-Autonomous Government Agencies |
| SC | State Corporations |
| SCAC | State Corporations Advisory Committee |
| WB | World Bank |
| VC | Vice Chancellor |

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B: Glossary of Terms

In this document, unless the context otherwise requires;

- Almanac:** means an annual calendar of Governing Council and Committee meeting and retreat dates
- Centre:** refers to Kenya Cultural Centre
- Comparative Year:** means the prior period.
- Fiduciary Management:** refers to members of Management directly entrusted with the responsibility of financial resources of the organisation
- Governing Council:** refers to Kenya Cultural Centre Board of Directors established and appointed under Section 3 of Kenya Cultural Centre Act

Key Entity Information and Management

Background information

The Kenya Cultural Centre incorporating The Kenya National Theatre is a Semi-Autonomous Government Agency (SAGA) established under The Kenya Cultural Centre Act Cap 218 and is domiciled in the State Department for Youth Affairs and the Arts, Ministry of Youth Affairs, the Arts and Sports.

Principal Activities

The Centre is mandated to undertake the following activities:

- i. Provide for the performance of music, drama and dancing
- ii. Provide for the exhibition of works of arts and crafts
- iii. Hold meetings for discussion on matters literary, historical, scientific or educational interest or importance
- iv. Carry other purposes approved by the Council to further the foregoing functions

The Centre continues to strive to provide the required leadership in designing suitable plans and strategies that will contribute to high and sustainable socio-economic development. KCC undertakes to ensure that the credible strategic plan in place shall deliver the desired goals of the Centre.

Our Vision

To be a distinguished International Centre for cultural reference, creative expression and cultural contribution to the Kenyan economy.

Our Mission

To establish the Kenya Cultural Centre as the national Centre for the safeguarding, promotion, celebration and development of culture, arts and creativity

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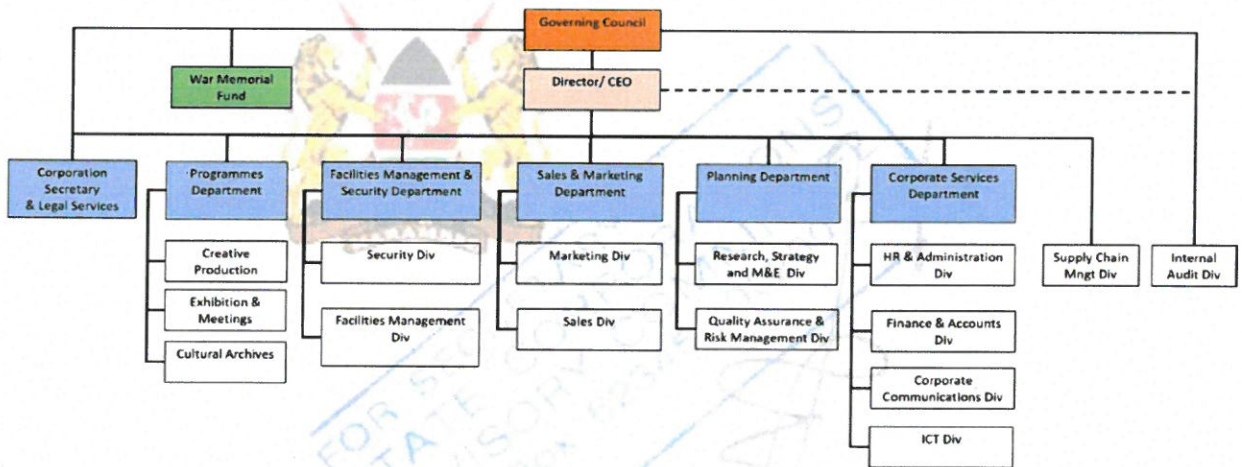
Our Core Values

Good governance, Integrity, Inclusiveness, Diversity, Equity, Customer- focus

Key Management

The Kenya Cultural Centre’s day-to-day management is under the following key organs:

FIGURE 1: KCC APPROVED ORGANIZATION STRUCTURE



Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2023 and who had direct fiduciary responsibility were:

| No. | Designation | Name |
|-----|---|----------------------------------|
| 1. | Executive Director/ CEO | Mr. Michael Pundo |
| 2. | Principal Creative Production Officer | Mr. Kevin Kahuro Kimani |
| 3. | Human Resource & Administrative Officer | Ms. Wangui Ruth |
| 4. | Supply Chain Management Officer | Mr. Elijah Ochieng Otieno |
| 5. | Legal Officer | Ms. Faith Mwende |

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| No. | Designation | Name |
|-----|------------------|---------------------------|
| 6. | Finance Officer | Mr. Samuel Muli |
| 7. | Accountant | CPA Monica Oduor |
| 8. | Internal Auditor | CPA Robert Waweru Ng'anga |

Key Entity Information and Management (continued)

(a) Fiduciary Oversight Arrangements

Programmes and Business Development Committee: this Committee is composed of six (6) members of the Governing Council. The Committee has the mandate of overseeing the implementation of the Kenya Cultural Centre core mandate through strategic planning and business management of the Centre's activities.

Audit Committee: The Committee, made up of five (5) Members of the Governing Council, exercises an oversight role in ensuring and providing guidance in matters relating to compliance, governance, accountability, risk management, transparency and integrity of the Centre's systems. The Committee undertakes oversight and enforces compliance with regulations and requirements in financial systems and general operations of the Centre.

Finance and Risk Management Committee: Committee of the Governing Council made up of seven (7) members provides oversight of the Centre's financial and accounting operations, management of the Centre's resources and risk mitigation and management. The Committee plays a critical role in safeguarding the financial health and integrity of the Centre and ensuring that the Centre's financial systems are sound and compliant to relevant financial and accounting standards.

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Key Entity Information and Management (continued)

Human Resource and Legal Committee: The Committee is composed of six (6) members of the Governing Council. The mandate of the Committee is to ensure that the Centre attracts and retains individuals who are qualified and productive and to provide advice and counsel to the Governing Council and its committees on legal matters and regulatory compliance.

The Kenya Cultural Centre Headquarters

P.O. Box 43031-00100

Kenya Cultural Centre Incorporating The Kenya National Theatre

Harry Thuku Road, Opposite The Norfolk Hotel

Nairobi, Kenya

The Centre's Contacts

Telephone: 020 2672843

Mobile: +254 742 008677

E-mail: info@kenyaculturalcentre.go.ke

Website: www.kenyaculturalcentre.go.ke

Socials: Facebook- <https://bit.ly/3osRj2S>

Instagram- @kenya.culturalcentre

Twitter- @CultureCentreKE

Key Entity Information and Management (continued)

The Centre's Bankers

Kenya Commercial Bank
University Way Branch
P.O. Box 60000-00100,
Anniversary Towers,
Nairobi, Kenya
Account no.1207350184

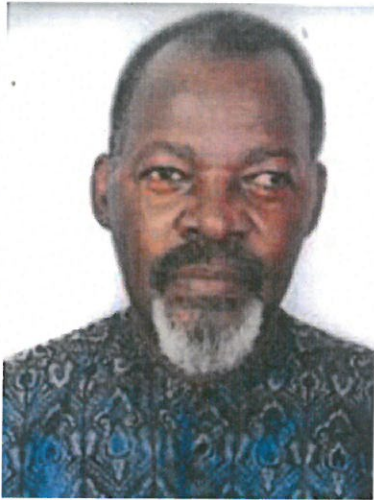

ABSA Bank
Market Street Branch
P.O Box 30018-00100,
Muindi Mbingu Street
Nairobi, Kenya
Account no.094821534

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


Principal Legal Adviser
The Attorney General
State Law Office and Department of Justice
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

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Governing Council

| Ref | Directors | Details |
|-----|---|--|
| 1. |  | <p><i>Capt. (R) Kungu Muigai</i> <i>Governing Council Chairperson</i></p> <p>Capt. Kungu Muigai is an accomplished leader and Chairperson of the Governing Council with a diverse background. Born in Gatundu, Kiambu County, in 1951, he had a successful military career, rising to the rank of Captain as the Senior Procurement Officer for the entire armed forces. After retiring in 1982, he became a respected security consultant and a large-scale farmer in coffee, wheat, and dairy. Additionally, Kungu serves as the patron of the Kenya National Council of Elders, preserving cultural heritage and providing guidance. With his transformative leadership, integrity, and dedication to service, he is a revered figure in both public and private sectors.</p> |
| 2. |  | <p><i>Ms. Jennifer Koikai</i> <i>Independent Governing Council Member and Vice Chairperson</i></p> <p>Jennifer Koikai is a self-motivated and dependable professional known for her strong work ethic. She holds an MBA from the University of Nairobi and a first-class honors Bachelor's degree in Business Management from Maasai Mara University. Jennifer's educational background also includes Diplomas in Business Management, Social Work, Project Planning, and Community Development, all achieved with Distinction. Her expertise is further validated by certifications such as the Senior Management Course from the Kenya School of Government (KSG), Certified Human Resource Professional (CHRP), Cisco certificates, and Certification of Information Technology Essentials. Throughout her career, Jennifer has showcased her administrative capabilities</p> |



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| | | <p>in various positions at Maasai Mara University, where she has effectively managed University Management Boards and undertaken other operational roles within the institution.</p> |
| <p>3.</p> |  | <p><i>Maj. (Rtd) John Seii</i> <i>Independent Council Member</i></p> <p>Highly skilled military professional with extensive expertise in managing human and material resources. After serving as Paymaster for all Military officer cadre, he transitioned into a humanitarian and peace advocate. Notably, he played a significant role in addressing tribal clashes and managing the aftermath of the notorious Post-Election Violence of 2007/08. His dedication to peace extends beyond his country, as he spent three years involved in peace and reconciliation efforts in South Sudan. With a reputation as a go-to authority on peace and reconciliation matters, Major John Seii now serves as the Chairman of the National Council of Elders and the Chairman designate of the newly formed IGAD Council of Eminent Personalities, where he continues to contribute to fostering peace and unity on both national and international levels.</p> |

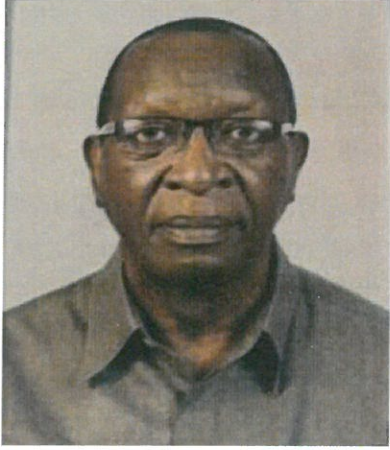
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| 4. |  | <p><i>Mr. Mohamed Esmail</i> <i>Independent Governing Council member</i></p> <p>A business professional from Mombasa, possesses expertise in business administration, marketing, and management. Alongside his business endeavors, he has been actively engaged as a volunteer social worker with the Association of the Physically Disabled Persons in Kenya (APDK) Coast branch since 2008. Throughout his involvement, he has overseen various impactful projects, including the Bombolulu Workshops and Cultural Centre, Port Rietz Clinic, Mobility Workshop, and Likoni Furniture initiatives. Mohamed's current vision revolves around promoting Kenya's cultural activities and implementing community outreach programs to empower youth and women through arts, creativity, and cultural education, showcasing his commitment to social welfare and cultural preservation.</p> |
| 5. |  | <p><i>MS. Pauline Nagila</i> <i>Independent Governing Council Member</i></p> <p>A dedicated professional with a strong background in education, advocacy, and community development. She is deeply passionate about empowering youth and women through her involvement in community-based organizations that focus on socio-economic empowerment and creative arts. With a Bachelor's Degree in Education, specialized in Kiswahili and Religious studies, and experience as an educator and consultant on social issues, Mrs. Nagila actively advocates for gender equality, governance, and women's rights. Her active participation in the Kenya Women Parliamentarian Association (KEWOPA) further enhances her impact, allowing her to influence important initiatives in Kenya, including national government affirmative action funds and UN Women programs, among others. Mrs. Nagila's dedication to gender advocacy and resource</p> |

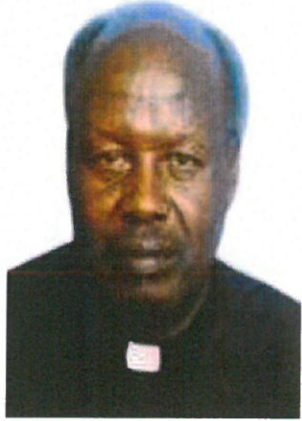
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| | | <p>mobilization makes her a prominent figure in Kenya's development efforts.</p> |
| 6. |  | <p><i>Mr. Abdirahim Farah</i> <i>Independent Governing Council Member</i></p> <p>A highly accomplished director with a wealth of expertise and skills in various field. Born in Garissa in 1959, he holds a Bcom degree from Osmania University and a health administration degree from York University in Canada. With a strong background in the civil service as an accountant, Abdirahim's proficiency extends to management of organizations, healthcare program development, project coordination, peacebuilding, and conflict resolution among nomadic communities. His capabilities also encompass participatory rural appraisal, fundraising, community mobilization, resource management, and strategic planning. With a diverse skill set, Abdirahim Farah brings immense value to various initiatives and is committed to empowering communities and achieving successful project outcomes.</p> |
| 7. |  | <p><i>Mr. Douglas Kasimu</i> <i>Independent Governing Council Member</i></p> <p>Douglas Nguma Kasimu is a Christian, father, and a multifaceted leader with a strong entrepreneurial drive. His background in electronic engineering led him to specialize in solar renewable energy production, and he is now the CEO and founder of Sethstar Enterprises Limited, a solar energy company established in 2017. Additionally, Douglas serves as the Chairman and founder member of Kaiti Greening Champions, a non-profit community-based organization focused on environmental care and promoting greening practices within Kaiti Constituency's institutions and homes. His commitment to cultural preservation and</p> |



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| | | <p>development is evident in his role as a member of the Kenya Cultural Governing Council since February 2023. Through his various roles, Douglas Nguma Kasimu demonstrates a passion for sustainable energy solutions, environmental conservation, and cultural advancement.</p> |
| 8. |  | <p><i>Mr. Moses Mulomi</i> <i>Independent Governing Council Member</i></p> <p>Holds a Master of Science (M.Sc) in Agriculture from the University of New Castle Upon Tyne (UK), a Bachelor of science (B. Sc. Hons) from the University of Nairobi, and a Diploma in Business Administration (DBA) from the National Institute of Public Administration, Republic of Zambia.</p> <p>In the last Five years he held the position of Deputy Governor, being the Deputy Chief Executive Busia County and Acted as the County Executive Committee Member for Health and Sanitation. Further, he has also been the Director of the International Red Locust Control Organization for central and Southern Africa (IRLCO-CSA) based in Ndola, Zambia. Prior to these, he worked as the chief Agricultural research officer with National Irrigation Board (NIB) among other positions in the said parastatal in Kenya and as National Technical Sales Manager Farmchem Limited (Kenya). He has over 25 years of experience in Senior Management of agricultural operations, marketing, training product processing and development.</p> |



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| 9. |  | <p><i>James Bassy</i> <i>Independent Governing Council Member</i></p> <p>Canon James Bassy is a distinguished individual, renowned for his illustrious career in community leadership. With over a decade of dedicated service as a member of the Talai Council of elders, he has left an indelible mark on the community. His unwavering commitment to fostering unity and resolving conflicts has established him as a prominent peacemaker. In addition to his exceptional leadership qualities, Canon James Bassy is a dedicated clergy member of the ACK church, further exemplifying his devotion to both spiritual and community matters. With his extensive experience and deep-rooted commitment to the well-being of his people, he stands as an invaluable asset in promoting cultural preservation and driving development initiatives within his community and beyond.</p> |
| 10. | | <p><i>Ms. Beatrice Obingo</i> <i>Independent Governing Council Member</i></p> <p>Beatrice Obingo is an accomplished healthcare management professional with extensive leadership experience and expertise in strategic planning and operational excellence. With over 15 years of experience in the healthcare industry, Beatrice has demonstrated her skills in successful business and program start-ups, process re-engineering, and quality management systems. She has held various significant roles, including Director and Board Member of the Kenya Cultural Centre Council, Director of Interpex Limited, and Director/Board Member of the Lake Basin Development Authority.</p> |

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| |  | <p>As Chief Operations Officer of Centric Air Ambulance and General Manager of Medical at Resolution Insurance Kenya, she provided strategic direction and drove profitable business growth while enhancing customer experience and operational efficiency. Beatrice has a proven track record of establishing healthcare provider networks and implementing systems for effective management and board reporting. Her leadership abilities, combined with her dedication to providing high standards of care, make her a valuable asset in promoting cultural preservation and development initiatives within her community and beyond.</p> |
| 11. |  | <p><i>Mr. Kelena Ole Nchoe</i> <i>Independent Governing Council Member</i></p> <p>Kelena Ole Nchoe is a distinguished individual with an illustrious career in public service and community leadership. He served as a councillor for an impressive 15 years, during which he held the esteemed position of mayor for Narok Town Council, leaving a lasting impact on the community for a decade. Renowned for his unwavering dedication to fostering unity and resolving conflicts, Kelena earned a reputation as a prominent peace maker. His exceptional leadership skills propelled him to become the chairman of the Maasai Council of Elders in Kenya and the second vice-chairman for the Kenya Council of Elders. With extensive experience and a deep-rooted commitment to the well-being of his people, Kelena Ole Nchoe is an invaluable asset in promoting cultural preservation and driving development initiatives within his community and beyond.</p> |

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| <p>12.</p> |  | <p><i>Mr. Kariuki Kagwima</i> <i>Alternate Director</i> <i>Cabinet Secretary, the National Treasury</i></p> <p>Holds a Bachelor of Business Administration degree, a Diploma in Labour Studies and Management, Certificate in Public Finance management.</p> <p>He is a Certified public Accountant of Kenya CPA(K) and a Certified Internal Auditor holder and a member of institute of Certified Public Accountant of Kenya (ICPAK) and institute of Internal Auditors.</p> |
| <p>13.</p> |  | <p><i>Mr. Michael Pundo</i> <i>Executive Director & Secretary to the Governing Council</i></p> <p>Mr. Pundo is the Accounting Officer of the Kenya Cultural Centre. His major role is to provide strategic leadership and oversee formulation and implementation of policies and programs that achieve the Centre's mandate, goals, objectives and agreed performance targets.</p> <p>Holds a Bachelor of Education (Arts), a cultural leadership certificate from Africa Arts Institute (AFAI), South Africa, expert in Ethnic Policy and Practice, Certificate in Conflict and Disaster Management and is currently finalising an MSc in Conflict Resolution and Management.</p> <p>He has long standing experience in cultural management and administration. Has spearheaded the organization of various festivals and cultural exchange programmes both national and internationally. He is a performing artist, theatre director and trainer.</p> |

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Key Management Team

| | Management | Details |
|----|---|--|
| 1. |  | <p>Michael Pundo</p> <p>Executive Director/ CEO Bachelor of Education- Arts Holder Master of Science in Conflict Resolution and Management (Ongoing)</p> |
| 2. |  | <p>Kevin Kimani Kahuro</p> <p>Principal Creative Production Officer Certificate in Leadership and Strategic Planning Bachelor of Theatre Arts and Film Technology holder Masters in Film and Theatre Arts PhD in Theatre Management (Ongoing)</p> |

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| 3. |  | <p style="text-align: right;">Wangui Ruth</p> <p>Human Resources & Administrative Officer Certified Public Accountant Bachelor of Commerce in Human Resource Management</p> |
| 4. |  | <p style="text-align: right;">Elijah Ochieng Otieno</p> <p>Supply Chain Management Officer Bachelor in Management, Purchasing and Supply Chain Master of Business Administration (Ongoing) Member of Kenya Institute of Supplies Management (KISM)</p> |
| 5. |  | <p style="text-align: right;">Faith Mwende</p> <p>Advocate of the High Court of Kenya and Legal Officer Bachelor of Laws Post Graduate Diploma In Law Certified Secretary (Ongoing)</p> |

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|----|---|---|
| 6. |  | <p>CPA Monica Oduor</p> <p>Accountant Bachelor of Commerce, Finance Option CPA (K)</p> |
| 7. |  | <p>CPA Robert Nga'nga</p> <p>Internal Auditor Bachelor of Commerce- Finance Option CPA (K) Strategic Leadership Development Senior Management Course</p> |
| 8. |  | <p>Samuel Muli</p> <p>Finance Officer Bachelor's degree in Commerce (Finance Option) CPA Ongoing</p> |

Chairman's Statement

Dear stakeholders,

On behalf of the Kenya Cultural Centre Governing Council, I am delighted to present the Annual Report and Financial Statements for the period from 1st July 2022 to 30th June 2023. During the year, our focus was on implementing the Kenya Cultural Centre mandate, enhancing controls, resolving historical issues, and extending the Centre's reach throughout the country.

The dedication of the Governing Council members, along with the hard work and commitment of the management team, has allowed the Centre to fulfil its mandate, rethink our approach, and come up with innovative ways to serve the citizens of Kenya as well as the creative industry. Even amid tough economic situations, the Kenya Cultural Centre continued to deliver quality services across various cultural spaces and through outreach programs in all 47 counties. We facilitated diverse creative activities, including rehearsals, workshops, training & training needs assessment, capacity building initiatives for performing and visual artists, live theatre shows & recordings, musical concerts, festivals, poetry festivals, and PAL Mashinani stations.

During the year, the Centre partnered with various institutions to hold capacity building workshops and training sessions for creatives aimed at accelerating business growth of young creatives in the Performing Arts sector, professionalise the Performing Artists and stimulate the adoption of innovative revenue earning activities and improve their artistic products and entrepreneurship skills.

The Centre continues to emphasise innovation and foster dialogue in the arts, as such it partnered with the Technical University of Kenya to host the post-graduate symposium on Arts Education. This event brought together practitioners, academicians, and experts in the performing arts to discuss important topics, share knowledge, and address issues in the cultural and artistic sector.

The Centre collaborated with Cultural Departments of Embassies and High Commissions which resulted in having the popularly known Wasanii Kona revamped to cater to the growing number of artists and also the collaborations led to the hosting of a theatre exchange

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program for Kenyan Artists geared towards benefiting the artists for better placement in the creative arts industry.

Moreover, it was the first time the Centre marked the Performing Arts Week and World Theatre Day during which an array of theatre activities and performances were put up to celebrate this important period/ day of the theatre fraternity. Theatre development was equally appreciated through the awarding of theatre practitioners and productions during the Kenya Theatre Awards, Kenya International Theatre Festival, and Kenya National Drama and Film Festival- not forgetting being among the leading institutions that propel the Talanta Hela Initiative that will facilitate artists to turn their talents into a steady source of income.

I would like to extend our gratitude to the members of the newly appointed Governing Council, who took over the mantle in February 2023. Their dedication and service so far have been commendable, and they plan to ensure that the Centre is well-structured, streamlined and the development of the new strategic plan supports the Bottom-Up Economic Transformation Agenda of the Kenya Kwanza Government.

To our valued stakeholders, including the Ministry of Youth Affairs, the Arts and Sports, the Management, staff of the Kenya Cultural Centre, and all the artists we work with, we express our heartfelt thanks. Your professionalism and dedication have contributed to the success of our theatre, and we look forward to continuing our collaborations to make the Kenya Cultural Centre a space for cultural convergence, inspiring cultural connections.

Let us work together as a team to address the challenges that lie ahead, and I am confident that with our collective efforts, the Kenya Cultural Centre will continue to thrive.

Sincerely,


Capt. (Rtd) Kung'u Muigai
Chairperson,
Kenya Cultural Centre Governing Council

Report of the Chief Executive Officer

Kenya Cultural Centre has achieved several key milestones during the financial year ending on 30th June 2023. The Centre's primary focus is on supporting artists in the creative and cultural industries, and it has taken significant steps to fulfil its mandate as outlined in the Kenya Cultural Centre Act Cap 218 which includes: provide for the performance of music, drama, and dancing; provide for the exhibition of works of art and crafts; hold meetings for discussions on matters of literary, historical, scientific or educational interest or importance; and carry out other purposes approved by the Council to further the foregoing functions.

Our key achievements included:

Capacity Building Workshops and Training Programs: The Centre provided training programs and organised capacity building workshops to improve the artistic products & entrepreneurship skills- 899 artists were nurtured through various programs including the Kenya International Theatre Festival, Kenya National Drama & Film Festival and the Poetry Training Needs Assessment Program.

Collaborations with Cultural Embassies and High Commissions: The Centre collaborated with Cultural Departments of Embassies and High Commissions including Australia, Czech Republic and China. The Australian High Commission revamped the Wasanii Corner to improve the space for artists, the Chinese Embassy in collaboration with the Centre organized and hosted the annual Chinese Film Festival while the Czech Republic conducted a theatre exchange program for 15 Kenyan Artists geared towards benefiting the artists for better placement in the creative arts industry.

Performing Arts Week: The Centre marked the Performing Arts Week and World Theatre Day in Mombasa with the aim of reviving art spaces in Mombasa County. Theatre activities were held in the Mombasa art spaces including Swahili Pot Hub, Jukwaa Arts, Bangladesh Social Centre, Little Theatre Club, Alliance Francaise, and Frere Town Social Hall.

Donor Funding: The Centre received donor funding from Ignite Culture Program East Africa to revive the Poetry After Lunch (PAL) program in 11 counties by implementing the Poetry Theatre Development Project.

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International Festivals: The Centre sponsored artists for international festivals and exhibitions- where they earned and sold artworks- 25 performing artists and 4 exhibitors were facilitated to attend the Afro Festival in Serbia where they sold Kenyan art of over 300,000/=. The Centre continues to host the Kenya International Theatre Festival.

Talanta Hela: Talanta Hela is a government initiative under the Ministry of Youth Affairs, the Arts and Sports geared towards monetizing both the Sports and the Creative industries. The initiative seeks to identify, nurture, and create opportunities for different talents across the country. This will be achieved through democratizing knowledge and information by providing training, learning, marketing, and showcasing their talents through the digital platform. The Centre is one of the spearheading institutions of this initiative.

Performances After Lunch (PAL) Program: The PAL program has been successful in identifying and nurturing artists' talents through capacity building, networking, and partnerships. The Centre aims to expand PAL's reach nationally and revamp the existing satellites.

Children's Talent Development: The Centre engaged in activities focused on tapping into children's artistic talents, such as Dance with me and PAL Kids Festival and by supporting the Kenya National Drama and Film Festival and the Kenya Music Festival. Children who demonstrated artistic growth through the PAL incubation program were awarded during the PAL Kids Festival, additionally, the Centre sponsored the newly established category of Poetry during the Kenya National Drama and Film Festival.

Exhibition of Art and Crafts: The Centre renovated the Cheche Gallery, which is a dedicated exhibition space, to give it a better outlook and cater to the growing demand of visual art spaces in the Country.

Corporate Social Responsibility: The Centre engaged in community initiatives, including a tree-planting exercise during the Kenya National Drama and Film Festival in Mombasa County as well as supporting artists during significant events such as vigils and memorial services.

Despite these achievements, the Centre faced challenges during the financial year which were as a result of uncertainties arising from the general elections and change in Government. This resulted in event cancellations and therefore decreased revenue.

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Despite the challenges, the Centre played a huge role in cushioning artists against the harsh environment and constantly offering support and assurance. Additionally, it plans to explore creative ways of resource mobilisation to support artists, its programs and operations.

The Centre continues to seek and mobilise additional financing to address the issues of human resource gaps.

The success of the Kenya Cultural Centre is attributed to the valuable support and stewardship provided by the Kenya Cultural Centre Governing Council (KCC-GC) and the State Department for Youth Affairs and the Arts. The staff of the Centre have contributed significantly to meeting its mandate and performance targets.

As the Centre moves forward, it remains committed to facilitating creative expressions, talent development, and job creation for theatre practitioners, and it aims to serve its clients and stakeholders effectively in the coming years. The Centre also commits to support the Bottom-Up Economic Transformation Agenda (BETA) by preserving cultural heritage, promoting the arts and creative industries, fostering cultural exchange, providing educational opportunities, and enhancing community engagement.

Sign:



MICHAEL PUNDO
EXECUTIVE DIRECTOR/ CEO

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Statement of Performance against Predetermined Objectives for FY 2022/2023

The Kenya Cultural Centre has four (4) strategic pillars and objectives within the current Strategic Plan (2019-2024). These strategic pillars are as follows:

Pillar 1: Strengthen institutional capacity for effective service delivery

Pillar 2: Harness and support the development of diversity of Kenya's cultural heritage, expressions and performance industry

Pillar 3: Establish resource sustainability for The Kenya Cultural Centre

Pillar 4: Develop and implement communications plan to increase awareness and participation of key stakeholders

The Kenya Cultural Centre develops its annual work plans based on the above four (4) pillars. Annual work plan assessment is done by the Board on a quarterly basis. The Kenya Cultural Centre achieved its performance targets set for the FY 2022-2023 period for its strategic pillars, as indicated in the diagram below:

| STRATEGIC PILLAR | OBJECTIVE | KEY PERFORMANCE INDICATOR | ACTIVITIES | ACHIEVEMENTS |
|--|---|--|---|---|
| Pillar 1: Strengthen institutional capacity for effective service delivery | To establish effective and efficient service delivery | Implementation of Citizens' Service Delivery Charter | Prominently display the service charter Sensitise staff on the Citizens' Service Delivery Charter and train on essentials of excellent customer service culture- | Service charter prominently displayed Staff and artists sensitised on the Citizens' Service Delivery Charter |

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| | | | | |
|--|--|--|--|--|
| | | | Workshop for staff Workshop for artists during PAL | |
| | | Youth Internships/ industrial attachment | Engage five (5) interns and seven (7) students on attachment from universities and TVET Institutions | Five (5) interns and seven (15) students on attachment engaged |
| | | Competence Development | Execute interventions to address the identified skills gaps and training needs through, recruitment, outsourcing, capacity building/training, coaching, mentoring, and conduct staff training to be able to implement the core mandate of the Centre | Four (4) officers trained |
| Pillar 2: Harness and support the development of the diversity of Kenya's cultural heritage, | To empower artists and cultural practitioners Prioritise core programmes that | Artistic and Cultural Collaborations & Programmes Implemented | Collaborate with (4) counties in establishing Performances After Lunch (PAL) programs | Collaborated with 10 counties to conduct the Training Needs Assessment (TNA) for Poetry Artists |

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| | | | | |
|--------------------------------------|---|---|---|--|
| expressions and performance industry | sustainably promote and develop national culture and creativity | | Partner with local artists and theatre groups in staging twelve (12) performances | Twelve (12) partnerships established |
| | | | Establish collaborations through MOUs with cultural departments of four (4) foreign embassies | Four (4) collaborations implemented |
| | | | Host fifty (165) theatre drama productions by various artists and corporate organisations | One hundred and sixty five (165) theatre drama productions hosted |
| | | | Organize (4) training programs for artists in collaboration with experts in organizations and other Government Ministries | Four (4) training programs organized |
| | | | Mount four (3) exhibitions of visual arts, culinary, and fashion design | Four (4) exhibitions mounted |
| | | Cultural Creative Industry Developed | Initiate and implement two (2) community leverage/corporate social | Two (2) CSR programs implemented |

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| | | | | |
|---|---|--|--|--|
| | | | responsibility (CSR) programs with a focus on upcoming local artists | |
| | | Local Artists Engagement | Hold annual Performances After Lunch (PAL) Award Ceremony and festival | PAL Awards and PAL Festival held |
| | | | Hold two (2) children theatre activities/ performances | Two (2) children theatre activities held |
| | | | Host/partner with two (2) national performing arts festivals | Two (2) national performing arts festivals hosted |
| | | | Hold one (1) competitions in creative arts | One (1) competitions in creative arts held |
| | | | Hold one (1) puppetry theatre performance | Puppetry theatre performance held |
| Pillar 3: Establish resource sustainability for The Kenya Cultural Centre | To diversify revenue resources to establish a financially strong institution that is responsive to changing financial conditions | Absorption of Allocated Funds (GoK) | Absorb 100% of allocated budget translating to 96,900,000 | 100% of the total budget absorbed |
| | | A.I.A | Raise 28,000,000 from parking fees | 27,803,877 raised from parking fees |

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| | | | | |
|---|---|---|--|--|
| | | | Raise 12,000,000 from the hire of theatre facilities | 7,320,401 raised from the hire of theatre facilities |
| | | | Raise 2,000,000 from rental income | 2,332,970 raised from rental income |
| | | Asset Management | Inventory Management-update and maintain an asset register | Asset register maintained and up to date |
| | | | Dispose Obsolete, Serviceable and Unserviceable Assets | Disposal exercise conducted |
| Pillar 4: Develop and implement communications plan to increase awareness and participation of key stakeholders | Develop and implement a marketing and communications plan | Marketing and Communication Plan Developed | Develop and implement a marketing and communications plan | Marketing and Communications Plan developed-draft stage |

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Corporate Governance Statement

The Kenya Cultural Centre Governing Council assumes the forefront and oversight responsibility in the actualization of the core mandate of the Centre. The Council undertakes to provide strategic direction, exercise control and remain accountable through effective leadership, enterprise, integrity, and good judgment.

In the discharge of its responsibility, the Governing Council complies with the highest standards of corporate governance expected of persons holding public offices. The Council comprises members equipped with the requisite skills, competencies and expertise drawn from various sectors of the economy.



Responsibilities of the Governing Council

The roles and responsibilities of the Governing Council include, but not limited to, determine the Centre's mission, vision, purpose and core values; review, evaluate and approve, on a regular basis, long-term plans for the Centre; Review, evaluate and approve the annual budgets, financial forecasts and statements; Review, evaluate and approve major resource allocations and capital investments; and Review and approve policies.

Governing Council Structure and Composition

The Governing Council comprises twelve (12) substantive members as follows; a chairperson appointed as member and Chairperson of the Council; nine (9) independent directors appointed by the Cabinet Secretary, Ministry of Youth Affairs, Sports and The Arts; one (1) alternate director representing the National Treasury; and one (1) executive director who is the Chief Executive Officer of the Centre appointed by the Governing Council.

The Governing Council was appointed during the year under review as follows. The Chairperson was gazetted on 20th January 2023 for a period of 2 years. Subsequently, eleven (11) members of the Council were gazetted on 24th February 2023 for a period of 2 years.

The Governing Council carries out its functions through four Committees which are; Programmes and Business Development Committee; Human Resource and Legal Committee; Audit Committee and Finance and Risk Management Committee.

The Committees are allocated specific functions and powers. The Committees upon exercising their responsibilities, make recommendations to the Governing Council for consideration, resolution, approval and/or ratification.

Succession Plan

The independent members of the Governing Council are appointed by the Cabinet Secretary and hold office for a term of 2 years and are eligible for reappointment. The appointed Chairperson holds office for a term of two years and is eligible for reappointment. The appointment and reappointment of Council Members is at the discretion of the appointing authority subject to a favourable evaluation.

Charters

The Governing Council and its Committees carry out functions under defined structures and parameters set out in the Charters of the Governing Council and each respective Committee. The Charters have been developed in line with the Kenya Cultural Centre Act, the Code of Governance for State Corporations ('the Mwongozo'), and is complementary to the requirements regarding the Council and Council members contained in applicable Kenyan laws and regulations.

The Charters define the roles of the Governing Council and the Committees, their responsibilities as well as functions and structures in a way that supports the members in carrying out their strategic oversight function.

Governing Council Remuneration

The Governing Council and its Committees meet regularly based on a pre-approved Almanac of meetings. The Almanac is prepared based on the SCAC directives on the minimum and maximum number of meetings in a Financial Year and the budget allocated for Governing Council expenses.

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Governing Council Remuneration Analysis for the Financial Year 2022/2023.

| SNO. | Description | Amount | Remarks |
|------|--------------------------------|---|--------------------------|
| 1. | Chairperson's Honoraria | 80,000 | Paid monthly |
| 2. | Sitting Allowance | 20,000 | Per meeting |
| 3. | Domestic Subsistence Allowance | 18,200 | Paid per day |
| 4. | Mileage Allowance | - | AA rates are applicable |
| 5. | Airtime | 5,000 2,000 | Mobile phone Landline |
| 6. | Group Personal Accident | 500,000 | Procured competitively |
| 7. | Medical Cover | Inpatient Kshs. 2M Outpatient Kshs. 0.1M | Procured competitively |

Governing Council and Committee Meetings

The Governing Council and its Committees held meetings for approximately the last half of the Financial Year 2022/2023. The Chairperson was gazetted on 20th January 2023 for a period of 2 years. Subsequently, eleven (11) members of the Council were gazetted on 24th February 2023 for a period of 2 years.

Board Training and Induction

Governing Council members undertook an induction to enable them understand the Centre, introduce the members to the framework and regulation within which the Council operates; and equip them with the required tools and competencies to carry out their roles.

Declaration of Conflict of Interest

Governing Council members are required to avoid conflict of interest in any matter that relates to the Centre. Council members are expected to declare any real or perceived conflict of interest with the Centre upon appointment to the Council and at every meeting.

A Governing Council member who subsequently identifies an area of conflict shall be required to disclose any actual or potential conflict of interest to the Council, provide all relevant information and abstain from decision where the conflict exists.

Declaration of conflict of interest is a standard agenda item which is addressed at the onset of each Council and Committee meeting and minutes. Where a conflict is declared, it is recorded in the Register of Conflict of Interest.

The Council has put in place a Conflict-of-Interest Policy. No conflict of interest was declared by the Council members in the Financial Year 2022/2023.

Governing Council Performance

The Governing Council undertakes annual evaluation facilitated by the State Corporation Advisory Committee (SCAC) to appraise the general Council performance, Individual Directors and the Executive Director's performance. The Council performance evaluation is based on the SCAC appraisal tools and guided by a Circular from the Head of Public Service. The appraisal performance areas covered are mandate, strategy and performance contract; function of the Council; meetings, management and procedures; Council composition, induction, training, development and succession; information and communication; and Council structure.

Management Discussion and Analysis

While discharging its mandate, the Centre seeks to enhance efforts towards contributing effectively and efficiently to the achievement of the national development agenda as espoused in the Kenya Vision 2030, focusing on the specific priorities of the Kenya Cultural Centre. The Centre also seeks to support the manifesto of the Kenya Kwanza Government by aligning itself with the Bottom-Up Economic Transformation Agenda (BETA) - by empowering and creating opportunities for Kenyans in the Creative Economy.

Bearing in mind the imperative of inclusivity, KCC continues to implement the strategic intentions that are outlined in the strategic plan (2019-2024) of the Centre. In the financial year under review, the Kenya Cultural Centre undertook various programs that contributed to the development of Kenya's creative economy and artistic expressions & performances.

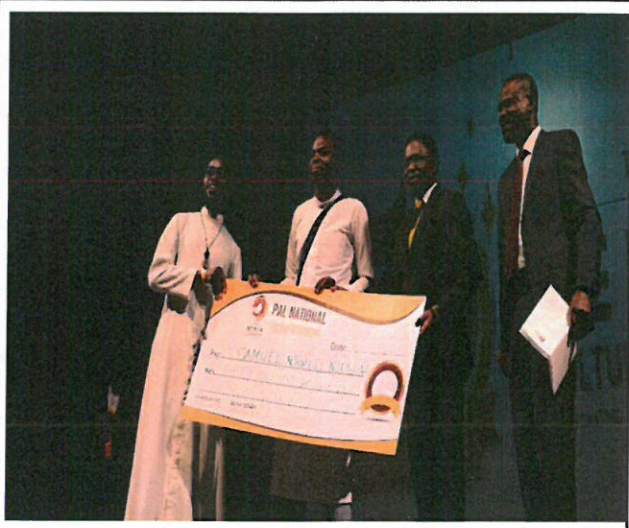
In fulfilling its mandate of providing for the performance of music, drama, and dance, the Centre provided facilities for artists to showcase their works. The Centre is also charged with a mandate to provide for the exhibition of arts and crafts and as such it has a dedicated exhibition space- the Cheche Gallery- that has been recently renovated to enhance and attract more exhibitions. During the financial year under review, the Centre managed to host several visual art exhibitions.

The Centre runs Performance After Lunch (PAL), a programme that seeks to identify, develop and nurture artists' talent through capacity building, networking and partnerships. Similarly, the Centre continues to partner with other organisations in mounting competitions and performances that target upcoming artists.

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The newly renovated Cheche Gallery, KCC dedicated exhibition space

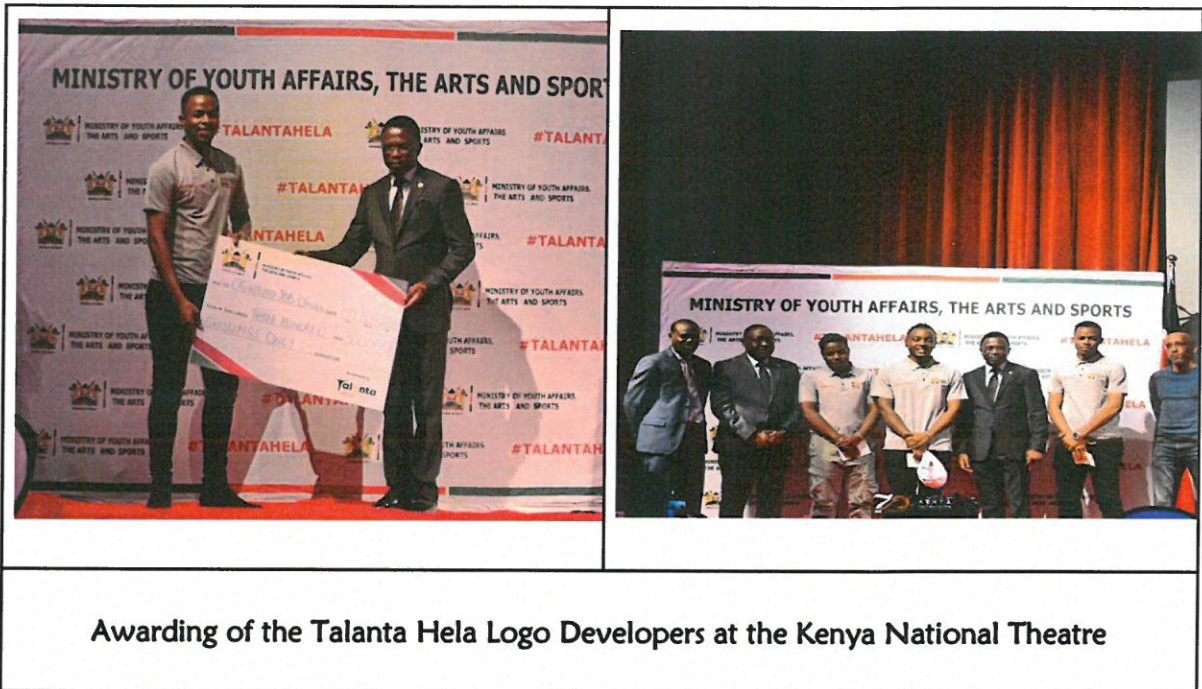




Performances After Lunch Programs and National Competition

The capacities of artists were developed to improve their artistic products and entrepreneurship skills where 899 artists were nurtured through various programs including the Talanta Hela Initiative, Kenya International Theatre Festival, Kenya National Drama and Film Festival, Poetry Training Needs Assessment Program. Also, the Centre organises and takes part in training programs and workshops aimed at ensuring that artists are staging quality productions.

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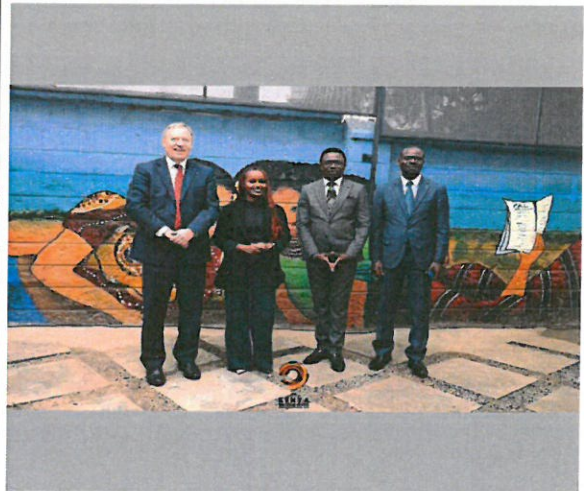
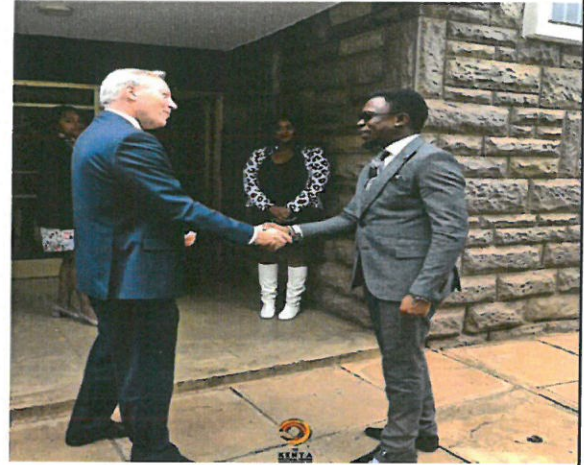


Awarding of the Talanta Hela Logo Developers at the Kenya National Theatre

The Centre partnered with MMS Advocates through their Sanaa Kama Biashara Program for a workshop aimed at accelerating business growth of young creatives in the Performing Arts sector, professionalising the Coastal Performing Artists and stimulating the adoption of innovative revenue earning activities.

Further, the Centre collaborated with Cultural Departments of Embassies and High Commissions including Australia, Czech Republic and China. The Australian High Commission revamped the Wasanii Corner to improve the space for artists, the Centre collaborated with the Chinese Embassy to organize and host the annual Chinese Film Festival while the Czech Republic conducted a theatre exchange program for 15 Kenyan Artists geared towards benefiting the artists for better placement in the creative arts industry and also enhancing the theatre industry. The Centre has continuously established partnerships with theatre groups and institutions in staging performances and events geared towards encouraging a theatre-going culture such as the Kenya International Theatre Festival (KITFEST).

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Unveiling of the revamped Wasanii Kona by the Australian High Commissioner, Cabinet Secretary Ababu Namwamba, EGH and KCC Executive Director Michael Pundo

As a huge player in the Creative Economy, the Centre marked the Performing Arts Week and World Theatre day in Mombasa with the aim of reviving art spaces in Mombasa. Theatre activities were held in the Mombasa art spaces including Swahili Pot Hub, Jukwaa Arts, Bangladesh Social Centre, Little Theatre Club, *Alliance Française* and Frere Town Social Hall.

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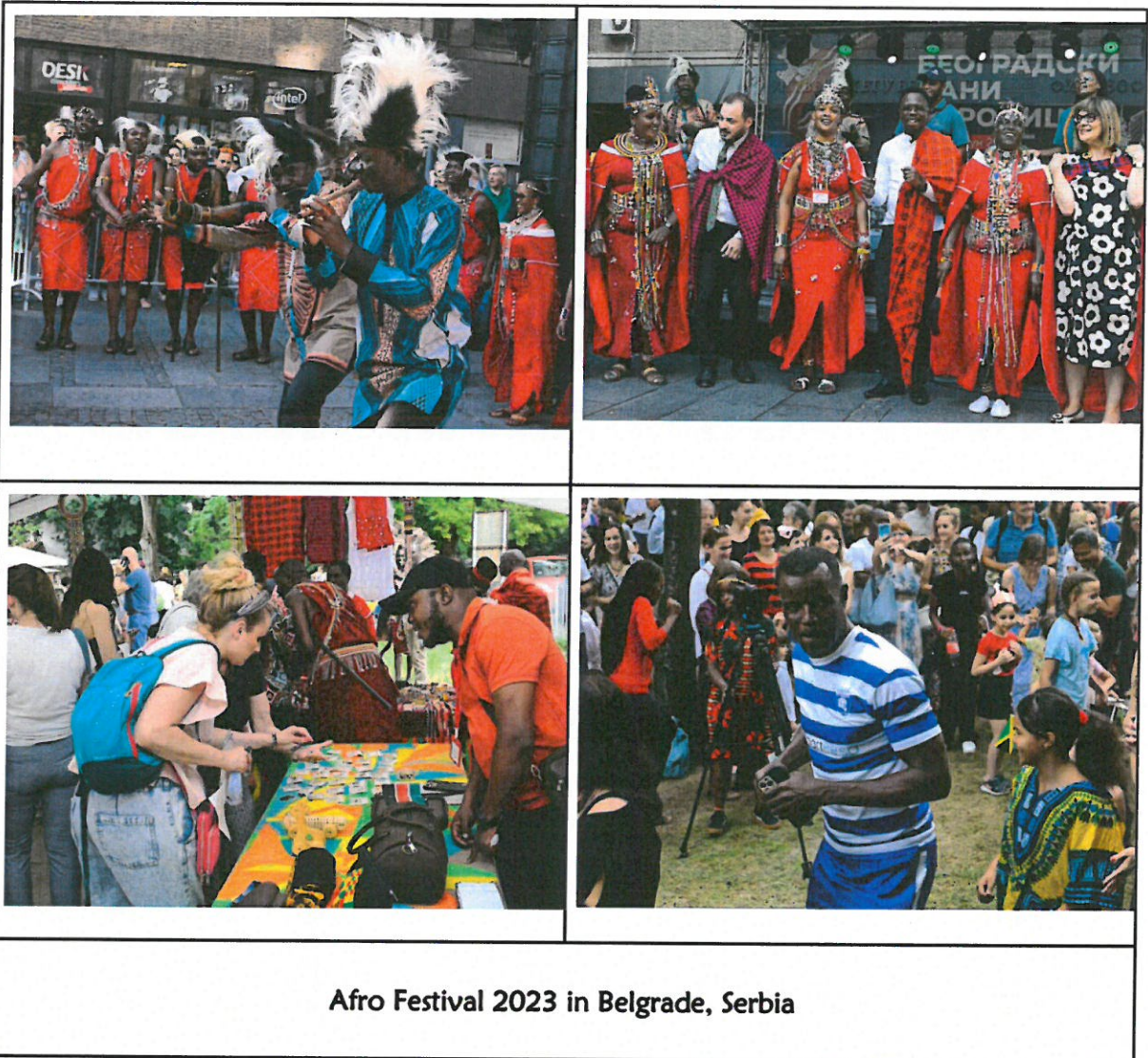
Notably, the Centre received donor funding from Ignite Culture Program East Africa to revive the Poetry After Lunch (PAL) program in 11 counties by implementing the Poetry Theatre Development Project.



The Ignite Culture Program East Africa Steering Committee

The Centre sponsored twenty five (25) performing artists and four (4) exhibitors to attend the Afro Festival in Belgrade, Serbia, where they showcased and sold artworks.

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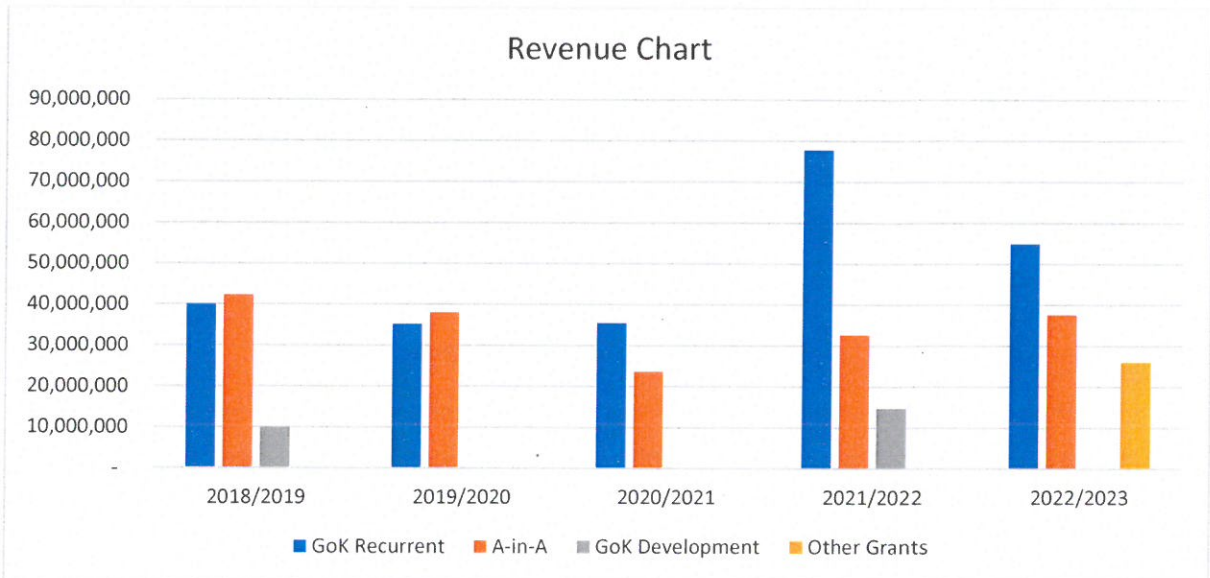
The Centre supported academic institutions in the implementation of the Competency-based Curriculum (CBC) and continues to do so- upholding the importance of performing arts as part of curriculum taught in schools. KCC has put effort towards tapping into children’s talents. Accordingly, it engaged in children’s activities such as the Talent Incubation Programme (TIP), PAL Kids Festival and also supported the Kenya National Drama and Film Festival. Similarly, the Centre partnered with the Technical University of Kenya for the Post-graduate Symposium on Arts Education.

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The Kenya National Drama and Film Festival where KCC was among the main sponsors

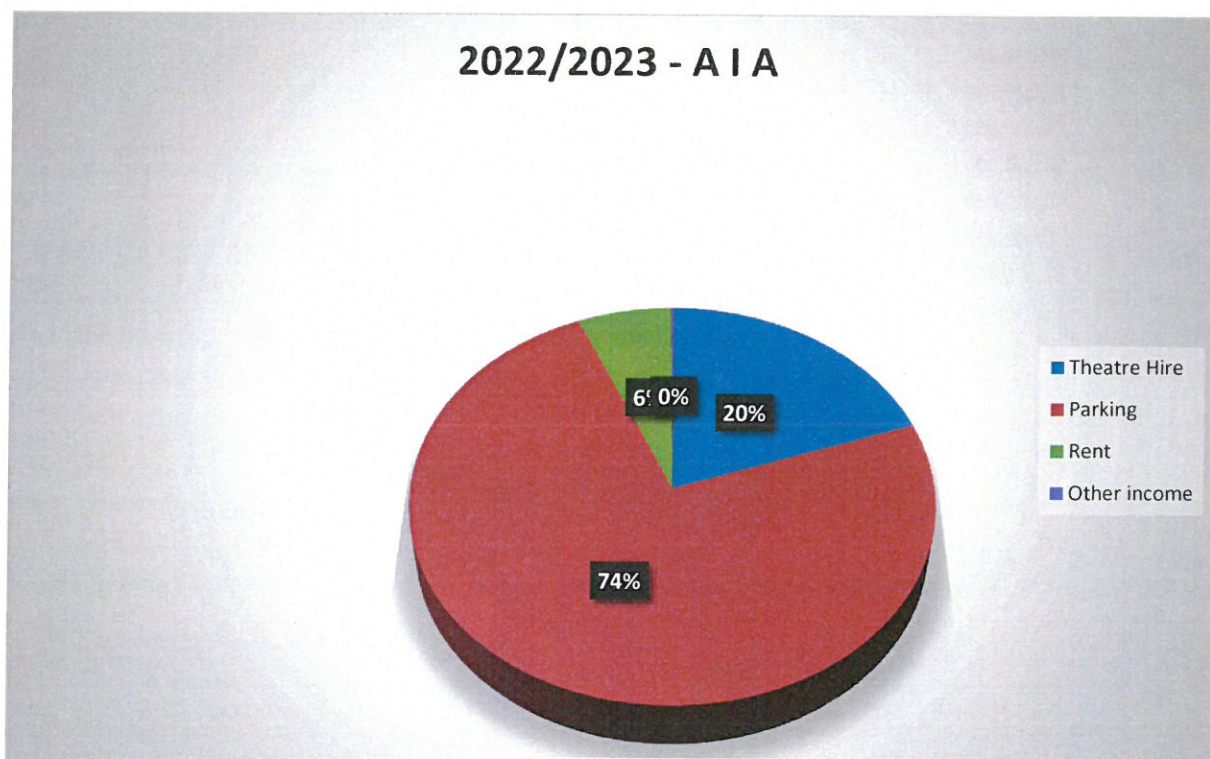
Financial Performance



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Revenue Schedule

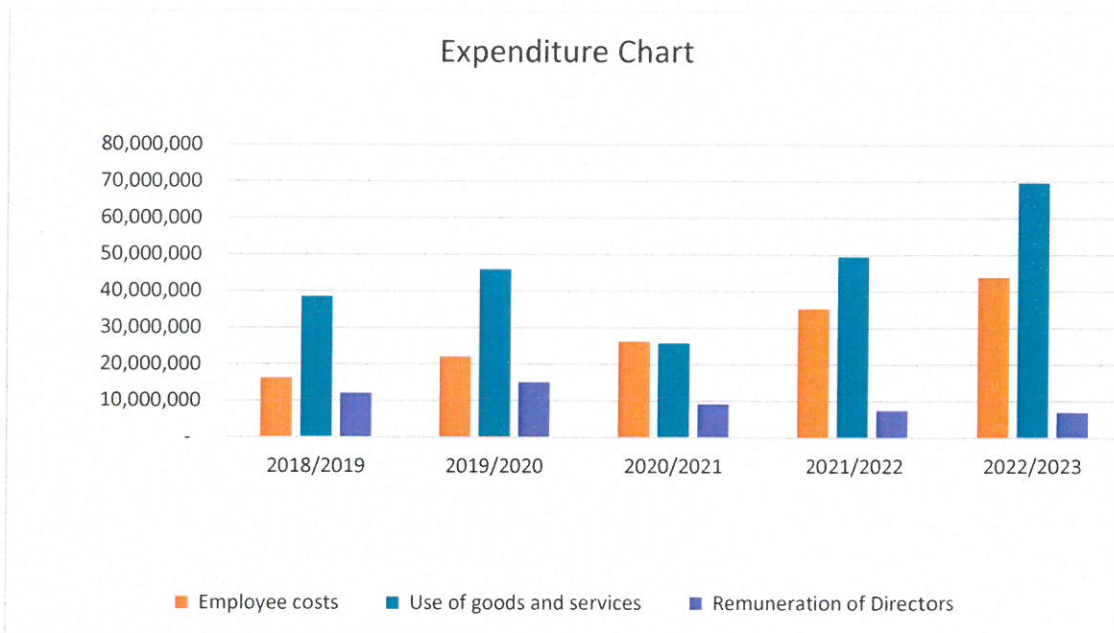
| Year | GoK Recurrent | A-in-A | GoK Development | Other Grants | Total |
|-----------|---------------|------------|-----------------|--------------|--------------------|
| 2018/2019 | 40,000,000 | 42,331,000 | 10,000,000 | - | 92,331,000 |
| 2019/2020 | 35,200,000 | 38,054,311 | - | - | 73,254,311 |
| 2020/2021 | 35,500,000 | 23,574,167 | - | - | 59,074,167 |
| 2021/2022 | 77,800,000 | 32,695,926 | 14,700,000 | - | 125,195,926 |
| 2022/2023 | 54,899,999 | 37,564,342 | - | 25,972,793 | 118,437,134 |

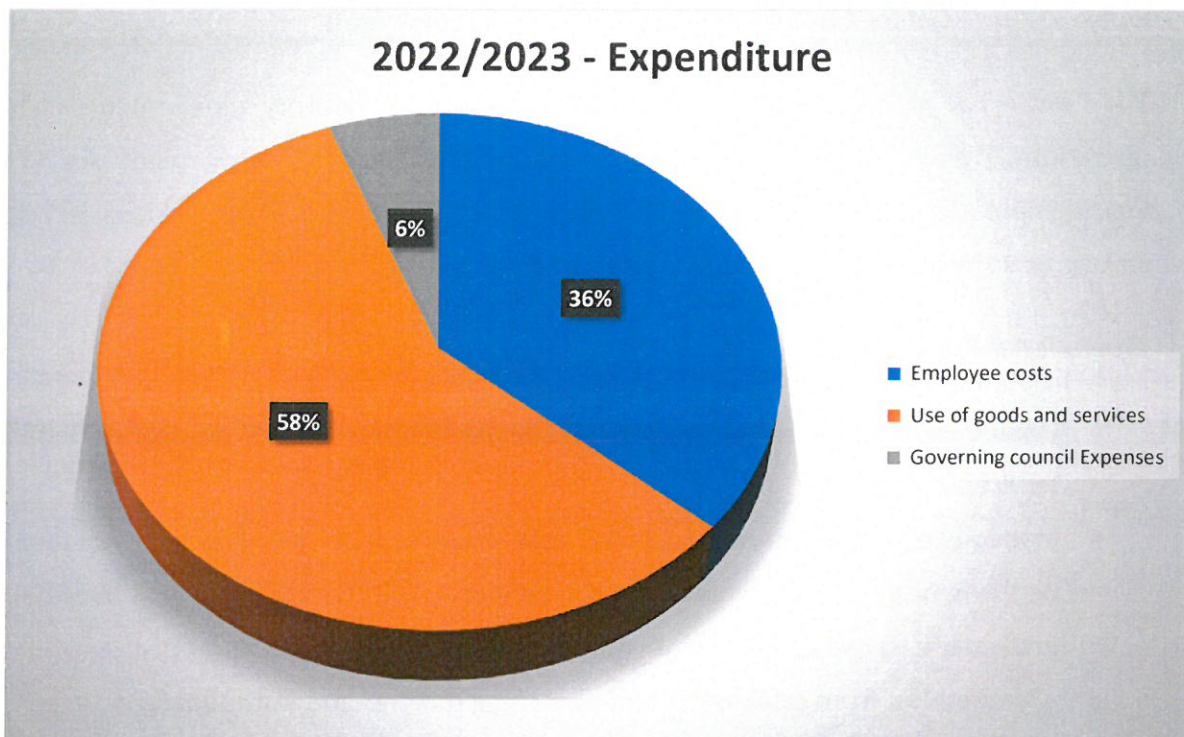


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Expenditure schedule

| Budget line/Year | 2018/2019 | 2019/2020 | 2020/2021 | 2021/2022 | 2022/2023 |
|---------------------------|-------------------|-------------------|-------------------|-------------------|--------------------|
| Employee costs | 16,150,000 | 22,015,905 | 26,289,583 | 35,180,996 | 43,794,164 |
| Use of goods and services | 38,575,000 | 45,907,440 | 25,760,092 | 49,496,115 | 69,665,605 |
| Remuneration of Directors | 12,132,000 | 15,036,160 | 9,162,808 | 7,453,835 | 6,949,630 |
| Total | 66,857,000 | 82,959,505 | 61,212,483 | 92,130,946 | 120,409,399 |





Kenya Cultural Centre Key Projects Implemented and Ongoing

The Centre is working on the development of the International Arts and Culture Centre building. The new physical facility will address gaps in the Centre's current cultural service delivery; facilities needed to expand stakeholder participation and broaden the impact of arts to all communities and assure increased impact of existing artistic assets for at least thirty years. We are developing a facility that will help the Centre tap into emerging artistic opportunities and stake out a new identity through an invigorated national identity.

In the year under review, the Centre renovated the Cheche Gallery, a dedicated exhibition space at the Centre as well as some of its other facilities and made installations aimed at improving service delivery. The newly established audio-visual recording studio was operationalized to enable artists' package the lyrical voices of their recordings into a production fit for public broadcast, general viewership and create Public Service Announcements (PSA's) with messages that support communal growth.

Kenya Cultural Centre Compliance with Statutory Requirements

The Centre has always endeavoured to comply with all statutory requirements in all its operations. Some of these requirements are; Public Finance Management Act, Public Procurement Asset and Disposal Act, Human Resource Development and Procedure Manual among other regulations and circulars released from time to time.

Operational Risks

- Limited Human Resource capacity to facilitate the provision of efficient and effective services.
- Inadequate infrastructural capacity and maintenance for conduct of theatrical performances and administration of services. The Centre's physical facilities are inadequate to meet the present and future needs.
- Competition from established and upcoming theatres and institutions.

The Centre has great potential in contributing to the GDP of the Nation. Being the oldest and the best equipped theatre space in the country, its contribution to the creative economy sector cannot be understated. Even though the operations and productions mounted on the space were disrupted by the uncertainties arising from the just concluded elections, producers and theatre practitioners still reaped substantial income on the few productions they managed to stage at the space.

To conform to emerging trends and international standards in provision of theatre spaces, there is a need to carry out extensive development that is geared towards making the theatre space more responsive to the current needs of our clients. To this end, the development of the International Arts and Culture Centre is of the highest priority since it is geared towards achieving the objectives of Vision 2030 under the social pillar as well as the Kenya Kwanza Manifesto on mainstreaming of arts and culture infrastructure (theatres, music halls, art galleries) into the infrastructure development programme.

Environmental and Sustainability Reporting

The Kenya Cultural Centre is dedicated to safeguarding, promoting, celebrating, and developing culture, arts, and creativity. Sustainability is a crucial aspect of any organization, and it's excellent to see that the Centre has outlined policies and activities to promote it. Below are some common policies and activities that the Centre often implements to promote sustainability:

Environmental Practices:

- Implementing energy conservation measures to reduce carbon footprint.
- Promoting recycling and waste reduction initiatives within the Centre.
- Encouraging the use of eco-friendly materials and products.
- Adopting green building practices and seeking green certifications if applicable.
- Supporting sustainable transportation options for staff and stakeholders.

Cultural and Social Sustainability:

- Collaborating with local communities and artists to preserve and promote indigenous cultural practices.
- Encouraging the inclusion and representation of diverse cultural expressions in programming and events.
- Supporting cultural education and training programs to pass down traditional knowledge and skills to future generations.
- Fostering partnerships with local artists and cultural organizations to strengthen the cultural ecosystem.

Economic Sustainability:

- Developing revenue-generating initiatives to reduce dependency on external funding.
- Creating opportunities for local artisans and performers to showcase and sell their work.
- Investing in capacity building for staff and artists to enhance their skills and contribute to the creative economy.

Educational Programs:

- Offering workshops, seminars, and training sessions on sustainable practices in the arts and culture sector.
- Organising educational events to raise awareness about the importance of cultural preservation and sustainable practices.

Audience Engagement:

- Engaging visitors and the public through interactive exhibits and activities that highlight sustainability and cultural heritage.
- Encouraging feedback and suggestions from the audience to continuously improve sustainable practices.

Collaborations and Partnerships:

- Partnering with other cultural institutions, NGOs, and governmental organisations to strengthen collective efforts towards sustainability.
- Joining relevant networks and initiatives focused on sustainability in the arts and culture sector.

Monitoring and Reporting:

- Regularly evaluating the impact of sustainability policies and activities.
- Reporting progress and achievements to stakeholders and the public to foster transparency and accountability.

It's important to remember that sustainability is an ongoing journey, and the Centre can continuously improve and adapt its policies and activities to align with changing needs and challenges. By integrating sustainability into its core mission, Kenya Cultural Centre can make a positive impact on culture, arts, and creativity while preserving these valuable aspects for future generations.

i) *Sustainability strategy and profile*

Building effective relationships with stakeholders, both internally and externally, is crucial for any organization's success. By doing so, the Centre can foster collaboration, gain valuable insights, and access resources that can contribute to its operational excellence.

Engaging with best practice companies in theatre operations and maintenance is a wise move. Learning from established and successful entities in these fields will not only enhance the Centre's knowledge but also provide valuable benchmarks for improvement. As technological changes and economic challenges are constantly evolving, preparing for emerging challenges is essential. By scaling up knowledge and staying informed about new trends and innovations, the Centre can adapt and remain relevant in a rapidly changing environment.

By broadening horizons and actively seeking out partnerships, Kenya Cultural Centre demonstrates its commitment to growth, innovation, and continuous improvement. It shows a willingness to embrace change and meet challenges head-on. This forward-thinking approach can position the Centre as a leader in the arts and culture sector, allowing it to better serve its audience and contribute positively to the arts and cultural landscape in Kenya.

Kenya Cultural Centre has implemented a supplier selection process, development and management processes to ensure that supply chains have adequate (and continually increasing) capability to comply with environmental standards.

The Centre regularly trains key suppliers as part of supplier improvement program to impact them with a set of skills and knowledge on how to adopt the best green procurement practises across the supply chain and rewarding the best practice with a share of business.

ii) *Environmental performance*

The Centre continues to make environmental conservation a key focus in its operations. Collaborating with communities to raise awareness of environmental conservation and promoting the planting of indigenous and fruit trees is a vital step towards sustainable development.

The initiative to plant indigenous and fruit trees serves multiple purposes. First, it contributes to food safety, as fruit trees can provide nutritious food options for the local communities. Second, it helps minimise the impact of climate change, as trees play a crucial role in sequestering carbon dioxide and mitigating the effects of greenhouse gas emissions. Third, the initiative can create livelihood opportunities, particularly through the growing of fast-maturing, commercial trees that can be harvested for various purposes.

The involvement of the Centre in providing 800 indigenous and fruit tree seedlings during the Kenya National Drama and Film Festival shows a commitment to fostering environmental consciousness among the youth and utilising such events as platforms for promoting environmental causes. By planting these trees at the Shimo La Tewa School in Mombasa County, the Centre has likely contributed to improving the local environment, enhancing the school's green spaces, and providing valuable educational opportunities for students to learn about environmental stewardship.

Such initiatives are crucial for a sustainable future, as they not only benefit the environment but also empower communities to take an active role in conserving their natural resources. It is inspiring to see organisations and communities working together for a greener and more sustainable world.

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iii) *Employee welfare*

Kenya Cultural Centre's selection and recruitment process was guided by the approved Human Resource Instruments which included Human Resource Policies and Procedures, Organization Structure, Grading and Staff Establishment, Career Guidelines manuals, the Employment Act, 2007 and other government policy guidelines released from time to time. These guidelines ensured that the Centre provided equal employment opportunities to all of its stakeholders and evaded lawsuits that could have risen from cases of discrimination and violation of employees' rights.

To ensure transparency and inclusion in our hiring process, the Centre advertised all job vacancies through the local dailies, social media platforms, notice boards and the Centre's website.

For succession planning and business continuity, the Centre has a youthful workforce constituting about 56% of the total thirty-six (36) employees. The Centre also ensured compliance with the two-thirds gender principle (17 females and 19 males), 5% PWDs and ethnicities balance in its staff with a composition.

We made efforts in improving skills and managing careers through continued Staff Training, Coaching and Mentorship Programs. The Centre recognizes that the highly effective and productive delivery of services to the citizens requires proactive human resource management and development policies and strategies to attract, nurture, develop and retain high performing employees. The objective is to ensure high levels of staff motivation on a sustainable basis, encourage excellence, discourage mediocrity and address poor performance. As a result, the Centre recognized exemplary performances through commendation letters among other reward systems and sanctions for poor performance as guided by the Public Service Manuals and Policies.

During the financial year, the Centre committed to providing and maintaining conducive work conditions, equipment, and systems of work, which are safe and healthy for all our stakeholders including employees, artists, visitors, and other persons at/or near our

operations. To further adhere to safety and health measures, the Centre procured Group Personal Accident Cover to include WIBA and a Medical Cover for its employees and Governing Council Members.

iv) *Marketplace practices-*

The Kenya Cultural Centre undertakes the following marketplace practices:

a) *Responsible competition practice.*

Kenya Cultural Centre competitively prequalifies its service providers biennially and continuously updates the list to include the disadvantaged groups namely the Youth, Women and Persons Living with Disabilities. The prequalification exercise is usually done without discrimination.

b) *Responsible Supply chain and supplier relations*

Kenya Cultural Centre maintains good business practices, treats its own suppliers responsibly by honouring contracts and payment processes as a practice. This is done through streamlining supplier data from disparate sources to gain meaningful insight, collaborating with suppliers to improve supplier relationship management, monitoring supplier capabilities to fit the current and future demands, evaluating supplier risk and identifying mitigating measures.

c) *Responsible marketing and advertising*

The Centre uses its official website www.kenyaculturalcentre.go.ke, local dailies, and/or social media platforms for tender advertisements, job opportunities, events happening at the institution as well as collaborations with other entities and the County Governments.

The Centre has also installed a service charter that provides standard price for theatre hiring.

d) *Product stewardship*

The Centre safeguards consumer rights and interests by ensuring availability of sound, light, security and technical personnel whenever a client has a production. Regular repair and maintenance are done to maintain the initial status quo of the theatre. Client deposits are refunded on a timely basis and the theatre hiring contracts are honoured.

v) *Corporate Social Responsibility / Community Engagements*

The Kenya Cultural Centre is committed to building sustainable community relations with its environment and understands the value of social acceptance.

The Centre's Corporate Social Responsibility (CSR) is geared at reaching out to communities related to its core mandate and is in line with culture and talent development. The CSR program reaches out to schools, communities and institutions in the informal settlement as well as other cultural organisations and institutions.

During the year under review, KCC worked with the *Maji Mazuri* School to facilitate talented students from marginalized Mathare Slums, to perform at the National Theatre with an aim of sparking more interest in art and establishing the Talent Incubation Program that focuses on children.

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Report of the Directors

The Directors submit their report together with the audited financial statements for the year ended June 30, 2023, which show the state of the Centre's affairs.

i) Principal activities

The principal activities of the Centre continue to be:

- i. Provide for the performance of music, drama and dancing
- ii. Provide for the exhibition of works of arts and crafts
- iii. Hold meetings for discussion on matters literary, historical, scientific or educational interest or importance
- iv. Carry other purposes approved by the Council to further the foregoing functions

ii) Results

The results of the Entity for the year ended June 30, 2023, are set out on page 1-47

iii) Directors

The members of the Board of Directors who served during the year are shown on page x-xvii. During the year directors were appointed with effect from 23rd February 2023.

iv) Auditors

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

By Order of the Governing Council

Michael Pundo 
Secretary to the Governing Council

Kenya Cultural Centre
Annual Report and Financial Statements
for the year ended June 30, 2023.

Statement of Directors Responsibilities

Section 81 of the Public Finance Management Act, 2012, Section 26 of the Public Procurement and Asset Disposal Act, and Section 14 of the State Corporations Act require the Board of Directors to prepare financial statements in respect of that Centre, which give a true and fair view of the state of affairs of the Centre at the end of the financial year/period and the operating results of the Centre for that year/period. The Directors are also required to ensure that the Centre keeps proper accounting records which disclose with reasonable accuracy the financial position of the Centre. The Directors are also responsible for safeguarding the assets of the Centre.

The Directors are responsible for the preparation and presentation of the Centre's financial statements, which give a true and fair view of the state of affairs of the Centre for and as at the end of the financial year (period) ended on June 30, 2023. This responsibility includes: (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Centre; (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 Centre; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Centre's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012, the Public Procurement and Asset Disposal Act and the State Corporations Act. The Directors are of the opinion that the Centre's financial statements give a true and fair view of the state of Centre's transactions during the financial year ended June 30, 2023, and of the Centre's financial position as at that date.

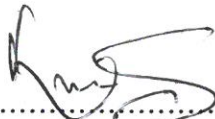
Kenya Cultural Centre
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The Directors further confirm the completeness of the accounting records maintained for the Centre, which have been relied upon in the preparation of the Centre's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the Centre 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 Centre's financial statements were approved by the Board on 28/09/ 2023
and signed on its behalf by:



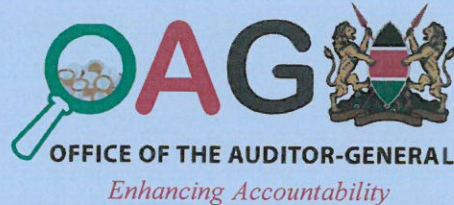
.....
Capt. (Rtd) Kung'u Muigai
Chairperson to the Board



.....
Michael Pundo
Executive Director/ CEO

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 KENYA CULTURAL CENTRE FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kenya Cultural Centre set out on pages 1 to 49, which comprise of the statement of financial position as at 30 June, 2023, and the statement of financial performance, 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 Kenya Cultural Centre as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Kenya Cultural Act, Cap 218 and Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Incomplete Fixed Assets Register

The statement of financial position and as disclosed in Note 18 to the financial statements reflects property, plant and equipment balance of Kshs.383,074,087. However, the assets register provided for audit indicated a total cost of assets balance of Kshs.405,191,909 resulting to an unreconciled variance of Kshs.22,117,822. Further, the assets register did not contain important details such as date of acquisition, the purchase costs, annual depreciation and net book value for each class of asset.

In the circumstances, the completeness and accuracy of the property, plant and equipment balance of Kshs.383,074,087 could not be confirmed.

2. Unconfirmed Value of Land and Buildings

The statement of financial position and as disclosed in Note 18 to the financial statements reflects property, plant and equipment balance of Kshs.383,074,087 which includes land and building valued at Kshs.333,998,409. However, no valuation report was provided for audit to support the basis upon which the valuation of the building and land was determined.

In the circumstances, the accuracy and valuation of buildings balance of Kshs.333,998,409 could not be confirmed.

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

Emphasis of Matter

1. Material Uncertainty Relating to Sustainability of Services

The statement of financial position reflects current assets and liabilities balances of Kshs.263,419,263 and Kshs.333,153,764 respectively, resulting to a negative working capital of Kshs.69,734,501. Further, the statement of financial performance reflects amounts of Kshs.118,437,135 in respect to total revenue and Kshs.127,004,458 in respect to total expenditure resulting in an operating loss of Kshs.8,567,323. The Centre may be technically insolvent and therefore unable to meet its financial obligations as and when they fall due on the basis of the negative working capital position.

2. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects actual expenditure of Kshs.125,988,211 against an approved budget of Kshs.375,280,307 resulting to an under-expenditure of Kshs.249,292,092 or 66.43% of the budget.

The under-performance affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of these matters.

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.

Other Matter

Unresolved Prior Year Matters

In the previous year's report, several issues were raised under the Report on Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. The issues remained unresolved, and Management did not provide reasons for the delay in resolving the prior year audit issues.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance

about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and 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 those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Centre's ability to continue to sustain 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.

Those charged with governance are responsible for overseeing the Centre's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to

governance and risk management and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

Because of its inherent limitations, internal controls 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 Centre's policies and procedures may deteriorate.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from

fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Centre's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Centre to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Centre to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

30 April, 2024

Kenya Cultural Centre
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for the year ended June 30, 2023.

Statement of Financial Performance for the year ended 30 June 2023

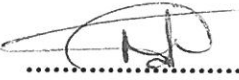
| | Notes | 2022-2023 | 2021-2022 |
|---|-------|--------------------|--------------------|
| | | FY | FY |
| | | Kshs | Kshs |
| Revenue from non-exchange transactions | | | |
| Transfers from other governments entities | 6 | 54,899,999 | 77,800,000 |
| Other grants | 6 | 25,972,793 | - |
| | | 80,872,792 | 77,800,000 |
| Revenue from exchange transactions | | | |
| Rendering of services | 7 | 37,471,698 | 32,695,926 |
| Other income | 8 | 92,645 | - |
| | | 37,564,343 | 32,695,926 |
| Total revenue | | 118,437,135 | 110,495,926 |
| Expenses | | | |
| Employee costs | 9 | 43,794,164 | 35,180,996 |
| Board expenses | 10 | 6,949,630 | 7,453,835 |
| Depreciation and Amortization Expense | 11 | 6,492,968 | 1,381,483 |
| Repair & Maintenance | 12 | 6,460,810 | 17,157,320 |
| Contracted Services | 13 | 7,099,747 | 7,699,847 |
| Use of goods and services | 14 | 56,207,140 | 24,638,948 |
| Total expenses | | 127,004,458 | 93,512,428 |
| Surplus/(deficit) for the period/year | | (8,567,323) | 16,983,497 |

The notes set out on pages 7 to 47 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 6 were signed on behalf of the Board of Directors by:




 Michael Pundo
Accounting Officer

Date 18/04/2024.....



 Monica Oduor
Accountant

ICPAK M/No:30047
 Date 18/04/2024.....



 Kung'u Muigai
Chairman of the Board

Date 18/04/2024.....


Kenya Cultural Centre
Annual Report and Financial Statements
for the year ended June 30, 2023.

Statement of Financial Position as at 30 June 2023

| | Notes | 2022-2023 | 2021-2022 |
|---|-------|--------------------|--------------------|
| | | FY | FY |
| | | Kshs | Kshs |
| Assets | | | |
| Current Assets | | | |
| Cash and cash equivalents | 15 | 259,345,664 | 26,218,212 |
| Receivables | 16 | 2,212,075 | 1,323,472 |
| Prepayments | 17 | 1,861,524 | 3,360,881 |
| Total Current Assets | | 263,419,263 | 30,902,565 |
| Non-Current Assets | | | |
| Property, Plant and Equipment | 18 | 383,074,087 | 388,543,072 |
| Total Non- Current Assets | | 383,074,087 | 388,543,072 |
| Total Assets | | 646,493,350 | 419,445,637 |
| Liabilities | | | |
| Current Liabilities | | | |
| Employee benefit obligation | 19 | 9,467,876 | 7,913,668 |
| Trade and other payables | 20 | 70,583,374 | 79,059,060 |
| Deposits | 21 | 695,000 | 10,566,000 |
| Deferred Income | 22 | 252,407,514 | - |
| Total Current Liabilities | | 333,153,764 | 97,538,728 |
| Total Liabilities | | 333,153,764 | 97,538,728 |
| Net Assets | | | |
| Capital Fund | 23 | 99,626,527 | 99,626,527 |
| Revaluation reserve | 23 | 2,517,112 | 2,517,112 |
| Accumulated surplus | 24 | 211,195,947 | 219,763,270 |
| Total Net Assets | | 313,339,586 | 321,906,909 |
| Total Net Assets and Liabilities | | 646,493,350 | 419,445,637 |

Kenya Cultural Centre
Annual Report and Financial Statements
for the year ended June 30, 2023.

The financial statements set out on pages 1 to 6 were signed on behalf of the Board of Directors by:


.....
Michael Pundo
Accounting Officer

Date 18/04/2024.....


.....
Monica Oduor
Accountant
ICPAK M/No:30047

Date 18/04/2024.....


.....
Kung'u Muigai
Chairman of the Board

Date 18/04/2024.....

Kenya Cultural Centre
Annual Report and Financial Statements
for the year ended June 30, 2023.

Statement of Changes in Net Assets for the year ended 30 June 2023

| Description | Capital Reserve | Accumulated Surplus | Revaluation reserve | Total |
|----------------------------------|-----------------|---------------------|---------------------|-------------|
| | Kshs | Kshs | Kshs | Kshs |
| As at July 1, 2021 | 99,626,527 | 202,779,773 | 2,517,112 | 304,923,412 |
| Surplus / Deficit for the period | | 16,983,497 | | 16,983,497 |
| As at June 30, 2022 | 99,626,527 | 219,763,270 | 2,517,112 | 321,906,909 |
| As at July 1, 2022 | 99,626,527 | 219,763,270 | 2,517,112 | 321,906,909 |
| Surplus / Deficit for the period | | (8,567,323) | - | (8,567,323) |
| As at June 30, 2023 | 99,626,527 | 211,195,947 | 2,517,112 | 313,339,586 |

Kenya Cultural Centre
Annual Report and Financial Statements
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Statement of Cash Flows for the year ended 30 June 2023

| | Note s | 2022-2023 | 2021-2022 |
|---|-----------|--------------------|---------------------|
| | | FY | FY |
| | | Kshs | Kshs |
| Cash flows from operating activities | | | |
| Receipts | | | |
| Transfers from other government entities | 6 | 54,899,999 | 77,800,000 |
| Other Grants | 6(b) | 278,380,307 | - |
| Rendering of services | 7(a) | 36,637,695 | 33,451,936 |
| Other Income | 8 | 92,645 | - |
| Total receipts | | 370,010,646 | 111,251,936 |
| Payments | | | |
| Employee costs | 9(a) | 42,331,456 | 33,685,339 |
| Board expenses | 10(a) | 6,912,730 | 7,747,835 |
| Repair & Maintenance | 12 | 6,460,810 | 17,157,320 |
| Contracted Services | 13 | 7,099,747 | 7,699,847 |
| Use of goods and services | 14(a) | 63,183,469 | 12,825,463 |
| Total payments | | 125,988,212 | 79,115,803 |
| Net cash flows from/ (used in) operating activities | | 244,022,435 | 32,136,133 |
| | | | |
| Cash flows from investing activities | | | |
| Purchase of Property, Plant & Equipment | 18 | (1,023,982) | (24,434,303) |
| Recording studio development grant | 6 | - | 4,700,000 |
| Net cash flows from/(used in) investing activities | | (1,023,982) | (19,734,303) |
| | | | |
| Cash flows from financing activities | | | |
| Increase /(Decrease) in deposits | 21 | (9,871,000) | 10,381,000 |
| Net cash flows from financing Activities | | (9,871,000) | 10,381,000 |
| | | | |
| Net increase/(decrease) in cash & Cash equivalents | | 233,127,453 | 22,782,830 |
| Cash and cash equivalents at 1 July | | 26,218,212 | 3,435,382 |
| Cash and cash equivalents at 30 June | | 259,345,664 | 26,218,212 |

Kenya Cultural Centre
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Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2023

| | Original budget | Adjustment 1 | Adjustment 2 | Final budget | Actual on comparable basis | Performance difference | % of utilization |
|--|-------------------|--------------|--------------|--------------------|----------------------------|------------------------|------------------|
| | Kshs a | Kshs 1 | | Kshs C=(a+b) | Kshs d | Kshs e=(c-d) | f=d/c*100 |
| Revenue | | | | | | | |
| Transfers from other government entities | 49,000,000 | (4,100,000) | 10,000,000 | 54,900,000 | 54,899,999 | (1) | 100% |
| Other grants | - | | 278,380,307 | 278,380,307 | 278,380,307 | | 100% |
| Rendinger of services | 42,000,000 | | | 42,000,000 | 36,637,695 | (5,362,305) | 87% |
| Other income | - | - | - | - | 92,645 | 92,645 | |
| Total Income | 91,000,000 | | | 375,280,307 | 370,010,646 | (5,269,661) | 99% |
| Expenses | | | | | | | |
| Employee Costs | 42,758,900 | | | 42,758,900 | 42,331,456 | 427,444 | 99% |
| Use of goods and services | 25,183,000 | (2,067,360) | 282,930,307 | 306,045,947 | 63,183,469 | 242,862,478 | 21% |
| Board expenses | 9,500,000 | (786,000) | 2,000,000 | 10,714,000 | 6,912,730 | 3,801,270 | 65% |
| Contracted services | 8,300,000 | (1,246,640) | | 7,053,360 | 7,099,747 | (46,387) | 101% |
| Repair & Maintenance | 3,449,000 | | 3,450,000 | 6,899,000 | 6,460,810 | 438,190 | 94% |
| Depreciation | 1,809,100 | | | 1,809,100 | - | - | |
| Total Expenditure | 91,000,000 | | | 375,280,307 | 125,988,211 | 247,482,996 | 34% |
| Surplus/Deficit for the period | | | | | 244,022,435 | (252,752,656) | |

Budget notes

1. Under collection of revenue is attributed to closure of facilities during election and theatre renovation period
2. Underutilization of goods and services is attributed to deferred income for services and goods not yet rendered or delivered during the period under review.
3. Underutilization in Board expenses is attributed to appointment of Board members during half year of the period under review.
4. Over utilization in contracted services is due to increment of cleaning and guarding service contract price to reflect current economic times.
5. Changes between original and final budget difference is due to budget cut, reallocations and budget increment during the period under review.
6. A budget reconciliation statement has been provided under appendix VI.

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Notes to the Financial Statements

1. General Information

The Kenya Cultural Centre is established through an Act of Parliament cap 218 of 1951 from which it derives its authority. The Centre is wholly owned by the Government of Kenya and is domiciled in Kenya. The principal activity of the Centre is to:

- a) Provide for the performance of music, drama and dance.
- b) Provide for the exhibition of works of arts and craft
- c) Hold meetings for discussion and matters of literary, historical, scientific or educational interest or importance.
- d) Carry out other purposes approved by the Council to further the foregoing functions.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, and International Public Sector Accounting Standards (IPSAS).

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

The accounting policies adopted have been consistently applied to all the years presented. The Centre's financial statements have been prepared on a historical cost basis unless stated otherwise. The cash flow statement has been prepared using the direct method. The financial statements prepared using accrual basis.

Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

- i. New and amended standards and interpretations in issue effective in the year ended 30 June 2023.*

| Standard | Effective date and impact: |
|---|--|
| <p>IPSAS 41: Financial Instruments</p> | <p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. |

Kenya Cultural Centre
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| Standard | Effective date and impact: |
|--|--|
| IPSAS 42: Social Benefits | Applicable: 1st January 2023 The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess: (a) The nature of such social benefits provided by the Entity. (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows. |
| Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments | Applicable: 1st January 2023: a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guaranteed contracts which were inadvertently omitted when IPSAS 41 was issued. d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued. |
| | Applicable 1st January 2023 |

Kenya Cultural Centre
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| Standard | Effective date and impact: |
|-----------------------------|---|
| Other improvements to IPSAS | <ul style="list-style-type: none"> ● <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008). ● <i>IPSAS 39: Employee Benefits.</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS. ● IPSAS 29: Financial instruments: Recognition and Measurement. Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023. |

Notes to the Financial Statements (Continued)

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.

| Standard | Effective date and impact: |
|---|---|
| IPSAS 43 | <p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> |
| IPSAS 44: Non- Current Assets Held for Sale and Discontinue d Operations | <p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> |

iii. Early adoption of standards

The Entity did not early – adopt any new or amended standards in the period under review.

Notes to the financial statements (continued)

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

The Kenya Cultural Centre recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the Entity and the fair value of the asset can be measured reliably.

Transfers from other government entities

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

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Revenue from exchange transactions

Rendering of services

The Centre recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

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

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Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies (Continued)

Sale of goods

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

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period. The Centre did not have any interest income in the period under review.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue. The Centre does not have any investment property.

b) Budget information

The original budget for the Current FY 2022-23 was approved by the National Assembly. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Centre upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Centre recorded additional appropriations of *Ksh.10,000,000* and other grants of *Ksh. 278,380,307* on the 2023 budget following the governing body's approval.

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Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies (Continued)

Budget information (continued)

The *Centre's* budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under Appendix VI of these financial statements.

c) Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the *Centre* operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies (Continued)

Sales tax

Expenses and assets are recognized net of the amount of sales tax, except:

- i) When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- ii) When receivables and payables are stated with the amount of sales tax included
The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

d) Property, plant and equipment

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

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Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies (Continued)

e) Financial instruments

a) Financial assets

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

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables 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.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

b) Financial liabilities

Classification

The entity classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

f) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- i) Raw materials: purchase cost using the weighted average cost method.
- ii) Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the *Centre*.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

g) Provisions

Provisions are recognized when the *Centre* has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the *Centre* expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

h) Contingent liabilities

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

i) Contingent assets

The Centre does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Centre in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

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Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies (Continued)

j) Nature and purpose of reserves

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

k) Changes in accounting policies and estimates

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

l) Employee benefits

Retirement benefit plans

The *Centre* provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which the Centre pays fixed contributions into a separate Entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

Notes to the Financial Statements (Continued)

m) Foreign currency transactions

In the event the Centre shall have monetary dealings in currency other than Kenyan shilling then a foreign currency will be deemed to have taken place. Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

n) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment.

Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance. The Centre did not have any borrowing undertaking in the period under review.

o) Related parties

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

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Notes to the Financial Statements (Continued)

p) Service concession arrangements

The *Centre* analyses all aspects of service concession arrangements that it enters in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the *Centre* recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the *Centre* also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

q) 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.

r) Comparative figures

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

s) 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, 2023.

Notes to the Financial Statements (Continued)

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Notes to the Financial Statements (Continued)

Useful lives and residual value

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

- a) The condition of the asset based on the assessment of experts employed by the Entity.
- b) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- c) The nature of the processes in which the asset is deployed.
- d) Availability of funding to replace the asset.
- e) Changes in the market in relation to the asset

Provisions

Provisions were raised and management determined an estimate based on the information available. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material. No provisions were raised in the period under review.

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Notes to the Financial Statements (Continued)

6. Transfers from Other Government entities

| Description | 2022-2023 | 2021-2022 |
|--|-------------------|-------------------|
| | FY | FY |
| | KShs | KShs |
| Unconditional Grants | | |
| Operational Grant | 54,899,999 | 37,800,000 |
| Other recurrent grants | - | 40,000,000 |
| Total Unconditional Grants | 54,899,999 | 77,800,000 |
| Conditional Grants amortised/ transferred to revenue | 25,972,793 | - |
| Recording studio development grant | - | 4,700,000 |
| Marachi Development grant | - | 10,000,000 |
| Total Government Grants and Subsidies | 80,872,792 | 92,500,000 |

The operational grant relates to recurrent grant used for payment of staff salaries, contracted services, insurance services, electricity, water & sewerage. Other grants relate to supplementary grant for renovations, repair and maintenance. Whereas, the conditional grants transferred to revenue account represents a portion of unconditional grants for implementation of the Poetry Theatre Development project (HEVA-Ignite Culture fund) and payment of goods and services rendered for the Kenya Theatre Awards, Kenya National Drama Film Festival and the Afro-Fest, Serbia.

The Ksh 4,700,000 was disbursed from the Sports fund through the State Department for Culture and Heritage specifically for the establishment of a recording studio at the Kenya Cultural Centre to facilitate the packaging of lyrical voices of recording artists. The Ksh 10,000,000 was specifically for the development of Marachi Cultural Centre. Both development grants were sent during the FY 2021-2022. The current year breakdown is as shown in the table below.

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Notes to the Financial Statements (Continued)

a) Transfers from Ministries, Departments, Agencies (MDAs) & International Funders

| Name of The Entity Sending The Grant | Amount recognized to Statement of Financial performance. * | Amount deferred under deferred income. | Amount recognized in capital fund. | Total transfers 2022-2023 FY | 2021-2022 FY |
|---|--|--|------------------------------------|------------------------------|-------------------|
| | KShs | KShs | KShs | KShs | KShs |
| MOYAAS/MOSCA (State department for Sports/Culture & Heritage) | 54,899,999 | - | - | 54,899,999 | 87,800,000 |
| MOYAAS (State department for Sports) | 11,627,910 | 212,629,204 | - | 224,257,114 | 4,700,000 |
| MOYAAS-SASDF | 6,932,750 | 10,004,450 | | 16,937,200 | |
| MOYAAS-SASDF | 5,085,660 | 27,404,332 | - | 32,489,992 | - |
| HEVA Fund | 2,326,473 | 2,369,528 | | 4,696,001 | - |
| Total | 80,872,792 | 252,407,514 | - | 333,280,306 | 92,500,000 |

6 (b) Cashflows from other grants

| Description | 2022-2023 FY | 2021-2022 FY |
|------------------------------|--------------------|--------------|
| | Kshs | Kshs |
| Total | 25,972,793 | - |
| Adjusted for | | - |
| Deferred income for the year | 252,407,514 | - |
| Total | 278,380,307 | - |

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Notes to the Financial Statements (Continued)

7. Rendering Of Services

| Description | 2022-2023 | 2021-2022 |
|---|-------------------|-------------------|
| | FY | FY |
| | KShs | KShs |
| Parking fees | 27,803,877 | 21,776,424 |
| Rental Income | 2,332,970 | 2,196,639 |
| Theatre Hire | 7,320,401 | 8,714,113 |
| Poster and Ticketed events | 14,450 | 8,750 |
| Total Revenue from The Rendering of Services | 37,471,698 | 32,695,926 |

The Centre owns a parcel of land where parking lots are allocated to clients hence parking fee, rental income is raised from the restaurant facility located at the Kenya National Theatre, one tenant is located at the Centre's administration block. The Centre hires theatre spaces and collects revenue from the Ukumbi Mdogo, Cheche gallery, Dance studio and the Main auditorium.

7 a) Cashflows from Rendering of services

| Description | 2022-2023 | 2021-2022 |
|-------------------------------|-------------------|-------------------|
| | FY | FY |
| | Kshs | Kshs |
| Total | 37,471,698 | 32,695,926 |
| Less Receivables for The Year | (1,974,575) | (1,140,572) |
| Add Prior Period Receivables | 1,140,572 | 1,896,583 |
| Total | 36,637,695 | 33,451,936 |

8. Other Income

| Description | 2022-2023 | 2021-2022 |
|----------------------------|---------------|-----------|
| | FY | FY |
| | Kshs | Kshs |
| Income from Sale of Tender | 92,645 | - |
| Total Other income | 92,645 | - |

Other income refers to income not elsewhere classified in note 7 above.

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Notes to the Financial Statements (Continued)

9. Employee Costs

| Description | 2022-2023 | 2021-2022 |
|--|-------------------|-------------------|
| | FY | FY |
| | Kshs | Kshs |
| Basic Salaries | 22,115,769 | 16,431,445 |
| Basic Wages | - | 448,920 |
| Employer Contribution to Pension Schemes | 487,171 | 322,037 |
| Employer Contribution to Health Insurance Scheme | 5,374,649 | 5,565,147 |
| Housing Benefits and Allowances | 6,373,000 | 4,813,000 |
| Overtime Payments | 956,500 | 845,117 |
| Top Up & Acting Allowance | 240,000 | 480,632 |
| Transport Allowance | 1,954,000 | 1,734,000 |
| Leave Allowance | 242,000 | 220,000 |
| Gratuity | 6,051,075 | 4,320,698 |
| Employee Costs | 43,794,164 | 35,180,996 |

9 a) Cashflows from Employee costs

| Description | 2022-2023 | 2021-2022 |
|---|-------------------|-------------------|
| | FY | FY |
| | Kshs | Kshs |
| Total | 43,794,164 | 35,180,996 |
| Less Prior Year Advances | (182,900) | (200,000) |
| Add Current Year Advances | 237,500 | 182,900 |
| Add Prior Period Employee Obligation | 7,889,668 | 6,411,111 |
| Less Current Period Employee Obligation | (9,406,976) | (7,889,668) |
| Total | 42,331,456 | 33,685,339 |

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Notes to the Financial Statements (Continued)

10. Board Expenses

| Description | 2022-2023 | 2021-2022 |
|----------------------------------|------------------|------------------|
| | FY | FY |
| | Kshs | Kshs |
| Chairman's Honoraria | 400,000 | 560,000 |
| Council Sitting allowance | 2,354,000 | 3,304,000 |
| Council Travel and accommodation | 3,091,957 | 2,200,100 |
| Council Training expenses | - | 120,000 |
| Council Medical Insurance | - | 608,512 |
| Council Mileage expenses | 917,197 | 561,438 |
| Other allowances & expenses | 186,476 | 99,785 |
| Total | 6,949,630 | 7,453,835 |

Decrease in board expenses is attributed to appointment of board members during the half year of FY 2022-2023. No medical expense was incurred during the period under review.

10 a) Cashflows from Board Expenses

| Description | 2022-2023 | 2021-2022 |
|-----------------------------------|------------------|------------------|
| | FY | FY |
| | Kshs | Kshs |
| Total | 6,949,630 | 7,453,835 |
| Add Prior Year Board Liability | 24,000 | 318,000 |
| Less Current Year Board Liability | (60,900) | (24,000) |
| Total | 6,912,730 | 7,747,835 |

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Notes to the Financial Statements (Continued)

11. Depreciation and Amortization Expense

| Description | 2022-2023 | 2021-2022 |
|--|------------------|------------------|
| | FY | FY |
| | Kshs | Kshs |
| Motor Vehicle | 244,929 | 326,571 |
| Furniture & Fittings | 204,036 | 233,183 |
| Electronic Data & Processing Equipment | 4,271,676 | 361,045 |
| Plant and equipment | 1,772,328 | 460,683 |
| Total depreciation and amortization | 6,492,968 | 1,381,483 |

The Centre capitalized cost of the assets acquired of Ksh 24,434,303 into the asset account in the FY 2021-2022, the assets are now being depreciated and the cost charged to depreciation expense account thus reducing the accumulated surplus balance.

12. Repairs and Maintenance

| Description | 2022-2023 | 2021-2022 |
|---|------------------|-------------------|
| | FY | FY |
| | Kshs | Kshs |
| Maintenance Building, Furniture Equipment | 5,435,829 | 15,701,704 |
| Maintenance Motor vehicles | 741,483 | 1,271,910 |
| Maintenance Computer Software & Networks | 283,498 | 183,706 |
| Total Repairs and Maintenance | 6,460,810 | 17,157,320 |

The Centre received other recurrent grants of Ksh 40,000,000 for the refurbishment of the Main auditorium during the FY 2021-2022, portion of the grant received for repair and maintenance was expensed hence the variation in expenditure in comparison to the current year.

13. Contracted Services

| Description | 2022-2023 | 2021-2022 |
|---------------------------------------|------------------|------------------|
| | FY | FY |
| | Kshs | Kshs |
| Contracted Guards & Security Services | 4,260,850 | 4,799,160 |
| Contracted Cleaning Services | 2,281,429 | 2,277,469 |
| Contracted Internet Services | 557,468 | 623,218 |
| Total Contracted Services | 7,099,747 | 7,699,847 |

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Notes to the Financial Statements (Continued)

14. Use of Goods and Services

| Description | 2022-2023 | 2021-2022 |
|--|-------------------|-------------------|
| | FY | FY |
| | Kshs | Kshs |
| Catering Services, Food and Drinks | 1,291,995 | 1,088,116 |
| Domestic Travel Cost & Accommodation | 2,176,369 | 1,166,425 |
| Domestic Travel Daily Subsistence Allowance | 4,181,237 | 4,002,564 |
| Electricity | 2,756,603 | 1,318,346 |
| Evaluation Committee Allowance | - | 144,250 |
| Foreign Travel and Subsistence Allowance | 339,328 | 176,718 |
| Fuel and Lubricants | 1,033,683 | 892,558 |
| Office General Supplies | 818,593 | 128,657 |
| Printing Advert and Information Expenses | 631,243 | 399,115 |
| Professional Fees | 341,820 | 165,981 |
| Staff Protective Clothing | 4,275 | 13,300 |
| Subscription- Newspapers and Magazines | 97,923 | 92,360 |
| Supplies and Accessories for Computer and Printer | 668,277 | 53,749 |
| Telephone Mobile Service- Staff | 1,177,300 | 1,109,800 |
| Temporary Committee Expenses | (42,000) | 1,219,327 |
| Training & Consultancy Expenses | 3,133,219 | 1,849,453 |
| Water & Sewerage Charges | 364,495 | 407,216 |
| Cultural and Artistic Programs | 8,232,704 | 8,200,238 |
| Afro Fest-Serbia Expenses | 5,085,660 | - |
| HEVA Ignite Culture Expenses | 2,326,473 | - |
| SASDF 1-Kenya Theatre Awards | 6,932,750 | - |
| SASDF 2-Capacity Building, Ngoma Na Sarakasi, Renovation | 11,627,910 | - |
| Motor Vehicle Insurance | 600,643 | 631,329 |
| Property Insurance | 1,234,320 | 1,234,320 |
| Audit Fees | 110,000 | 110,000 |
| VAT | 322,893 | - |
| Income Tax | 500,000 | 20,000 |
| Bank Charges | 259,427 | 215,126 |
| Total | 56,207,140 | 24,638,948 |

Included in this expenditure is other grants transferred to SFP of Ksh 25,972,793 in the current year.

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Notes to the Financial Statements (Continued)

14 a) Cashflows from Use of goods and services

| Description | 2022-2023 | 2021-2022 |
|-------------------------------|-------------------|-------------------|
| | FY | FY |
| | Kshs | Kshs |
| Total | 56,207,140 | 24,638,948 |
| Less Prior Period Prepayments | (3,360,881) | (3,360,881) |
| Add Current Period Prepayment | 1,861,524 | 3,360,881 |
| Add Prior Period Payables | 79,059,060 | 67,245,575 |
| Less Current Year Payables | (70,583,374) | (79,059,060) |
| Total | 63,183,469 | 12,825,463 |

15. Cash and Cash Equivalents

| Description | 2022-2023 | 2021-2022 |
|--|--------------------|-------------------|
| | FY | FY |
| | Kshs | Kshs |
| Absa Bank | 256,258,534 | 2,318,664 |
| KCB Capital Account | 2,474,204 | 9,992 |
| KCB Operation Account | 612,927 | 23,692,794 |
| Others-Cash in hand | - | 196,762 |
| Total Cash And Cash Equivalents | 259,345,664 | 26,218,212 |

There is cash variations compared to the previous year because the Centre received other grants of Ksh 278,380,307 during the period under review.

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Notes to the Financial Statements (Continued)

Detailed Analysis of the Cash and Cash Equivalents

| Financial Institution | Account number | 2022-2023 | 2021-2022 |
|---------------------------|----------------|--------------------|-------------------|
| | | FY | FY |
| | | Kshs | Kshs |
| a) Current Account | | | |
| Absa Bank | 0948215349 | 256,258,534 | 2,318,664 |
| KCB Capital Account | 1207345803 | 2,474,204 | 9,992 |
| KCB Operation Account | 1207350184 | 612,927 | 23,692,794 |
| Sub- Total | | 259,345,664 | 26,021,450 |
| Cash In Transit | | - | 56,447 |
| Mobile Money Accounts | | - | 140,315 |
| Sub- Total | | - | 196,762 |
| Grand Total | | 259,345,664 | 26,218,212 |

16. Receivables from Exchange Transactions (Current)

| Description | 2022-2023 | 2021-2022 |
|----------------------------------|------------------|------------------|
| | FY | FY |
| | | Kshs |
| Receivables | | |
| Trade receivables | 1,974,575 | 1,140,572 |
| Staff salary advances | 237,500 | 182,900 |
| Total Current Receivables | 2,212,075 | 1,323,472 |

The Centre expects revenue from debtors and settlement of salary advance from KCC staff within 12 months.

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Notes to the Financial Statements (Continued)

(a) Ageing analysis for Receivables from exchange transactions

| Description | 2022-2023 FY | | 2021-2022 FY | |
|--------------------|------------------|-------------------|-----------------------|-------------------|
| | Kshs | | Kshs | |
| | Current FY | % of the total | Comparat ive FY | % of the total |
| Less than 1 year | 1,790,239 | 90.66% | 1,064,236 | 93.30% |
| Between 1- 2 years | 108,000 | 5.47% | 66,336 | 5.82% |
| Between 2-3 years | 66,336 | 3.36% | - | - |
| Over 3 years | 10,000 | 0.51% | 10,000 | 0.88% |
| Total (a+b) | 1,974,575 | 100% | 1,140,572 | 100% |

(b) Reconciliation for Impairment Allowance on Receivables from Exchange Transactions

| Impairment allowance/ provision | 2022-2023 FY | 2021-2022 FY |
|---------------------------------------|------------------|------------------|
| | Kshs | Kshs |
| At the beginning of the year | 1,140,572 | 1,896,583 |
| Additional provisions during the year | 1,790,239 | 1,064,236 |
| Recovered during the year | (956,236) | (1,820,247) |
| Written off during the year | (0) | (0) |
| At the end of the year | 1,974,575 | 1,140,572 |

The Centre does not expect credit loss from the above receivables.

Notes to the Financial Statements (Continued)

17. Receivables from Exchange Transactions (prepayments)

| Description | 2022-2023 | 2021-2022 |
|-------------------|------------------|------------------|
| | FY | FY |
| | Kshs | Kshs |
| Prepayment | | |
| Insurance prepaid | 1,861,524 | 3,360,881 |
| Total | 1,861,524 | 3,360,881 |

Insurance prepaid relates to motor vehicle, property and staff medical insurance. The staff medical insurance was not renewed and paid on time due to financial constraints during the period under review hence the variation from prior year.

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Notes to the Financial Statements (Continued)

18. Property, Plant and Equipment

| Cost | Land & Building | Capital WIP | Motor Vehicle | Furniture and fittings | Electronic Data Processing Equipment | Plant and equipment's | Total |
|-----------------------------|-----------------|-------------|---------------|------------------------|--------------------------------------|-----------------------|-------------|
| | Kshs | Kshs | Kshs | Kshs | Kshs | Kshs | Kshs |
| At 1 July 2021 | 333,998,409 | 23,431,145 | 12,667,000 | 9,202,594 | 7,035,187 | 9,807,233 | 396,141,568 |
| Additions | | - | - | | 14,779,655 | 9,654,648 | 24,434,303 |
| At 30th June 2022 | 333,998,409 | 23,431,145 | 12,667,000 | 9,202,594 | 21,814,842 | 19,461,881 | 420,575,871 |
| Additions | | - | - | 749,982 | 274,000 | - | 1,023,982 |
| At 30th June 2023 | 333,998,409 | 23,431,145 | 12,667,000 | 9,952,576 | 22,088,842 | 19,461,881 | 421,599,853 |
| Depreciation and impairment | | | | | | | |
| At 1 July 2021 | - | - | 11,360,715 | 7,337,127 | 5,831,703 | 6,121,771 | 30,651,316 |
| Depreciation | | | 326,571 | 233,183 | 361,045 | 460,683 | 1,381,483 |
| At 30th June 2022 | - | - | 11,687,286 | 7,570,310 | 6,192,748 | 6,582,454 | 32,032,799 |
| Depreciation | | | 244,929 | 204,036 | 4,271,676 | 1,772,328 | 6,492,968 |
| At 30th June 2023 | - | - | 11,932,215 | 7,774,346 | 10,464,424 | 8,354,782 | 38,525,766 |
| Net book values | | | | | | | |
| At 30th June 2022 | 333,998,409 | 23,431,145 | 979,714 | 1,632,284 | 15,622,094 | 12,879,427 | 388,543,072 |
| At 30th June 2023 | 333,998,409 | 23,431,145 | 734,785 | 2,178,230 | 11,624,418 | 11,107,099 | 383,074,087 |

WIP relates to capital grant received and utilized for the ongoing development of International Arts & Cultural Centre project.

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Notes to the Financial Statements (Continued)

19. Employer benefit Obligation

| Description | 2022-2023 FY | 2021-2022 FY |
|---|------------------|------------------|
| | Kshs | Kshs |
| Staff payroll liability | 2,010,215 | 397,886 |
| Staff gratuity | 7,396,761 | 7,491,782 |
| Board liability | 60,900 | 24,000 |
| Total Employer benefit Obligations | 9,467,876 | 7,913,668 |

Staff payroll liability and Board liability relates to PAYE, and staff salaries that had not been paid by 30th June 2023. Variation in staff gratuity is attributed to paid gratuity of Ksh 95,021 during the period under review. The Centre remits gratuity to the pension administrator since November 2021 to date hence no provision made for staff gratuity during the period under review.

19 (a) Staff gratuity Provision

| Description | Gratuity Provision | Total |
|----------------------------------|-----------------------|------------------|
| | Kshs | Kshs |
| Balance b/f | 7,491,782 | 7,491,782 |
| Additional provisions | 0 | 0 |
| Provision utilised | (95,021) | (95,021) |
| Total provisions year end | 7,396,761 | 7,396,761 |

Notes to the Financial Statements (Continued)

20. Trade and Other Payables

| Description | 2022-2023 | | 2021-2022 | |
|--|-------------------|-----------------------|-----------------------|-----------------------|
| | FY | | FY | |
| | Kshs | | Kshs | |
| Trade payables | 6,734,354 | | 15,210,040 | |
| Other payables | 63,849,020 | | 63,849,020 | |
| Total trade and other payables | 70,583,374 | | 79,059,060 | |
| | | | | |
| Ageing analysis: (Trade and other payables) | Current FY | % of the Total | Comparative FY | % of the Total |
| Under one year | 740,380 | 1.05% | 12,122,485 | 15.33% |
| 1-2 years | 2,906,419 | 4.12% | - | -% |
| 2-3 years | 3,087,555 | 4.37% | 3,087,555 | 3.91 |
| Over 3 years | 63,849,020 | 90.46% | 63,849,020 | 80.76 |
| Total (tie to above total) | 70,583,374 | 100% | 79,059,060 | 100 |

Other payables refer to the defunct Nairobi City Council land rates of Ksh 63,849,020.

21. Refundable Deposits and Other deposit

| Description | 2022-2023 | | 2021-2022 | |
|-----------------------|----------------|--|-------------------|--|
| | FY | | FY | |
| | Kshs | | Kshs | |
| Other deposits | 0 | | 10,000,000 | |
| Refundable deposits | 695,000 | | 566,000 | |
| Total deposits | 695,000 | | 10,566,000 | |

Refundable deposit refers to money held by the Centre as a security for hire of theatre facilities and is refundable after use of theatre facilities there being no damage incurred by the client. Other deposits refer to Marachi Cultural Centre deposits held for development of Marachi Cultural Centre.

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Notes to the Financial Statements (Continued)

22. Deferred Income

| Description | 2022-2023 | 2021-2022 |
|---|--------------------|-----------|
| | FY | FY |
| | Kshs | Kshs |
| International Funders | 2,369,528 | - |
| National Government | | |
| SASDF -Afro festival Serbia | 27,404,332 | - |
| SASDF 1-KTA Awards | 10,004,450 | - |
| SASDF 2-Grassroots Competition & Capacity building, Renovation, Ngoma na Sarakasi | 212,629,204 | - |
| Total Deferred Income | 252,407,514 | - |

Deferred Income relates to income received in advance whose goods and services have not yet been delivered or rendered and will be rendered/delivered in the future.

22 a) The deferred income movement is as follows:

| | International funders | National government | National government | National government | Total |
|-------------------------------|-----------------------|---------------------|---------------------|----------------------|--------------------|
| | Kshs | Kshs | | Kshs | Kshs |
| Balance Brought Forward | - | - | - | - | - |
| Additions | 4,696,001 | 16,937,200 | 224,257,114 | 32,489,992 | 278,380,307 |
| Transfers To Income Statement | 2,326,473 | 6,932,750 | 11,627,910 | 5,085,660 | 25,972,793 |
| Balance Carried Forward | 2,369,528 | 10,004,450 | 212,629,204 | 27,404,332.00 | 252,407,514 |

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Notes to the Financial Statements (Continued)

23. Capital Reserve

| Description | 2022-2023 | 2021-2022 |
|--------------------------|--------------------|--------------------|
| | FY | FY |
| | Kshs | Kshs |
| Capital Reserve | 99,626,527 | 99,626,527 |
| Revaluation of equipment | 2,517,112 | 2,517,112 |
| Total | 102,143,639 | 102,143,639 |

24. Accumulated Surplus

| Description | 2022-2023 | 2021-2022 |
|--------------------------------|--------------------|--------------------|
| | FY | FY |
| | Kshs | Kshs |
| Accumulated surplus | 219,763,270 | 202,779,773 |
| Net Profit/loss (current year) | (8,567,323) | 16,983,497 |
| Total | 211,195,947 | 219,763,270 |

Surplus Remission

In line with Section 219 (2) of the Public Financial Management Act regulations requirement the Centre did not qualify for category 3 entities and hence no remittance made to the Consolidated Fund in the period under review.

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Notes To The Financial Statements (Continued)

25. Cash Generated from Operations

| Description | 2022-2023 | 2021-2022 |
|---|--------------------|-------------------|
| | FY | FY |
| | Kshs | Kshs |
| Surplus for the year before tax | (8,567,323) | 16,983,497 |
| Adjusted for: | | |
| Depreciation | 6,492,968 | 1,381,483 |
| Working capital adjustments | | |
| (Increase)/Decrease in receivable | (888,603) | 773,111 |
| (Increase)/Decrease in prepayment | 1,499,357 | - |
| Increase / (Decrease) in employer benefit obligations | 1,554,208 | 1,184,557 |
| Increase / (Decrease) in accounts payable | (8,475,686) | 11,813,485 |
| Increase / (Decrease) in Deferred income | 252,407,514 | - |
| Net cash flow from operating activities | 244,022,435 | 32,136,133 |

26. Contingent Liability

| | 2022-2023 | 2021-2022 |
|---|-------------------|------------------|
| | FY | FY |
| | Kshs | Kshs |
| Contingent Liabilities | | |
| Court Case Edwin Gichangi against the Kenya Cultural Centre | 8,566,821 | 8,566,821 |
| The Centre acknowledges the contingent liability for long term serving staff and separated staff. | 22,800,559 | - |
| Total | 31,367,380 | 8,566,821 |

The former CEO sued Kenya Cultural Centre for unlawful termination of his contract. The case is still ongoing, we might not be able to determine the eventual liability with utmost precision.

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Notes To The Financial Statements (Continued)

27. Financial Risk Management

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

i) Credit risk

The Centre has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Centre's management based on prior experience and their assessment of the current economic environment.

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Notes To The Financial Statements (Continued)

Financial Risk Management

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

| Description | Total amount | Fully performing | Past due | Impaired |
|--|--------------------|--------------------|----------|--------------------|
| | Kshs | Kshs | Kshs | Kshs |
| As at 30th June 2023 | | | | |
| Receivables from exchange transactions | 1,974,575 | 1,974,574 | - | 1,974,575 |
| Receivables from non-exchange transactions | 237,500 | 237,500 | - | 237,500 |
| Bank balances | 259,345,664 | 259,345,664 | - | 259,345,664 |
| Total | 261,557,740 | 261,557,740 | - | 261,557,740 |
| As at 30 June 2022 | | | | |
| Receivables from exchange transactions | 1,140,572 | 1,140,572 | - | 1,140,572 |
| Receivables from non-exchange transactions | 182,900 | 182,900 | - | 182,900 |
| Bank balances | 26,021,450 | 26,021,450 | - | 26,021,450 |
| Total | 27,344,922 | 27,344,922 | - | 27,344,922 |

Financial Risk Management

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Centre has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Centre has significant concentration of credit risk on amounts due from Migoko African Dishes. The board of directors sets the Centre's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

Notes To The Financial Statements (Continued)

ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Centre's directors, who have built an appropriate liquidity risk management framework for the management of the Centre's short, medium and long-term funding and liquidity management requirements. The Centre manages liquidity risk through continuous monitoring of forecasts and actual cash flows. The table below represents cash flows payable by the Centre under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

| Description | Less than 1 month | Between 1-3 months | Over 5 months | Total |
|--|--------------------|--------------------|-------------------|--------------------|
| | Kshs | Kshs | Kshs | Kshs |
| As at 30th June 2023 | | | | |
| Trade & other Payables | 630,380 | - | 69,842,994 | 70,473,374 |
| Provisions | 110,000 | - | | 110,000 |
| Deferred income | 252,407,514 | - | | 252,407,514 |
| Employee benefit obligation | 2,071,115 | - | 7,396,761 | 9,467,876 |
| Total | 255,219,009 | - | 77,239,755 | 332,458,764 |
| As at 30th June 2022 | | | | |
| Trade payables | 15,100,040 | - | 63,849,020 | 78,949,060 |
| Provisions | 110,000 | - | | 110,000 |
| Employee benefit obligation | 421,886 | 1,335,539 | 6,156,243 | 7,913,668 |
| Total | 15,631,926 | 1,335,539 | 70,005,263 | 86,972,728 |

Notes to the Financial Statements (Continued)

Financial Risk Management

iii) Market risk

The *Centre* has put in place an internal audit function to assist it in assessing the risk faced by the Entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls. Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The Centre's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the Centre's exposure to market risks or the way it manages and measures the risk.

28. Related Party Disclosures

Nature of related party relationships

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

Government of Kenya

The Government of Kenya is the principal shareholder of the *Centre*, holding 100% of the *Centre's* equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the Entity, both domestic and external.

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Other related parties include:

- i) The Parent Ministry.
- ii) County Governments
- iii) Other SCs and SAGAs
- iv) Key management.
- v) Board of directors.

Related Parties Disclosure

| Description | 2022-2023 | 2021-2022 |
|--|--------------------|-------------------|
| | FY Kshs | FY Kshs |
| Transactions with related parties | | |
| a) Sales to related parties | | |
| Theatre hire to govt agencies | - | - |
| Parking income from govt. Agencies | 13,824,000 | 13,824,000 |
| Water sales to govt. Agencies | - | - |
| Others (specify) bank charges | 259,427 | 215,126 |
| Total | 14,083,427 | 14,039,126 |
| B) purchases from related parties | | |
| Purchases of electricity from KPLC | 2,756,603 | 1,318,346 |
| Purchase of water from govt service providers | 364,495 | 407,216 |
| Training and conference fees paid to govt. Agencies | 133,220 | 85,840 |
| Others (specify) | 0 | 0 |
| Total | 3,254,318 | 1,811,402 |
| b) Grants /transfers from the government | | |
| Grants from national govt | 54,899,999 | 92,500,000 |
| Grants from county government | 273,684,306 | 0 |
| Donations in kind | 0 | 0 |
| Total | 328,584,305 | 92,500,000 |
| c) Expenses incurred on behalf of related party | | |
| Payments of salaries and wages for employees | 0 | 0 |
| Payments for goods and services for | 0 | 0 |
| Total | 0 | 0 |
| d) Key management compensation | | |

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| Description | 2022-2023 | 2021-2022 |
|--------------------------------|-------------------|-------------------|
| | FY | FY |
| | Kshs | Kshs |
| Directors' emoluments | 6,949,630 | 7,453,835 |
| Compensation to key management | 12,616,521 | 9,200,472 |
| Total | 19,566,151 | 16,654,307 |

29. Events after the Reporting Period

There were no material adjusting and non- adjusting events after the reporting period.

30. Ultimate and Holding Entity

The Centre is a Semi- Autonomous Government Agency under the Ministry of Sports, Youth and the Arts. Its ultimate parent is the Government of Kenya.

31. Currency

The financial statements are presented in Kenya Shillings (Kshs) rounded to the nearest Kshs.

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Appendices

Appendix 1: Implementation Status of Auditor-General's Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Status: (Resolved / Not Resolved) | Timeframe: |
|--|--|---|-----------------------------------|------------|
| Property Plant and Equipment | The auditor noted, "The statement of Financial Position reflects property plant and equipment balance of Kshs.296, 820,914. Included in the figure of Kshs.296, 820,914 are freehold land, buildings and civil works valued at Kshs.120, 000,000, Kshs.80, 000,000 and Kshs.96, 436,326.50 respectively whose ownership documents were not provided for audit review". | The process of conducting a valuation of KCC Buildings and land is on-going to ensure it is reflected correctly in the Financial Statements | Not resolved | 30/6/2024 |
| Pending Bill | The auditor noted, The Kenya Cultural Centre had pending bills totalling Kshs.73,376,943.40/- out of which Kshs.66, 182,898 has been outstanding since 2013/14. The defunct City Council of | The Nairobi City Council pending bill of Kshs.63, 184,432 relates to erroneously charged land rates accumulated since 1963.The Commissioner of lands advised that | Not Resolved | 30/6/2024 |

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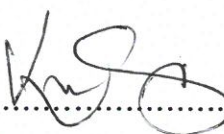
| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Status: (Resolved / Not Resolved) | Timeframe: |
|--|-------------------------------------|--|-----------------------------------|------------|
| | Nairobi was owed Kshs.63, 884,432”. | KCC is a public land and should not be subjected to land rates. Communication with Nairobi County Government is on-going for waiver to be effected. | | |

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your Entity responsible for implementation of each issue;
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.



Michael Pundo
CEO/Executive Director



Kung'u Muigai
Council Chairperson

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Appendix II: Projects implemented by The Kenya Cultural Centre

Projects implemented by the Kenya Cultural Centre Funded by the Government.

| Project title | Project Number | Donor | Period/duration | Donor commitment | Separate donor reporting required as per the donor agreement (Yes/No) | Consolidated in these financial statements. (Yes/No) |
|--------------------------------------|----------------|-------|-----------------|------------------|---|--|
| International Arts & Cultural Centre | N/A | N/A | 4 Years | N/A | N/A | YES |

Status of Projects completion

| SN | Project | Total project Cost | Total expended to date | Completion % to date | Budget | Actual | Sources of funds |
|----|--------------------------------------|--------------------|------------------------|----------------------|--------|--------|------------------|
| 1 | International Arts & Cultural Centre | 3B | 22.5M | 0.75% | - | 22.5M | GOK |

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Appendix IV: Transfers from Other Government Entities

| Sending Entity | Date received as per bank statement | Nature: Recurrent/Development/Others | Total Amount - KES | Statement of Financial Performance | Deferred Income | Total Transfers during the Year |
|--|-------------------------------------|--------------------------------------|--------------------|------------------------------------|--------------------|---------------------------------|
| Ministry of Youth Affairs, The Arts and Sports-SASDF | 06/04/2023 | Other | 16,937,200 | 6,932,750 | 10,004,450 | 16,937,200 |
| Ministry of Youth Affairs, The Arts and Sports-SASDF | 16/06/2023 | Other | 32,489,992 | 5,085,660 | 27,404,332 | 32,489,992 |
| MOYAAS-State department for Sports | 24/05/2023 | Other | 224,257,114 | 11,627,910 | 212,629,204 | 224,257,114 |
| HEVA Ignite Culture | 08/05/2023 | Donor Fund | 4,696,001 | 2,326,473 | 2,369,528 | 4,696,001 |
| Total | | | 278,380,307 | 25,972,793 | 252,407,514 | 278,380,307 |

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Appendix V- Inter-Entity Confirmation Letter



THE KENYA CULTURAL CENTRE

Kenya Cultural Centre
P.O Box 43031-00100
Harry Thuku Road
Nairobi

The *Kenya Cultural Centre* wishes to confirm the amounts disbursed and received at 30th June 2023 as indicated in the table below.

| Reference Number | Date Disbursed | Amounts Disbursed by State department for Culture & Heritage (KShs) as at 30 th June 2023 | | | | Total (D) = (A+B+C) | Amount Received by Kenya Cultural Centre (KShs) as at 30 th June 2023 | Differences (F) = (D-E) |
|------------------|----------------|--|-----------------|-----------------------|--------------|---------------------|--|-------------------------|
| | | Recurrent (A) | Development (B) | Inter-Ministerial (C) | | | | |
| | 01/08/2022 | 4,083,330.00 | | | 4,083,330.00 | 4,083,330.00 | | |
| | 07/09/2022 | 4,083,330.00 | | | 4,083,330.00 | 4,083,330.00 | | |
| | 28/09/2022 | 4,083,340.00 | | | 4,083,340.00 | 4,083,340.00 | | |
| | 18/11/2022 | 4,083,330.00 | | | 4,083,330.00 | 4,083,330.00 | | |
| | 06/12/2022 | 4,083,330.00 | | | 4,083,330.00 | 4,083,330.00 | | |
| | 29/12/2022 | 4,083,340.00 | | | 4,083,340.00 | 4,083,340.00 | | |
| | 09/02/2023 | 2,716,667.00 | | | 2,716,667.00 | 2,716,667.00 | | |
| | 23/03/2023 | 2,816,667.00 | | | 2,816,667.00 | 2,816,667.00 | | |
| | 13/04/2023 | 2,616,666.00 | | | 2,616,666.00 | 2,616,666.00 | | |
| | 22/05/2023 | 2,050,000.00 | | | 2,050,000.00 | 2,050,000.00 | | |

Confirmation of amounts received by Kenya Cultural Centre as at 30th June 2023

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| | | | |
|--------------|----------------------|----------------------|----------------------|
| Total | 34,700,000.00 | 34,700,000.00 | 34,700,000.00 |
|--------------|----------------------|----------------------|----------------------|

In confirm that the amounts shown above are correct as of the date indicated.

Head of Accounts department of Kenya Cultural Centre:

Name Monica Odoo Sign  Date 18/06/2024

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THE KENYA CULTURAL CENTRE
MEMORABILIA FOR THE ARTS, YOUTH & SPORTS

The Kenya Cultural Centre wishes to confirm the amounts disbursed and received at 30th June 2023 as indicated in the table below.

| Confirmation of amounts received by Kenya Cultural Centre as at 30 th June 2023 | | | | | | | |
|--|----------------|---|-----------------------|-----------------------|---------------------|--|--------------------------------|
| Reference Number | Date Disbursed | Amounts Disbursed by State department for Sports, Youth & The Arts(KShs) as at 30 th June 2023 | | | | Amount Received by Kenya Cultural Centre (KShs) as at 30 th June 2023 | Differences (KShs) (F) = (D-E) |
| | | Recurrent (A) | Development (B) | Inter-Ministerial (C) | Total (D) = (A+B+C) | | |
| FT231288NGND | 08/05/2023 | 6,733,333.30 | | | | 6,733,333.30 | |
| FT2316050R5P | 09/06/2023 | 6,733,333.50 | | | | 6,733,333.50 | |
| | 24/5/2023 | - | 224,257,114.00 | | | 224,257,114.00 | |
| FT231814WNGV | 30/06/2023 | 6,733,332.00 | | | | 6,733,332.00 | |
| Total | | 20,199,998.80 | 224,257,114.00 | | | 244,457,112.80 | |

In confirm that the amounts shown above are correct as of the date indicated.

Head of Accounts department of Kenya Cultural Centre:

Name Monica Odoo Sign  Date 18/06/2024

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Appendix VI: Budget Reconciliation Statement

| Detail | Ksh | Ksh |
|--|----------------|--------------------|
| Surplus as per the budget | | 244,022,435 |
| Adjusted for: | | |
| Deferred income | (252,407,514) | |
| Trade Receivables | 834,003.00 | |
| Employee Costs | (1,462,708.01) | |
| Board Expenses | (36,900.00) | |
| Trade Payables | 6,976,329.00 | |
| Add back Depreciation | (6,492,968) | (252,589,758) |
| Surplus/(Deficit) as per statement of financial performance | | (8,567,323) |

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