

REPUBLIC OF KENYA



*Enhancing Accountability*

**REPORT**

THE NATIONAL ASSEMBLY	
DATE:	18 APR 2024
TAKEN BY:	Hon Kimani Ichungwaho Leader, majority party
CLERK AT THE TABLE:	A. Shibuko

**THE AUDITOR-GENERAL**

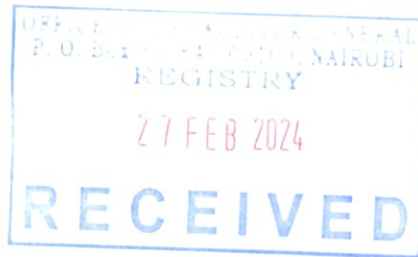
**ON**

**KENYA TOURISM BOARD**

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

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**KENYA TOURISM BOARD**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

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

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

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**I. ACRONYMS, ABBREVIATIONS AND GLOSSARY OF TERMS**

**A: Acronyms and Abbreviations**

A-I-A	Appropriations in Aid
APAC	Asian and Pacific Countries
B2B	Business to Business
B2C	Business to Consumer
CEO	Chief Executive Officer
CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
ITB	International Tourism Bourse
ITF	International Tennis Federation
KTB	Kenya Tourism Board
MKO	Magical Kenya Open
MKTE	Magical Kenya Tourism Expo
MKTS	Magical Kenya Travel Specialist
NACADA	National Authority for the Campaign against Alcohol and Drug Abuse
NACC	National Aids Control Council
NCWPD	National Council for Persons with Disabilities
NGEC	National Gender & Equality Commission
NT	National Treasury
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
OSHA	Occupational Safety and Health Act of 2007
OTM	Outbound Travel Mart
OTT	Over-the-top
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
PPDA	Public Procurement & Disposals Act
PPADR	Public Procurement & Asset Disposals Regulation
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations
WTTC	World Travel & Tourism Council

## **B: Glossary of Terms**

**Fiduciary Management-** Members of Management directly entrusted with the responsibility of financial resources of the organisation

**Comparative Year-** Means the prior period.

## **II. KTB'S INFORMATION AND MANAGEMENT**

### **I. BACKGROUND INFORMATION**

KTB is a state corporation established under the Tourism Act No.28 of 2011. Prior to enactment of the Tourism Act, KTB (then known as Kenya Tourist Board) operated under Legal Notice No.14 of 1997. At Cabinet level, KTB is represented by the Cabinet Secretary for Ministry of Tourism, Wildlife & Heritage, who is responsible for the general policy and strategic direction of KTB. The Entity is domiciled in Nairobi Kenya and has a satellite office in Mombasa.

### **II. PRINCIPAL ACTIVITIES**

The Kenya Tourism Board mandate under the Tourism Act No. 28 of 2011 is to: -

- a) Develop, implement and co-ordinate a national tourism marketing strategy;
- b) Market Kenya at local, national, regional and international levels as a premier tourist destination;
- c) Identify tourism market needs and trends and advise tourism stakeholders accordingly; and
- d) Perform any other functions that are ancillary to the object and purpose for which the Tourism Board is established.

#### **Vision**

The preferred destination offering Innovative, diverse and authentic experiences to the discerning visitor.

#### **Mission**

'To inspire the world to visit Kenya through effective positioning of the destination's experiences while enriching the lives of Kenyans and visitors alike''

#### **Core Values**

To fulfil its mandate and accomplish its vision and mission, the Board will be guided by its core values of:

- **Excellence** – surpassing standards of expectation, striving to be the best in serving internal and external stakeholders, totally committed, operating at peak potential.
- **Productive partnerships** – collaborating and engaging with stakeholders to achieve Kenya tourism vision.
- **Innovation** – a culture of innovation in all areas of work.
- **Creativity** - creativity built into every initiative that drives the customer value proposition

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**OUR CUSTOMERS**

**Local**

- Employees
- Government
- The General Public
- The Tourism Private Sector
- Suppliers
- Local & International media correspondents in Kenya
- Domestic Tourists

**International**

- Kenya Missions Abroad
- Market Development Representative (MDRs)
- The Travel Trade in various source markets
- The International Media
- International Suppliers
- International Tourists
- Kenyans in the Diaspora

**OUR SERVICES**

We strive to provide our customers with:

- Destination Marketing Services
- Tourism Marketing Information Services
- Media liaison and Tourism Sector Crisis Management Services
- Collateral Materials/Promotional Materials Services
- Exhibitions, Road shows and Stand Design Services
- Destination Training Services for Source Market Travel Trade
- Product Packaging
- Product Value Added Advisory Services
- Tourism Trade Partnership Support
- General Industry Marketing Services

**OUR STRATEGIC PARTNERS**

Our key strategic partners include the following:

- Kenya Airways(KQ)
- Kenya Wildlife Services(KWS)
- Kenya Railways Corporation (KRC)
- Kenya Tourism Federation (KTF)
- Kenya Association of Tour Operators (KATO)
- Kenya Association of Hotelkeepers& Caterers (KAHC)
- Eco Tourism Kenya (EK)
- Kenya Association of Travel Agents (KATA)
- Kenya Airports Authority (KAA)
- Kenya Civil Aviation Authority (KCAA)
- Pubs, Entertainment & Restaurants Association of Kenya (PERAK)



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**III. KEY MANAGEMENT**

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

- Chief Executive Officer
- Executive management

No.	Designation	Name
1.	Accounting officer/ CEO	John Chirchir
2.	Ag Director of Market Development	Fiona Ngesa
3.	Ag. Director of Marketing Support Services	Betty Ichan
4.	Director of Finance & Administration	Mary Maina
5.	Company Secretary	Allan Njoroge
6.	Manager Internal Audit	Onesmus Karanja
7.	Ag. Manager Human Resources	Dr. Maundu Muli
8.	Manager Supply Chain Management	Gerald Omondi
9.	Strategy & Compliance Manager	Doreen Odhiambo
10.	PR & Corporate Communication Manager	Wausi Walya
11.	ICT Manager	Paul Kathambana

**IV. FIDUCIARY MANAGEMENT**

The key management personnel who held office during the year ended 30<sup>th</sup> June 2023 and show had direct fiduciary responsibility were:

No.	Designation	Name
1.	Ag CEO	John Chirchir, HSC
2.	Ag. Director of Marketing Development	Fiona Ngesa
3.	Ag. Director of Marketing Support Services	Betty Ichan
4.	Director Finance & Administration	Mrs. Mary Maina
5.	Company Secretary	Mr. Allan Njoroge
6.	Manager Supply Chain Management	Mr. Gerald Omondi
7.	Ag. Manager Human Resources	Dr. Maundu Muli
8.	Manager Internal Audit	Onesmus Karanja
9.	Strategy & Compliance Manager	Doreen Odhiambo
10.	PR & Corporate Communication Manager	Wausi Walya
11	ICT Manager	Paul Kathambana

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**V. FIDUCIARY OVERSIGHT ARRANGEMENTS**

KTB's key fiduciary oversight arrangements are as below:

**i) Board Audit & Risk Committee Activities**

The Committee provides oversight of financial reporting, risk management, internal control, compliance and governance processes.

**ii) Board Finance & Establishment Committee Activities**

The committee's responsibilities including ensuring overall sound financial reporting, internal system of controls, review of business plans and budgets, human resources and staff affairs.

**iii) Ad hoc BOD committee Activities**

The BOD appoints ad hoc committees to carry out specific exercises. The ad hoc committees report to the Full Board.

**VI. BOARD HEADQUARTERS**

Kenya Re Towers, 7th Floor,  
Ragati Road, Upper Hill,  
P.O Box 30630 – 00100  
Nairobi, Kenya.

**VII. KTB'S CONTACTS**

Telephone: (254) 202711262

E-mail: [info@ktb.go.ke](mailto:info@ktb.go.ke)

**Social Media**

Corporate Website: [www.ktb.go.ke/](http://www.ktb.go.ke/)

Destination website: [www.magicalkenya.com/](http://www.magicalkenya.com/)



**@MagicalKenya**



**MagicalKenya**



**MagicalKenya**

**SERVICE DELIVERY CENTRE**

**MOMBASA**

Mombasa International Airport

MOMBASA

020 2047370

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**MARKET DEVELOPMENT REPRESENTATIVES**

<p><b><u>USA:</u></b>          Luke Jones   Director          Advocate Travel Marketing          1230 Rosecrans Ave. Suite 140          Manhattan Beach. CA 90266. USA          Phone: +1 (310) 977 4751          Email: <a href="mailto:lukejones@advocatetravel.com">lukejones@advocatetravel.com</a>          Website: <a href="http://www.advocatetravel.com">www.advocatetravel.com</a></p>	<p><b><u>INDIA:</u></b>          Ms. Neeti Bhatia          Director          Intrepid Marketing &amp; Communications          c/o Redbrick Offices Limited          Tex Center, E-Wing, Chandivali Farm Road          Andheri East, 400072          Email: <a href="mailto:neeti@intrepid-marketing.com">neeti@intrepid-marketing.com</a>          Mobile: +91 9711901753          Website: <a href="http://www.intrepid-marketing.com">www.intrepid-marketing.com</a></p>
<p><b><u>EUROPE: THE PC AGENCY</u></b>          Mr. Paul Charles          CEO &amp; Founder          The PC Agency          One Heddon Street,          Mayfair, London W1B 4BD.          Mobile: +447769880991          Telephone: +442077680001          Email: <a href="mailto:pc@pc.agency">pc@pc.agency</a></p>	

VIII. **KTB'S BANKERS**  
 Kenya Commercial Bank Ltd.  
 Moi Avenue Branch  
 P.O Box 484 – 00100  
 Nairobi, Kenya

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

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**X. PRINCIPAL LEGAL ADVISERS**

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




**III. THE BOARD OF DIRECTORS**

 <p><b>Francis Gichaba</b> BA degree, PGD in Business Management. <b>Appointed 10<sup>th</sup> March 2023</b></p>	<p>Mr. Francis Gichaba, born in 1964, is the Chairman of the KTB Board of Directors has led an impressive career both as a marketing professional and entrepreneur. Before founding Motion Pictures a marketing agency, his last employment was at the National Carrier where he spearheaded an aggressive global expansion of the airline into the Far East, Middle East, North America's including other high potential untapped markets within Africa.</p> <p>He is adept at creating strategic alliances with other corporate &amp; government leaders to effectively support key business initiatives. As an entrepreneur, he's been deeply involved in building some of the most reputable brands in the market today cutting across different segments – FMCG's, Telco's, Banking, NGO's, Government agencies etc just to name a few. He has a good understanding of how various levels of consumers relate with brands across different categories &amp; markets.</p> <p>Francis is part of the global OnePulse team that is spread in over 60 countries across the continents. He heads the OnePulse team in Sub-Saharan Africa. He is also the Vice Chairman of an International NGO, and has served on the boards of various industry bodies in and out of the country. He holds a BA degree from the University of Nairobi, and a post-graduate diploma in Business Management.</p>
 <p><b>Alphina Bwaley</b> Bcom (BA), EMBA, MA(Counselling Psychology), Dip(Counselling Psychology). <b>Appointed 10<sup>th</sup> March 2023</b></p>	<p>Ms. Alphina Bwaley, born in 1961, Vice-Chairperson of the KTB Board of Directors, is a career banker with 30+ years of accumulated experience in all aspects of banking operations at Senior Management levels at both KCB Group and Transnational Bank. Alphina has previously served as the Group Head of Credit Support at KCB Group and as the Head of Credit at Transnational Bank, before switching to a career in Counselling Psychology. Alphina currently runs a private Counselling Psychology consultancy within Nairobi.</p> <p>She holds a Bachelor of Commerce in Business Administration from the University of Nairobi, an Executive MBA, awarded jointly by the Eastern and Southern African Management Institute and Maastricht Business School in the Netherlands. She also holds a Master of Arts Degree in Counselling Psychology from Daystar University and a Diploma in Counselling Psychology from Amani Counselling Centre and Training Institute. Alphina is a Certified Professional Mediator and a KCPA senior accredited Counsellor Supervisor.</p>

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 <p><b>David M. Tanki</b> Bcom(Accounts Option), MBA, PG (MC&amp;MIS) <b>Appointed- 10<sup>th</sup> March 2023</b></p>	<p>Mr. David Tanki, born in 1972, is the founder and Chief Executive Officer of Lan-x Africa Limited, a company that provides support to SMEs and corporate organizations to succeed through strategy formulation, business restructuring, human capital development, financial management and process improvement. He is also the founder and Executive Director of The HPH Group. He has served on a number of boards including The Regent Group where he served as Chairman. He is also the host of Business &amp; Money TV on KTN and Occupy Today on Hope TV/FM. He is also Chairman of the CITAM Business Forum.</p> <p>He is a holder of a B.Com degree (Accounts Option) and a Post Graduate in Managerial Control and Management Information Systems from Maastricht School of Management, Netherlands and Masters in Business Administration.</p>
 <p><b>Victor. M Shitakha</b> BSC (Hospitality and Tourism Management), Dip (Hotel Management) <b>Appointed 10<sup>th</sup> March 2023</b></p>	<p>Mr. Victor M. Shitakha, born in 1964, is the Managing Director &amp; Lead Consultant of Shitakha &amp; Shitakha Consultancy, a company he founded in late 2021 after having had a 30-year exciting and successful working experience in the hospitality Industry including working in the Eastern and Southern African countries with a small stint in Europe. Victor has been an active Skal member since 2000 and is a Past President of Skal Kenya Coast, leading it for 3 successful terms.</p> <p>He serves as Chairman of the Kenya Coast Tourism Association KCTA (former MCTA), the voice of tourism in the six counties of the coast and was also appointed to the Board of Mama Ngina Water Front to enhance sustainable experiences at the Kenyan beachfront. He has also served as the Chairman of the Mombasa County Liquor Board.</p> <p>He is a holder of BSC in Hospitality and Tourism Management from Moi University. He also holds a Diploma in Hotel Management from Kenya Utalli College.</p>

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 <p><b>Jacklyne Cherop Tai</b> BBA (Marketing option) <b>Appointed 10<sup>th</sup> March 2023</b></p>	<p>Ms. Jacklyne Tai, born in 1989, is the Business Development Officer at Clifton Gas Limited tasked with overseeing business growth in the organization both locally and internationally. She has a keen interest in the areas of marketing, business development, management, and administration as well as customer care services. She is a holder of a Business Administration (BBA) degree (marketing option) from Baraton University.</p> <p>She has previously worked with the National Construction Authority (NCA) as a senior data analyst as well as the Kenya Wine Agencies Limited (KWAL).</p>
 <p><b>Jane-Anne Munyao</b> BCom (Marketing) <b>Appointed 10<sup>th</sup> March 2023</b></p>	<p>Ms. Jane-Anne Munyao, born in 1963, is a highly experienced professional in the fields of project management, business development &amp; marketing with over fifteen years of experience in managing projects, leading cross-functional teams and implementing marketing strategies to increase brand awareness and drive revenue growth. She is also passionate about social enterprise and community development.</p> <p>Jane-Anne has held various leadership positions including Director/Projects Manager at Carakana, Office of the First Lady Kenya, Managing Director at Pacpro International, and Manager at Robertson Taylor (NA) New York. She is a holder of a Bachelor's Degree in Commerce (Marketing).</p>
 <p><b>John Oloftuaa</b> B.Ed(Arts),Masters (Education Administration) <b>Principal Secretary</b></p>	<p>Hon. John Lekakeny Oloftuaa serves as Kenya's Principal Secretary in the State Department of Tourism within the Ministry of Tourism, Wildlife and Heritage. He is in charge of Tourism Promotion, Policy formulation, and Development of the Tourism industry in Kenya.</p> <p>He is an educationist who started his education-based career in 1993. He attained his Bachelor of Education (Arts) Degree and a Master's Degree in Education Administration both from Kenyatta University.</p> <p>He has served as County Director of Education for Bomet and Kajiado Counties and also served as a Regional Director of Education. He has previously served in the Transition Authority overseeing Kenya's transition to the Devolved System of Governance. He specifically served as the County Transition coordinator in charge of Narok County.</p> <p>Hon. John Oloftuaa is a mentor of the youth where he supports several youth development initiatives across the country. In 2020 he participated</p>

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	<p>in Global Schools Partnership Program being implemented through the British Council. The program is aimed at developing learning Partnerships between schools in Africa, Asia, Latin America and the Caribbean.</p> <p>He is a transformative leader who believes in the ideals of strategic management and high standards of professionalism, transparency, integrity, and accountability.</p>
 <p><b>Dr. Chris K. Kiptoo, CBS</b> PhD( Finance), Msc(Ag. Economics) and Bsc (Ag. Economics)</p>	<p>Dr. Chris Kiptoo is the Principal Secretary, National Treasury. He was appointed Principal Secretary on 1<sup>st</sup> December 2022. Dr. Kiptoo is the immediate former Principal Secretary, Ministry of Environment and Forestry. Before that, he also served as a Principal Secretary at the State Department of Trade, Ministry of Industry, Trade &amp; Cooperatives.</p> <p>In his working career, Dr. Kiptoo has acquired a rich wealth of experience in economic policy analysis, mainly gained at the Central Bank of Kenya, Capital Market Authority and the International Monetary Fund, where he has served in various capacities. His expertise especially relates to the design and implementation of monetary policy; balance of payments and exchange rates; fiscal operations and policy; financial sector matters including capital markets; national accounts/real sector and macroeconomic accounting, and modelling and forecasting.</p> <p>Additionally, Dr. Kiptoo has proven experience in environment and climate change policies, trade policy and regional integration, private sector development and advocacy, infrastructure development, institutional development of Government institutions and organisational management, all mainly gained at the Ministry of Environment and Forestry, State Department of Trade as well as Trade Mark East Africa. Noteworthy, he also has four years of experience in economic policy coordination gained while working at the then Office of the Prime Minister.</p> <p>Dr. Chris Kiptoo holds a Doctor of Philosophy Degree (PhD) in Finance (<i>International Macroeconomics Finance specialization</i>) from The Nairobi University, as well as a Master of Science (Ag. Economics) and Bachelor of Science (Ag. Economics) degree from Egerton University. He is also an Accredited Fellow in Macroeconomic Management Macroeconomic &amp; Financial Management Institute of Eastern &amp; Southern Africa (MEFMI).</p>



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 <p><b>Mr. David Mwangi</b> (MBA), BBM.</p>	<p>Mr. David Mwangi, born in 1981, holds a Master of Business and Administration (MBA) and Bachelor of Business Management</p> <p>He is the Ag. Chief Executive Officer of the Tourism Fund and sits on the KTB Board as an ex-officio member by virtue of S.32 (1)(d) of the Tourism Act.</p>
 <p><b>Mr Anthony Muigai Muriu, HSC</b> MIDS, BA(Economics)</p>	<p>Mr Anthony Muigai Muriu, born in 1966, is the Alternate to the Principal Secretary, National Treasury.</p> <p>Mr. Muriu is a Director of Planning and Head of the Central Planning and Project Monitoring Unit of the National Treasury.</p> <p>He is a Career Civil Servant with over 20 years of experience having risen through the ranks to the current position.</p> <p>He holds a Bachelor of Arts in Economics from the University of Nairobi and Masters Degree in International Development Studies from the Graduate Institute of Policy Studies in Tokyo, Japan. He has also attended numerous short training courses both locally and abroad. Over the years, Mr. Muriu has worked in many Ministries and served in numerous Committees and Taskforces of the Government of Kenya.</p>
 <p><b>Mr. David Kinyangi</b> Executive Masters (Tourism &amp; Hospitality Management), Bcom</p>	<p>Mr. David Kinyangi, born in 1968, is the Alternate to the PS, State Department for Tourism. He is a Deputy Director of Tourism in the State Department. He holds an Executive Masters Degree in Tourism and Hospitality Management from the Moi University, School of Tourism, Hospitality and Events Management as well as a Bachelor of Commerce from the University of Nairobi.</p>

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 <p><b>John Chirchir, HSC</b> Masters (Hotel &amp; Tourism Management) B.Com <b>Ag. CEO</b> <b>Appointed 17<sup>th</sup> November 2022</b></p>	<p>Mr John Chirchir, born in 1975, is Ag. Chief Executive Officer of Kenya Tourism Board. He is experienced in Marketing, Brand, Communication and Digital Strategy for tourism destinations with over 20 years of experience in tourism marketing and working collaboratively with tourism and non-tourism businesses and stakeholders.</p> <p>He has also overseen the development of sales channels in Middle East and Asia, Europe and the Americas source markets with resultant growth in tourism arrivals, new flight entries, increase in frequencies as well as increase in agents selling Kenya.</p> <p>He holds a B.Com degree from the University of Nairobi, a Masters in Hotel and Tourism Management from Zuyd Hogeschool Maastricht, The Netherlands and is a Certified Digital Marketing professional by Digital Marketing Institute, Ireland.</p>
 <p><b>Company Secretary</b> <b>Mr. Allan Njoroge</b></p>	<p>Mr. Allan Njoroge, born in 1976, is the Corporation Secretary to the KTB Board of Directors. He holds a Bachelor of Laws (LLB) from the University of Nairobi and a postgraduate diploma in Law from the Kenya School of Law. He is a Certified Public Secretary, CPS (K) as well as an Advocate of the High Court of Kenya. He is a member of the Institute of Certified Secretaries Kenya and the Law Society of Kenya (LSK).</p> <p>He is a governance and legal professional and is responsible for providing guidance and support to the Board and charged with establishing and enforcing the corporate governance framework of the Board.</p>

**BOARD COMMITTEES**

During the period under review, the following Committees were in place.

**Board Marketing Committee**

The Board Marketing Committee is chaired by a non-executive director (Mr. Victor Shitakha) and meets on quarterly basis. Other Members are Janeanne Munyao, Principal Secretary - Ministry of Tourism & Wildlife (State Department of Tourism) and the KTB Chief Executive Officer. The committee's responsibilities are to provide marketing strategies to the board and approve marketing plans, activities and budgets. The committee also constitutes the technical team on behalf of the Board in the event of extraordinary circumstances such as crisis.

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**Board Finance and Establishment Committee**

The Board Finance and Establishment committee is chaired by non-executive director (Mr David M Tanki) and meets on a quarterly basis. The other members are the Chief Executive Officer - Tourism Fund, Principal Secretary - National Treasury and the KTB Chief Executive Officer. The committee's responsibilities including ensuring overall sound financial reporting, internal system of controls, review of business plans and budgets, establishment and staff affairs.

**Board Audit & Risk Committee**

The Board Audit Committee is chaired by a non-executive director (Ms. Alphina Bwaley) and meets on quarterly basis. Other members who are non-executive directors Janeanne Munyao, Jacklyne Cherop Tai, Principal Secretary - National Treasury and an independent Internal Audit Manager (Mr. Onesmus Karanja). The Committee provides oversight of financial reporting, risk management, internal control, compliance and governance processes.

**Ad Hoc Committees**



The Board of Directors may appoint ad hoc committees to carry out specific assignments as and when needed. The ad hoc committees report to the Full Board. In 2022/23, the appointed an Ad Hoc Committee of the Whole Board established for purposes of undertaking the recruitment of the Chief Executive Officer.

**IV. MANAGEMENT TEAM**



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

NAME	PROFILE
 <p data-bbox="209 1832 555 1906">Mr. John Chirchir <b>Ag. Chief Executive Officer</b></p>	<p data-bbox="673 1308 1444 1518">Born in 1975, John holds a B.Com degree from the University of Nairobi, a Masters in Hotel and Tourism Management from Zuyd Hogeschool Maastricht, The Netherlands and is a Certified Digital Marketing professional by Digital Marketing Institute, Ireland.</p> <p data-bbox="673 1536 1444 1883">He is experienced in Marketing, Brand, Communication and Digital Strategy for tourism destinations with over 20 years of experience in tourism marketing and working collaboratively with tourism and non-tourism businesses and stakeholders. He has also overseen the development of sales channels in Middle East and Asia, Europe and the Americas source markets with resultant growth in tourism arrivals, new flight entries, increase in frequencies as well as increase in agents selling Kenya.</p> <p data-bbox="673 1901 1444 1933">As the Ag. CEO of the Board, he is responsible for operational</p>



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NAME	PROFILE
	<p>running of the Board to ensure that its mission and objectives and agreed performance targets are achieved. The Ag. CEO is accountable for the Board's actions, security of resources as well as ensuring execution of the Board strategy. In addition to representing the management position on the Board, the Ag. CEO chairs and supervises the Executive Committee (Exco).</p>
 <p>Ms. Betty Ichan <b>Ag. Director – Marketing Support Services</b></p>	<p>Born in 1977, Betty holds a Master's Degree in International Business from Edith Cowan University - Australia, a Professional Postgraduate Diploma in Marketing from the Chartered Institute of Marketing – United Kingdom and an undergraduate degree in Tourism Management from the United States International University - Africa. She is a Full Member of the Chartered Institute of Marketing – United Kingdom.</p> <p>Betty Ichan is professional marketer with more than 15 years' experience in destination marketing. She has been responsible for strategy development for various regions including North America, Asia and Europe. Betty has a wealth of knowledge on Kenya's tourism landscape and is currently a member of the team that is spearheading the audit and award of Magical Kenya's signature experiences.</p> <p>She is currently overseeing the Directorate of Marketing Support Services where she leads and co-ordinates the implementation of the 360 degrees communications plan.</p>
 <p>Ms. Fiona Ngesa <b>Ag. Director of Market Development</b></p>	<p>Born in 1980, Fiona holds a Masters degree in International Tourism &amp; Leisure Management from Stenden University in the Netherlands. She has a Post-Graduate Diploma in Marketing from the Chartered Institute of Marketing (UK). She is a member of the Chartered Institute of Marketing, Kenya Association of Women in Tourism and the (John) Maxwell Leadership Certified Team.</p> <p>She has 17 years of experience &amp; knowledge on destination management &amp; marketing, crisis management, sustainability, leadership development and regional integration. She has held various positions including Corporate Affairs Officer, Marketing Manager – Africa and Business Development Manager.</p>

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NAME	PROFILE
	<p>She is currently overseeing the Directorate of Market Development and is responsible for the development &amp; execution of the market &amp; business development strategy to achieve results in a sustainable &amp; values-driven way.</p>
 <p><b>Company Secretary</b> Mr. Allan Njoroge</p>	<p>Mr. Allan Njoroge, born in 1976, is the Corporation Secretary to the KTB Board of Directors. He holds a Bachelor of Laws (LLB) from the University of Nairobi and a postgraduate diploma in Law from the Kenya School of Law. He is a Certified Public Secretary, CPS (K) as well as an Advocate of the High Court of Kenya. He is a member of the Institute of Certified Secretaries Kenya and the Law Society of Kenya (LSK).</p> <p>He is a governance and legal professional and is responsible for providing guidance and support to the Board and charged with establishing and enforcing the corporate governance framework of the Board.</p>
 <p>Mary G. Maina (Mrs) <b>Director Finance and Admin</b></p>	<p>Mary Maina, born in 1975, holds an Executive MBA from Kenyatta University, Bachelor of Commerce (Accounting major) 1st class degree from the Catholic University of Eastern Africa. She is a certified public Accountant (CPA), a certified Information Systems auditor (CISA) and a certified Internal Auditor (CIA).</p> <p>Mary has 23 years of experience, 6 in external audit and 10 in internal audit and 5 years in financial and accounting experience.</p> <p>She is responsible for effectively and efficiently managing all financial and human resources of KTB in order to achieve its goals and objectives.</p>


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NAME	PROFILE
 <p data-bbox="212 920 612 981"><b>Dr. Maundu Muli, PhD Ag Human Resources Manager</b></p>	<p data-bbox="679 244 1442 869">Dr. Maundu Muli, born in 1976 holds a PhD, MBA in Strategic Management and Bachelor of Arts in Economics all from University of Nairobi. Further, he possesses a Higher National Diploma (HND) in Human Resources Management. He is a licensed HR Practitioner, a Full Member of Institute of Human Resources Management (IHRM-Kenya) &amp; Kenya Institute of Management (KIM), Member and Peer Reviewer at Society of Educational Research and Evaluation in Kenya; He is a licensed Researcher at National Commission for Science, Technology and Innovation (NACOSTI) – 2013, 2014, 2015 &amp; 2016, certified Lead Expert from National Environment Management Authority (NEMA) and Member &amp; Advisor at Environment Institute of Kenya. Dr. Muli is a Research Fellow at University of Nairobi and Machakos.</p> <p data-bbox="679 936 1442 1144">With over 22 years of experience, Dr Muli is responsible for spearheading the development of Human Capital and enhancing administration of services by developing appropriate policies, strategies and systems in line with the Board's strategic plan and overall mandate.</p> <p data-bbox="679 1211 1442 1469">Within the government of Kenya, Dr Muli was engaged as Ad – Hoc Evaluation Task Force member of the then defunct Local Authorities' Performance Contract evaluation team. In 2003, Muli headed the Secretariat under the Task force on transformation of KICC to State Agency among other assignments.</p>
 <p data-bbox="212 1827 504 1901"><b>Mr Onesmus Karanja Internal Audit Manager</b></p>	<p data-bbox="679 1489 1442 1747">Onesmus Karanja, born in 1980, holds a Masters of Commerce postgraduate degree (Forensic Accounting) from Strathmore University, Bachelor of Commerce degree (Accounting Option) from the University of Nairobi. He is a certified public Accountant (CPA), a Certified Information Systems Auditor (CISA) and a Certified Fraud Examiner (CFE).</p> <p data-bbox="679 1812 1442 1973">Onesmus has over 15 years of experience in the areas of Audit Assurance, Risk Management and Investigations. He is responsible for the quality and performance of internal auditing within KTB. He provides independent and objective</p>

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NAME	PROFILE
	<p>assurance and consulting activity of KTB's operations to the Audit Committee and the CEO on the overall adequacy and effectiveness of KTB's arrangements for governance, risk management, and internal controls and their impact on the operations of the organization.</p>
 <p>Doreen Odhiambo <b>Strategy &amp; Compliance Manager</b></p>	<p>Doreen Odhiambo, born in 1982, holds an MBA degree from the University of Nairobi, Bachelors of Education from Kenyatta University and a Post Graduate in Diploma Project Management.</p> <p>With over 13 years of experience, Doreen coordinates the development, monitoring, evaluation and reporting on the corporate strategic plan, the destination marketing and the change management strategy in the organization.</p>
 <p>Gerald Omondi <b>Manager Supply Chains Management</b></p>	<p>Gerald Omondi, born in December 1975, holds a Master's Degree in Supply chain Management from JKUAT and a professional Diploma in Purchasing and Supplies from the Chartered Institute of Purchasing Supplies UK (CIPS). He is a member of the Kenya Institute of Supplies Management (KISM) and a licensed procurement practitioner in Kenya.</p> <p>Gerald has over 20 years of experience in Supply chain Management. He is responsible for supply chain management at the board.</p>

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NAME	PROFILE
 <p data-bbox="212 801 427 875">Paul Kathambana <b>ICT Manager</b></p>	<p data-bbox="679 250 1450 577">Paul Kathambana, born in 1974, holds a Master's degree in Management of Information Systems from Moscow State University of Culture. He is a Certified Information Systems Security Professional (CISSP), Certified Information Security Manager (CISM), Certified Information Systems Auditor (CISA), and Certified in Risk and Information Systems Control (CRISC).</p> <p data-bbox="679 651 1450 936">With over 20 years of experience, Paul's primary mandate revolves around harmonizing technological endeavors with KTB's strategic objectives. He is entrusted with the task ensuring the efficiency of KTB's technological ecosystem and also fortifying its security and resilience in a dynamic digital landscape.</p>



**V. CHAIRMAN'S STATEMENT**



On behalf of the Board, it is my pleasure to present the Annual Report and Financial Statements for the Kenya Tourism Board for the year ended 30th June 2023.

**Overview**

During the year under review, total international arrivals into Kenya closed at 1,651,612, a commendable growth of 36.8% compared to the previous year's tourist arrivals of 1,207,691. This improved performance was also recorded in the number of domestic bed nights which grew by 14% over the previous period. Tourism revenue earnings closed at KSh. 297 Billion, also a laudable increase of 37% compared to the previous year which saw tourism revenue of KSh. 217.38 Billion recorded.

The FY2022/23 saw most tourism destinations emerge from the devastation caused by the COVID-19 pandemic into a post-pandemic world full of optimism and resurgence across most destinations globally. This recovery notwithstanding, most source markets were yet to recover fully to the pre-pandemic arrival numbers and this formed the basis of recovery plans for most tourism destinations. In the case of Kenya, KTB took this opportunity to remind the world of Kenya's appeal as an all-year destination offering diverse attractions, vibrant cultures and a welcoming people.

The financial year saw tourism's contribution to Kenya's economy stand at 6.4% according to the World Travel and Tourism Council (WTTC). With projections showing that tourism is expected to contribute 7.5% of the economy in 2033, the position of tourism as a key driver of the country's economic growth cannot be gainsaid.

**Operating Environment**

During the 2022/23 financial year, Kenya threw its doors wide open to tourism arrivals from across the globe and lifted all hitherto existing restrictions witnessed during the COVID-19 pandemic period. This offered a conducive operating environment for tourism and thus allowed resumption of large sporting events including festivals. Examples of events held in the financial year included the annual MagicalKenya Golf Open held at Muthaiga Golf Club in March 2023, the MagicalKenya Ladies Golf Open held at Vipingo Golf Club in Kilifi in February 2023, the World Rally Championships held in Naivasha in June 2023, the Nairobi Stanchart Marathon held in October 2022, the Magical Kenya Travel Expo held at Bomas in October 2022, the Rusinga Cultural Festival held in December 2022 among many others.

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Traditional global tourism expos that had transitioned to hybrid events during the pandemic period returned as physical events in the financial year which offered a solid foundation for the resumption of B2B meetings and KTB took advantage of this to attend ITB 2023 in Germany as well as OTM 2022 in India together with the tourism trade. Although budgets remained constrained, KTB continued to support exhibitions as a key tool for re-introducing Kenya to the world and reconnecting with the tourism trade in its key source markets.

Locally, the recovery of the sector saw full reopening of hitherto closed tourism establishments which had a positive knock-on effect on employment in the sector. With tourism contributing 7.9% of jobs in the Kenyan economy which translates to 1.51 million jobs, this was a welcome development for property owners and tourism sector employees, further emphasising the importance of the tourism sector to Kenya's economic growth ambitions.

**Strategy**

In the 2022/23 FY, KTB directed its marketing funds to aggressive campaigns across all its key source markets specifically, USA, China, India, Africa and the domestic market. With heavy budgets having been spent on awareness campaigns during the pandemic period, the foundation was ripe for campaigns aimed at converting the high levels of awareness into bookings. Digital marketing continued to be a key channel to reach global audiences cost effectively and across multiple source markets.

On the domestic front, the Board continued its strategic focus on the domestic market which emerged as a high potential market during the pandemic period. The #YouDeserveAHoliday campaign that KTB implemented in partnership with major hotel chains, tour operators, airlines and the Kenya Wildlife Service was a key contributor to the recorded growth in domestic bed nights during the financial year.

With the KTB five-year Corporate Strategic Plan 2018-2023 coming to an end in June 2023, the Board begun the process of development of the new five-year plan to drive KTB's strategy for the next strategic plan period. With a new administration having come into power in August 2022, KTB aligned its strategic focus to the tenets espoused in the Bottom-Up Economic Transformation Agenda (BETA) whose vision is to create a just and equitable society with decent opportunities for all, especially the less privileged. With job creation being a key pillar of BETA, emphasis was laid in KTB's plans on increasing the number of tourist arrivals to 5.5 million tourists by 2027 which will lead to more jobs and increased forex earnings for the country.

**Corporate Governance**

With the appointment of new board members in the financial year, the Board set out to lay a solid foundation for board oversight through a robust and effective corporate governance framework.

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This was also entailed the review of the organization's strategies to identify key drivers of accelerated growth that will achieve the ambitious targets set by the new administration for the tourism sector.

The new Board undertook various on-boarding and orientation programmes in the financial year for the purpose of understanding the organization's mandate, objectives and programmes as well as the overarching corporate governance framework developed under the Mwongozo Code of Governance. The Statement of Corporate Governance included in this report sets out in greater detail the various corporate governance programmes undertaken by the Board during the financial year.

### **Risk Management**

The Board redoubled its emphasis on risk management as a crucial plank in all of the organizations' processes, programmes and activities. Through the Board Audit and Risk Committee, the Board ensured that a risk management framework was in place and that adequate systems and processes of accountability, risk management and internal controls are in existence and adhered to.

### **Future Outlook 2023/24**

The new financial year 2023/24 marks the beginning of a new strategic plan period underpinned by ambitious economic growth targets across Government. Accordingly, KTB expects that tourism marketing will be at the forefront and a key anchor in the rapid growth of forex earnings and job creation.

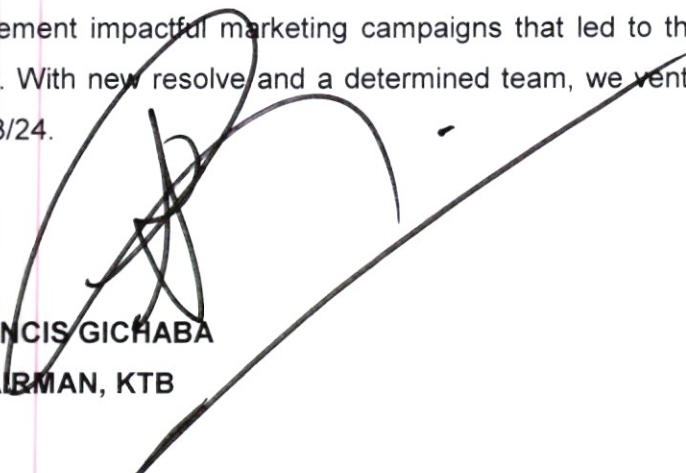
Accordingly, the Board intends to roll out ambitious and impactful marketing campaigns aimed at identified key source markets that are expected to yield strong growth in arrivals with specific emphasis on regional markets as well as China, India, UK and USA. The achievement of the ambitious growth targets will require strong linkages between KTB and all its stakeholders including the tourism private sector and county governments. Already, the Board has mapped, segmented and prioritized its stakeholders and rolled out focused strategies to engage them and obtain their buy-in and support.

### **Acknowledgement**

On behalf of my Board of Directors as well as the staff and management of KTB, I wish to thank the Government of Kenya, our parent Ministry of Tourism, Wildlife and Heritage, the various county governments, our sister parastatals, the tourism private sector as well as our various other key stakeholders for supporting, engaging and collaborating with KTB during the preceding financial year. It is our intention to nature and strengthen these linkages in the new FY2023/24 with resultant positive outcomes for the sector and the country as a whole.

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Finally, as Chairman of the Board, I wish to thank my fellow directors for vigour and enthusiasm with which they have embraced the demanding task of steering KTB into the next phase of its growth journey and thus create great impact to the country's development. I wish also to appreciate the Management and staff of KTB who worked selflessly during the financial year to implement impactful marketing campaigns that led to the growth recorded during the financial year. With new resolve and a determined team, we venture forward into the new financial year 2023/24.



**FRANCIS GICHABA  
CHAIRMAN, KTB**

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**VI. REPORT OF THE CHIEF EXECUTIVE OFFICER**



The global tourism sector has been on an upward growth trajectory following the devastating impact of the COVID19 pandemic. Destinations have employed various marketing strategies aimed at attracting and increasing their share of the global tourism pie. Kenya has put in place Marketing Strategies that are aimed at consolidating the gains and increasing our resilience.

Some of the key strategies to sustaining the tourism business include market and product diversification and deliberate focus in promoting domestic tourism, destination branding, digital marketing and enhanced partnership with our stakeholders. The continuous curation and dissemination of enhanced inspirational destination content has also anchored the desire for travel to Kenya.

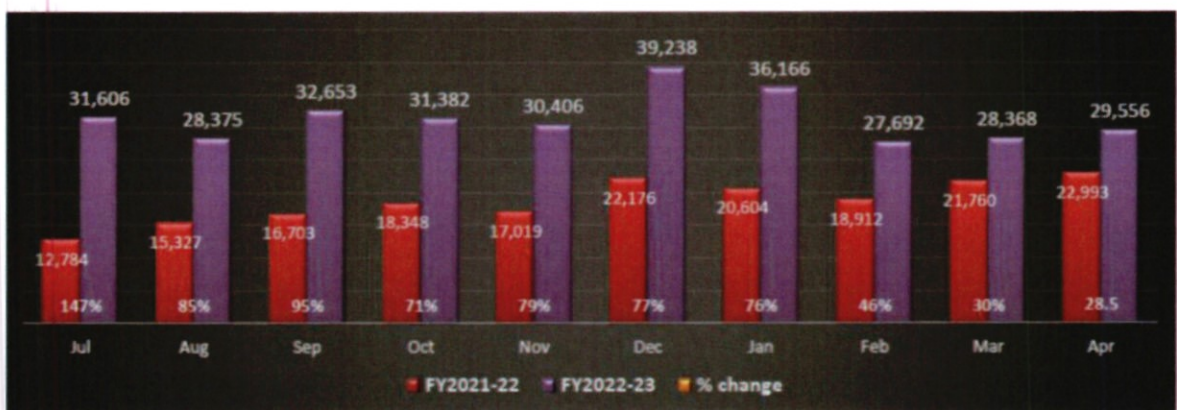
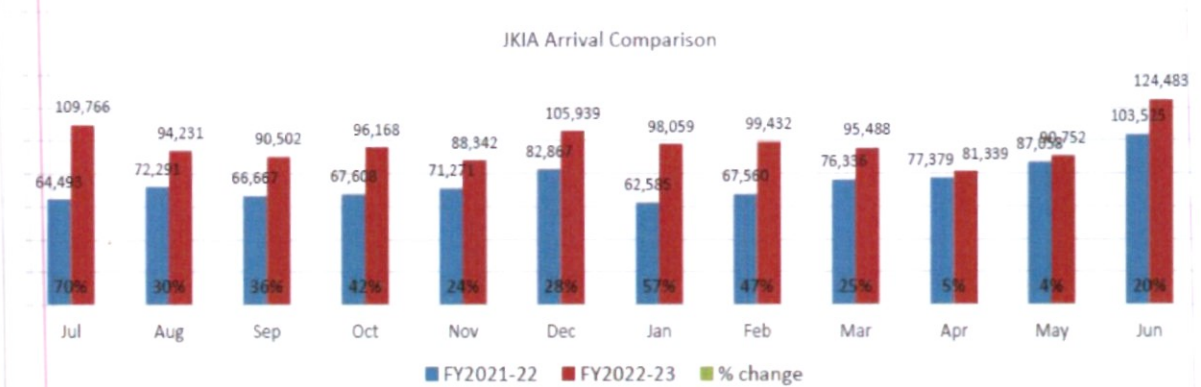
Within the review period (FY 2022/23 July - June), the upward trajectory recorded in tourism performance indicates that the industry is on the path to attaining the projected 2 million visitors. Kenya welcomed **1,687,392** visitors in the 2022/23 compared to **1,207,691** in 2021/22 which is 40% growth.

• **Point of Entry**

During the period under review, Jomo Kenyatta International Airport (JKIA) received **1,174,501** visitors into the country translating to **70%** of the total arrivals. This is an increase of **30.6%** of visitors compared to **899,640** realized in FY2021/22. Moi International Airport Mombasa (MIAM) received **120,351** passengers contributing **7%** of the total arrivals; this is an increase of **91%** when compared to **63,025** attained in FY2021/22.

Other Airports received **9,762** visitors which is a **1%** of the total arrivals; this is however an increase of **33.5%** when compared to **7,312** passengers in FY2021/22. Cross-border arrivals closed at **382,778** a contribution of **23%** to the total arrivals and an increase of 9% **compared to 237,714** FY2021/22 results.

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**Market Share**

In terms of market share, the USA is the leading source market to Kenya contributing **13.9%** of the total arrivals. In the review period, USA received **234,309** visitors translating to an increase of **28.0%** when compared to **183,058** visitors in FY2021/22. Uganda is second top performing market with **177,131** visitors. This is an increase of **55.7%** when compared to **113,740** visitors recorded in FY2021/22. Tanzania is the third market with **142,109** visitors which is an increase of **49.3%** compared to arrivals of **95215** same period in FY2021/22. UK is ranked at fourth position; contributed **141,140** visitors indicating an increase of **51.0%** compared to **93,457** arrivals in the same period in FY2020/21. India is 5th with **84354** visitors representing which is an increase of **23.8** when compared to **68,118** arrivals recorded in FY2021/22.

**Purpose of Entry**

Most visitors came for leisure and holiday contributing **41.7%** of the total arrivals of **702,871** visitors. This was followed by Business and MICE contributing **25.3%** of **427,428** arrivals. Visiting Friends and Relatives (VFR) category came third contributing **24.9%** of the total arrivals with **419,438** visitors. Transit passengers recorded **90,426** translating to **5.4%** of the total arrivals. The remaining **2.8%** was contributed by Education, Medical, Religion and Sports.

**Tourism Receipts**

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The tourism revenue figures for the period July – June FY2022/23 are estimated at **Kshs. 297.3Billion**. This is a 31% increase when compared to **Kshs. 217.4 Billion** recorded in the same period in the previous financial year.

**Bed nights by Domestic visitors**

The domestic tourism bed occupancy for FY 2022/23 in the July – June period are estimated to at **4.5 million**. This represents an increase of **14%** compared to **3.9 million** recorded the same period in FY 2021/22.

Domestic market continued to be a big pillar of the tourism sector during this period and KTB continues to explore its opportunities to harness the potential that the market has in order to create resilience and sustain tourism businesses.

Partnerships with tourism and travel trade, airlines, tourism associations, and Non- tourism Partners among others have proved their successful roles and contribution in marketing the destination.

**International Outlook**

According to UNWTO global visitor arrivals reached 80% of pre-pandemic levels in the first quarter of 2023 (-20% compared to 2019), driven by excellent results in Europe and the Middle East, compared to a 66% recovery in 2022. International tourism surged 86% in Q1 2023 compared to previous year, indicating early momentum.

The first three months saw 235 million worldwide tourists, more than double the same period in 2022. The Middle East (+15%) was the first region to recover pre-pandemic numbers in a quarter. Intra-regional demand helped Europe achieve 90% of pre-pandemic levels in Q1 2023. Asia and the Pacific arrivals rose to 54% of pre-pandemic levels, while Africa and the Americas reached 85% of 2019 levels in the first three months of 2023. Southern Mediterranean Europe (+1%) and North Africa (+4%) recovered 2019 numbers.

International tourism receipts reached USD 1 trillion in 2022, up 50% from 2021 and 64% of pre-pandemic levels. Pent-up demand, aviation connectivity recovery, and the recent reopening of China and other important Asian markets and destinations should boost Northern Hemisphere summer performance.

Nearly 70% of UNWTO Panel of Experts forecast higher performance in May-August 2023. Most anticipate foreign tourism won't return to 2019 levels until 2024 or later. This year, tourists will seek value and vacation closer to home due to the tough economic situations.

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As we implement our strategic plan (2018-2023), our focus in 2022/23 will be on restoring the gains reversed by the Covid-19 Pandemic period by among other strategies; conducting marketing activities that will ensure growth of International arrivals as well as maintain and enhance the momentum in local tourism.

**Conclusion**

In conclusion, let me take this opportunity to express my gratitude to all our travel tourism and hospitality trade and other stakeholders and partners whose collaboration in various marketing campaigns and programmes continue to be instrumental in significantly growing our tourism numbers.

Allow me to also appreciate the KTB board directors and our parent Ministry of Tourism and Wildlife and Heritage for providing us with support and policy guidance towards the achievement of our Mandate.

To the KTB staff, thank you for your hard work and commitment with which you have exhibited and contributed to better destination marketing and building the Magical Kenya and Tembea Kenya brands. To industry players and partners, thank you for your support in our efforts to better the economic livelihoods of Kenyans by jointly harnessing the economic potential of tourism. Your contribution has positioned the country as one of the world's most sought-after destinations.

**Thank you and God bless you**



**JOHN CHIRCHIR, HSC  
Ag. CHIEF EXECUTIVE OFFICER**



**VII. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR  
FY 2022/2023**

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

KTB has six strategic pillars in the current strategic plan that runs for the period 2018- 2023.

The strategic pillars for the plan include:

1. Innovation Culture
2. Powerful Magical Kenya Brand
3. Effective Sales System
4. Effective Partnering with Private Sector,
5. Organizational Change
6. Establishment of Sustainable Funding

KTB develops the annual work plans for the financial year 2022/23 based on the above six pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Board achieved its performance targets set for the FY 2022/23 period for its 6 strategic pillars, as indicated in the table below:

**1. The Kenya Tourism Sector Performance**

Kenya experienced a significant increase in international arrivals, reaching 1.65 million visitors. This growth of 37% compared to the previous fiscal year's arrivals of 1.2 million demonstrates the increasing appeal of Kenya as a tourist destination post pandemic period. The remarkable increase in international arrivals had a positive impact on Kenya's tourism receipts. Kenya is expected to rebound to Pre-Covid levels by the end of the year 2023.

In the financial year 2022/23, tourism receipts amounted to Kshs. 297.3 Billion, indicating a significant growth of 37% compared to the previous year's earnings of Kshs. 217.38 Billion. The tourism revenue growth can be attributed to several factors, including increased visitor spending on accommodation, transportation, wildlife safaris, cultural experiences, and other tourism-related activities. Kenya is yet to fully recover to the pre-pandemic revenue levels for FY2018/19 of Kshs. 304.08 Billion.

Domestic tourism also showcased growth, with bed nights recording a 14% increase in the financial year 2022/23. The number of bed nights reached 4.5 million, compared to 3.9 million in the previous fiscal year. This growth can be attributed to various factors, including improved

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accessibility to tourist destinations within the country, increased pent up demand from both leisure and business travel among the local population, and effective marketing campaigns promoting domestic tourism.

The approved targets for the key performance indicators for financial year 2022/23 were as follows.

Performance Indicator	Unit of Measure	Approved Target
Increase in International Arrivals	Number of Arrivals	1,468,826.00
Increase in Tourism Receipts	Kshs. in Billions	265
Increase in the domestic bed nights	Number in Millions	5.1
Brand Awareness	%	88

In Q3 of the financial year 2022/23, KTB received a circular requiring alignment of the 2022/23 Performance Contract (PC) with high priority deliverables identified in line with the Bottom-up Economic Transformational Agenda (BETA) as well as review the target for the financial year to align to the projections. The targets across the above four (4) indicators were revised as follows:

Performance Indicator	Unit of Measure	Vetted Target	Revised Target for the FY 2022/23 as at January 2023
Increase in International Arrivals	Number of Arrivals	1,468,826	2,000,000
Increase in Tourism Receipts	Kshs. in Billions	265	296
Increase Domestic Bed nights	Number in Millions	5.1	5.1
Brand Awareness	%	88	89

KTB performance by the end of the financial year 2022/23 was as follows:

Performance Indicator	Unit Measure	Annual Target	Achievement 2022/23	Variance	% Achievement of the Annual Performance
Increase in International Arrivals	No. in Millions	2.00	1.65	(0.35)	82.5%
Increased Tourism Earnings	Kshs. (B)	296	297.3	1.3	100.43%
Increased Domestic Tourism Bed nights	No. in Millions	5.1	4.52	(0.58)	88.6%
Increase Brand Awareness	%	89	89	0	100%

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KTB therefore met the target for the tourism earnings and the Brand awareness however missed the target for the increase in international tourist arrivals and the domestic bed nights.

**2. KTB Performance on the Corporate Strategy**

In 2022/23 KTB continued implementing the 2018-2023 strategic plan. This marked the last year of implementation of the strategic plan that concluded in July 2023. Despite the challenges that emerged during the financial year such as the budget cuts experienced in the second quarter of the financial year, KTB made significant progress in realising the planned activities for the financial year.

2022/23 being the final year of implementation of the 2018-2023 strategic plan KTB consolidated the key achievements for the strategic plan period. The following were documented as the key milestones / achievements for the period

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Strategic Focus Area (SFA)	Strategic Objective	Achievement over the 2018-2023 Strategic Plan Period
SFA1: Innovation Culture	Leverage technology adoption by the organization	<ol style="list-style-type: none"> <li>1. KTB acquired and operationalized Key social media tools; this has given impetus to the digital marketing department and driven the organization to an increasingly global competitive environment. The tools include the Digital Asset Management software, Delta X ,CANTO , Brand Watch, Content aggregation tool ,Social Bakers ,Google Studio.</li> <li>2. KTB established the Customer Relations Management system, which has streamlined the customer engagement processes in the organization. The system has been linked to the website as well as the social media platforms to expand client outreach.</li> <li>3. KTB has improved its processes using technology and innovation this includes automation of some of the key business processes in the organization e.g. digitization of records and documents management as well as automation of the key finance processes; KTB is now able to transact more accurately and efficiently, providing services more conveniently</li> </ol>
	Facilitate the development of diverse and authentic Kenyan experiences and promote them to priority markets.	<ol style="list-style-type: none"> <li>1. KTB developed a Framework for top experience, which guided the identification and evaluation of 47 potential experiences in 27 counties.</li> <li>2. A Collection of Forty Four (44) Magical Kenya Signature Experiences (MKSE) were unveiled over the strategic plan period. These have contributed to the diverse portfolio of authentic experiences for promotion. KTB also conducted MKSE trade education sessions on packaging the signature experiences to support development of the experiences.</li> <li>3. KTB unveiled a new 'Magical Kenya' sub brand targeting the Coast region. The coastal brand has seven unique sub-brands of its own themed around different areas at the Coast; including Mombasa, Malindi, Lamu, Tana River, Diani, Watamu, and Tsavo</li> </ol>

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Strategic Focus Area (SFA)	Strategic Objective	Achievement over the 2018-2023 Strategic Plan Period
	Leverage on digital marketing	<ol style="list-style-type: none"> <li>1. KTB conducted capacity building for Industry Members on digital content development through the content communities program; across various counties, this provided trade with key skills on creating digital content to promote the destination</li> <li>2. KTB invested in capacity development of the staff and the Board on emerging and high impact areas in digital marketing this included key areas such as influencer marketing, social media monitoring and reporting as well usage of the various marketing tools that had been acquired. The training have enhanced digital skills within the organization to engage and manage the various digital platforms in the organization.</li> <li>3. Key digital analytical tools have been acquired hence improving the effectiveness of the Digital marketing department these includes amongst others: Brand Watch, Content aggregation tool, Social Bakers Google Studio.</li> </ol>
	Improve data sourcing, market intelligence and analysis.	<ol style="list-style-type: none"> <li>1. Data sourcing in the organization was enhanced over the period through subscription to secondary research data by Euro monitor and forward keys; this supported marketing intelligence and trends analysis in the organization by providing updates and reports on trends and patterns in the key sectors within the industry.</li> <li>2. KTB also benefitted through partnership with MasterCard and TRI which provided Data ,insights and capacity building to the staff on data analysis and use of data for improved targeting of tourism marketing campaigns</li> </ol>
SFA2: Powerful Magical	Increase the level of association of Magical Kenya Brand	<ol style="list-style-type: none"> <li>1. KTB registered a significant growth in the Brand Awareness levels of the Magical Kenya Brand over the strategic plan period. The Brand awareness levels grew from 66% in 2018/19 to 87% in 2022/23. This is attributed to the various brand campaigns that were conducted over the period.</li> </ol>

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Strategic Focus Area (SFA)	Strategic Objective	Achievement over the 2018-2023 Strategic Plan Period
Kenya Brand		<p>The Magical Kenya's new visual and Brand Identity was launched in 2018. This provided an opportunity to enhance the visibility of the brand across key international markets as well as the domestic market. The new destination and corporate logos are currently in use.</p> <ol style="list-style-type: none"> <li>2. KTB conducted the digital rebrand campaign 2019 to relaunch the new identity, since then KTB continues to develop collaterals that have been shared with both internal and external stakeholders over the strategy period.</li> <li>3. KTB launched the Kenya Inanitasha Campaign in 2021, the domestic campaign was key in enhancing the brand identity. The Real Deal Campaign targeted 24 Kenya Brand, Build awareness and adoption by stakeholders.</li> </ol>
	Build strong media Partnerships through constant engagement	<ol style="list-style-type: none"> <li>1. KTB conducted Media Familiarization/ education trips to expose both international and local media to the diverse product and experience offering in the destination. KTB benefited from immense media coverage of the destination by the various media houses that were hosted for the familiarization trip</li> </ol>
SFA 3: Effective Sales System	Build Brand Kenya affinity with prospective visitors.	<ol style="list-style-type: none"> <li>1. KTB conducted various joint digital and co-marketing campaigns with tourism and travel trade over the period; this included amongst others; Travel Trade Shows, Joint campaigns with Online Travel Agents such as Expedia, Partnership with airlines such as KQ and Qatar as well as partnership with Charter flights such as the Romanian and Bulgarian charter. The various campaigns were key in positioning the destination experiences</li> </ol>

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Strategic Focus Area (SFA)	Strategic Objective	Achievement over the 2018-2023 Strategic Plan Period
	Grow market share with; Tour Operators and Online Travel Agencies/Travel Agencies	1. KTB acquired the E-Learning platform, which enhanced online learning for Trade; the first Webinar on the E-Learning platform was conducted in March 2021. Currently Over 3,000 participants have enrolled for the E-Learning program; 11 modules have been developed for the program and translated to various languages for access. KTB strengthened the use of webinars for trade education; over 74 webinars were conducted over the strategy period.
SFA4: Effective partnering with private sector	Improve participation, ownership and marketing performance of the Kenyan Tourism Industry.	<p>1. KTB developed Microsites to increase the industry engagement in marketing the destination , this included the; East Africa campaign page (<a href="http://www.magicalkenya.com/ea">www.magicalkenya.com/ea</a>), and Magical Kenya signature experiences page (<a href="http://www.magicalkenya.com/mkse">www.magicalkenya.com/mkse</a>) and the Tembea ( Kenya<a href="https://magicalkenya.com/tembeakenya/alloffers">https://magicalkenya.com/tembeakenya/alloffers</a>).The E-trade Newsletters developed and shared with trade over the strategy period. KTB also developed the E hand book that was shared with the Tourism Trade.</p> <p>2. KTB enhanced engagement with non tourism stakeholders, this included campaigns with the Equity bank and Safaricom and MasterCard. KTB also worked with the flower and the tea sector in the farm tours; these increased the product offering in the destination.</p>

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Strategic Focus Area (SFA)	Strategic Objective	Achievement over the 2018-2023 Strategic Plan Period
SFA 5: Organization Change & Performance	Develop succession plans that are cognizant of the emerging workforce	<ol style="list-style-type: none"> <li>1. KTB has experienced improved staff competence since the last competency survey conducted in 2019, and subsequent training conducted as part of the action plan. This has contributed to staff efficiency levels of about 80%</li> <li>2. The Staff Training Needs Assessment were conducted for the five years and training implemented to address the identified gaps</li> <li>3. KTB registered an average staff retention rate of 96% over the strategy period, which is laudable.</li> <li>4. Recruitments were conducted for vacant positions over the period, this included roles such as P.A to the CEO's office, Marketing Managers, HR &amp; Admin Manager, Strategy &amp; Compliance Manager</li> <li>5. 33 were Interns deployed to the different departments on through the Public Service Internship Program (PSIPS)- Cohort 1-3</li> </ol>
SFA 6: Establishing Sustainable Tourism	Increase KTB's marketing funds.	Over the period under review, KTB allocated an average of 70% to Marketing programs.



## **VIII. CORPORATE GOVERNANCE STATEMENT**

### **Introduction**

The KTB Board of Directors is responsible for the governance of the Corporation and recognizes that corporate governance is an essential framework for the achievement of KTB's objectives as well as measurement of corporate performance and as a critical means of ensuring that KTB is effectively directed, controlled and held accountable

To this end, the Board has put in place measures and processes to ensure that high standards of corporate governance are maintained at all levels of the corporation.

The Board recognizes that for governance to be effective, it must be realized through leadership and collaboration, with the Board at the helm leading by example and complementing the senior management. This enables effective and efficient decision making and gives a structural aid for the Directors to discharge their duty to promote the success of KTB while taking into account the interest of stakeholders.

This Corporate Governance Statement provides the necessary information to enable all stakeholders to evaluate the application of KTB's governance and ethical obligations and to satisfy themselves that KTB has satisfied its obligations thereunder.

### **The Board of Directors**

The Board of Directors has a formal schedule of matters reserved for it. The directors receive appropriate and timely information so that they can maintain full and effective control over strategic, financial, operational, compliance and governance matters.

Ultimately, the Board of Directors determines KTB's strategic objectives, values, key policies and procedures in accordance with best practice. It is responsible for establishing and maintaining the overall internal controls of financial, operational and compliance functions as well as monitoring performance of the executive management.

The Board has delegated the authority for day-to-day management of KTB to the Chief Executive Officer. However, it retains overall responsibility for KTB's financial performance, compliance with laws and regulations and monitoring of its operations.

Under the leadership of the Chief Executive Officer, the role of management is to conduct the day-to-day operations of KTB in a way that is consistent with the strategic plans, business plans and budgets approved by the Board. In this context, the Chief Executive Officer makes recommendations to the Board with respect to matters of corporate strategy and policy.

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The Board then makes the decisions which it deems appropriate and supervises the execution of such decisions and reviews.

In line with its role to set and oversee the overall strategy of the organization, during the year the Board begun the process of developing the new five-year plan to drive KTB's strategy for the next strategic plan period. Of key importance was the alignment of KTB's strategies with the Bottom-Up Economic Transformation Agenda (BETA) whose vision is to create a just and equitable society with decent opportunities for all, especially the less privileged. This translated into an ambitious goal of increasing the number of tourist arrivals to 5.5 million tourists by 2027.

During the year, the Board held a Strategic Plan Review Workshop with Management at the Mercure Hotel, Nairobi on 22<sup>nd</sup> May 2023 where alignment of KTB's strategies to BETA was discussed.

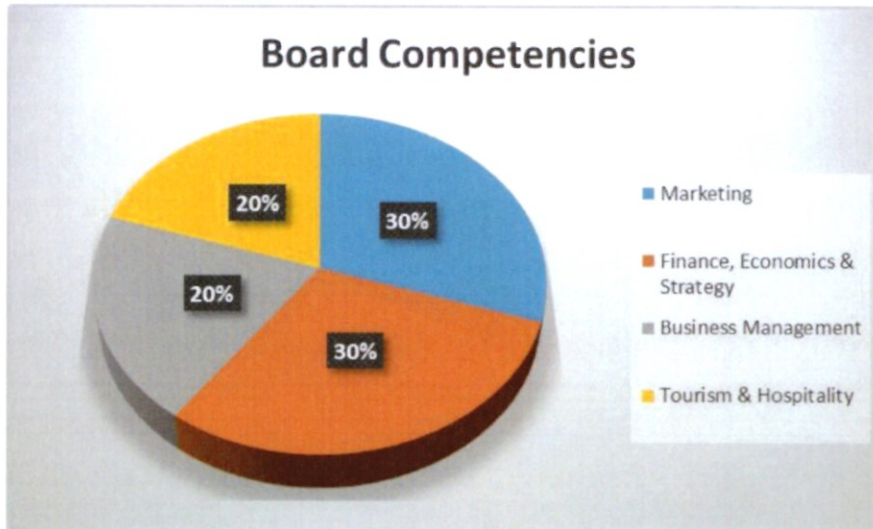
**Board Size, Composition and Appointment**

The Board comprises of six (6) independent non-executive directors including the Board Chairperson as well as three (3) other ex-officio members drawn from the central government and a sister parastatal in addition to the KTB Chief Executive Officer.

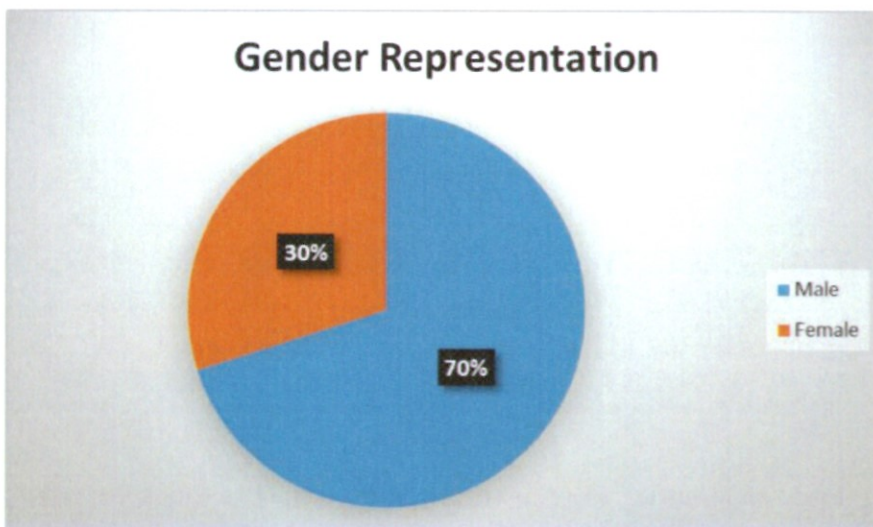
The public sector representatives are the permanent secretaries or their designated alternates from the National Treasury and also the parent ministry. The Chief Executive Officer of the Tourism Fund is also a member of the Board by virtue of the fact that KTB is partly funded by the tourism levy collected by the Tourism Fund. As required by MWONGOZO, the Board brings together members from different professional backgrounds with diverse skills and competencies as shown in Pie Chart 1. The representation of the respective genders on the Board is shown in Pie Chart 2.

During the first half of the financial year, the board did not transact business due to the appointed members not having received Letters of Appointment from the appointing authority. Subsequently, in March 2023 (Quarter 3 of the financial year), the appointment of the said board members was revoked and a new Chairperson and independent directors appointed and issued with Letters of Appointment.

**Pie Chart 1: Board Competencies**



**Pie Chart 2: Board gender representation**



The position of the Chief Executive Officer is filled through public advertisement and competitive recruitment. The appointment is done by the Cabinet Secretary, Ministry of Tourism, Wildlife and Heritage in consultation with the Board. The Chief Executive Officer is an ex-officio member of the Board but has no voting right at any meeting of the Board. During the financial year, the non-renewable term of the Chief Executive Officer expired in the month of November 2022. An acting Chief Executive Officer was appointed for a period of six months which was subsequently renewed in May 2023 for a further six months.

The Board Chairman is appointed by the President. The Chairman was appointed by H.E the President w.e.f 10<sup>th</sup> March 2023 vide Gazette Notice No. 2862 of 6<sup>th</sup> March 2023. The independent directors are appointed by the Cabinet Secretary in the Ministry of Tourism, Wildlife

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and Heritage. These comprise of five members, not being public servants, appointed by the Cabinet Secretary taking into account regional balance and gender parity, of whom two are nominated by the registered national tourism associations and three are persons with knowledge or experience in matters relating to international tourism, finance, business administration, law, marketing or a related discipline. Five (5) independent directors were appointed by Cabinet Secretary in the Ministry of Tourism, Wildlife and Heritage w.e.f 10<sup>th</sup> March 2023 vide Gazette Notice No. 2886 of 6<sup>th</sup> March 2023

The directors' abridged biographies appear on pages IX to XIV of this Annual Report.

The Board committee membership is shown on page XIV to XV.

**Independence, Separation of Roles and Responsibilities**

All Directors except the Chief Executive Officer are non-executive. The non-executive directors are independent of Management, they establish a framework for the delegation of authority and ensure succession planning for the Chief Executive Officer and senior management is in place. Their role is to advise, constructively challenge and monitor the implementation of the agreed corporate strategy within the risk appetite and control framework that is set out by the Board.

The roles and responsibilities of the Chairman of the Board, the Chief Executive Officer and non-executive directors remain distinct and separate which ensures a balance of power of authority and provides for checks and balances such that no one individual has unfettered powers of decision making. Their roles have been documented and are expected to be independent and free from conflict upon appointment.

The Chairman provides overall leadership to the Board without limiting the principles of collective responsibility for Board's decisions. The Chairman builds an effective board and sets the board agenda in consultation with the Chief Executive Officer and ensures effective communication to stakeholders.

On the other hand, the Chief Executive Officer is responsible to the Board and takes the overall responsibility for the management of organization and takes responsibility for the effective and efficient day to day running of the affairs of the organization. The Chief Executive Officer recommends the strategy to the Board and implements it and makes operational decisions. The Chief Executive Officer also ensures appropriate and timely information flows within the Board, its committees and management.

**Oversight Role of the Board**

The Board provides strategic direction with a focus on consistent business performance in an atmosphere of transparency and accountability whilst also reviewing and monitoring proper corporate governance throughout the organization.

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The responsibilities of the Board are clearly spelt out in the Tourism Act No. 28 of 2011, MWONGOZO Code of Governance and the Board Charter. The Board defines the purpose of the organization, its strategic intent, objectives and its values. It ensures that procedures and practices are in place to protect KTB's assets and reputation.

The Board retains full and effective control over KTB and monitors Management's implementation of the plans and strategies set by the Board. It ensures ethical behaviour and compliance with relevant laws and regulations, audit and accounting principles, corporate policies and procedures and the Code of Ethics. It strives to act above and beyond the minimum requirements and benchmark performance against best international practices.

The Directors Code of Conduct and Ethics defines the governance parameters within which the Board exists and operates. In accordance with the principles of good corporate governance, each director undertakes to always act in the best interest of KTB and exercise his/her power in the execution of duties in good faith and acts with care and prudence. Upon appointment, each director signs the Directors Code of Conduct and Ethics.

#### **Board Meetings**

The Board of Directors normally meets at least once every quarter and is chaired by a non-executive Chairman. The Board, including the Board Committees, holds regular scheduled meetings throughout the year and special meetings are held as and when necessary. In case of non-attendance due to other commitments, such information is communicated to the Board/Committee chair, through the Corporation Secretary, prior to the date of the scheduled meeting. A summary of Full Board meetings attendance by the Board of Directors is shown below.

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*Board Meeting Attendance from 1st July 2022 to 30th June 2023\**

<b>Board Member</b>	<b>Position</b>	<b>6<sup>th</sup> April 2023</b>	<b>18<sup>th</sup> May 2023</b>	<b>29<sup>th</sup> June 2023</b>
Francis Gichaba	Chairman	✓	✓	✓
John Chirchir	Ag. Chief Executive Officer	✓	✓	✓
Alphina Bwaley	Vice-Chairman	✓	✓	✓
David Tanki	Independent Director	✓	✓	✓
Victor Shitakha	Independent Director	✓	✓	✓
Jeanne Munyao	Independent Director	✓	✓	-
Jacklyne Cherop	Independent Director	✓	-	✓
PS, Tourism	Ex Officio Alternate is David Kinyangi	✓	✓	✓
PS, National Treasury	Ex Officio Alternate is Anthony Muriu	✓	-	-
CEO, Tourism Fund	Ex Officio	✓	✓	-
Inspectorate of State Corporations		-	-	-

*\* Board did not hold meetings from 1<sup>st</sup> July 2022 to 5<sup>th</sup> April 2023*

### **Board Committees and Responsibilities**

The Board delegates certain functions to well-structured committees but without abdicating its own responsibilities. The Board has developed a committee structure that assists in the execution of its duties, powers and authorities.

The Committees are appropriately constituted drawing membership from amongst the Board members with appropriate skills and experience. Each Committee is guided by the individual Committee Charter/Terms of Reference, which outlines its responsibilities as mandated by the Board.

The Committees are expected to operate transparently, ensure full disclosure to the Board and conduct themselves within the rules and procedures set out by the Board. Matters deliberated on by the Committees are presented to the Board by the respective chairmen during the next Board meeting. Ad Hoc Committees are also constituted by the Board on a need basis as and when required. During the year, the Board constituted an ad-hoc committee of the whole board for purposes of conducting recruitment for the position of Chief Executive Officer.

As per the directives from the Head of the Public Service vide circular (OP/CAB.9/1A) of 11<sup>th</sup> March 2020 on Management of State Corporations, the number of members to any board committee was limited to no more than one-third of the full board. The number of committees that any member can sit was also limited to two. Annual rotation of the committee memberships will be implemented as provided for in the circular.

### **Board Marketing Committee**

The Board of Directors has delegated to the Board Marketing Committee the authority to undertake the following functions:

1. Provide input from the private sector to KTB's marketing strategies and plans
2. Undertake proactive crisis management on behalf of the Board and constitute the technical team in the event of a crisis.
3. Provide strategic direction for KTB's marketing policies
4. Deliberate on cross-cutting issues that impact on tourism development and growth in co-operation with Government and other institutions.
5. Provide input in the selection and recruitment of senior staff within the marketing department by reviewing job specifications
6. Engage with strategic partners such as KWS, KQ, KTF among others
7. Any other matters assigned to the Committee by the Full Board.

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A summary of Board Marketing Committee meetings attendance by the committee members is shown below.

*Board Marketing Committee Meeting Attendance from 1<sup>st</sup> July 2022 to 30<sup>th</sup> June 2023\**

<b>Committee Member</b>	<b>Position</b>	<b>28<sup>th</sup> April 2023</b>	<b>14<sup>th</sup> June 2023</b>
Victor Shitakha	Chairman	✓	✓
John Chirchir	Ag. Chief Executive Officer	✓	✓
Jeanne Munyao	Director	✓	✓
PS, Tourism	Alternate is David Kinyangi	✓	✓
<i>David Tanki*</i>	<i>*By Invitation</i>	<i>N/A</i>	✓
Inspectorate of State Corporations		-	✓

*\* Board did not hold meetings from 1<sup>st</sup> July 2022 to 5<sup>th</sup> April 2023*

**Board Finance & Establishment Committee**

The Board of Directors has delegated to the Board Finance & Establishment Committee the authority to undertake the following functions:

1. To deliberate on all financial matters presented by management and make recommendations to the Full Board, including reviewing of the KTB budgets and annual financial statements, among others
2. To deliberate on all matters relating to human resources including staff emoluments and benefits, organizational structure, recruitment, appraisals and termination, among others
3. To deliberate on legal matters affecting the organisation and to receive updates on legal issues that the organisation may be party to.
4. To deliberate on procurement matters including receiving of procurement reports
5. To deliberate on Performance Contracting matters including reviewing of the draft annual performance contract and receiving quarterly PC reports.
6. To deliberate on the Corporate Strategic Plan including receiving of quarterly strategic plan implementation reports
7. To deliberate on any other matters that may be delegated to the Committee by the Full Board



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A summary of Board Finance & Establishment Committee meetings attendance by the committee members is shown below.

*Board Finance & Establishment Committee Meeting Attendance from 1<sup>st</sup> July 2022 to 30<sup>th</sup> June 2023*

<b>Committee Member</b>	<b>Position</b>	<b>4<sup>th</sup> May 2023</b>	<b>15<sup>th</sup> June 2023</b>
David Tanki	Chairman	✓	✓
John Chirchir	Ag. Chief Executive Officer	✓	✓
CEO, Tourism Fund		✓	✓
PS National Treasury	Alternate is Anthony Muriu	✓	-
Inspectorate of State Corporations		-	✓

*\* Board did not hold meetings from 1<sup>st</sup> July 2022 to 5<sup>th</sup> April 2023*

**Board Audit & Risk Committee**

The Board of Directors has delegated to the Board Audit & Risk Committee the authority to undertake the following functions:

1. Assist the Chief Executive Officer in enhancing internal controls in order to improve efficiency, transparency and accountability
2. Review audit issues raised by both internal and external auditors
3. Resolve unsettled and unimplemented relevant Parliamentary Committees recommendations.
4. Enhance communication between management, internal and external auditors and foster an effective internal audit function
5. Establish and maintain an effective Board risk management process.

A summary of Board Audit & Risk Committee meetings attendance by the committee members is shown below.

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*Board Audit & Risk Committee Meeting Attendance from 1<sup>st</sup> July 2022 to 30<sup>th</sup> June 2023*

<b>Committee Member</b>	<b>Position</b>	<b>5<sup>th</sup> May 2023</b>
Alphina Bwaley	Chairperson	✓
Jeanne Munyao	Director	✓
Jacklyne Cherop	Director	✓
PS, National Treasury	Alternate is Anthony Muriu	✓
Inspectorate of State Corporations		✓

*\* Board did not hold meetings from 1<sup>st</sup> July 2022 to 5<sup>th</sup> April 2023*

**Board Ad Hoc Committee on CEO Recruitment**

The Board of Directors at its 62<sup>nd</sup> Special Full Board meeting resolved that an Ad Hoc Committee of the Whole Board be established for purposes of undertaking the recruitment of the Chief Executive Officer. The Committee was chaired by the Chair of the Board Finance and Establishment Committee and also co-opted, with the approval of SCAC, a HR expert from the Public Service Commission (PSC).

*Board Ad Hoc Committee Meetings Attendance from 1st July 2022 to 30th June 2023\**

<b>Board Member</b>	<b>Position</b>	<b>12<sup>th</sup> April 2023</b>	<b>18<sup>th</sup> May 2023</b>	<b>29<sup>th</sup> May 2023</b>	<b>30<sup>th</sup> May 2023</b>	<b>7<sup>th</sup> June 2023</b>	<b>8<sup>th</sup> June 2023</b>	<b>29<sup>th</sup> June 2023</b>
David Tanki	Committee Chairman	✓	✓	✓	✓	✓	✓	✓
Francis Gichaba	Board Chairman	✓	✓	✓	✓	✓	✓	✓
Alphina Bwaley	Vice-Chairman	✓	✓	✓	✓	✓	✓	✓
Victor Shitakha	Independent Director	✓	✓	✓	✓	✓	✓	✓

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<b>Board Member</b>	<b>Position</b>	<b>12<sup>th</sup> April 2023</b>	<b>18<sup>th</sup> May 2023</b>	<b>29<sup>th</sup> May 2023</b>	<b>30<sup>h</sup> May 2023</b>	<b>7<sup>th</sup> June 2023</b>	<b>8<sup>th</sup> June 2023</b>	<b>29<sup>th</sup> June 2023</b>
Janeanne Munyao	Independent Director	✓	✓	✓	✓	✓	✓	-
Jacklyne Cherop	Independent Director	✓	-	✓	✓	✓	✓	✓
PS, Tourism	Ex Officio Alternate is David Kinyangi	✓	✓	✓	✓	✓	✓	✓
PS, National Treasury	Ex Officio Alternate is Anthony Muriu	-	-	-	-	-	-	-
CEO, Tourism Fund	Ex Officio	✓	✓	✓	✓	✓	✓	-
Gilbert Nyandiga	Co-opted Member	N/A	✓	✓	✓	✓	✓	-
Inspectorate of State Corporations		✓	-	-	-	-	-	✓

**Remuneration of the Board**

The non-executive directors are paid a taxable sitting allowance as approved by the State Corporations Advisory Committee. The Chairman is paid a monthly honorarium at a rate approved by the Government as well as a monthly airtime and internet allowance.

Transport expenses incurred by directors in respect of travel for Board business are reimbursed at the prevailing AA rates. The independent directors are also entitled to outpatient and inpatient medical cover and a personal accident cover as approved by the Government as well as a monthly internet allowance to facilitate use of the electronic board meetings solution.

**Directors Induction and Training**

The Board develops an induction program designed to introduce new directors to the operations of the Board and also organizes corporate governance trainings at different times during the

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year. The programs are aimed at deepening the boards' understanding of the changes in risks, laws and business and political environment in which the Board operates.

During the year, the newly appointed board members were taken through a two-day induction programme by Management at Great Rift Valley Lodge, Naivasha on 13<sup>th</sup> and 14<sup>th</sup> April 2023. In addition, the members attended a Mwongozo Induction Workshop organized by the State Corporations Advisory Committee (SCAC) at the Lake Naivasha Resort on 24<sup>th</sup> to 26<sup>th</sup> April 2023.

**Board Effectiveness and Evaluation**

In order to assess and improve the capacity, functionality and effectiveness of the Board and its Committees, an annual evaluation is normally scheduled in accordance with the widely accepted principles of corporate governance. The self-evaluation is intended to review the capacity, functionality and effectiveness of its performance in the achievement of its goals and objectives. It assesses the performance and independence of the Board and its Committees jointly and individual members of the Board, including the Chief Executive Officer.

Meetings of the Board continued to be managed effectively and efficiently through the use of a 100% paperless electronic board management solution.

**Code of Conduct and Ethics**

The directors and employees of the Board have a fiduciary duty to act honestly and in the best interest of the Board. Business transactions with all parties must be carried out at arm's length and with integrity. The Board provides effective leadership based on an ethical foundation and ensures all deliberations, decisions and actions are based on the Boards' core values underpinning good governance.

The Board has in place a Code of Conduct and Ethics whose aim is to define the Board's commitment to the highest standards of behaviour and to build respect, confidence and credibility with its stakeholders. The Code provides guidance to its members regarding ethical and behavioural considerations as they address their duties and obligations during their appointment and their term in KTB. The Board has also put in place a corruption prevention framework to ensure the highest standards of ethical behaviour are maintained.

**Accountability & Audit**

The Board is required to present an objective and understandable assessment of the organizations' operational position and prospects. To this end, the Board ensured that accounts were presented in accordance with the International Public Sector Accounting Standards (IPSAS).

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**(i) External Auditors**

Kenya Tourism Board accounts are audited by the Office of the Auditor-General. The Office of the Auditor-General is an independent office whose role and responsibilities are defined under the Constitution of Kenya.

**(ii) Internal Auditors**

The Board in furtherance of its duties to ensure that the process, structure and internal controls are maintained and adhered to has recruited qualified and experienced in-house internal audit staff to carry out such functions and present reports on compliance.

**Internal Controls and Risk Management**

The Board has the responsibility of identifying internal risk exposures and developing measures to mitigate against the identified risks. The Board reviews and monitors the development and implementation of systems of internal controls. The Board ensures that it has gained an understanding of these risks and mitigates them by implementing sound internal controls and risk management practices.

Consequently, the Board has in place a Risk Management Framework which identifies the risks and prescribes measures for the management of the identified risks. The Board recognizes that information technology forms an integral part of the risk management process and has developed a business continuity plan and disaster preparedness plan among other ICT policies.

The Board has delegated the day to day management of risks to Management through systems and processes carried out on a day to day basis.

**Relationship with Stakeholders**

The Board appreciates that stakeholder perception affects the organization's reputation. Therefore, the Board strives to achieve an appropriate balance between its various stakeholders in the best interest of the organization by taking into account their legitimate interests and expectations in decision making.

The Board values the importance of complete, timely, transparent and effective communication with its stakeholders for building and maintaining their trust and confidence by providing regular information on its performance, activities and addressing their concerns whilst having regard to legal and strategic considerations.

The main avenues through which the board communicates with stakeholders are through press statements, stakeholder forums, courtesy calls as well as annual reports and financial statements. During the year, the Board held Stakeholder engagement forums with the Kenya

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Tourism Federation constituent associations at Mercure Hotel, Nairobi on 22<sup>nd</sup> May 2023 as well as a Stakeholder engagement with Coast tourism stakeholders on 21<sup>st</sup> June 2023.

The Board has continued to encourage electronic communication through publishing documents on the corporate website [www.ktb.go.ke](http://www.ktb.go.ke) and on the destination website [www.magicalkenya.com](http://www.magicalkenya.com) and has endeavoured to ensure that the two websites are highly interactive and contain all the relevant information that stakeholders may require. In addition, KTB also regularly publishes an electronic newsletter for purposes of communicating with its stakeholders.

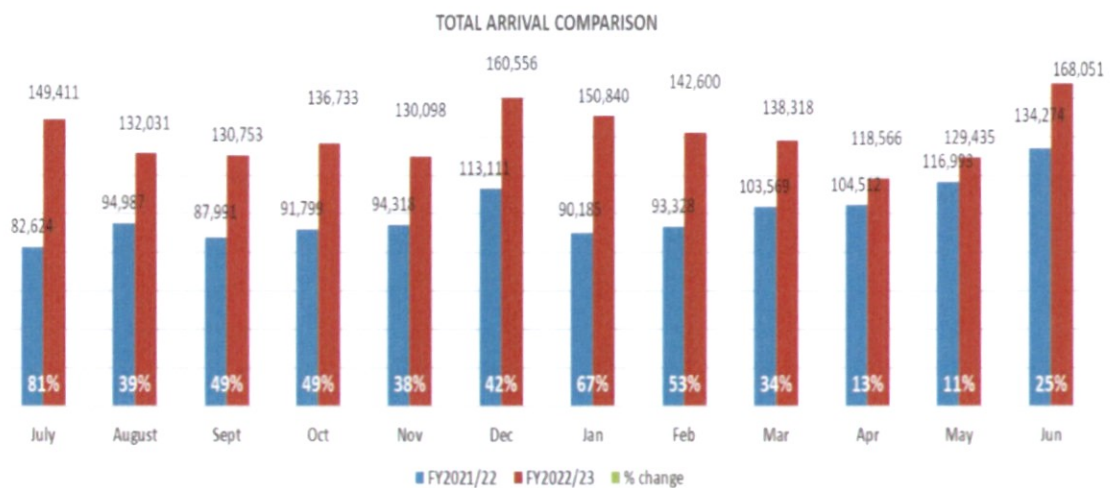
**IX. MANAGEMENT DISCUSSION AND ANALYSIS**

**SECTION A- KTB'S OPERATIONAL AND FINANCIAL PERFORMANCE**

**Overview**

**a) Total Arrivals**

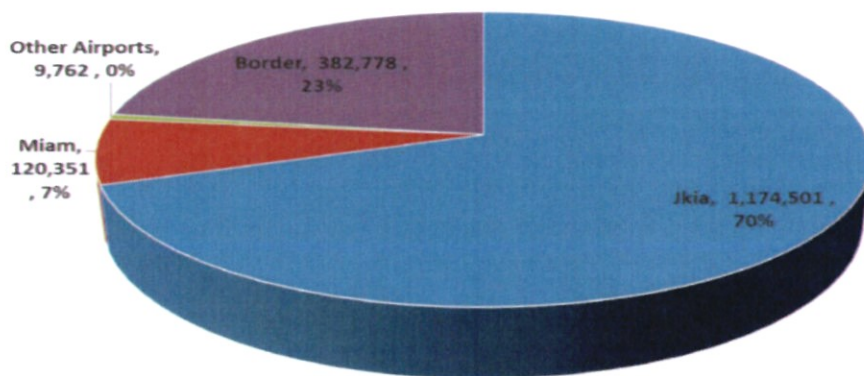
There was a remarkable growth in international arrivals during the financial year 2022/23. With 1.65 million visitors, this was a significant 37% increase compared to the previous fiscal year's arrivals of 1.2 million, indicating a positive upward trend. This can be attributed to the pent-up demand for travel, easing of travel restrictions in 2022 and an increase in travelers' confidence, especially from the European region.



**Point of Entry**

In the financial year 2022/23, the point of entry performance was as follows:

**Point of Entry Performance**



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**Market Share**

In the financial year 2022/23, the top five source markets for Kenya's tourism sector demonstrated notable performance.

The United States emerged as the leading source market, with a market share of 13.9% and a total of 234,309 arrivals. This represented a significant 28% growth compared to the previous fiscal year's arrivals of 183,258, showcasing a strong recovery of 99.7% when compared to the pre-pandemic year of FY2018/19, which saw 234,955 arrivals.

Uganda held the second-largest market share at 10.5%, with 177,131 arrivals. This marked an impressive 56% growth compared to the previous fiscal year's arrivals of 113,740, demonstrating a recovery of 86% when compared to FY2018/19's 207,523 arrivals.

Tanzania accounted for an 8.4% market share, with 142,109 arrivals. The country experienced a robust growth of 49.3% compared to the previous fiscal year's arrivals of 95,215, indicating a significant recovery of 72% when compared to FY2018/19's 197,663 arrivals.

The United Kingdom also showcased strong performance, with an 8.4% market share and 141,140 arrivals. This represented a notable 51% growth compared to the previous fiscal year's arrivals of 93,457 and a recovery of 77% when compared to FY2018/19's 183,589 arrivals.

India accounted for a 5% market share, with 84,354 arrivals. This reflected a 24% growth compared to the previous fiscal year's arrivals of 68,118, signifying a recovery of 70% when compared to FY2018/19's 120,625 arrivals.

The performance of these top source markets indicates significant growth and strong recovery across the board. These positive trends signify Kenya's enduring appeal as a destination and the effectiveness of marketing efforts targeting these key markets.

	<b>FY2021/2 2 Jul-Jun</b>	<b>FY2022/2 3 Jul-Jun</b>	<b>% Change</b>	<b>FY2018/1 9 Jul-Jun</b>	<b>FY2022/2 3 Jul-Jun</b>	<b>% Change</b>
USA	183,058	234,309	28.0% ▲	234,955	234,309	-0.3% ▼
UGANDA	113,740	177,131	55.7% ▲	207,523	177,131	-14.6% ▼
TANZANIA	95,215	142,109	49.3% ▲	197,663	142,109	-28.1% ▼
UK	93,457	141,140	51.0% ▲	183,589	141,140	-23.1% ▼
INDIA	68,118	84,354	23.8% ▲	120,625	84,354	-30.1% ▼
GERMANY	41,868	66,064	57.8% ▲	75,652	66,064	-12.7% ▼



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ITALY	16,968	52,806	211.2% ▲	61,085	52,806	-13.6% ▼
RWANDA	35,189	51,231	45.6% ▲	36,635	51,231	39.8% ▲
FRANCE	28,888	41,217	42.7% ▲	51,932	41,217	-20.6% ▼
ETHIOPIA	31,580	39,224	24.2% ▲	39,202	39,224	0.1% ▲
Rest of the World	499,610	657,807	29.4% ▲	818,362	657,807	-21.0% ▼
<b>TOTAL</b>	<b>1,207,691</b>	<b>1,687,392</b>	<b>40%</b> ▲	<b>2,027,223</b>	<b>1,687,392</b>	<b>-18.5%</b> ▼

**Purpose of Entry**

The purpose of entry into Kenya varied across different categories, as evidenced by the following data:

The largest share of arrivals was for holiday purposes, with a total of 702,871 arrivals throughout the financial year. Holiday arrivals accounted for 41.7% of the total.

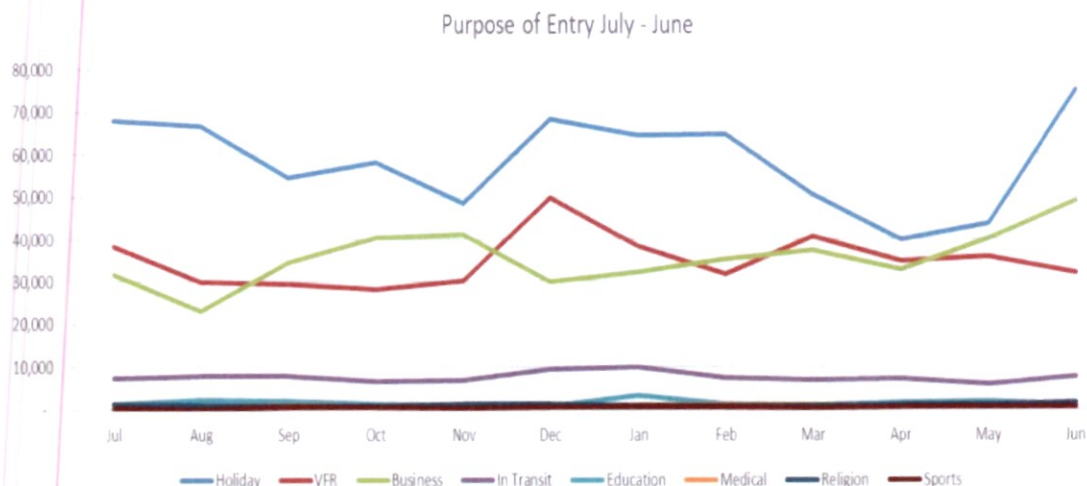
Visiting Friends and Relatives (VFR) was the second-largest category, with 419,438 arrivals, making up 24.9% of the total.

The Business & MICE (Meetings, Incentives, Conferences, and Exhibitions) category accounted for 25.3% of arrivals, with a total of 427,728 visitors.

In Transit arrivals accounted for 5.4% of the total, indicating Kenya's position as a transit hub for travelers connecting to other destinations.

Education-related arrivals accounted for 1.1%, with 18,687 visitors coming to Kenya for educational purposes. Medical tourism constituted 0.7% of the total, with 11,094 arrivals seeking medical treatments or procedures. Religion and Sports-related arrivals had smaller shares, at 0.7% and 0.3% respectively, demonstrating niche interests attracting visitors to Kenya.

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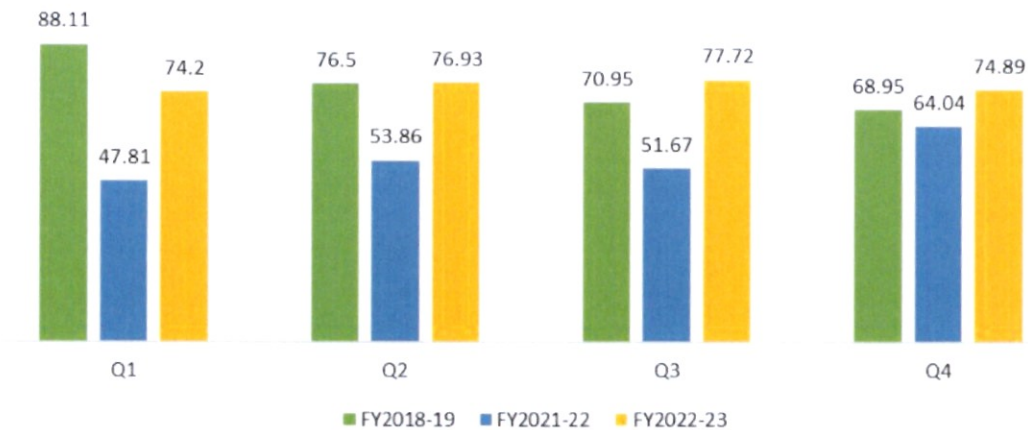
**b). Tourism Receipts**

In the financial year 2022/23, Kenya's tourism sector recorded total tourism earnings of Ksh. 297.3 Billion. This represents a substantial growth of 37% compared to the previous fiscal year's earnings of Ksh. 217.38 Billion. This growth is indicative of the sector's resilience and recovery from the challenges posed by the global pandemic and economic uncertainty. Kenya is yet to fully recover to the pre-pandemic year of FY2018/19, where tourism earnings amounted to Ksh. 304.08 Billion.

It is important to note that despite the reduction compared to FY2018/19, the tourism sector's overall growth in the financial year 2022/23 demonstrates a positive trajectory and recovery from the previous year's challenges. The significant growth compared to FY2021/22 indicates the sector's resilience and the successful efforts made by Kenya to attract visitors and promote tourism activities.

These tourism earnings reflect the economic impact of the sector, including revenue generated from accommodation, transportation, attractions, and other tourism-related activities. They also highlight the importance of the tourism sector as a vital contributor to Kenya's overall economy, providing employment opportunities and driving economic growth.

**Receipts: Kshs Billion**

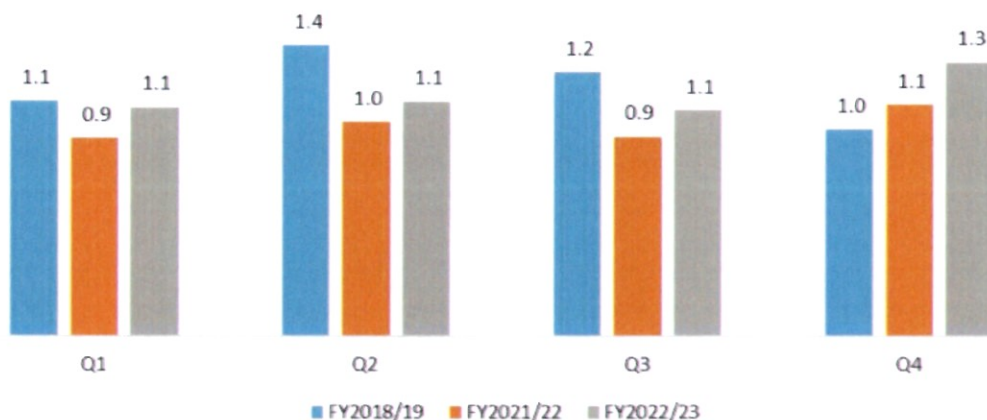


**c). Bed nights by Domestic Tourists**

In the financial year 2022/23, domestic bed nights in Kenya recorded a total of 4.52 million. This represents a notable growth of 14% compared to the previous fiscal year's bed nights of 3.95 million. The increase in domestic bed nights signifies the growing interest among Kenyan residents to explore and experience their own country's tourism offerings. Compared to the pre-pandemic year of FY2018/19, where domestic bed nights reached 4.68 million, Kenya is at 97% recovery to the Pre Covid-levels.

The growth in domestic bed nights is beneficial for the tourism sector as it contributes to the sustainability and resilience of the industry. Domestic travelers contribute to local economies by spending on accommodations, food and beverage services, transportation, and other tourism-related activities.

**Domestic Bed Nights (Millions)**

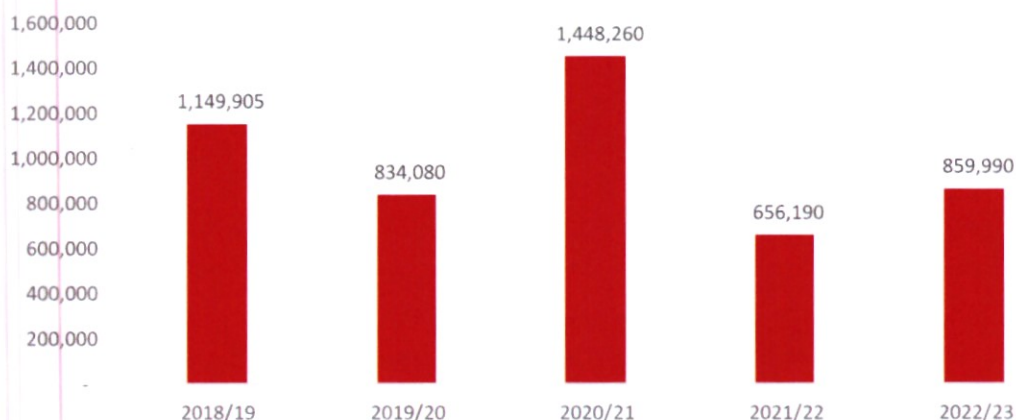


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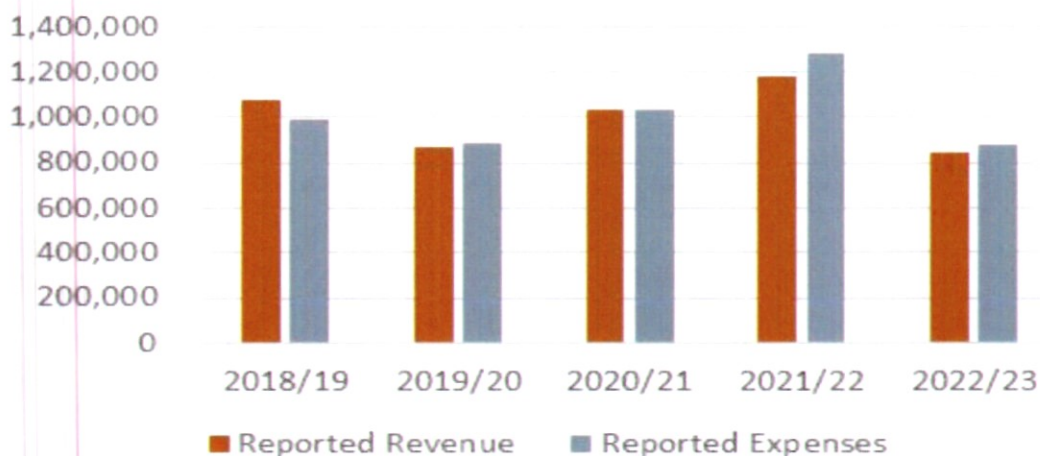
**d) Financial performance**

KTB received Kshs 306.99 Million from GoK grants; Kshs 300Million from Tourism Fund, Ksh.9.4M from UNESCO and earned Kshs 149.49 Million from Appropriation in Aid in FY 2022/23. KTB accrued Government grants of KShs 19.832M. This amount relates to the recurrent funds that had not been received at year end. These amounts were received subsequent to year end on 5<sup>th</sup> July 2023.

**5 YEAR REVENUE SUMMARY**



**5 YEARS FINANCIAL PERFORMANCE- KSHS'000**



**SECTION B- REVIEW OF THE ECONOMY, TOURISM SECTOR & FUTURE DEVELOPMENTS**

**1. REVIEW OF THE ECONOMY**

With a GDP growth at 4.8% in 2022, Kenya's economic performance softened after the strong rebound from the COVID-19 crisis at 7.5% in 2021. The growth momentum was driven by the service sector, which contributed about 80% of the increase in total GDP. Financial services, tourism, and transport sectors performed especially strongly. The adverse weather shock of the last two years has been a major drag on economic growth. The impacts of tightening of domestic macroeconomic policies and challenging global financial conditions significantly affected domestic economic activity, especially in the latter half of the year. The economy is expected to rebound and expand by 5.5% in 2023 supported by broad-based private sector growth, including continued strong performance of the services sector, recoveries in Agriculture and ongoing public sector investments.

Like many countries across the world, Kenya faced inflationary pressures amid commodity price volatility, tightening global financing conditions that put major pressure on the exchange rate and foreign exchange reserves, further aggravated by the worst drought in four decades, significantly increasing food insecurity and affecting millions of livelihoods. Kenya's economy is projected to grow by 5.5% in 2023 and above 6.0% over the medium term. This growth will be reinforced by the Government's Bottom-Up Economic Transformation Agenda geared towards economic turnaround and inclusive growth.

According to UNWTO Panel of Experts, the challenging economic environment will continue to be the main factor weighing on the effective recovery of international tourism in 2023, with high inflation and rising oil prices translating into higher transport and accommodations costs. The IMF's latest World Economic Outlook (April 2023) indicates that global economic growth could fall from 3.4% in 2022 to 2.8% in 2023. Against this backdrop, tourists are expected to increasingly seek value for money and travel closer to home in response to elevated prices and the overall economic challenges.

The latest IMF forecast shows that Global growth is estimated to slow from 3.2% in 2022 to 2.7% in 2023. Emerging Market and Developing Economies growth is projected at 3.7%, Advanced Economies growth is projected at 1%, Euro Area growth is projected to come in at 0.5%, China's economy is forecast to grow 4.4% and Emerging Market growth is forecast at 2.9% in 2023 while Sub-Saharan Africa (SSA) growth is projected to be 3.7%.

## **2. REVIEW OF THE TOURISM SECTOR**

According to WTTC, the tourism industry in Kenya has shown a fluctuating trend in its contribution to the economy since the onset of the Covid 19 pandemic. In 2019, tourism accounted for 7.8% of the country's economy, equivalent to Ksh.921.8 Billion. However, in 2022, there was a decline to 6.4%, amounting to Ksh.864 billion, which represents a decrease of 6.2% compared to 2019. WTTC forecasts there will be a notable recovery in 2023, with tourism contributing 6.7% to the economy, equivalent to Ksh.938.8 Billion. This indicates an 8.6% increase compared to 2021 and a growth of 1.8% compared to 2019. Looking ahead, the study projects that by 2033, tourism's contribution will reach 7.5% of the economy, amounting to an impressive Ksh.1.6 Trillion. This demonstrates a compound annual growth rate (CAGR) of 5.2% from 2023 to 2033.

In 2019, tourism contributed to 8.6% of employment in the country, providing job opportunities for approximately 1.56 million people. Although there was a slight decline in 2022, with tourism employment accounting for 7.9% or 1.51 million jobs, there was still an 11.4% increase compared to 2021. However, this figure represented a decrease of 3.4% compared to 2019. Looking ahead, the forecast for 2023 indicates a positive trajectory, with tourism employment expected to reach 8.6% or around 1.59 million jobs. This forecast represents a 5.8% increase compared to 2021 and a 2.2% growth compared to 2019. The report also projects notable future growth for the sector, with the forecast for 2033 indicating a tourism employment contribution of 8.7%, equivalent to approximately 2.24 million jobs. This represents an increase of 0.7 million jobs compared to 2023. These findings in the study by WTTC also highlight the crucial role of the tourism industry in Kenya as a major employer, contributing to both job creation and economic development. The projected growth indicates the potential for further employment opportunities in the sector, reinforcing its importance for the country's workforce.

## **3. TOURISM FUTURE DEVELOPMENT AND OUTLOOK**

According to the UNWTO Barometer released in May, most experts continue to believe international tourism will not return to 2019 levels until 2024 (38%) or 2025 or later (23%), some 28% of respondents expect the recovery to occur in 2023. The UNWTO forward-looking scenarios for 2023, projected international arrivals to recover 80% to 95% of pre pandemic levels by the end of 2023. The challenging economic environment continues to be the main factor weighing on the effective recovery of international tourism in 2023, with high inflation and rising oil prices translating into higher transport and accommodations costs

The Middle East saw the strongest performance, with arrivals exceeding by 15% the number recorded in the first quarter of 2019. As a result, the Middle East is the first world region to recover pre-pandemic numbers in a full quarter. Europe, the world's largest destination region,

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reached 90% of pre-pandemic levels in Q1 2023, supported by robust intra-regional demand. Africa recovered 88% of its pre-pandemic arrivals in the first three months of 2023 and the Americas about 85%. Kenya currently stands at 83% recovery having achieved 1.65 Million international arrivals against the 2.02M international arrivals in 2018/2019

According to WTTC's report "A World in Motion: Shifting Consumer Travel Trends" tourism will remain resilient even in the midst of economic uncertainty, a significant 41% of travellers on average said they intended to spend more in 2023 than in 2022. In particular, they plan to spend 31% more on international travel. Overall tourism industry in Kenya has shown resilience and is projected to make significant strides in the future, contributing substantially to the country's economy.

**4. STRATEGY 2022/23**

The Kenya Tourism Board (KTB) is currently implementing the 2018-2023 strategic plan. The plan concluded in June 2023 and so KTB embarked on the development of the strategic plan for the period 2023-2028. Key lessons emerged from end term reflection of the strategy, the lessons have subsequently been integrated into the development of the 2023-2028 strategic plan. The lessons included amongst others:

- i. Strong partnerships with industry and strategic partners are key in the delivery of the strategic plan objectives. An effective framework for measuring results from partnership with trade remains a key requirement
- ii. Funding for destination marketing in Kenya has been inadequate and sometimes, inconsistent. The main solution to this lies in having adequate and guaranteed funding from the Tourism Promotion Fund (TPF) and Tourism Fund (TF).
- iii. The current tourism client is a 'novel, trendy, and liberated traveller.' Tourists have their lifestyles, tastes and preferences subsequently; both KTB and the industry will need to continuously monitor trends in the visitor market and work towards reaching tourists at their point of need.
- iv. Health, safety, security, and access (reasonable access) remain among the most important ingredients for tourism to thrive today.
- v. Having staff with the right skills/ capacity is necessary for successful readjustment and organizational resilience in times of crisis
- vi. Domestic marketing has proven to be a panacea for the tourism industry in times of crisis involving international tourists. This market being one of the core focus of KTB marketing initiatives, an effective framework for objectively measuring the output from domestic marketing is required going forward.

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**SECTION C- KTB'S COMPLIANCE WITH STATUTORY REQUIREMENTS**

KTB is committed to comply with all statutory requirements. During the year, there were no major non-compliance that may expose KTB to any liabilities.

Below is a list of ongoing or potential court cases, the claim and the current case status:

	<b>CASE</b>	<b>CASE NO.</b>	<b>PLACE</b>	<b>CLAIM FOR:</b>	<b>AMOUNT-KSHS</b>	<b>STATUS</b>
1	Council of Governors –vs- KTB & Others	Petition No. 278 of 2017	Constitutional & Human Rights Division – NBI	Court to declare certain matters relating to tourism as devolved	N/A	Matter is awaiting Court ruling on preliminary objection filed by the Respondents on the jurisdiction of the Court to adjudicate on the dispute.
2	Kenya Tourism Board- Appellant -vs- Commissioner of Domestic Taxes- Respondent	Income Tax Appeal No. E006 of 2020	High Court at Nairobi Commercial & Admiralty Division	Appeal against decision of the Tax Appeals Tribunal	62,317,706	The AG recommended that payments made by KTB are subject to tax. The principal amounts of KShs 120M was paid. KTB applied for full amnesty of interest and penalties totaling KShs 62,317,706. The decision is awaited.

**SECTION D - KEY PROJECTS AND INVESTMENT THAT WERE IMPLEMENTED IN FY 2022/23**

**I. CONSUMER CAMPAIGN-REAL DEAL (SEPTEMBER-DECEMBER) 2022**

The real deal campaign creative idea was crafted on authentic travel experiences that can only be found in Kenya while showcasing the diverse offering ranging from the traditional (beach/safari) to modern and innovative experiences (sustainable/signature) throughout the year. The campaign was executed on varied promotional channels, Over-the-top (OTT) which entails (Zee5 & Disney + Hotstar), Digital Billboards and In-theatre display. The campaign had Kenya Airways as the airline partner with Thomas Cook, SOTC, Yatra, Ease my trip and Make my trip in two key focus cities with high outbound numbers Mumbai and Delhi.



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**II. TRAVEL ADVISOR FAMILIARIZATION TRIPS: FEBRUARY & MARCH 2023**

KTB partnered with Kenya Airways to host fifteen (15) travel advisors from the United States and Canada to a familiarization trip. The advisors consisted of thirteen (13) Americans and two (2) Canadians each members of key travel trade consortia in the United States and Canada.



**III. INTERNATIONAL TOURISM BOURSE (ITB) 2023**



KTB in partnership with forty five (45) private sector partners participated at the world's leading travel trade show (ITB) that took place from the 7<sup>th</sup> to 9<sup>th</sup> of March 2023 at Messe Berlin. The exhibition attracts over 180 countries and some 160,000 travel professionals. This year the guest country was

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Georgia. Kenya participated with a delegation of 130 representatives with a large majority drawn from the private sector and Government representation from the Ministry of Tourism, Wildlife and Heritage, Bomas of Kenya, Tourism Fund and Kenya Utalii College.

**IV. KTB 3 CITY-ROADSHOW (JANUARY 30<sup>TH</sup>, 31<sup>ST</sup> & 06<sup>TH</sup> FEBRUARY 2023)**

KTB in partnership with thirteen (13) Kenyan Travel Trade Partners and Kenya Airways conducted a three (3) city India Roadshow. The Roadshow covered Ahmedabad, Bengaluru and New Delhi. The events took place on January 30<sup>th</sup>, 31<sup>st</sup> and February 6<sup>th</sup> 2023. This was a platform to enhance product knowledge and create direct linkages with local partners. On the side lines KTB had media round-tables and interactions to build media relation and strengthen destination visibility with the key media houses.



**V. OUTBOUND TRAVEL MART (OTM) 02<sup>ND</sup> -04<sup>TH</sup> FEBRUARY 2023**



KTB in partnership with the Kenya High Commission, New Delhi, Kenya Airways (KQ), Kenya Utalii College and thirteen (13) Kenyan travel trade partners participated at the Outbound Travel Mart (OTM) 2023. The event was held at the Jio World Convention Centre in Mumbai from the 02<sup>nd</sup> to 04<sup>th</sup> of February 2023. It was attended by more than 1250 exhibitors, 1000 hosted buyers and at least 30,000 travel trade visitors including more than 70 travel leaders from the Asia and Pacific countries (APAC).

**VI. TRAVEL GROUP LUXEMBOURG (TGL) INSPIRATIONS TRADE EDUCATIONAL TOUR IN PARTNERSHIP WITH AFRICAN QUEST SAFARIS (AQS) – APRIL TO MAY'23**



KTB partnered with Africa Quest Safaris (AQS) and KLM Royal Dutch Airlines to host a 'Green Season' educational tour for eleven (11) of TGL's certified Magical Kenya Travel Specialists (MKTS). The educational visit was aimed at pitching new business opportunity for Kenya. The educational tour (TGL) took place from April 28th to May 3rd,

2023, featured Ol Pejeta Conservancy, Lake Nakuru National Park and Maasai

**VII. JOINT PARTNERSHIP CAMPAIGN WITH ONLINE TRAVEL AGENCY (OTA); VOYAGE PRIVE IN FRANCE**

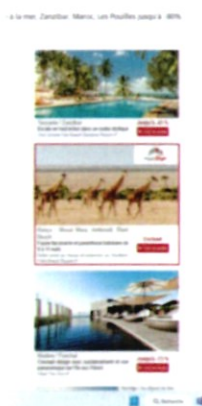
KTB partnered with the online travel agency Voyage Prive to implement a sales conversion based campaign targeted at promoting Magical Kenya to French travelers looking to book their next long-haul trip. The campaign shared Magical Kenya inspiration content, travel itineraries and flash sale offers based on the following key pillars; safari, safari & beach, beach, adventure and nature all of which are part of Kenya's unique selling proposition.

**HOME PAGE TOP 10**



**NEWSLETTER INSERTION TOP 10**

12/03/2023



**FACEBOOK PUBLICATION**

17/03/2023



**VIII. SOCIAL MEDIA CAMPAIGN – GERMANY, ITALY AND FRANCE**

KTB continues to conduct social media campaigns on Instagram and Facebook in the following European markets: Germany, Italy and France. The destination content addresses

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community segments and increases engagement rate through targeted topics tailored for specific consumer segments. These social media activities seek to position Kenya as a top travel destination in 2023 among its existing and new audience following and establish “Magical Kenya” as an approachable brand on social platforms.



IX.

**X. BRITISH HIGH COMMISSION ROUNDTABLE EVENT – MAGICAL KENYA - ENABLING THE TOURISM SECTOR TO THRIVE IN KENYA**



KTB participated at the “Magical Kenya” Enabling the tourism sector to thrive in Kenya event, coordinated by the British Chamber of Commerce in Kenya. The tourism stakeholder event took place on May 4th at the Vipingo Ridge and was aimed at providing an opportunity

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for Kenya's tourism sector to address topics that are essential and strategically tied to the UK's and Kenya's trade, export, and economic growth and serve as the basis for longer-term engagement between British and Kenyan tourism priorities, relationships, and partnerships.

**XI. JOINT MARKETING CAMPAIGNS WITH TOUR OPERATORS IN UNITED KINGDOM**

KTB implemented a series of joint marketing campaigns in collaboration with the following three (3) tour operator partners; Mahlatini, Africa Exclusive and Aadvark. The campaigns targeted the end consumer and featured destination advertising content on their preferred offline and online channels. The tour operators included Kenya package offers that sort to increase sales bookings for Kenya.



**XII. DOMESTIC MARKETING PROMOTION (TOURISM PROMOTION FUND PROJECT)**

The TPF supported KTB in the tourism recovery efforts by funding the Domestic Marketing



Promotion. Management embarked on a six-month domestic tourism campaign dubbed, **"You Deserve a Holiday"** to support the industry by rallying Kenyans to travel to throughout Kenya. The initiative involved a partnership with KTB and 21 travel trade partners.

KTB held 4 corporate engagements that generated a database of 250 leads. In addition to management implemented activations around golf at Sigona Golf Club where KTB and its partners were able to engage over 280 golfers, club members and invited guests.

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Management also conducted a consumer promotions campaign on key media channels (TV & radio) which commenced on 15<sup>th</sup> March to 7<sup>th</sup> April 2023 and supported on digital platforms which the media partners extended to KTB as value adds.



**XIII. MAGICAL KENYA REAL DEAL EMAIL CAMPAIGN**

In May 2023, KTB in partnership with Kenya Airways launched a sales drive campaign titled the Magical Kenya Real Deal Sales Drive. The sales drive campaign targeted the Magical Kenya Travel Specialists based in the United States. There are currently a total one thousand five hundred and eighty-four (1,584) Magical Kenya Travel Specialists in the US. Kenya Airways supported the campaign by offering special discounted air fares to Kenya which the travel advisors can access using a special promo code titled "Real Deal." The sales drive will run 3 months from 15<sup>th</sup> May to 15<sup>th</sup> August 2023.

**XIV. DESTINATION MARKETING SERIES COUNTY EDITION – PHASE I**

The Destination Marketing Series is a concept aimed at providing an opportunity for in-depth engagement with Counties, experience owners and other partners with the objective of facilitating the development of exceptional Kenyan travel experiences. The County Edition Phase I was undertaken in between 19<sup>th</sup> & 27<sup>th</sup> June 2023 where KTB held sessions with 19 Counties in Central, North Rift and Kenya Coast Regions.



**XV. MIDDLE EAST FAMILIARIZATION TRIP (MAY 2023)**

KTB in partnership with Kenya Airways hosted fourteen (14) key tour operators drawn from the Middle East to explore the Kenyan coast in the wake of the direct flight from Dubai-Mombasa with the aim of packaging Kenya as Bush and beach besides the other products. The activity was aimed at increasing awareness on Kenya, providing primary positive media coverage on the destination and also support the planned marketing activities. The key areas covered are Amboseli, Tsavo West and East National Parks, Taita, Malindi, Watamu, Mombasa and Diani.

**XV. UNITED NATIONS HABITAT ASSEMBLY (JUNE 2023)**



The second session of the United Nations Habitat Assembly was held from 5<sup>th</sup> to 9<sup>th</sup> June 2023 in Nairobi, Kenya. The theme of the session was "A sustainable urban future through inclusive and effective multilateralism: achieving the Sustainable Development Goals in times of global crises." KTB participated at the conference to

interface with the participants and facilitate information/guidance on visitation within and outside Nairobi city. Conferences provide an opportunity for the combination of both business and leisure and thus providing a platform for KTB to market the destination to the conference attendees.

**XVI. THE KIP KEINO CLASSIC (MAY 2023)**

The fourth edition of Kip Keino Classic took place in Kasarani on 13<sup>th</sup> May 2023. The event provided an opportunity for Kenya to highlight her prowess in Athletics. KTB leveraged the opportunity to strengthen the Magical Kenya brand visibility through; branding at the event venue and engaging athletes in a familiarization trip to Nairobi National Park (this was an opportunity to get destination endorsements).

23:24

32%

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13 May

Excitement is in the air as the 2023 #KipKeinoClassic takes center stage today! As the world watches, we're proud to showca... See more



Boost this post to reach up to 1242 more people daily if you spend KES705.

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50

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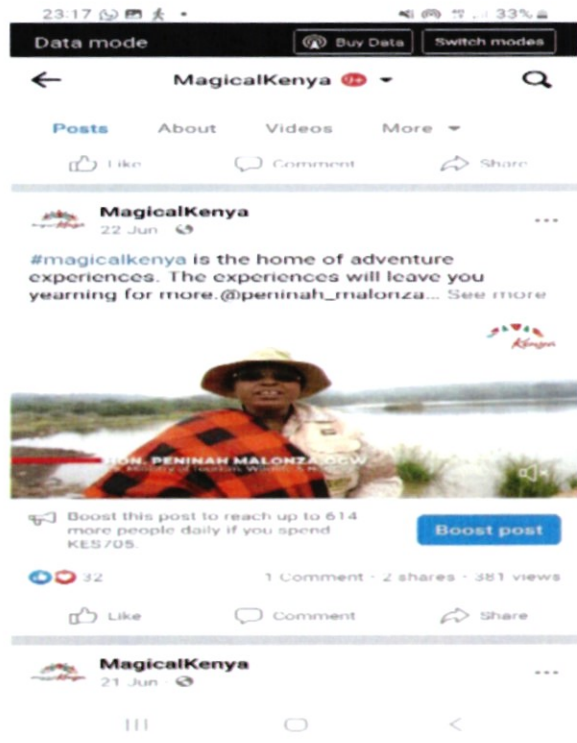
**XVII. MAASAI INAUGURAL CULTURAL FESTIVAL (JUNE 2023)**



The Narok County Peace Association in Collaboration with State Department of Culture and Heritage held the 1<sup>st</sup> Maasai Cultural Festival days on 9<sup>th</sup> and 10<sup>th</sup> June 2023 at Sekenani gate in Maasai Mara. The festival is one way of sustaining and cementing cultural practices and preservation of culture that has become one of the key experiences attracting tourists besides beach and safari.

**XVIII. WORLD RALLY CHAMPIONSHIP (JUNE 2023)**

Kenya continues to build its destination brand through global sporting events such as WRC. KTB leveraged on this opportunity to highlight what Kenya has to offer as well as promote domestic and regional tourism. KTB leveraged the event to highlight the destination's tourism experiences by facilitating interviews with key regional and global talking heads.



**XIX. THE MAGICAL KENYA TRAVEL EXPO (OCTOBER 2022)**



The 12th edition of the Magical Kenya Travel Expo took place from 5th – 7th October 2022 at the Bomas of Kenya in Nairobi. Hosted buyers were drawn from over 25 source markets across the globe in the last decade MKTE has set itself apart as a show with high quality vetted buyers, effective matchmaking tools, prescheduled and guaranteed B2B meetings coupled with experiential familiarization trips for the

hosted buyers, educative seminar tracks and networking sessions.

**XX. THE NEW YORK MARATHON (NOVEMBER 2022)**



The Abbot marathons are held annually in three continents namely Asia, Europe and the Americas. There were more than 180,000 runners who compete in six of the world's most prestigious marathons. KTB participated at the TCS New York City Marathon Expo in New York City and engaged Eliud Kipchoge in side events to promote Magical Kenya and raise the profile of the destination.

**XXI. THE INTERNATIONAL TENNIS FEDERATION (ITF) WOMEN'S WORLD TENNIS TOURNAMENT (NOVEMBER 2022)**



In line with promoting Kenya as a sporting destination, Kenya Tourism Board hosted ITF women world tennis players on a tour to the Nairobi National Park as part of showcasing the safari experience. Sponsorship of the Women's tennis event is part of the promotion of sports tourism and more importantly leveraging Kenya's professional tennis champion and winner of the Grand Slam Ms. Angela Okutoi who participated and came second.

**XXII. THE LAMU CULTURAL FESTIVAL**



KTB was among participating institutions in the cultural festival held from 24<sup>th</sup> to 27<sup>th</sup> November 2022. KTB also supported publicity to UNESCO's Covid-19 crisis response programme aimed at supporting tourism recovery around World Heritage Sites. The Lamu Cultural festival is one of the key events that has propelled tourism business in Lamu.

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**PLANNED MARKETING ACTIVITIES FY 2023/24**

1. Magical Kenya Travel Expo (MKTE)
2. East Africa Regional Travel Expo (EARTE)
3. Joint Marketing Campaigns in Europe, India, China, and North America
4. Sales Calls across markets – meeting trade partners and embassies
5. Trade Forums – APTA & USTOA
6. Magical Kenya Global Roadshow – West Africa, China, Europe & North America
7. Destination Marketing Series – County Edition
8. Digital Marketing – UNESCO Project and eLearning Program
9. MKSE Program
10. Product Info review and Updates: MICE, Cruise
11. Capacity building – destination trainings and eLearning
12. World Tourism Day/ Kenya Week Celebrations
13. Airline Partnerships
14. Travel Trade Outreach Program
15. Website Development
16. The East African Regional Travel & Magical Kenya Expo
17. Lamu Cultural Festival
18. Rusinga Cultural Festival
19. Maralal Camel Derby
20. Stakeholder Engagement Sessions
21. World Rally Championships
22. Magical Kenya Ladies Open (MKLO)
23. Magical Kenya Open (MKO)
24. Social Media Activations around the Abbot Marathons
25. Themed Media Familiarization Trips
26. Kenya @60 Celebrations

These programs will be funded from grants from the Government, Tourism Fund, Tourism Promotion Fund and A-I-A.

KTB continues to play its part towards promoting and implementing best practice in conservation and sustainable tourism through different initiatives.

**Investment decisions**

Where KTB finds itself with funds in its Bank Accounts not required for immediate operating needs, the surplus funds shall be placed invested in line with National Treasury Circular No. 4/ 2017, no investment were done during the year. Interest income was earned on current account balances at the rates negotiated with the bank.

**SECTION F- MAJOR RISKS FACING KTB**

KTB has the responsibility of identifying internal risk exposures and developing measures to mitigate against the identified risks. KTB reviews and monitors the development and implementation of systems of internal controls. KTB ensures that it has gained an understanding of these risks and mitigates them by implementing sound internal controls and risk management practices.

Consequently, KTB developed a Risk Management Framework, which identifies the risks and prescribes measures for the management of the identified risks. KTB recognizes that information technology forms an integral part of the risk management process and has developed a business continuity plan and disaster preparedness plan among other ICT policies.

During the year, the Board reviewed the internal controls, policies and procedures and was satisfied that appropriate controls and procedures were in place. The Board has delegated the day to day management of risks to management through systems and processes carried out on a day to day basis.

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<b>RISKS</b>	<b>LIKELIHOOD/ PROBABILITY</b>	<b>RISK IMPACT</b>	<b>MITIGATION STRATEGIES</b>
Tourism products and experiences do not respond to the dynamic needs of travellers.	Medium	High	<ul style="list-style-type: none"> <li>• Develop a Tourism experience system that provide authentic and exceptional travel experiences.</li> <li>• Capacity building for the trade on product/experience packaging.</li> </ul>
Missing out on increasing number of travellers who are on the digital platforms	Low	High	<ul style="list-style-type: none"> <li>• Recruitment of staff, acquisition of digital marketing tools and training of the marketing team on the usage of these tools</li> </ul>
Damage to the destination brand due to negative publicity.	High	High	<ul style="list-style-type: none"> <li>• Have strategic media engagement and image building strategy</li> </ul>
Real or perceived threats to tourist security	High	High	<ul style="list-style-type: none"> <li>• Enhance partnership with security agencies</li> <li>• Proactive crises management.</li> <li>• Active peace messaging by local and global PR agency.</li> </ul>
Ineffective marketing and public relations programs	Low	Medium	<ul style="list-style-type: none"> <li>• Implementation of marketing and PR activities aligned to consumer needs</li> </ul>
Reduced brand equity	Low	Medium	<ul style="list-style-type: none"> <li>• Develop strong partnerships with media and trade.</li> <li>• Communicate the diversity of Kenya's tourism offering</li> </ul>
Lack of growth of Kenya sales amongst the trade in the key source markets	Low	Medium	<ul style="list-style-type: none"> <li>• Improved market intelligence and use of digital analytics to counter competition</li> </ul>
Lack of awareness on destination Kenya amongst the key trade in the source markets	Medium	High	<ul style="list-style-type: none"> <li>• Capacity building programs for the trade in the source markets</li> <li>• Develop and implement an online certification programs to recruit and equip Kenya specialists.</li> </ul>
Lack of adequate demand for Kenya	Medium	Medium	<ul style="list-style-type: none"> <li>• Develop and implement Joint marketing activities to drive</li> </ul>

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RISKS	LIKELIHOOD/ PROBABILITY	RISK IMPACT	MITIGATION STRATEGIES
			demand for Kenya and conversions
Inadequate engagement of tourism stakeholders in destination marketing	Low	Medium	<ul style="list-style-type: none"> <li>• Develop platforms for engagement with the trade (industry microsite, briefing, e-newsletter, webinars on specific topics, educational and training efforts)</li> <li>• Engage with other stakeholder on Strategic Partnerships</li> </ul>

### **SECTION G- MATERIAL ARREARS IN STATUTORY/ FINANCIAL OBLIGATIONS**

In 2016/17, KRA undertook an assessment of KTB operations covering the period July 2012 to October 2016 and thereafter raised a tax assessment of KSh. 182,568,010 relating to withholding tax on fees paid to the Market Development Representatives (MDRs).

KTB raised an objection to the assessment on the grounds that KRA's assessment was based on a misapprehension of the nature of KTB's activities and a misinterpretation of the Income Tax Act. Accordingly, KTB filed an appeal at the Tax Appeals Tribunal (TAT) with a view to obtaining a legal interpretation of the applicable statute and quashing of the tax assessment.

In its ruling, the Tribunal on 18<sup>th</sup> December 2019 disagreed with KRA's argument that the income from the marketing activity of KTB could be attributed to KTB even though received by the Government. Despite this, the TAT ruled in favour of KRA in the appeal filed by KTB.

KTB, being dissatisfied with the decision of the Tax Appeals Tribunal filed an appeal to the High Court of Kenya after due consultation with the Attorney General's office. The purpose of the appeal is to seek the Court's interpretation of the applicable law. At the same time, KTB commenced alternative dispute resolution (ADR) proceedings with KRA in line with recent circulars that directed Government agencies to withdraw court cases and use mediation frameworks facilitated by the AG's office.

The mediation process took place in April 2022. Thereafter in July 2022, the Attorney General gave in his recommendation stated that payments made by KTB to MDRs are subject to taxation and that KTB is under obligation to withhold and remit the said taxes to KRA. KTB paid the total principal tax of KShs 120M in July 2022. KTB applied for full amnesty of interest and penalties totaling KShs 62,317,706; the decision is awaited.

Management provided for the full amount in FY 2019/20

### **SECTION H- KTB'S FINANCIAL PROBITY & SERIOUS GOVERNANCE ISSUES**

Strong and effective corporate governance is integral to the KTB's long-term success and is essential in delivering KTB's overall strategy. The various board committees continue to serve a vital tool for the discharge of the Board's functions.

KTB Board and management ensure financial probity and there have been no serious governance issues during the period.



## **IX. ENVIRONMENTAL AND SUSTAINABILITY REPORTING**

KTB exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on six (6) pillars: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is an outline of the organisation's policies and activities that promote sustainability.

### **1. Sustainability strategy and profile**

Crisis reveal the underbelly of any sector and the economy in general. Covid-19 pandemic is no different. It has already caused devastating impacts on the tourism sector worldwide and revealed the weaknesses in the sector in terms of business models, competitive positioning, product development and its dependence on other sectors of the economy such as transport and health. Sustainability therefore was once again brought into the front and center of all conversations at local and global levels with regards to restart and gradual recovery of the sector.

Nature (inclusive of wildlife, landscapes and seascapes etc) and Culture are Kenya's base resources for tourism and their preservation is key in ensuring sustainability of the sector. Currently over 70% tourism in Kenya and in sub-Saharan Africa is dependent on wildlife. For this reason, Sustainability is a key consideration in tourism destination development, management and marketing. Sustainability strives to ensure a delicate balance between people, planet and profits. To facilitate this, KTB has put in place a Sustainability Committee that interfaces with product owners and partners to drive the sustainability agenda at both organizational and destination levels.

KTB is also a member of Ecotourism Kenya, an association that champions responsible tourism in Kenya through an eco-rating scheme, annual eco-warrior awards, annual ecotourism forums and projects focused on capacity building, and certification of destinations and tour operations among others. In its marketing efforts, sustainability is a key theme to address the consumer trends and demand for sustainable products/experiences/destinations especially among the millennials who form two thirds of the world's population.

KTB developed the Kenya Tourism Sustainability Report focusing destination efforts towards addressing the Sustainable development goals 8, 11 and 12 as well as goal 17 where KTB works with various partners in sustainability projects such as Kenya Wildlife Service, Friends of Karura Forest, and Ecotourism Kenya among others. KTB has collaborated like-minded partners such KWS to host the Annual Magical Kenya Tembo Naming Festival under the banner #savethetembo.

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Adoption of market and product diversification strategies have also helped in sustaining the sector especially during the low season focusing on domestic and regional markets, in addition, to the international markets. On the product front, diversifying the offering beyond the traditional beach and safari; moving beyond the popular circuits to new and less known circuits hence ensuring tourism benefits are spread across the country and throughout the year. This meets the basic requirement of sustainability, which is to meet the needs of current and future generations but also benefit everyone across the country. The Magical Kenya Signature Experiences program (in its 3<sup>rd</sup> Phase) has incorporated sustainability in its criteria thereby ensuring a Signature Collection of unique and diverse Kenyan travel experiences that are responsible with environment and communities.

Capacity building amongst staff and trade partners through the various forums has played a key role in enhancing appreciation for sustainability and mentoring the youth through partners such as Kenya Utalii College, Global Tourism Resilience and Crisis Management Centre/ Kenyatta University. Most recent we collaborated with Green Tour Kenya for a sustainable destination Branding program among others.

## **2. Environmental Performance**

Environmental Sustainability is no longer a distant phenomenon but a reality that destinations must face. Issues such as Climate Change, Bulging Populations, Diminishing Resources, Terrorism, Seasonality of demand as well as Changing Consumer Trends dictate that destinations must adopt to sustainability practises across the tourism value chain. Kenyan Government has come up with a raft of measures geared towards environmental conservation such as the 15Billion Tree Planting Campaign launched by His Excellency The President of The Republic of Kenya, existence of relevant institutions established to manage environmental matters, requirements on green building and projects such as wind farms, solar panels and geothermal power go a long way in conserving the environment.

KTB has been part of the Single Use Plastic Ban campaign and implementation of the Cop26 declarations through ban of plastic cups in the office and being in the fore front on tree planting initiatives and promotion of tourism that feature enriching experiences in pristine environments such as Kereita Forest which is part of our signature experiences collection.

## **3. Employee welfare**

The HR Policy and procedure manual and the Gender Mainstreaming Policy guides on the hiring process and affirms on matters pertaining to gender ratio. Staff and other stakeholders' inputs/ engagements (NGEC, NACADA, NCPWD and NACC) and the Board of Directors are involved in improving the Policies when reviewed from time to time. The Gender Based Violence (GBV) in the workplace policy whose overall goal is to attain elimination of GBV and sexual harassment at

the workplace, and is aligned with the provisions and principles of the National Policy on Gender and Development, 2019.

Skills are improved through training, coaching and mentoring. Reward and Sanctions policy in place to guide on the reward system. KTB also has road safety and compliance policy.

**4. Market place practices**

**a) Responsible competition practice.**

KTB adheres to the requirements of the PPADA 2015 and the PPADR 2020, which stipulates transparency and fairness in all procurement activities. All participants involved in the procurement processes are treated equally in terms of information submission and responses to queries.

KTB ensures transparency through the publishing and advertisement its tenders in the Public procurement information portal as well as in the organization's website. This ensures fair competition among potential suppliers.

**b) Responsible Supply chain and supplier relations**

Kenya Tourism Board undertakes its procurement processes in line with the requirements of the PPADA 2015 and PPADR 2020. Award of tenders is based on fairness, transparency and objectivity as per the requirements of the Act. KTB maintains open communication line with all its suppliers via dedicated email and telephone. KTB also has set credit terms that is disclosed to all bidders before award of contracts and the same is duly maintained. KTB honours contracts and ensures that payments are made within the agreed timelines subject to satisfactory delivery of goods and services.

**c) Responsible marketing and advertisement-efforts to maintain ethical marketing practices**

KTB ensures ethical marketing practices by seeking to promote honesty, fairness, and responsibility in all advertising. This is ensured through using reputable advertising agencies such as Scanad Advertising, which has a global network, wide range of reputable clients and a good reputation as an agency. KTB ensures that information in its marketing about the organization and the destination is correct and verified. KTB also engages reputable representation companies (Market Development Representatives) in the source markets to support the implementation of the global marketing strategy.

**d) Product stewardship- efforts to safeguard consumer rights and interests**

The consumer is at the center of KTB's initiatives ensuring that the needs and interests of consumers are considered when designing destination products and experiences. This is achieved through regular forums held with the product owners and private sector stakeholders to share market intelligence including regular consumer insights. Embracing sustainability and no plastic ban among other initiatives helps to ensure good stewardship of Kenya's tourism base resources such as nature and culture.

**5. Community Engagement**

In its implementation of its sustainability agenda, KTB has undertaken a number of initiatives that are community engagement related. KTB continues to play its role in impacting the local Communities economically.

During World Desertification Day 2023, KTB purchased indigenous Tree Seedlings from a local Women Group through recommendation from Kenya Forestry Services. We also purchased Tree Seedlings from Chapalungu Community Group who have a nursery and work with the local County in restoration of Chepalungu Forest. KTB sustainability Committee has earmarked to sponsor a water tank to an identified special School in Kitui County as part of the World Environmental Day Celebration that was hosted in the County.

The Board has endeavoured to promote inclusivity ensuring youth, women and people with disability as well as the different tourism regions are involved as either suppliers, partners and beneficiaries of the various initiatives. Board also works closely with the County Governments and through the Ministry of Tourism and Wildlife engages with communities and get input in its strategy.

## **X. REPORT OF THE DIRECTORS**

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

### **i. Principal activities**

The principal activity of the Tourism Board continues to be marketing Kenya as a tourist destination.

#### **Quality Policy**

Kenya Tourism Board is committed to supporting and serving the tourist industry through marketing Kenya's unique physical and non-physical attractions with diligence, dedication and professionalism for the benefit of all stakeholders.

In pursuit of this commitment, quality objectives that have been established and communicated to all employees are being implemented and monitored.

#### **KTB Employees**

KTB employees exhibit the highest levels of integrity and professionalism. In meeting the service needs of our customers, our employees "get it right the first time, every time".

#### **Customer Focus**

We are a customer driven organization that views every customer contact as an opportunity to add value and enhance our relationship. We listen to our customers, learn and understand their needs thereby enabling us to anticipate and pro-actively offer attractive solutions.

We continuously strive to offer the best services for our customers.

#### **Communication**

We offer open, honest and constructive communication throughout the organization by supporting healthy debate and personal participation on issues affecting our business. We communicate with our customers in a fresh and informative way.

#### **Service**

We optimize the use of relevant technology to deliver attractive customer solutions, increase efficiency and minimize cost base.

We offer reliable service delivery channels that provide a comfortable, secure and user-friendly environment for both customers and employees alike. We constantly seek ways to improve the delivery of service to our customers.

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**ii. Results**

The results of the Kenya Tourism Board for the year ended June 30, 2023 are set out on page 1-45.

**iii. Directors**

The members of the Board of Directors who served during the year are shown on page IX to XIV. The directors were appointed during the year with effect from 10<sup>th</sup> March 2023.

**iv. Auditors**

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

By Order of the Board



Allan Njoroge  
**COMPANY SECRETARY**

Date: **07.02.2024**

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**XI. STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Section 81 of the Public Finance Management Act, 2012 and section 14 of the State Corporations Act and The Tourism Act No.28 of 2011 Section 32(4) require the Directors to prepare financial statements in respect of KTB, which give a true and fair view of the state of affairs of KTB at the end of the financial year and the operating results of KTB for that year. The Directors are also required to ensure that KTB keeps proper accounting records, which disclose with reasonable accuracy the financial position of KTB. The Directors are also responsible for safeguarding the assets of KTB.

The Directors are responsible for the preparation and presentation of KTB's financial statements, which give a true and fair view of the state of affairs of KTB for and as at the end of the financial year 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 entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the entity; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

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

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

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**STATEMENT OF DIRECTORS' RESPONSIBILITIES- Continued**

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

**Approval of the financial statements**

KTB's financial statements were approved by the Board on 28.09.2023 and signed on its behalf by:



**Francis Gichaba**  
**CHAIRPERSON OF THE BOARD**

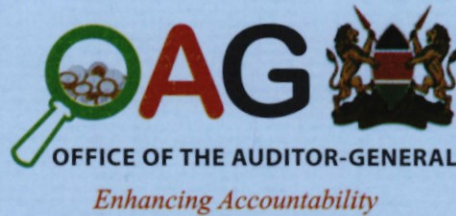


**John Chirchir**  
**AG. CHIEF EXECUTIVE OFFICER**



# 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 TOURISM BOARD FOR THE YEAR ENDED 30 JUNE, 2023

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### PREAMBLE

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

- A. Report on the Financial Statements that consider 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

#### Opinion

I have audited the accompanying financial statements of Kenya Tourism Board set out on pages 1 to 52, which comprise of the statement of financial position as at 30 June, 2023, and the statement of financial performance, statement of changes in net

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*Report of the Auditor-General on Kenya Tourism Board for the year ended 30 June, 2023*

assets, statement of cash flows and statement 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, the financial statements present fairly, in all material respects, the financial position of the Kenya Tourism Board as at 30 June, 2023, and 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 Tourism Act, 2011 and the Public Finance Management Act, 2012.

### **Basis for Opinion**

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kenya Tourism Board 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 audit of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **Key Audit Matters**

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

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **Marketing Costs on Special Projects**

The statement of financial performance reflects marketing costs of Kshs.537,506,796 as disclosed in Note 14 to the financial statements. Included in this amount is Kshs.12,763,321 in respect of special projects. However, the following anomalies were noted: -

- i. The Cabinet Secretary, Ministry of Tourism, Wildlife and Heritage requested the Management of Kenya Tourism Board (KTB) to pay two (2) suppliers

Kshs.6,222,445 for provision of one (1) business class return ticket for Kshs.1,595,745 and four (4) economy class return air tickets for Kshs.4,626,700 from Nairobi to Puntacana, Dominican Republic. The request was dated 9 June, 2023 and the journey took place from 15 to 21 May, 2023. However, the payment of Kshs.6,222,445 was not supported by request for quotations, LSO, evaluation report and certificate of professional opinion;

- ii. On 30 June, 2023, the Principal Secretary State Department for Tourism requested KTB to pay two (2) suppliers Kshs.2,179,235 for one (1) business class return ticket of Kshs.999,065 and three (3) economy class return tickets of Kshs.1,180,170 from Nairobi to Kingston (Jamaica). However, the return air tickets were not supported by request for quotations, evaluation report, LSO and certificate of professional opinion; and
- iii. Procurement records as outlined by Section 68 of the Public Procurement and Asset Disposal Act, 2015 were not provided for audit review.

In the circumstances, value for money for the expenditure of Kshs.8,401,680 could not be confirmed and Management was in breach of the law.

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

## REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

### Conclusion

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

### Basis for Conclusion

#### Composition of Board Members

Review of the Board composition revealed that out of five (5) members whose appointment were gazetted by the Cabinet Secretary (Gazette Notice No. 2886), none was from a registered national tourism association as required by Section 32(1)(f)(i) of the Tourism Act, 2011.

In the circumstances, the Board was not properly constituted to provide adequate guidance on tourism matters.

The audit was conducted in accordance with ISSAIs 2315 and 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, 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 Board of Directors**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal 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 governance.

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

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

The Board of Directors is responsible for overseeing the Board'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 controls that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal controls components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

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

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

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

  
FCPA Nancy Gathungu, CBS  
AUDITOR GENERAL

Nairobi

25 March, 2024

**KENYA TOURISM BOARD  
ANNUAL REPORT & FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2023**

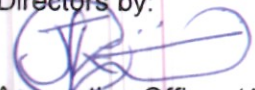
**XIII. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2023**

	Notes	2023 KShs	2022 KShs
<b>Revenue from non-exchange transactions</b>			
Industry contributions, Strategic Partnerships	11	130,802,907	23,384,359
Transfer from Government Grants & other Agencies	12	687,499,124	1,121,819,859
		<b>818,302,031</b>	<b>1,145,204,218</b>
<b>Revenue from exchange transactions</b>			
Public Contributions & Donations	13 (a)	5,951,377	-
Other income	13(b)	18,501,605	33,687,655
		<b>24,452,982</b>	<b>33,687,655</b>
<b>Total revenue</b>		<b>842,755,013</b>	<b>1,178,891,873</b>
<b>Expenses</b>			
Marketing Costs	14	537,506,796	897,806,156
Employee costs	15	242,285,227	268,074,806
Remuneration of Board	16	15,775,366	7,200,153
Depreciation and amortization expense	17	9,344,991	16,220,042
Repairs and maintenance	18	2,633,882	4,110,393
General expenses	19	63,404,736	82,009,343
Finance costs	20	1,141,314	783,696
		<b>872,092,311</b>	<b>1,276,204,588</b>
<b>Other gains/(losses)</b>			
Net Gain on sale of assets	21	24,713	94,905
Loss on foreign exchange transactions	22	(8,310,537)	(7,043,646)
		<b>(37,623,123)</b>	<b>(104,261,456)</b>
<b>Deficit for the Year</b>		<b>(37,623,123)</b>	<b>(104,261,456)</b>

The notes set out on pages 8 to 45 form an integral part of these Financial Statements.

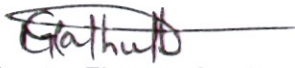
The Financial Statements set out on pages 1 to 45 were signed on behalf of the Board of

Directors by:

  
Accounting Officer (Ag.)

Name: John Chirchir

Date: 7<sup>th</sup> February 2024

  
Director Finance & Admin

Name: Mary Maina

ICPAK M/No: 4589

Date: 7<sup>th</sup> February 2024

  
Chairman of the Board

Name: Francis Gichaba

Date: 7<sup>th</sup> February 2024

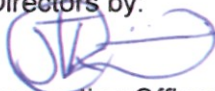
**KENYA TOURISM BOARD**  
**ANNUAL REPORT & FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**XIV. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023**

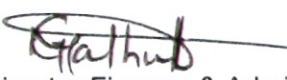
	Note	2023 KShs	2022 KShs
<b>Assets</b>			
<b>Current assets</b>			
Cash and Cash equivalents	23	173,108,405	485,280,038
Prepayments	25	7,696,051	7,178,106
Receivables from exchange transactions	26(a)	9,672,588	13,588,410
Receivables from non-exchange transactions	26(b)	23,146,894	70,306,441
Inventories	27	4,856,496	7,254,077
<b>Total Current Assets</b>		<b>218,480,434</b>	<b>583,607,072</b>
<b>Non-current assets</b>			
Property, plant and equipment	28	37,842,852	32,817,551
Intangible assets	29	2,000,637	4,556,952
<b>Total Non- Current Assets</b>		<b>39,843,489</b>	<b>37,374,503</b>
<b>Total Assets</b>		<b>258,323,924</b>	<b>620,981,576</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	30(a)	115,807,303	362,267,971
Payments received in advance	30(b)	4,928,017	4,002,342
Provisions	31	32,671,309	42,860,198
Deferred income	32	18,296,821	99,477,958
<b>Total Current Liabilities</b>		<b>171,703,451</b>	<b>508,608,469</b>
<b>Total liabilities</b>		<b>171,703,451</b>	<b>508,608,469</b>
<b>Net Assets</b>			
Accumulated surplus	34	33,398,856	63,676,988
Capital Fund	35	6,997,450	12,131,917
Sinking Fund	36	22,000,000	20,000,000
Revaluation Reserve	41	24,224,166	16,564,200
<b>Total Net Assets</b>		<b>86,620,472</b>	<b>112,373,105</b>
<b>Total Net Assets and Liabilities</b>		<b>258,323,924</b>	<b>620,981,576</b>

The Financial Statements set out on pages 1 to 45 were signed on behalf of the Board of

Directors by:

  
Accounting Officer (Ag.)  
Name: John Chirchir

Date: 7<sup>th</sup> February 2024

  
Director Finance & Admin  
Name: Mary Maina  
ICPAK M/No: 4589

Date: 7<sup>th</sup> February 2024

  
Chairman of the Board  
Name: Francis Gichaba

Date: 7<sup>th</sup> February 2024



**KENYA TOURISM BOARD**  
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**XV. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2023**

	Notes	Sinking Reserves Kshs	Accumulated Reserves Kshs	Capital Fund KShs	Revaluation Reserves Kshs	Total Kshs
<b>As at 1st July 2021</b>		<b>18,000,000</b>	<b>153,718,402</b>	<b>20,441,044</b>	<b>9,000,000</b>	<b>201,159,446</b>
Deficit for the period		-	(104,261,456)	-	-	(104,261,456)
Capital/Development grants received during the year	35	-	-	5,660,915		5,660,915
Transfer of depreciation/amortisation from capital fund to retained earnings	17	-	13,970,042	(13,970,042)		-
Revaluation gain	28				9,814,200	9,814,200
Transfer of depreciation on revaluation			2,250,000		(2,250,000)	-
Transfers to/from accumulated surplus/(Deficit)	36	2,000,000	(2,000,000)	-	-	-
<b>Balance as at 30 June 2022</b>		<b>20,000,000</b>	<b>63,676,988</b>	<b>12,131,917</b>	<b>16,564,200</b>	<b>112,373,105</b>
<b>As at 1st July 2022</b>		<b>20,000,000</b>	<b>63,676,988</b>	<b>12,131,917</b>	<b>16,564,200</b>	<b>112,373,105</b>
Deficit for the period		-	(37,623,123)	-	-	(37,623,123)
Capital/Development grants received during the year	35	-	-	4,210,524		4,210,524
Transfer of depreciation/amortisation from capital fund to retained earnings	17	-	9,344,991	(9,344,991)		-
Revaluation gain	28				11,140,000	11,140,000
Transfer of ammortization on revaluation					(3,480,034)	(3,480,034)
Transfers to/from accumulated surplus/(Deficit)	36	2,000,000	(2,000,000)	-	-	-
<b>Balance as at 30 June 2023</b>		<b>22,000,000</b>	<b>33,398,856</b>	<b>6,997,450</b>	<b>24,224,166</b>	<b>86,620,472</b>

**KENYA TOURISM BOARD**  
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**FOR THE YEAR ENDED JUNE 30, 2023**

**XVI. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2023**

	Notes	2022-2023 Kshs	2021-2022 Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Exchequer Releases: Government grants and subsidies	33 a(i)	355,855,834	824,081,541
Transfer from other government entities- Tourism Fund	12 (a)	300,000,000	191,000,000
Transfer from other government entities- Tourism Research Institute	12 (a)	-	4,840,000
Transfer from other government entities- Tourism Promotion Fund	12 (b)	-	100,000,000
Sale of goods- Industry Contribution & Strategic Partnerships	33 a. (ii)	85,039,143	5,562,907
Other income	33 a. (iii)	21,871,260	31,633,167
<b>Total receipts</b>		<b>762,766,237</b>	<b>1,157,117,615</b>
<b>Payments</b>			
Marketing Costs	33 (c)	627,921,080	907,697,925
Other Payments	33 (d)	174,846,029	64,644,963
Employee costs	33 (b)	250,587,851	257,659,755
Board Expenses	16	14,819,730	6,394,819
Repairs and maintenance	18	2,633,882	4,110,393
<b>Total payments</b>		<b>1,070,808,573</b>	<b>1,240,507,855</b>
<b>Net cash flows from/(used in) operating activities</b>	33(e)	<b>(308,042,336)</b>	<b>(83,390,240)</b>
<b>Cash flows from investing activities</b>			
Purchase of PPE and Intangible assets	28/29	(4,210,524)	(5,660,915)
Proceeds from sale of PPE	21	81,226	100,224
<b>Net cash flows from/(used in) investing activities</b>		<b>(4,129,298)</b>	<b>(5,560,691)</b>
<b>Cash flows from financing activities</b>			
<b>Net cash flows from financing Activities</b>			<b>-</b>
<b>Net increase/(decrease) in cash &amp; Cash equivalents</b>		<b>(312,171,634)</b>	<b>(88,950,931)</b>
Cash and cash equivalents at 1 July 2022	23	485,280,038	574,230,969
<b>Cash and cash equivalents at 30 June 2023</b>	23	<b>173,108,404</b>	<b>485,280,039</b>

Kenya Tourism Board presents its cash flow statement using the direct method as recommended in IPSAS 2.

For the purposes of these financial statements, cash and cash equivalents includes interest accrued on bank balances.

**KENYA TOURISM BOARD  
ANNUAL REPORT & FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2023**

**XVII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2023**

	Printed Estimates- 2022/2023	Adjustments (Over/Under)	Final Adjusted Budget - 2022/2023	Actual on comparable Basis	Performance Difference Under/(Over)	% Utilization	Variances explanations
	Kshs	KShs	KShs	KShs	KShs	KShs	
<b>Revenue</b>							
GOK-Recurrent	329,990,000	(23,000,000)	306,990,000	306,990,000	-	100%	Recurrent grant was reduced by Shs 23M during Supplementary 1
GOK-Development	50,200,000	(50,200,000)	-	-	-	0%	Development grant was reduced to Zero during Supplementary 1
Rendering of services- Industrial Contribution & Strategic partnerships	120,000,000		120,000,000	130,802,907	(10,802,907)	109%	Contributions received both in cash and in kind for Magical Kenya Expo, ITB Berlin and OTM 2023. The positive performance was due to more non-cash sponsorships during the year
Tourism Promotion Fund	-	100,000,000	100,000,000	-	100,000,000	0%	TPF is yet to disburse the funds to KTB, the budget was approved on 30th June 2023.
Tourism Fund	300,000,000		300,000,000	300,000,000	-	100%	Tourism fund disbursed the full amount KShs 300Million .
Finance Income & other Miscellaneous income	33,000,000		33,000,000	18,501,605	14,498,395	56%	Interest earned in the current bank accounts as negotiated with the bank. Negative variance resulting from low bank balances
Other Grants- UNESCO PROJECT		9,489,888	9,489,888	9,489,888	0	100%	Contributions received in cash relates to UNESCO project.
<b>Total income</b>	<b>833,190,000</b>	<b>36,289,888</b>	<b>869,479,888</b>	<b>765,784,400</b>	<b>103,695,488</b>	<b>100%</b>	

**KENYA TOURISM BOARD  
ANNUAL REPORT & FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2023**

**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2023- Continued**

	Printed Estimates- 2022/2023	Adjustments (Over/Under)	Final Adjusted Budget - 2022/2023	Actual on comparable Basis	Performance Difference Under/(Over)	% Utilization	Variances explanations
	Kshs	KShs	KShs	KShs	KShs	KShs	
<b>Expenses</b>							
Compensation of employees	270,054,848	-	270,054,848	218,444,912	51,609,937	81%	The spend is within expectation, savings due to staff exits and replacements had not been done by 30th June 2023
Marketing Expenditure	403,507,017	121,584,083	525,091,100	448,234,249	76,856,851	85%	Negative performance was because TPF project (Destination PR & digital communication) was not implemented; the funds had not been disbursed by year end.
Finance cost	2,000,000	160,000	2,160,000	9,204,772	(7,044,772)	426%	Variance due to high depreciation of KShs. against the major foreign currencies( USD,GBP & EURO). The variance is also explained by more transactions during the FY as well as increase of excise tax on bank transactions
Rent paid	32,423,599	(7,383,745)	25,039,854	24,740,317	299,537	99%	Spend is within the estimated costs, based on reduced rental costs during that year.
Remuneration of Board	12,000,000	3,000,000	15,000,000	14,819,730	180,270	99%	Spend is within the estimated costs, based on reduced rental costs during that year.
Depreciation and amortization expens	17,261,706	(7,900,000)	9,361,706	9,344,991	16,715	100%	Spend is within the estimated costs. Lower depreciation budget/ cost is due to revalued assets, depreciation is amortized against the revaluation reserve.
Repairs and maintenance	2,300,000	335,000	2,635,000	2,633,882	1,118	100%	Spend is within the estimated costs.
Other payments	74,242,830	(8,805,450)	65,437,380	63,448,125.56	1,989,254	97%	Savings from staff medical insurance pending staff replacements
<b>Total expenditure</b>	<b>813,790,000</b>	<b>100,989,888</b>	<b>914,779,888</b>	<b>790,870,977</b>	<b>123,908,911</b>	<b>97%</b>	
<b>Surplus/ (Deficit) for the period</b>	<b>19,400,000</b>	<b>(64,700,000)</b>	<b>(45,300,000)</b>	<b>(25,086,577)</b>	<b>(20,213,423)</b>	<b>97%</b>	
Capital Expenditure	19,400,000	(14,500,000)	4,900,000	4,210,001	689,999	86%	Shs 500,000 for purchase of furniture was deferred to FY 2023/24, the contracting process was ongoing at year end.

**KENYA TOURISM BOARD  
ANNUAL REPORT & FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2023**

**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED  
30<sup>TH</sup> JUNE 2023- Continued**

**Budget notes**

**i. Budget Variances (Performance difference)**

The material variances (below 90% underutilization) and over-utilization are explained above alongside each budget line category.

**ii. Changes between original and final budgets**

Explanation of changes between original and final budgets are explained above alongside each budget line category.

iii. Explanations where actuals do not tie to the statement of financial performance due to differences in accounting basis, the reconciliation is as provided below:

<b>Deficit as per Statement of Financial performance</b>	<b>(37,623,123)</b>
<b>Add:</b>	
Marketing expenses funded from deferred income	89,272,548
UNESCO-Deferred From FY2022/23 to FY2024	3,538,511
Correction of a software installation cost that had been capitalized and the corresponding depreciation that had run for one month	252,644
<b>Deduct:</b>	
Deferred Development Grants- ESP from FY 2021/22 net of deferred income in FY 2022/23	(80,527,157)
<b>Deficit as per Statement of Budget Comparison</b>	<b><u>(25,086,577)</u></b>

**XVIII. NOTES TO THE FINANCIAL STATEMENTS**

**1. GENERAL INFORMATION**

Kenya Tourism Board is established by and derives its authority and accountability from Tourism Act No.28 of 2011, sections 29-39. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to effectively market Kenya's tourism products.

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

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, financial instruments at fair value and impaired assets at their estimated recoverable amounts. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the KTB's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 10 of these financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of KTB. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

**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:
<b>IPSAS 41:</b> Financial Instruments	<b>Applicable: 1<sup>st</sup> January 2023:</b> 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. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: <ul style="list-style-type: none"> <li>Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;</li> <li>Applying a single forward-looking expected credit loss model</li> </ul>

**KENYA TOURISM BOARD  
ANNUAL REPORT & FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2023**

Standard	Effective date and impact:
	<p>that is applicable to all financial instruments subject to impairment testing; and</p> <ul style="list-style-type: none"> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.....<b>Not applicable</b></li> </ul>
<p><b>IPSAS 42: Social Benefits</b></p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the Entity.</p> <p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</p> <p><b>Not applicable</b></p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p><b>Applicable: 1st January 2023:</b></p> <p>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.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guaranteed contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>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.....<b>Not applicable</b></p>
<p>Other improvements to IPSAS</p>	<p><b>Applicable 1<sup>st</sup> January 2023</b></p> <ul style="list-style-type: none"> <li>• <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).</li> </ul>

**KENYA TOURISM BOARD  
ANNUAL REPORT & FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2023**

Standard	Effective date and impact:
	<ul style="list-style-type: none"> <li>• <i>IPSAS 39: Employee Benefits</i>. Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</li> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement</b>. Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</li> </ul>

**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><b>Applicable 1<sup>st</sup> January 2025</b></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> <p><b>Not effective, applicable from 1<sup>st</sup> January 2025</b></p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><b>Applicable 1<sup>st</sup> January 2025</b></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> <p><b>Not effective, applicable from 1<sup>st</sup> January 2025</b></p>

**Early adoption of standards**

KTB did not early – adopt any new or amended standards in the financial year



**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a) Revenue Recognition**

**i) Revenue from non-exchange transactions**

**Transfers from other government entities**

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably.

KTB receives some of its marketing budget from the development grant. The budget vote "Sustaining new markets and Sitting Booths" is a strategic intervention that was approved by the National Treasury in 2015 as part of tourism recovery programs. The strategic intervention was approved under the development grant. These specific marketing activities are treated as projects. For financial reporting, the total marketing expenditure including marketing project expenses are reported in the Statement of Financial Performance.

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 have been acquired using such funds.

**ii) Revenue from exchange transactions**

**Industry Contributions**

KTB recognizes revenue from industry contributions by reference to the stage of completion of the exhibition/ event. The stage of completion is measured by reference to whether the event had been completed.

Where the event has not been implemented, the industry contribution is reported as liabilities.

**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 KTB.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Interest income**

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

**b) Budget information**

The original budget for FY 2022/23 was approved by the National Assembly on 2/8/2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities on 30<sup>th</sup> June 2023. The additional appropriations was added to or reduced from the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

Accordingly, the Board recorded additional appropriations of 109M against budget cuts of KShs 73M on the 2023 budget following the governing body's approval. The net budget increase was KShs 26 Million.

The entity'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 section XVII of these financial statements.

**c) Property, plant and equipment**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items.

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

Likewise, when a major 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.

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

(I)	Motor vehicles	25%
(II)	Office equipment	12.5%
(III)	Furniture	12.5 %
(IV)	Computers	33.3 %

The depreciation charge is prorated in the year of purchase and year of disposal as follows:

- The delivery date is considered as the date of acquisition and depreciation in full in the month of acquisition.
- No depreciation is charged in the month the asset is boarded for disposal.
- No depreciation is charged on work-in-progress.

**d) Leases**

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

**e) Intangible Assets**

KTB's intangible assets comprise of software that are in use including the SAP accounting system and the E-HRM system.

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

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The useful life of the intangible assets is assessed as either finite or indefinite. The SAP/ ERP system shall be classified as indefinite useful life; they are assessed for impairment at each reporting date.

Amortization is calculated on the straight-line basis at annual rates to write off the cost of assets over their estimated useful lives by equal annual instalments at the rate of 33.3%.

The amortization charge is prorated in the year of purchase and year of disposal as follows:

- The delivery date is considered as the date of acquisition and amortization in full in the month of acquisition.
- No amortization is charged in the month the asset is boarded for disposal.
- No amortization is charged on work-in-progress.

**f) Work in Progress on Assets**

KTB purchases property plant and equipment (PPE) and intangible assets for use in its operations. An asset that is not ready for use (still being developed and/ or not delivered) at the reporting date is considered as work in progress (WIP). The assets are shown in PPE & Software movement schedules but are only capitalized on delivery. The WIP assets are recognized at cost; they are not depreciated or amortized. The depreciation and amortization start on the capitalization date.

**g) Research and Development costs**

KTB expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the *Board* can demonstrate:

- i) The technical feasibility of completing the asset so that the asset will be available for use or sale.
- ii) Its intention to complete and its ability to use or sell the asset.
- iii) How the asset will generate future economic benefits or service potential
- iv) The availability of resources to complete the asset.
- v) The ability to measure reliably the expenditure during development.

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**h) Financial instruments**

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. KTB does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

**i) Financial assets**

**Classification of financial assets**

KTB classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the Board's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless the Board has made irrevocable election at initial recognition for particular investments in equity instruments.

**Subsequent measurement**

Based on the business model and the cash flow characteristics, the entity classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Amortized cost**

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

**Fair value through net assets/ equity**

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

**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.

**Fair value through surplus or deficit**

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

**Impairment**

The Board assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The Board recognizes a loss allowance for such losses at each reporting date.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**ii) Financial liabilities**

**Classification**

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

**i) Inventories**

KTB maintains inventories mainly promotional materials for its marketing activities. Other inventories include printing and stationery materials, office utilities etc.

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.

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 Board .

**j) Trade and Other payables from exchange transactions**

In the course of its operations, KTB enters into exchange transactions and events through purchase of goods, works or services. Trade and other payables for KTB arising from exchange transactions include: trade and other payables and customer deposits.

Recognition of expense and/ or payable:

From the purchase of goods: When significant risks and rewards have been transferred to KTB, amount of expense can be reliably measured and it is likely that the economic benefits or service potential associated with the transaction will flow to KTB, and the costs incurred or to be incurred in respect of the transaction can be measured reliably; then an expense is recognized

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

From the purchase of services: This is recognized in reference to the stage of completion of the transaction at the reporting date, provided the outcome of the transaction can be estimated reliably.

The expense is measured at the fair value of the consideration paid or payable. Where the expense from exchange transaction is not paid for at the reporting date, it is recognised as a payable from exchange transaction.

**k) Provisions**

Provisions are recognized when KTB 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 KTB 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.

**l) Contingent liabilities**

KTB 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.

**m) Nature and Purpose of Reserves**

KTB creates and maintains reserves in terms of specific requirements. KTB maintains a sinking reserve, accumulated Reserve, Capital Fund and Revaluation Reserve.

The Sinking fund reserve is a fund set aside for future replacement of assets as required in the State Corporations Act; section 16(1) requires that state corporations shall make provision for the renewal of depreciating assets by the establishment of sinking funds and for contributions to such reserve and stabilization funds as may be required. KTB provides for Kshs. 2M annually for this fund. The amount is provided from the accumulated surplus reserves. The current balance as at June 2023 is Kshs 22 Million.

KTB also maintains accumulated reserve where all surpluses net of deficits from previous year are accumulated. The fund is also net of any transfers from/ to the accumulated surplus fund.



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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

KTB maintains capital fund for grants received for the acquirement of assets net transfer of depreciation/ amortization of the assets that have been acquired using such funds.

Revaluation reserve is maintained where all revaluation increases are credited. The revaluation reserve is reduced by subsequent depreciation and impairment losses.

**n) Changes in accounting policies and estimates**

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

**o) Employee Benefits**

**Retirement benefit plans**

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

**p) Employee Entitlement**

The estimated monetary liability for employees accrued annual leave entitlement at the balance sheet date is recognized as an expense accrual/reversal. Employee entitlements to gratuity are recognized when they accrue to employees. A provision is made for the liability for such entitlements as a result of services rendered by employees up to the Financial Position date.

**q) Foreign currency transactions**

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

**r) Related Parties**

KTB 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 KTB, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**s) 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 includes interest accrued on bank balances.

**t) Comparative figures**

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

**u) 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.

**10. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY**

The preparation of KTB'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. KTB based its assumptions and estimates on parameters available when the 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 KTB. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Useful lives and residual values**

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

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

**Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 26 and 32.

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.

KTB estimated the following provisions as 30<sup>th</sup> June 2023:

- Provision for bad debts based on the recoverability of the amounts. KTB makes provisions for all receivables outstanding over 365 days where recovery is doubtful.
- Provisions for staff leave balances- estimated based on the basic salaries in line with the approved terms and conditions of services
- Provision for gratuity for staff on contracts- estimated based on the basic salary in line with the approved terms and conditions of service
- Provision for audit fees based on uncharged audit fees.

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	<b>2023</b>	<b>2022</b>
	<b>KShs</b>	<b>KShs</b>
<b>11. Sale of services</b>		
<b>Industry Contributions, Strategic Partnerships &amp; Donations</b>		
Industry Contribution	77,316,629	5,562,907
Cash Strategic Partnership & Donations	8,053,771	-
Non-Cash Strategic Partnership & Donations	45,432,507	17,821,452
<b>Total Industry Contributions and Strategic Partnerships</b>	<b>130,802,907</b>	<b>23,384,359</b>

Industry contribution relates to industry partner's contributions for the tourism events. The contribution is both in cash and in kind.

Partnership revenue are sponsorship in kind by strategic partners to participate in joint events for example co-branded activities and joint marketing campaigns.

**12 (a). Transfer from Government & other agencies\*\***

	<b>2023</b>	<b>2022</b>
	<b>KShs</b>	<b>KShs</b>
<b>Unconditional grants</b>		
Recurrent Grant	298,164,190	277,282,153
Tourism Fund	300,000,000	191,000,000
Tourism Research Institute	-	4,840,000
	<b>598,164,190</b>	<b>473,122,153</b>
<b>Conditional grants</b>		
Development Grant	-	126,312,194
Development Grant-ESP	11,309,582	507,385,512
Development Grant-TPF	78,025,352	15,000,000
	<b>89,334,934</b>	<b>648,697,706</b>
<b>Total</b>	<b>687,499,124</b>	<b>1,121,819,859</b>

**12(b): Grants Reconciliations**

	<b>2023</b>	<b>2022</b>
	<b>KShs</b>	<b>KShs</b>
<b>**Transfers from Government &amp; other Agencies FY 2022/23</b>		
	<b>KShs</b>	<b>KShs</b>
	<b>Recurrent</b>	<b>Recurrent</b>
Government Grant in 2022/23	306,990,000	247,189,999
Deferred revenue from 2021/22	-	32,005,015
Deferred Revenue to 2023/24	(4,615,286)	-
Transfer to Capital Grant	(4,210,524)	(1,912,861)
<b>Recognized Revenue</b>	<b>298,164,190</b>	<b>277,282,153</b>

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	2023	2022
<b>**Transfers from Government &amp; other Agencies FY 2022/23</b>	<b>KShs</b>	<b>KShs</b>
	<b>Development</b>	<b>Development</b>
Government Grant in 2022/23	-	55,000,000
Deferred revenue from 2020/21	-	75,060,248
Deferred revenue from 2020/21- ESP	11,309,582	507,385,512
Deferred Revenue to 2023/24-TPF	78,025,352	(85,000,000)
Transfer to capital Grant- 2021/22	-	(3,748,054)
<b>Recognized Revenue</b>	<b>89,334,934</b>	<b>548,697,706</b>

**12 (c): TRANSFERS FROM MINISTRIES & AGENCIES**

Name of the Entity Sending the Grant	Amount		Amount Recognized in Capital Fund	Total transfers Current FY 2022/23	Total Transfers 2021/22
	Recognized in the statement of Financial Performance	Amount deferred under deferred income			
	KShs	KShs			
	KShs	KShs			
Ministry of Tourism & Wildlife	298,164,190	84,719,648	4,210,524	306,990,000	910,979,859
Tourism Fund	300,000,000	-	-	300,000,000	191,000,000
Tourism Research Institute	-	-	-	-	4,840,000
Tourism Promotion Fund	-	-	-	-	100,000,000
<b>TOTAL</b>	<b>598,164,190</b>	<b>84,719,648</b>	<b>4,210,524</b>	<b>606,990,000</b>	<b>1,206,819,859</b>

The details of the reconciliation of the GOK grants is shown in 12(b) above.

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**13(a). Public Contributions & Donations**

	<b>2023</b>	<b>2022</b>
	<b>KShs</b>	<b>KShs</b>
Donations transferred to revenue on conditions being met-UNESCO	5,951,377	-
<b>Total Transfers and Sponsorships</b>	<b>5,951,377</b>	<b>-</b>
<b>Reconciliation Of Public Contributions and</b>		
Balance Unspent at Beginning of The Year	-	-
Current Year Receipts- UNESCO	9,489,888	-
Conditions Met - Transferred to Revenue	5,951,377	-
<b>Conditions To Be Met - Remain Liabilities</b>	<b>3,538,511</b>	<b>-</b>

**13(b). Other income**

	<b>2023</b>	<b>2022</b>
	<b>KShs</b>	<b>KShs</b>
Miscellaneous Income-interest	10,766,168	30,766,519
Miscellaneous Income-other	7,735,437	2,921,136
<b>Total other income</b>	<b>18,501,605</b>	<b>33,687,655</b>

Miscellaneous income (other) consists of tender fees, credit notes/ write backs of creditors' invoices and provisions write backs.

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**14. MARKETING RELATED COSTS**

	<b>2023</b>	<b>2022</b>
	<b>KShs</b>	<b>KShs</b>
United States & Canada	109,209,942	109,657,731
United Kingdom	58,404,082	150,359,923
China	1,606,691	18,123,345
India	12,792,340	35,936,002
Kenya	78,025,352	42,970,715
Business Development	11,983,195	13,808,785
Special Projects	12,763,321	8,307,479
Public Relations & Communications	28,324,383	48,885,505
Online Marketing/ Global Online campaigns	9,194,412	150,748,408
Exhibitions & Events	177,045,827	73,436,060
Agency Management	18,221,304	134,643,647
Customer Relationship Managements	6,005,737	90,823,392
Research & Strategy	5,635,132	18,336,247
Tactical Marketing- General	8,295,078	1,768,918
<b>Total-Marketing Related Costs</b>	<b>537,506,796</b>	<b>897,806,156</b>

KTB's core activity is to market Kenya as the preferred destination of choice. Various marketing activities are implemented in both local, regional and international markets to market the destination to potential tourists with the objective of increasing tourist arrivals and therefore tourism revenue to the economy.

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<b>15. Employee costs</b>	<b>2023</b>	<b>2022</b>
	<b>KShs</b>	<b>KShs</b>
Employee related costs - salaries and wages	148,848,016	163,184,879
Housing benefits and allowances	42,954,000	49,190,740
Employee related costs - contributions to Pensions and NSSF	16,865,630	17,075,123
Gratuity	8,821,630	15,220,845
Staff Group Life Policy	1,763,130	1,323,746
Staff Medical Insurance (In & Out Patient)	22,556,282	21,563,411
Group Personal Accident	476,540	516,062
<b>Employee costs</b>	<b>242,285,227</b>	<b>268,074,806</b>
<b>16. Remuneration of Board Members</b>	<b>2023</b>	<b>2022</b>
	<b>KShs</b>	<b>KShs</b>
Chairman Honorarium	955,636	805,333
Sitting Allowances	4,648,000	2,370,000
Induction & Training	1,305,210	393,115
Travel and Accomodation	8,128,262	2,977,756
Medical Insurance	693,708	653,949
Board Telephone Expenses	44,550	-
<b>Total</b>	<b>15,775,366</b>	<b>7,200,153</b>
<b>17. Depreciation and amortization expense</b>	<b>2023</b>	<b>2022</b>
	<b>KShs</b>	<b>KShs</b>
Property, plant and equipment	6,788,676	13,175,004
Intangible assets	2,556,315	3,045,038
<b>Total Depreciation and Amortization</b>	<b>9,344,991</b>	<b>16,220,042</b>
<b>18. Repairs and maintenance</b>		
Motor Vehicle	907,217	2,742,804
Office Furniture and Equipment	754,966	484,600
Computers	971,699	882,989
<b>Total repairs and maintenance</b>	<b>2,633,882</b>	<b>4,110,393</b>



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	<b>2023</b>	<b>2022</b>
	<b>KShs</b>	<b>KShs</b>
<b>19. General expenses</b>		
Audit fees	700,000	700,000
Bad debts Expense- Industry Debtors	-	202,402
Staff welfare	2,719,721	2,515,805
Hiv aids/Positive living	462,632	488,696
Subscription and Memberships	775,987	795,468
Staff Training	1,128,150	274,850
Recruitment	1,285,134	442,358
Merger Implementation Costs	-	13,922,944
Insurance for Motor Vehicle, Computers & Office Equip.	915,220	878,348
Rent	24,740,317	23,654,115
Telephone, Internet, Postal & Directories	5,156,305	5,635,784
Printing & Stationery	2,458,213	2,993,668
Entertainment	1,493,651	1,810,089
Committees, Conferences & Meetings	1,738,699	1,464,459
Local Traveling & Accomodotation for Product fam trips	1,650,792	3,758,467
Parking	326,990	2,600
Legal fees & Consultancies	221,659	989,795
ICT Software licences/ Support fees & ERP Programmes	12,354,743	15,373,218
Procurement Management	710,440	2,324,928
Motor vehicle fuel	1,189,247	839,510
Tax and statutory charges	-	-
Office general expenses	3,376,836	2,941,842
<b>Total General expenses</b>	<b>63,404,736</b>	<b>82,009,343</b>
<b>20. Finance Cost</b>		
	<b>2023</b>	<b>2022</b>
	<b>KShs</b>	<b>KShs</b>
Bank charges	1,141,314	783,696
	<b>1,141,314</b>	<b>783,696</b>
<b>21. Gain/ (Loss) on sale of assets</b>		
Property, plant and equipment	24,713	94,905
<b>Total gain on sale of assets</b>	<b>24,713</b>	<b>94,905</b>
<b>22. Loss on foreign exchange transactions</b>		
	<b>2023</b>	<b>2022</b>
	<b>KShs</b>	<b>KShs</b>
Forex (Loses)	8,310,537	7,043,646
	<b>8,310,537</b>	<b>7,043,646</b>

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<b>23. Cash and cash equivalents</b>	<b>2023</b>	<b>2022</b>
	<b>KShs</b>	<b>KShs</b>
Bank	172,402,170	483,514,727
Cash-on-hand and in transit	97,381	125,564
Accrued Interest Income on Current Account	608,853	1,639,747
<b>Total cash and cash equivalents</b>	<b>173,108,405</b>	<b>485,280,038</b>

<b>24. Detailed Analysis of Cash &amp; Cash Equivalent</b>	<b>2022-2023</b>	<b>2021-2022</b>
<b>Bank and Account Number</b>	<b>KShs</b>	<b>KShs</b>
<b>a) Current Accounts</b>		
KCB Moi Avenue Branch EURO A/C 1101689846	5,172,793	8,837,806
KCB Moi Avenue Branch-USD A/C 1101660066	1,648,355	43,838,376
KCB Moi Avenue Branch GBP A/C 1101636912	7,201,658	12,965,724
KCB Moi Avenue Branch KES A/C 1108980457	133,379,365	392,872,822
<b>Sub- Total</b>	<b>147,402,170</b>	<b>458,514,728</b>
<b>b) Staff Mortgage</b>		
KCB- Haile Selassie Branch	25,000,000	25,000,000
<b>Sub- Total</b>	<b>25,000,000</b>	<b>25,000,000</b>
<b>Grand Total</b>	<b>172,402,170</b>	<b>483,514,728</b>

<b>25. Prepayments</b>	<b>2023</b>	<b>2022</b>
	<b>KShs</b>	<b>KShs</b>
Prepayments	7,696,051	7,178,106
<b>Total Prepayments</b>	<b>7,696,051</b>	<b>7,178,106</b>

<b>26 (a) Receivables from exchange transactions</b>	<b>2023</b>	<b>2022</b>
<b>Current receivables</b>	<b>KShs</b>	<b>KShs</b>
Exhibition debtors	2,732,249	3,110,157
Other deposits/receivables	9,588,410	13,588,410
	<b>12,320,659</b>	<b>16,698,567</b>
<b>Less Provisions:</b>		
Bad Debt- Industry	2,648,070	3,110,157
<b>Sub Total- Provisions</b>	<b>2,648,070</b>	<b>3,110,157</b>
<b>Total current receivables</b>	<b>9,672,588</b>	<b>13,588,410</b>

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Ageing analysis: ( Receivables from exchange transactions)

	2023	% of the Total	2022	% of the Total
	KShs		KShs	
Under one year	331,257	3%	-	0%
Over 3 years	11,989,401	97%	16,698,567	100%
<b>Total</b>	<b>12,320,659</b>	<b>100%</b>	<b>16,698,567</b>	<b>100%</b>

**Reconciliation for Impairment Allowance of Receivables from Exchange Transactions**

	2023	2022
	KShs	KShs
At the beginning of the year	3,110,157	3,110,157
Additional provisions during the year	454,747	-
Recovered during the year		-
Written back during the year	(916,834)	
<b>At the end of the year</b>	<b>2,648,070</b>	<b>3,110,157</b>

**26 (b) Receivables from non exchange transactions**

	2023	2022
	KShs	KShs
<b>Current receivables</b>		
Tourism Fund	-	4,000,000
Ministry of Tourism- Grants	19,832,499	68,698,333
Tourism Research Institute	-	1,150,638
Staff Advances and Perdiem	3,287,836	2,647,844
Imprest	1,518,587	452,291
	<b>24,638,922</b>	<b>76,949,107</b>
<b>Less Provisions:</b>		
Bad Debt- TRI	-	1,150,638
Provision TF	-	4,000,000
Bad Debt- Staff	1,492,028	1,492,028
<b>Sub Total- Provisions</b>	<b>1,492,028</b>	<b>6,642,666</b>
<b>Total current receivables</b>	<b>23,146,894</b>	<b>70,306,441</b>

Ageing analysis: ( Receivables from Non-exchange transactions)

	2023	% of the Total	2022	% of the Total
	KShs		KShs	
Under one year	23,146,894	94%	75,457,079	98%
Over 3 years	1,492,028	6%	1,492,028	2%
<b>Total</b>	<b>24,638,922</b>	<b>100%</b>	<b>76,949,107</b>	<b>100%</b>

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**Reconciliation for Impairment Allowance of  
Receivables from Non- Exchange  
Transactions**

	<b>2023</b>	<b>2022</b>
	<b>KShs</b>	<b>KShs</b>
At the beginning of the year	6,642,666	6,642,666
Written back during the year	(5,150,638)	-
At the end of the year	<b>1,492,028</b>	<b>6,642,666</b>

**27. Inventories**

Consumable stores	4,856,496	7,254,077
<b>Total Inventories</b>	<b>4,856,496</b>	<b>7,254,077</b>

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**28(a) PROPERTY, PLANT & EQUIPMENT**

	Office Equipment	Computer Hardware	Furniture & Fittings	Motorvehicle	Total
Cost	KShs	KShs	KShs	KShs	KShs
<b>1st July 2021</b>	<b>18,554,891</b>	<b>55,961,437</b>	<b>30,518,727</b>	<b>49,509,388</b>	<b>154,544,442</b>
Additions	290,755	1,584,560	236,000	-	2,111,315
Revaluation	2,015,200	-	7,799,000	-	9,814,200
Disposals	-	(944,870)	-	-	(944,870)
<b>As 30th June 2022</b>	<b>20,860,846</b>	<b>56,601,126</b>	<b>38,553,726</b>	<b>49,509,388</b>	<b>165,525,087</b>
Additions	-	4,210,524	-	-	4,210,524
Revaluation	-	-	-	11,140,000	11,140,000
Disposals	-	(728,443)	-	-	(728,443)
<b>As 30th June 2023</b>	<b>20,860,846</b>	<b>60,083,207</b>	<b>38,553,726</b>	<b>60,649,388</b>	<b>180,147,168</b>
<b>Depreciation and impairment</b>					
<b>1st July 2021</b>	<b>13,548,466</b>	<b>50,157,539</b>	<b>20,901,056</b>	<b>35,865,023</b>	<b>120,472,083</b>
Depreciation	1,355,635	4,016,528	1,674,365	6,128,477	13,175,004
Disposals	-	(939,551)	-	-	(939,551)
<b>As At 30 June 2022</b>	<b>14,904,101</b>	<b>53,234,515</b>	<b>22,575,420</b>	<b>41,993,500</b>	<b>132,707,536</b>
Depreciation	1,158,857	3,267,135	1,596,796	765,888	6,788,676
Revaluation	254,048	-	975,986	2,250,000	3,480,034
Disposals	-	(671,930)	-	-	(671,930)
<b>As At 30 June 2023</b>	<b>16,317,006</b>	<b>55,829,720</b>	<b>25,148,202</b>	<b>45,009,388</b>	<b>142,304,316</b>
<b>Net book values</b>					
<b>As at 30 June 2023</b>	<b>4,543,841</b>	<b>4,253,487</b>	<b>13,405,524</b>	<b>15,640,000</b>	<b>37,842,852</b>
<b>As at 30 June 2022</b>	<b>5,956,746</b>	<b>3,366,611</b>	<b>15,978,306</b>	<b>7,515,888</b>	<b>32,817,551</b>

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**Valuation**

Motor vehicles were valued by Ministry of Roads & Transport- State Department of Roads during the year on cost basis of valuation. These amounts were adopted on 30<sup>th</sup> April 2023. Depreciation will commence in FY 2023/24 in line with the approved policy.

**28 (c) Property, Plant and Equipment at Cost**

If the PPE were stated on the historical cost basis the amounts would be as follows:

	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>NBV</b>
	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>
Motor vehicles	60,649,388	45,009,388	15,640,000
Furniture and Fittings	38,553,726	25,148,202	13,405,524
Computer Harware	60,083,207	55,829,720	4,253,487
Office Equipment	20,860,846	16,317,006	4,543,841
<b>Total</b>	<b>180,147,168</b>	<b>142,304,316</b>	<b>37,842,852</b>

Property plant and Equipment includes the following assets that are fully depreciated and revalued:

	<b>Cost or Valuation</b>	<b>Normal Annual Depreciation</b>
Motor vehicles	20,140,000	2,250,000
Office Equipment	2,015,200	254,048
Furniture & Fittings	7,799,000	975,986
<b>Total</b>	<b>29,954,200</b>	<b>3,480,034</b>

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**29. Intangible assets - Software**

<b>Cost</b>	<b>KShs</b>
<b>At 30 June 2021</b>	<b>42,745,014</b>
Additions – internal development	3,549,600
<b>At 30 June 2022</b>	<b>46,294,614</b>
Additions – internal development	-
<b>At 30 June 2023</b>	<b>46,294,614</b>
<b>Amortization and impairment</b>	
<b>At 30 June 2021</b>	<b>38,692,624</b>
Amortization	3,045,038
<b>At 30 June 2022</b>	<b>41,737,662</b>
Amortization	2,556,315
<b>At 30 June 2023</b>	<b>44,293,977</b>
<b>Net book values</b>	
<b>At 30 June 2023</b>	<b>2,000,637</b>
<b>At 30 June 2022</b>	<b>4,556,952</b>

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<b>30 (a) Trade and other payables</b>	<b>2023</b>	<b>2022</b>
	<b>KShs</b>	<b>KShs</b>
Trade payables	41,099,306	139,771,047
Accruals	158,450	2,767,317
Other payables	74,549,547	219,729,607
<b>Total trade and other payables</b>	<b>115,807,303</b>	<b>362,267,971</b>

Ageing analysis: (Trade and other payables)				
	<b>2023</b>	<b>% of the Total</b>	<b>2022</b>	<b>% of the Total</b>
	<b>KShs</b>		<b>KShs</b>	
Under one year	34,698,833	30%	256,622,956	71%
1-2 years	3,827,992	3%	35,845,922	10%
2-3 years	7,481,387	6%	7,481,387	2%
Over 3 years	69,799,093	60%	62,317,706	17%
<b>Total</b>	<b>115,807,303</b>	<b>100%</b>	<b>362,267,971</b>	<b>100%</b>

<b>30 (b) Payments received in advance</b>	<b>2023</b>	<b>2022</b>
	<b>KShs</b>	<b>KShs</b>
Payments received in advance- Exhibitions	4,928,017	4,002,342
	<b>4,928,017</b>	<b>4,002,342</b>

<b>31. Current provisions</b>				
	<b>Leave Liability</b>	<b>Gratuity</b>	<b>Audit Fees</b>	<b>Total</b>
	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>
<b>Balance as at 30 June 2021</b>	<b>6,355,887</b>	<b>23,593,730</b>	<b>2,100,000</b>	<b>32,049,617</b>
Additional provisions raised	1,095,530	15,220,845	700,000	17,016,375
Provision utilized	-	(4,805,794)	(1,400,000)	(6,205,794)
<b>Balance as at 30 June 2022</b>	<b>7,451,417</b>	<b>34,008,781</b>	<b>1,400,000</b>	<b>42,860,198</b>
Additional provisions raised	-	8,821,630	700,000	9,521,630
Provision utilized	(1,186,264)	(17,124,254)	(1,400,000)	(19,710,518)
<b>Balance as at 30 June 2023</b>	<b>6,265,153</b>	<b>25,706,156</b>	<b>700,000</b>	<b>32,671,309</b>



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	2023	2022
32. i) Deferred Income	KShs	KShs
GOK Grants	7,783,662	14,477,958
Tourism Promotion Fund	6,974,648	85,000,000
Unesco Funds	3,538,511	
<b>Total</b>	<b>18,296,821</b>	<b>99,477,958</b>

The deferred income movement is as follows:

ii) Deferred Income	2023	2023	2023	Total
	KShs	KShs	KShs	
	Recurrent	Development	Other grants	
Balance Brought Forward	-	99,477,958	-	99,477,958
Additions/ Deferred to 2023/24	4,615,286		3,538,511	8,153,797
Transfer to Income Statement		(89,334,934)	-	(89,334,934)
Transfer to Capital Grants				
<b>Balance Carried Forward</b>	<b>4,615,286</b>	<b>10,143,024</b>	<b>3,538,511</b>	<b>18,296,821</b>

The deferred income relates to funds transferred from the income statement under government grants to the deferred income accounts. These grants relate to funds received in the year or accrued at year end but for which the specific marketing projects had not been implemented and/or were ongoing.

**33 a. Revenue Inflows**

Description	2022/2023	2021/2022
	KShs	KShs
<b>33 a(i) Exchequer Releases:</b>		
Total Receipts	306,990,000	302,189,999
Add: Prior Revenue received	68,698,333	590,589,875
<b>Less: Accrued Revenue receivable</b>	<b>(19,832,499)</b>	<b>(68,698,333)</b>
<b>Total Cash Inflows</b>	<b>355,855,834</b>	<b>824,081,541</b>

**33 a. (ii) Entity Own Generated Receipts( A-I-A)- Industry Contribution & Strategic Partnerships & Sponsorships**

Total Receipts	130,471,650	23,384,359
Less: Non Cash sponsorships	(45,432,507)	(17,821,452)
<b>Total Cash Inflows</b>	<b>85,039,143</b>	<b>5,562,907</b>

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**33 a. (iii) Entity Own Generated Receipts( A-I-A)- Other Income**

	<b>2022/2023</b>	<b>2021/2022</b>
	<b>KShs</b>	<b>KShs</b>
Website Income	-	-
Miscellaneous Income-interest	10,766,168	30,766,519
Miscellaneous Income-others	7,735,437	2,921,136
<b>Total other income</b>	<b>18,501,605</b>	<b>33,687,655</b>
Add: Prior Revenue received	1,639,747	1,795,054
Less: Accrued Revenue receivable	(608,853)	(1,639,747)
Less: Creditors Writeback	(7,151,126)	(2,209,795)
<b>Total</b>	<b>12,381,373</b>	<b>31,633,167</b>
<b>Public Contributions &amp; Donations</b>		
Unesco Project Funds	9,489,888	-
<b>Total Cash Inflows</b>	<b>21,871,260</b>	<b>31,633,167</b>

**33 (c) Marketing Costs**

<b>Description</b>	<b>2022/2023</b>	<b>2021/2022</b>
	<b>KShs</b>	<b>KSh</b>
<b>Use of goods and services</b>	<b>537,506,796</b>	<b>897,806,156</b>
Add: Creditors settled from prior year	124,179,884	196,087,902
Add: Payments received in advance- Exhibitions	4,469,367	-
less: Prepaid Media Buy	-	(63,731,228)
Less: Accrued Costs during the year	(158,450)	(2,767,317)
Less: Creditors balance at year end	(38,076,518) -	139,771,046.58
<b>Total Cash Expense on Marketing Costs</b>	<b>627,921,080</b>	<b>907,697,925</b>

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**33 (d) Other Payments**

	<b>2022/2023</b>	<b>2021/2022</b>
<b>Description</b>	<b>KShs</b>	<b>KSh</b>
General Expenses	55,120,877	82,009,343
Directors remuneration	955,636	805,333
Finance cost	1,141,314	783,696
KRA Tax assessment principal payment	120,133,046	-
	<b>177,350,873</b>	<b>86,925,070</b>
Add: Creditors settled from prior year	-	-
Add: Prepayments at end year	7,696,051	7,178,106
Less: Prepayments at Beginning of year	(7,178,106)	(6,146,595)
Less: Accrued Costs during the year	-	(2,586,238)
Less: Creditors balance at year end	(3,022,789)	(17,398,681)
<b>Total Other payments</b>	<b>174,846,029</b>	<b>67,971,661</b>

**33 (e). Cash generated from operations**

	<b>2023</b>	<b>2022</b>
	<b>KShs</b>	<b>KShs</b>
<b>Deficit for the year before tax</b>	<b>(37,623,123)</b>	<b>(104,261,456)</b>
Adjusted for:		
Depreciation	6,788,676	13,175,004
Amortisation	2,556,315	3,045,038
Contribution to impairment allowance	454,747	202,402
<b>Working capital adjustments:</b>		
(Increase)/Decrease to Provisions	(10,188,889)	10,810,581
(Increase)/Decrease in Prepayments	(517,945)	62,699,717
(Increase)/Decrease in inventory	2,397,581	183,325
(Increase)/Decrease in Exchange receivables	3,915,822	531,093,608
(Increase)/Decrease in Non-exchange receivables	47,159,546	250,267
(Increase)/Decrease in interest receivables	1,030,894	155,307
(Increase)/Decrease in deferred income	(81,181,137)	(538,500,594)
(Increase)/Decrease in payables	(243,760,498)	(62,148,534)
(Increase)/ Decrease in payments received in advance	925,674	-
<b>Net cash flows from operating activities</b>	<b>(308,042,336)</b>	<b>(83,390,239)</b>

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<b>34. Accumulated Surplus</b>	<b>2023</b>	<b>2022</b>
	<b>KShs</b>	<b>KShs</b>
Balance b/f	63,676,988	153,718,399
Surplus/ (Deficit)	(37,623,123)	(104,261,456)
Transfer of depreciation/amortisation from capital fund	9,344,991	16,220,042
Transfers to Sinking Fund	(2,000,000)	(2,000,000)
<b>Total Accumulated Surplus</b>	<b>33,398,856</b>	<b>63,676,985</b>

<b>35. Capital Fund</b>	<b>2023</b>	<b>2022</b>
	<b>KShs</b>	<b>KShs</b>
Balance b/f	12,131,917	20,441,044
Capital/Development grants	4,210,524	5,660,915
Transfer of depreciation/amortisation from capital fund to retained earnings	(9,344,991)	(13,970,042)
<b>Total Capital Fund</b>	<b>6,997,450</b>	<b>12,131,917</b>

The amounts transferred to capital fund relates to capital expenditure for year.

**36. Sinking Fund**

	<b>2023</b>	<b>2022</b>
	<b>KShs</b>	<b>KShs</b>
Opening Balance	20,000,000	18,000,000
Sinking Fund Provision	2,000,000	2,000,000
<b>Balance as at 30 June</b>	<b>22,000,000</b>	<b>20,000,000</b>

**37. FINANCIAL RISK MANAGEMENT**

KTB's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. KTB'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. KTB does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

KTB's financial risk management objectives and policies are detailed below:

**i) Credit risk**

KTB 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.

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**FINANCIAL RISK MANAGEMENT (Continued)**

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 management based on prior experience and their assessment of the current economic environment.

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

	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2023</b>				
Receivables from exchange transactions	12,567,738	10,374,414	-	2,193,323
Receivables from non exchange transactions	24,638,922	23,146,894	-	1,492,028
Bank balances	172,402,170	172,402,170	-	-
<b>Total</b>	<b>209,608,831</b>	<b>205,923,479</b>	<b>-</b>	<b>3,685,352</b>
<b>At 30 June 2022</b>				
Receivables from exchange transactions	23,354,599	20,244,442	-	3,110,157
Receivables from non exchange transactions	76,949,107	70,306,441	-	6,642,666
Bank balances	483,514,727	483,514,727	-	-
<b>Total</b>	<b>583,818,433</b>	<b>574,065,610</b>	<b>-</b>	<b>9,752,823</b>

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 entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The board of directors sets KTB's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

KTB requires that customers pay for their participation costs before the events thereby minimizing any risk of non-payment of industry contributions. KTB also makes provisions for all receivables outstanding over

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**FINANCIAL RISK MANAGEMENT (Continued)**

365 days where recovery is doubtful. To avoid further loss, KTB does not allow subsequent engagement with a debtor until the previous outstanding amount is fully received.

**ii) Liquidity risk management**

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

The table below represents cash flows payable by KTB 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.

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2023</b>				
Trade payables	(38,245,892)	(11,157,080)	90,502,278	41,099,306
Provisions	700,000	-	31,971,309	32,671,309
Deferred income	18,296,821	-	-	18,296,821
<b>Total</b>	<b>(19,249,071)</b>	<b>(11,157,080)</b>	<b>122,473,587</b>	<b>92,067,437</b>
<b>At 30 June 2022</b>				
Trade payables	83,435,104	(380,360)	58,674,303	141,729,047
Provisions	700,000	3,725,708	38,434,489	42,860,198
Deferred income	-	30,000,000	44,000,000	74,000,000
<b>Total</b>	<b>84,135,104</b>	<b>33,345,348</b>	<b>141,108,792</b>	<b>258,589,244</b>

**(iii) Market risk**

KTB 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 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

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**FINANCIAL RISK MANAGEMENT (Continued)**

acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Board Audit and Risk Management Committee.

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

Risk management analysis is done for all major projects (above KShs 10M) at the onset of the projects.

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

**a) Foreign currency risk**

KTB has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

The carrying amount of KTB's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Ksh	Other currencies	Total
	Kshs	Kshs	Kshs
<b>At 30 June 2023</b>			
<b>Financial assets</b>			
Cash	158,379,365	14,022,805	172,402,170
Debtors	33,066,562	-	33,066,562
<b>Total financial assets</b>	<b>191,445,927</b>	<b>14,022,805</b>	<b>205,468,732</b>
<b>Financial Liabilities</b>			
Trade and other payables	34,846,206	6,253,100	41,099,306
<b>Total financial liabilities</b>	<b>34,846,206</b>	<b>6,253,100</b>	<b>41,099,306</b>
<b>Net foreign currency asset/(liability)</b>	<b>156,599,721</b>	<b>7,769,705</b>	<b>164,369,426</b>

**b) Interest rate risk**

Interest rate risk is the risk that KTB's financial condition may be adversely affected as a result of changes in interest rate levels. KTB's interest rate risk arises from bank deposits and balances. This exposes KTB

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**FINANCIAL RISK MANAGEMENT (Continued)**

to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the entity's deposits/ bank balances.

*Management of interest rate risk*

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

**iv) Capital Risk Management**

The objective of the entity's capital risk management is to safeguard KTB's ability to continue as a going concern. The entity capital structure comprises of the following funds:

	<b>2022-2023</b>	<b>2021-2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Revaluation reserve	24,224,166	16,564,200
Sinking Fund	22,000,000	20,000,000
Retained earnings	33,398,856	63,662,266
Capital Fund	6,997,450	12,131,917
<b>Total Funds</b>	<b>86,620,472</b>	<b>112,358,383</b>
Less: cash and bank balances	173,108,405	485,280,038
Net debt/(excess cash and cash equivalents)	(173,108,405)	(485,280,038)
<b>Gearing</b>	<b>-200%</b>	<b>-432%</b>

**38. Related parties**

**Nature of related party relationships**

KTB 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 KTB, or vice versa over its operating and financial decisions. Related parties include directors, management personnel, their associates and close family members.

**Government of Kenya**

The Government of Kenya is the principal shareholder of the Board, holding 100% of KTB's equity interest. Other related parties include:

- |                                    |                            |
|------------------------------------|----------------------------|
| i. The National Government         | iv. Tourism Promotion Fund |
| ii. Ministry of Tourism & Wildlife | v. County Governments      |
| iii. Tourism Fund                  | vi. Board of Directors     |



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vii. Senior Management

	<b>2022-2023</b>	<b>2021-2022</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>Transactions with related parties</b>		
<b>a) Sales to related parties</b>	-	-
<b>Total</b>	-	-
<b>b) Purchases from related parties</b>		
Rent Paid to govt. agencies (Kenya Reinsurance Corporation & Kenya Airport Authority)	24,740,317	23,654,115
Training and conference fees paid to govt. agencies	174,200	41,400
Others- Advertising, Telephone, Postage	1,618,218	1,292,045
<b>Total</b>	<b>26,532,734</b>	<b>24,987,559</b>
<b>b) Grants /Transfers from the Government</b>		
Grants from National Govt	306,990,000	302,189,999
Grants from Tourism Fund	300,000,000	191,000,000
Grants from Tourism Research Institute	-	4,840,000
Grants from Tourism Promotion Fund	-	100,000,000
<b>Total</b>	<b>606,990,000</b>	<b>598,029,999</b>
<b>c) Expenses incurred on behalf of related party</b>		
Payments of salaries and wages for National Convention Bureau employees	3,690,336	18,861,306
<b>Total</b>	<b>3,690,336</b>	<b>18,861,306</b>
<b>d) Key management compensation</b>		
Directors' emoluments	955,636	805,333
Compensation to the CEO	7,255,550	8,880,000
Compensation to key management	56,619,438	53,923,714
<b>Total</b>	<b>64,830,625</b>	<b>63,609,047</b>

Government grants of Kshs 19.832 Million was received on 5th July 2023. The amount was accrued in KTB books and reported as due from GOK as at 30th June 2023.

### **39. Contingent Liabilities**

In 2016/17, KRA undertook an assessment of KTB operations covering the period July 2012 to October 2016 and thereafter raised a tax assessment of KSh. 182,568,010 relating to withholding tax on fees paid to the Market Development Representatives (MDRs).

KTB raised an objection to the assessment on the grounds that KRA's assessment was based on a misapprehension of the nature of KTB's activities and a misinterpretation of the Income Tax Act. Accordingly, KTB filed an appeal at the Tax Appeals Tribunal (TAT) with a view to obtaining a legal interpretation of the applicable statute and quashing of the tax assessment.

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In its ruling, the Tribunal on 18<sup>th</sup> December 2019 disagreed with KRA's argument that the income from the marketing activity of KTB could be attributed to KTB even though received by the Government. Despite this, the TAT ruled in favour of KRA in the appeal filed by KTB.

KTB, being dissatisfied with the decision of the Tax Appeals Tribunal filed an appeal to the High Court of Kenya after due consultation with the Attorney General's office. The purpose of the appeal is to seek the Court's interpretation of the applicable law. At the same time, KTB commenced alternative dispute resolution (ADR) proceedings with KRA in line with recent circulars that directed Government agencies to withdraw court cases and use mediation frameworks facilitated by the AG's office.

The mediation process took place in April 2022. Thereafter in July 2022, the Attorney General gave in his recommendation stated that payments made by KTB to MDRs are subject to taxation and that KTB is under obligation to withhold and remit the said taxes to KRA. KTB has since paid the total principal tax of KShs 120M. KTB applied for full amnesty of interest and penalties totaling KShs 62,317,706; the decision is awaited. Management provided for the full amount in FY 2019/20.

**39. Contingent Liabilities**

	<b>2022-23</b>	<b>2021-22</b>
	<b>KShs</b>	<b>KShs</b>
Statutory Obligations- Withholding tax assessment	62,317,706	182,456,743
<b>Total</b>	<b>62,317,706</b>	<b>182,456,743</b>

The withholding tax assessment liability was provided for in 2019/20

**40. Capital Commitments**

	<b>2022-23</b>	<b>2021-22</b>
	<b>KShs</b>	<b>KShs</b>
Authorized for	500,000	5,660,915
Authorized & Contracted for	-	-
<b>TOTAL</b>	<b>500,000</b>	<b>5,660,915</b>

Capital commitments are commitments to be carried out in the next financial year and are disclosed in accordance with IPSAS 17. They include capital expenditure that had been authorized by the Board but at the end of the year had not been contracted and/or those already contracted for and ongoing.

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<b>41. Revaluation Reserve</b>	<b>2023</b>	<b>2022</b>
	<b>KShs</b>	<b>KShs</b>
Balance b/f	16,564,200	9,000,000
Revaluation gain	11,140,000	9,814,200
Transfer of depreciation on revaluation	(3,480,034)	(2,250,000)
<b>Total Revaluation Reserve</b>	<b><u>24,224,166</u></b>	<b><u>16,564,200</u></b>

**42. EVENTS AFTER THE REPORTING PERIOD**

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

**43. ULTIMATE AND HOLDING ENTITY**

The entity is a State Corporation/ or a Semi- Autonomous Government Agency under the Ministry of Tourism, Wildlife & Heritage. Its ultimate parent is the Government of Kenya.

**44. CURRENCY**

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

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**APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS/OTHER MATTER**

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor and current status updates. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
<b>Unresolved prior year issues</b>	<p><b>Long Outstanding Receivables</b></p> <p>As previously reported, the receivables from exchange transaction includes an amount of Kshs 4,581,775 in relation to bad debts- industry and KShs 1,723,846 for former staff. In addition, a review of evidence of follow up on the debts and the effort taken to recover them were noted not to be fruitful since only one debtor has paid despite the entity engaging the services of a debt collector.</p>	<p>KTB engaged Aegis in to collect the amounts and the company is paid on commission based on collections. In 2018/19, collections were made from KLM Royal Dutch Airlines of Euro 1,500. In 2019/20, there were no successful recoveries.</p> <p>As a means of recovering, the amounts owed by the Kenya Wildlife Service of KShs 890,884 were recovered through park fees waivers provided to KTB by KWS for various marketing activities. The debt was recovered fully.</p>	<b>DFA/CEO/ BOD</b>	Partly Resolved	June 2024

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		<p>KTB held discussions with the Director-Accounting Services-National Treasury on the request for approval to write off some of the old debtors amounting to KShs 5,833,392. This includes amounts owing from TRI, TF, Kenya Wildlife Trails and Monaco Tours &amp; Safaris. The National Treasury advised that the amounts due from TRI and TF totalling KShs 5,150,638 be treated as accounting errors. This has since been corrected against provisions. The National Treasury also approved the write off of the industry creditors (Monaco Tours &amp; Safaris and Kenya Wildlife Trail) totalling KShs 682,392. The official letter is however still awaited.</p> <p><b>Ex-Staff Balances</b></p> <p>The amount due from ex-staff of Kshs 1,723,846 relates to imprest and advances amounts that were not paid by former staff members. These</p>			
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		<p>cases were forwarded to DCIO and EACC and have been on their follow up since 2007 but have not been successful.</p> <p>They were also forwarded to the debt collector for recovery but was unsuccessful. Management has not managed to trace these debtors to ascertain their ability to pay which would inform any legal action to be commenced. Further efforts in regards to debtor tracing are ongoing.</p> <p>Management will make fresh follow up with EACC and DCIO and other private investigators and if not successful, the same will be recommended for write off as per the PFM Act/ Regulations.</p> <p>We also wish to confirm that management has strengthened controls relating to staff exits and all staff fill clearance forms before their terminal dues are processed.</p>			
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<p><b>Other Matters</b></p>	<p><b>Contingent Liability</b></p> <p>I draw attention to Note 29 to the financial statements which discloses a tax assessment from the Kenya Revenue Authority (KRA) relating to the financial year 2016/2017. In August 2017 KRA gave a demand notice of Kshs.187,014,569. Of this amount, Kshs. 182,568,010 related to withholding tax on the marketing development agencies appointed to represent Kenya Tourism Board in various markets. Although the Board made an appeal on the tax assessment, the same was not provided for in the financial years 2016/2017, 2017/2018, 2018/2019, however, the amount has been provided for during the year 2019/2020.</p> <p>KTB received a copy of an agency notice by KRA to KTB's bankers,</p>	<p>In 2016/17, KRA undertook an assessment of KTB operations covering the period July 2012 to October 2016 and thereafter raised a tax assessment of KSh. 182,568,010 relating to withholding tax on fees paid to the Market Development Representatives (MDRs).</p> <p>KTB raised an objection to the assessment on the grounds that KRA's assessment was based on a misapprehension of the nature of KTB's activities and a misinterpretation of the Income Tax Act. Accordingly, KTB filed an appeal at the Tax Appeals Tribunal (TAT) with a view to obtaining a legal interpretation of the applicable statute and quashing of the tax assessment.</p> <p>In its ruling, the Tribunal on 18<sup>th</sup> December 2019 disagreed with KRA's argument that the income from the marketing activity of KTB could be attributed to KTB even though received by the Government. Despite this, the TAT ruled in favour of KRA in the appeal filed by KTB.</p>	<p>/CEO/ DFA/ CS(Legal)</p>	<p>Partly Resolved</p>	<p>June 2024</p>
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	<p>Kenya Commercial Bank (KCB) on 30 June, 2020 declaring KCB as the payer of Kshs.182,456,743. KTB applied to the High court and was granted a stay of the enforcement of the Agency notice.</p>	<p>KTB, being dissatisfied with the decision of the Tax Appeals Tribunal filed an appeal to the High Court of Kenya after due consultation with the Attorney General's office. The purpose of the appeal is to seek the Court's interpretation of the applicable law. At the same time, KTB commenced alternative dispute resolution (ADR) proceedings with KRA in line with recent circulars that directed Government agencies to withdraw court cases and use mediation frameworks facilitated by the AG's office.</p> <p>The mediation process took place in April 2022. Thereafter in July 2022, the Attorney General gave in his recommendation stated that payments made by KTB to MDRs are subject to taxation and that KTB is under obligation to withhold and remit the said taxes to KRA. KTB paid the total principal tax of KShs 120M in July 2022.</p> <p>Finance Act 2023 provides for amnesty of interest and penalties for organizations and</p>			
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		individuals who had paid the full principal amount by 31 <sup>st</sup> December 2022. KTB applied for full amnesty of interest and penalties totalling KShs 62,317,706; the decision is awaited.			
<b>Financial Statements not signed by Chairperson</b>	<p>The financial statements were not signed by the Chairperson of the Board as required by the Public Sector Accounting Standards Board Reporting Template.</p> <p>In the circumstance, the management was in breach of the Public Sector Accounting Standards Board guideline/</p>	<p>KTB submitted the draft KTB Annual Report &amp; Financial Statements for the FY ended June 30, 2022 on 29th September 2022. As at 30th June 2022, there was no operational Board of Directors, with the Chairperson term having ended on 2nd May 2022.</p> <p>Despite the appointments of a Chairperson and new directors in July and August 2022, a directive issued on September 2, 2022 by the Cabinet Secretary of the Ministry of Tourism and Wildlife stated that all individuals appointed to agency boards under the ministry must receive appointment letters from the appointing authority, sign and return those letters before their appointment becomes effective, and engage in board matters accordingly. As a result, it was not possible to hold a board meeting to discuss and approve the KTB Annual Report &amp; Financial</p>	<b>CS- MOTW</b>	Resolved	N/A

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		<p>Statements for the FY ended June 30, 2022. In the absence of a Board of Directors, the draft annual report and financial statements were signed by the PS, Ministry of Tourism &amp; Wildlife.</p> <p>The accounts were audited in January/ February 2023 and finalized on 7th March 2023; KTB still did not have an operational BOD during the audit period and after consultations, the accounts were signed by Mr. Anthony Muriu, PS, National Treasury (Alternate). The signed accounts were then submitted to and received by the Office of the Auditor General on April 20th, 2023.</p>			
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**AG. CHIEF EXECUTIVE OFFICER**  
**6<sup>th</sup> September 2023**

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APPENDIX II- PROJECTS IMPLEMENTED BY KTB**

Status of Project Completion	Total project cost	Total Expended to date	Completion %age to date	Budget 2022-23	Cumulative to date	Source of funds:
						Gok,A.I.A, dev. Partners, Borrowings
<b>PROJECT-KENYA TOURISM BOARD</b>						
Ongoing Projects- Local & International Developing new and sustaining markets and sitting booths in Tourism Target						
1 Markets	6,424,090,000	2,774,883,889	43%	0	2,774,883,889	GOK
Other Capital Items						
1 Purchase of Furniture, Refurbishment of o	144,020,000	141,261,987	98%	0	141,261,987	GOK
2 Computer Hardware & Softwares	100,890,000	81,554,124	81%	0	81,554,124	GOK
<b>Total Capital Cost/ Budget</b>	<b>244,910,000</b>	<b>222,816,111</b>	<b>91%</b>	<b>0</b>	<b>2,997,700,000</b>	
Source of funds for the capital project						
<b>Government Grants-Development</b>	<b>6,669,000,000</b>	<b>2,997,700,000</b>	<b>45%</b>	<b>0</b>	<b>2,997,700,000</b>	<b>GOK</b>

GOK development grant for FY 2022-23 was reduced to zero during supplementary 1.

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**APPENDIX III- QUARTERLY STATEMENT OF FINANCIAL PERFORMANCE**

**STATEMENT OF FINANCIAL PERFORMANCE FOR THE PERIOD ENDED 30.06.2023**

	Q1-September 2022	Q2-December 2022	Q3-March 2023	Q4-June 2023	Cummulative
	KShs	KShs	KShs		KShs
<b>Revenue from non-exchange transactions</b>					
Transfer from Government Grants & other Agencies	179,477,958	217,495,835	152,497,500	138,027,831	687,499,124
Transfer from deferred income					
	<b>179,477,958</b>	<b>217,495,835</b>	<b>152,497,500</b>	<b>138,027,831</b>	<b>687,499,124</b>
<b>Revenue from exchange transactions</b>					
Industry contributions and donations	250,000	70,340,182	24,147,993	36,064,732	130,802,907
Finance income - external investments	3,496,699	2,688,300	2,608,525	9,708,081	18,501,605
Other income	5,854,859	(1,433,789)	-	2,892,880	7,313,950
	<b>9,601,558</b>	<b>71,594,694</b>	<b>26,756,518</b>	<b>48,665,693</b>	<b>156,618,463</b>
<b>Total revenue</b>	<b>189,079,516</b>	<b>289,090,528</b>	<b>179,254,018</b>	<b>186,693,524</b>	<b>844,117,586</b>
<b>Expenses</b>					
Marketing Cost	105,834,705	133,288,622	143,985,393	154,398,075	537,506,796
Employee costs	62,423,592	67,682,197	56,858,314	55,321,123	242,285,227
Remuneration of Board	1,566,729	447,183	1,407,153	12,354,301	15,775,366
Depreciation and amortization expense	2,894,860	2,236,342	2,168,969	2,044,820	9,344,991
Repairs and maintenance	1,250,185	191,024	225,290	967,382	2,633,882
General expenses	13,180,528	13,721,544	14,526,312	21,976,353	63,404,736
Finance costs	230,196	221,365	356,004	333,750	1,141,314
<b>Total expenses</b>	<b>187,380,795</b>	<b>217,788,278</b>	<b>219,527,435</b>	<b>247,395,803</b>	<b>872,092,312</b>
(Gain)/ Loss on sale of assets	-	-	(15,157)	(9,556)	(24,713)
Loss/ (gain) on foreign exchange transactions	(1,317,521)	165,440	5,153,551	4,309,067	8,310,537
<b>Total expenses</b>	<b>186,063,274</b>	<b>217,953,718</b>	<b>224,665,829</b>	<b>251,695,314</b>	<b>880,378,135</b>
<b>Deficit for the period</b>	<b>3,016,242</b>	<b>71,136,811</b>	<b>(45,411,811)</b>	<b>(65,001,790)</b>	<b>(37,623,123)</b>

**KENYA TOURISM BOARD  
ANNUAL REPORT & FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2023  
APPENDIX IV: INTER-ENTITY TRANSFERS- MINISTRY OF TOURISM & WILDLIFE/ STATE  
DEPARTMENT OF TOURISM**



KENYA TOURISM BOARD  
**RECEIVED**  
21 SEP 2023  
TIME \_\_\_\_\_  
SIGN \_\_\_\_\_

**MINISTRY OF TOURISM, WILDLIFE AND HERITAGE  
STATE DEPARTMENT FOR TOURISM**

**OFFICE OF THE PRINCIPAL SECRETARY**

Telephone: +254-20-2724725/2724646  
Email :ps@tourism.go.ke  
Website:www.tourism.go.ke

Tourism Fund Building,  
10<sup>th</sup> Floor, left wing  
P.O BOX 30027-00200  
NAIROBI

When replying please quote;

**REF: MOT/ACCTS/1/5/21 VOL.III/(97)**

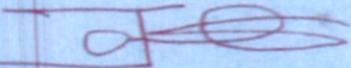
**20<sup>th</sup> September, 2023**

**Mr. John Chirchir**  
Ag. Chief Executive Officer  
Kenya Tourism Board  
P O Box 30630 - 00100  
**NAIROBI**

**RE: CONFIRMATION OF INTER ENTITY TRANSFER OF GRANTS**

Reference is made to your letter Ref: **KTB/4/10 Vol.v1 (3) (280)** dated 10<sup>th</sup> July, 2023 on the above subject.

The State Department for Tourism wishes to confirm the amount **306,990,000** for the Recurrent Grants for the period 1<sup>st</sup> July, 2022 to 30<sup>th</sup> June, 2023 are correct as tabulated in your letter referenced above.

  
**JOHN OLOLTUAA**  
**PRINCIPAL SECRETARY**

**KENYA TOURISM BOARD  
ANNUAL REPORT & FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2023  
APPENDIX V- RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES**



File Ref: TF/CONF/1/125 VOL.II (100)

15<sup>th</sup> September, 2023

The Ag. Chief Executive Officer  
Kenya Tourism Board  
P.O BOX 30630-00100  
NAIROBI



Dear Sir,

**RE : CONFIRMATION OF INTER ENTITY TRANSFERS FOR YEAR 2022/2023**

Reference is made to your letter dated 11<sup>th</sup> July 2023 concerning the above.

This is to confirm that the disbursements were done as follows;

Month	Amount Disbursed (Kshs)
Jul-22	20,000,000.00
Aug-22	30,000,000.00
Sep-22	30,000,000.00
Oct-22	30,000,000.00
Nov-22	30,000,000.00
Dec-22	20,000,000.00
Jan-23	30,000,000.00
Feb-23	20,000,000.00
Mar-23	20,000,000.00

Apr-23	30,000,000.00
May-23	40,000,000.00
<b>Total</b>	<b>300,000,000.00</b>

The relevant RTGS's are hereby attached.

Yours Sincerely,

David K. Mwangi, MBS  
Ag. Chief Executive Officer