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**REPORT
OF
THE
AUDITOR-GENERAL**

ON

**FINANCIAL STATEMENTS OF TOURISM
TRUST FUND FOR THE YEAR ENDED
30 JUNE 2010**



TOURISM TRUST FUND
REPORT AND
FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30TH JUNE 2010

Tourism Trust Fund

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Tourism Trust Fund

TOURISM TRUST FUND
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2010

PRINCIPAL PLACE OF BUSINESS

British American Centre
Mara/Ragati Roads
P. O. Box 5018- 00200
00200 NAIROBI

REGISTERED OFFICE

British American Centre
Mara/Ragati Roads
P. O. Box 5018- 00200
00200 NAIROBI

BANKERS

Commercial Bank of Africa Limited
Mara & Ragati Roads, Upperhill
P. O. Box 30437 - 00100
NAIROBI

AUDITORS

Auditor General
Kenya National Audit Office
P. O. Box 30084 - 00100
NAIROBI

MANAGEMENT

Sammy Kibet
Lucy Getange
Catherine Mwaura - Muya
Caroline Gaita

Jacqueline Ouko

Chief Executive
Finance Manager
Head of Tourism Development
Head of Administration and Corporate
Affairs
Head of Business Advisory Services

**TOURISM TRUST FUND
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 30TH JUNE 2010**

The Trustees submit their report and the audited financial statements for the year ended 30 June 2010 which show the state of the Trust's affairs.

1. PRINCIPAL ACTIVITIES

The Trust was set up with the objective of contributing towards poverty reduction and private sector growth in Kenya through the maximisation of the economic and social benefits of tourism, while ensuring a sustainable use of natural resources and optimisation of tourist satisfaction.

2. RESULTS

The results for the year are set out on page 10.

3. TRUSTEES


The Trustees who served during the year and to the date of this report were:-

Ms Lucy Kambuni	- Chairperson & Trustee representing Legal Sector
J Bogonko	- Trustee, representing PS, Ministry of Tourism
Mr. David Komen	- Trustee, representing PS, Ministry of Finance
Ms Lucy Karume	- Trustee, representing Kenya Tourism Federation
Mr. James Ndung'u	- Trustee, representing Sector related NGOs
Mr. Douglas Pinto	- Trustee, representing Financial Sector

4. AUDITORS

The Auditor General is responsible for the statutory audit of the Fund's books of account in line with the Public Audits Act, 2003.

By Order of the Board


Trust Secretary

..... Date

Tourism Trust Fund

TOURISM TRUST FUND
STATEMENT OF TRUSTEES' RESPONSIBILITIES
ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2010

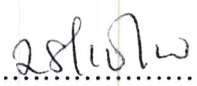
The Board of Trustees is required to prepare financial statements for each financial year which, give a true and fair view of the state of affairs of the Trust as at the end of the financial year and of its operating results for that year. The Board is also required to ensure the Trust keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Trust. They are also responsible for safeguarding the assets of the Trust.

The Trustees accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Act. The Trustees are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Trust and of its operating results. The Trustees further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

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


.....
TRUSTEE


.....
TRUSTEE


..... Date

Tourism Trust Fund

TOURISM TRUST FUND STATEMENT OF CORPORATE GOVERNANCE ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2010

Tourism Trust Fund (TTF) is committed to adhering to the highest standards of good corporate governance at all levels of its operations. This commitment is rooted in our core values and beliefs. To ensure that these high standards are adhered to by the Management team that is responsible for the day to day running of the organization, TTF management seeks for direction and reports to a team of Board of Trustees that is overall responsible to the various stakeholders whose needs TTF seeks to serve.

Board of Trustees

In order to ensure that all operations and activities that are carried out by TTF are carried out in a professional and transparent manner, and to be certain that there is proper representation by the various stakeholders involved in the Tourism industry, TTF has since inception been run by a Board of Trustees (BOT) whose composition is drawn from various sectors of the tourism industry. This BOT team is made up of high caliber individuals with skills, experience and competencies in their relevant field of expertise. Due to the nature of the organization at inception, majority of the Board members were drawn from the private sector. The Board establishment is currently as follows:

1. Lucy Kambuni, Ag Chairperson (Represent Law Society of Kenya)
2. Permanent Secretary, Ministry of Tourism (Alternate Mr. J. Bogonko)
3. Permanent Secretary, Ministry of Finance (Alternate Mr. David Komen)
4. Chairperson Kenya Tourism Federation (Currently, Ms. Lucy Karume)
(Alternate Mr. Adam Jillo)
5. Mr. Dougals Pinto, Manager CBA Bank-representing Finance service

Vacant Positions

1. Representative, Sector Relevant NGOs (Previously held b Dr. David Western, ACC)
2. Representative, Wildlife/Landowners Association (previously held by Giles Davies)
3. Representative, Community Groups (previously held by Ololsitati ole Kamuaro)
4. Representative of Development Partners (previously held by the EC Delegation)

The vacant positions are expected to be filled with the review of the Legal Notice.

Board Meetings

The Board that is responsible for the overall Strategic direction of the organization is expected to meet every quarter. In addition, the Board is charged with the responsibility of approving grant applications to projects as well as offering advice on the best practice on various aspects of project management. The Board also approves expenditure as detailed in the annual Work plan presented to them by the management.

Tourism Trust Fund

TOURISM TRUST FUND
STATEMENT OF CORPORATE GOVERNANCE
ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2010 *(continued)*

Committees of the Board

There are currently two committees of the Board charged with the following responsibilities:-

1. Executive Committee – charged with the responsibility of approval of procurement of items beyond the Management’s threshold.
2. Projects Advisory Committee – responsible for vetting project grant applications, providing technical advice to the applicants and making recommendations to the BOT project funding.

TOURISM TRUST FUND
STATEMENT OF CHAIRPERSON
ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2010

I am delighted to present the TTF Financial report for the Financial year 2009/10.

TTF was established in 2001 with the aim of enhancing the tourism product offering in the country through the implementation of two key programmes – the Tourism Diversification and Sustainable Development Programme (TDSDP) and the Tourism Institutional Strengthening and Market Promotion Programme (TISMPP). The former has been our main focus in the year under review and through the Programme, we have been able to open up different regions in the country as tourism destinations while at the same time contributing to poverty alleviation through community based projects all over the country.

We remain focused on achieving our objectives. We have also aligned our strategic objectives towards the realization of Vision 2030. And with the new constitutional dispensation, we shall further seek to achieve devolvement of our project funding to ensure that all regions receive funding.

With the expected review of TTF's Legal Notice, the Board of Trustees is ready to take TTF to the next level.



Lucy Kambuni
Acting Chairperson

TOURISM TRUST FUND
STATEMENT OF CHIEF EXECUTIVE
ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2010

It gives me great pleasure to present the annual report for TTF for the financial year 2009/10.

Industry Report

The year 2008/9 was a challenging one for the tourism industry due to the post election violence and the global economic meltdown. Some of our projects were adversely affected by these events due to damage to property, inflation and for those in business, a fall in the number of visitors.

I am pleased to note that the tourism industry has made a remarkable recovery. Results for the last quarter indicate that the industry is expected to surpass the 2007 performance which is rated as the best year to date. Earnings from the tourism industry are expected to hit KShs. 100 Billion, a first for the industry.

TTF Activities

Completion of On-Going Projects

In the year under review, our main focus has been the completion of the on-going projects that were negatively impacted by the closure of the EU funding and the Post Election Violence experienced in 2007/8. I am glad to note that we have made tremendous improvements in this endeavor, and wish to thank the Government of Kenya for having stepped in to ensure that provision of grants to the projects continues. During the year, TTF received a total of Kenya Shillings One Hundred and Eighty Million in order to fulfill its mandate.

We have endeavored to ensure that these funds are disbursed to the projects in a timely and effective manner, and have through the year carried out project monitoring and evaluation exercises to ensure that the purposes for which these grants are provided are actually achieved. We have also carried out capacity building programmes and exercises to the persons involved in the project grant management.

Vision 2030 Initiatives

TTF has also aligned its strategic objectives to be in line with those of Vision 2030 which is Kenya's blue print for development and has ranked tourism as one of the key pillars towards achieving its objectives. It specifically aims to have Kenya ranked as one of the top ten tourism destinations in the World. Accordingly, Kenya must expand her global market appeal by improving and offering new products, expanding tourism expenditure per capita and by improving her international marketing strategies.

Within the mandate of the Tourism Diversification and Sustainable Development Programme (TDSDP), TTF has aligned her strategies for the next five years to be in line with the vision 2030. One of the programme's main objectives is to support of the environment and the

Tourism Trust Fund

TOURISM TRUST FUND
STATEMENT OF CHIEF EXECUTIVE
ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2010 (*continued*)

Natural resources which are our country's natural asset on which tourism is developed. This we have achieved, and continue to do so by assisting in the development of Tourism Area and Management Plans (TAPs) in the areas within which tourism is developed, financing new and innovative models of ecologically and socially sustainable tourism technologies and development of an enabling tourism environment which are all geared towards achieving these objectives.

Development of Tourism Area Plans

The development of Tourism Investment and Master Plans for different regions in the country is another area that we have given priority in the year under review. This is aimed at identifying tourism opportunities in the various parts of the country thereby opening different counties to tourism. This will be especially beneficial to the country under the devolved government enshrined in the new constitution.

Beach Management Programme

In September 2005, the then Ministry of Tourism and Wildlife with funding from the Tourism Trust Fund initiated a process to develop a policy and legislation framework for sustainable management of the beaches that has applicable solutions for legitimisation of beach operators' activities.

The output of this process was a beach management strategy. The strategy was developed through a wide consultative process with a cross-section of key stakeholders in the industry including over 200 leaders of associations of beach operators along the coastline, tour operators, hoteliers, local authorities, Coastal Parliamentarians and representatives from the public and private sector.

TTF has in the year under review embarked on the implementation of the Strategy in consultation with the industry stakeholders.

Appreciation

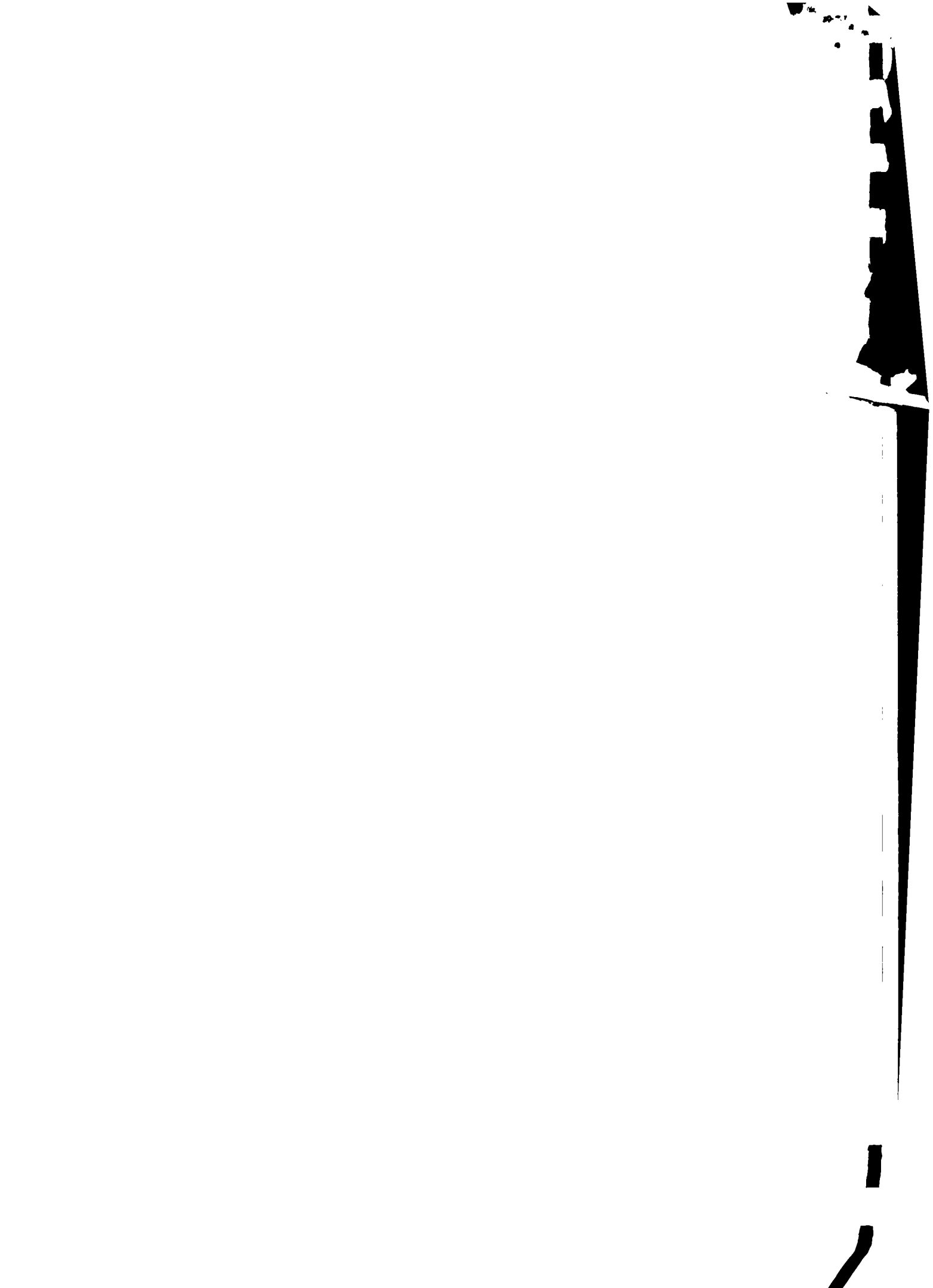
I would like to thank the entire staff fraternity for a job well done under challenging circumstances, the Board of Trustees for providing good leadership and direction to the Fund and finally, I would also like to thank the Ministry of Tourism and the Ministry of Finance for the continued support.



Sammy S Kibet
Ag. Chief Executive

Tourism Trust Fund

REPORT OF THE AUDITOR GENERAL


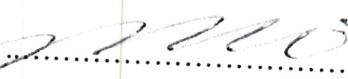


Tourism Trust Fund

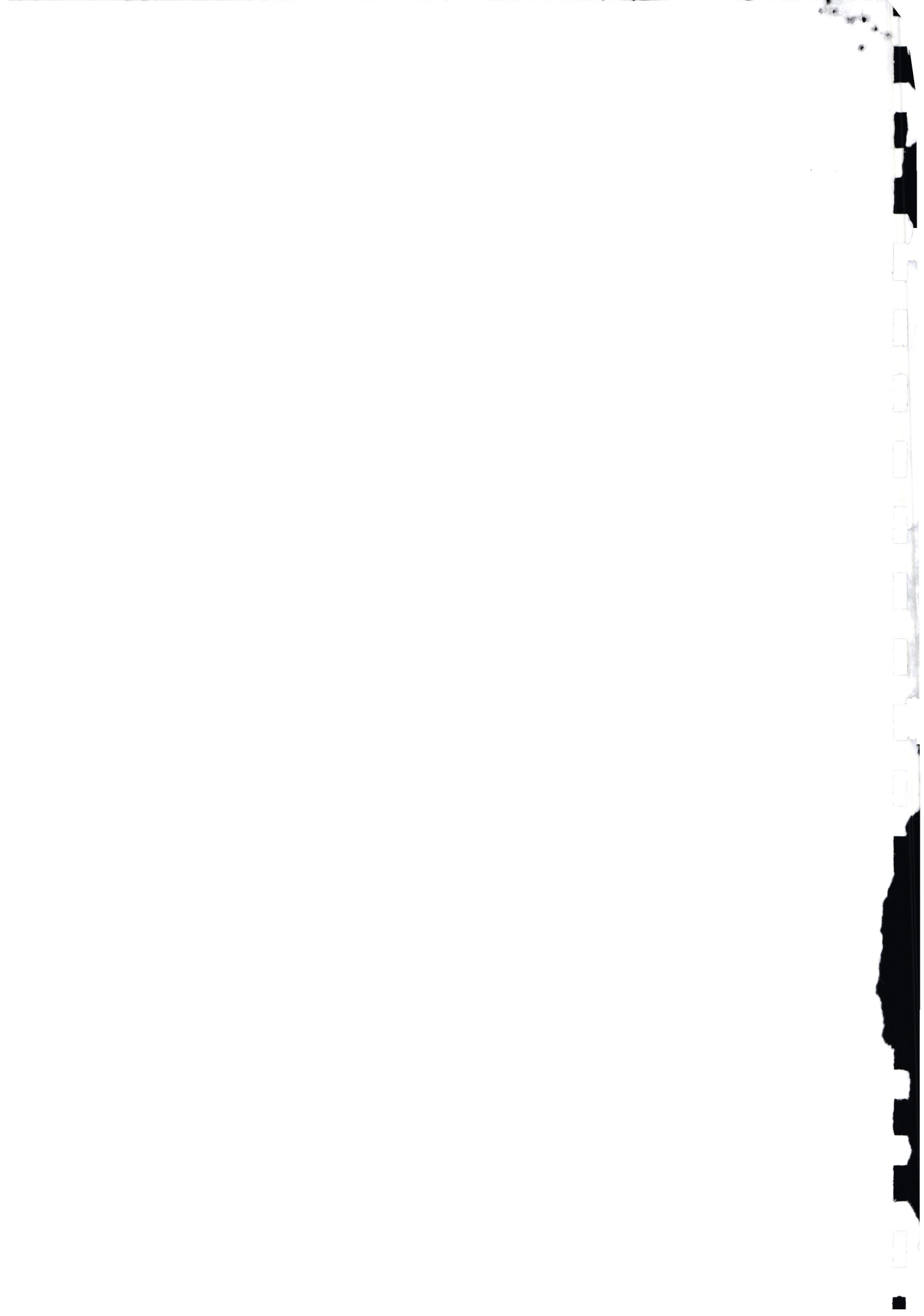
STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2010

ASSETS	Note	2009/10 Kshs	2008/9 KShs.
NON-CURRENT ASSETS			
Property, Plant & Equipment	3	<u>49,374,923</u>	<u>50,191,491</u>
CURRENT ASSETS			
Staff Advances			129,090
Trade and Other Receivables	4	1,954,673	-
Bank and cash balances	5	<u>75,023,255</u>	<u>27,562,133</u>
		<u>76,977,928</u>	<u>27,691,223</u>
TOTAL ASSETS		<u>126,352,851</u>	<u>77,882,714</u>
FUNDS AND LIABILITIES			
FUNDS			
Capital Reserves	6	<u>86,443,276</u>	<u>86,443,276</u>
Revenue Reserves	7	<u>30,997,207</u>	<u>(13,916,582)</u>
		<u>117,440,483</u>	<u>72,526,694</u>
CURRENT LIABILITIES			
Trade and Other payables	8	8,901,081	5,212,977
Staff creditors	9	<u>11,286</u>	<u>143,044</u>
		<u>8,912,368</u>	<u>5,356,020</u>
TOTAL FUNDS AND LIABILITIES		<u>126,352,851</u>	<u>77,882,714</u>

The financial statements were approved by the Board of Trustees on... 28/6/10
2010 and signed on its behalf by:-


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Trustees



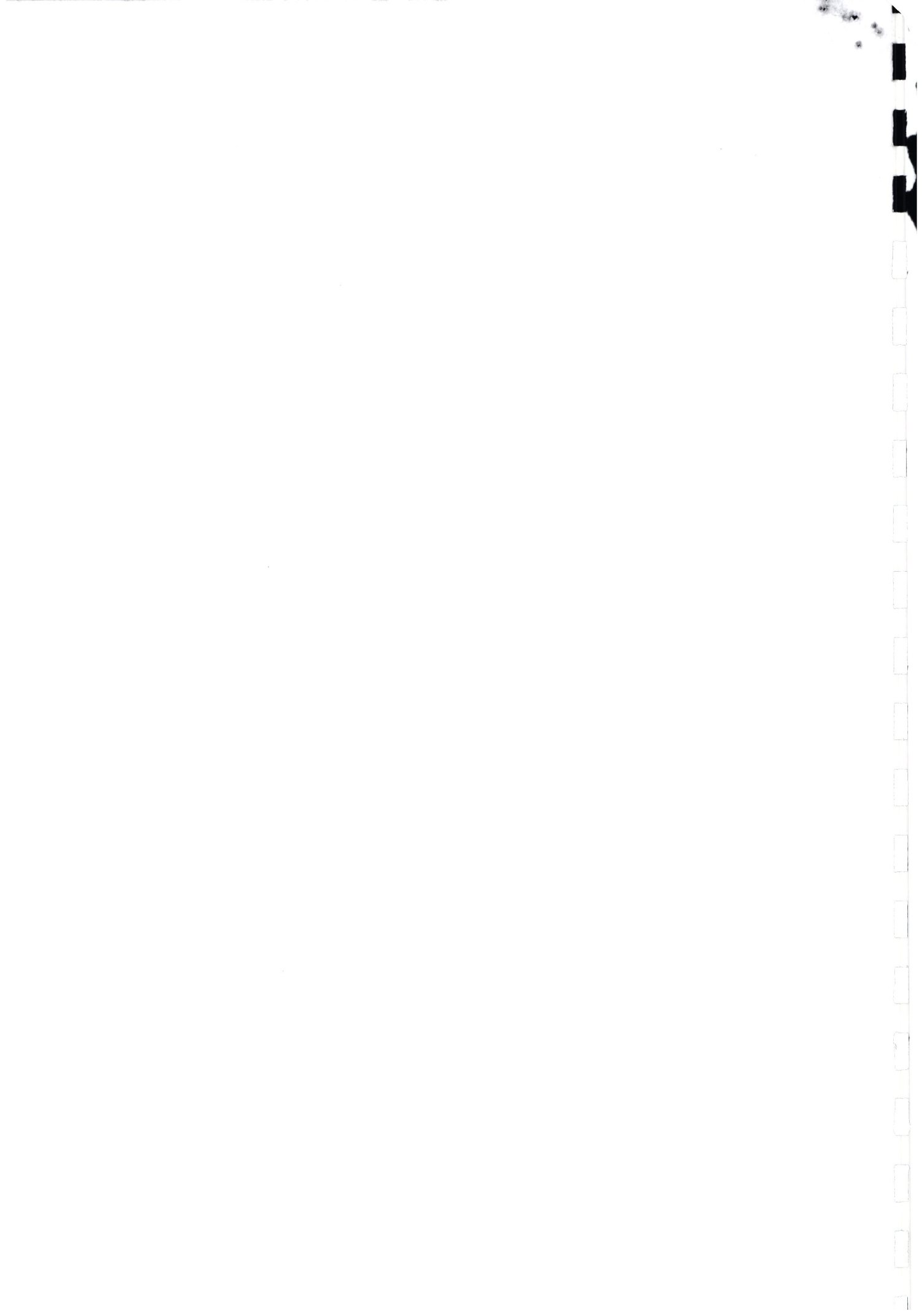
**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30TH
JUNE 2010**

INCOME	Notes	2009/10	2008/9
		Kshs	Kshs
Grants from the Government of Kenya	10	183,000,000	40,000,000
European Development Fund		-	25,840,936
Other Income	11	<u>4,032,265</u>	<u>465,437</u>
Total Income		187,032,265	66,306,373
EXPENDITURE			
Staff Costs	12	21,837,184	39,729,748
Administrative Costs	13	13,253,125	10,344,441
Enabling Framework	14	9,328,960	8,994,456
Product Quality, Sustainability & Market Acceptability	15	95,776,813	19,242,918
Board Expenses	16	263,900	269,441
Depreciation Charge for the year	3	1,208,495	1,441,950
Provision for Audit fee	17	<u>450,000</u>	<u>200,000</u>
Total Expenses		<u>142,118,477</u>	<u>80,222,954</u>
Net Surplus/(Deficit) for the year		<u>44,913,788</u>	<u>(13,916,581)</u>

Tourism Trust Fund

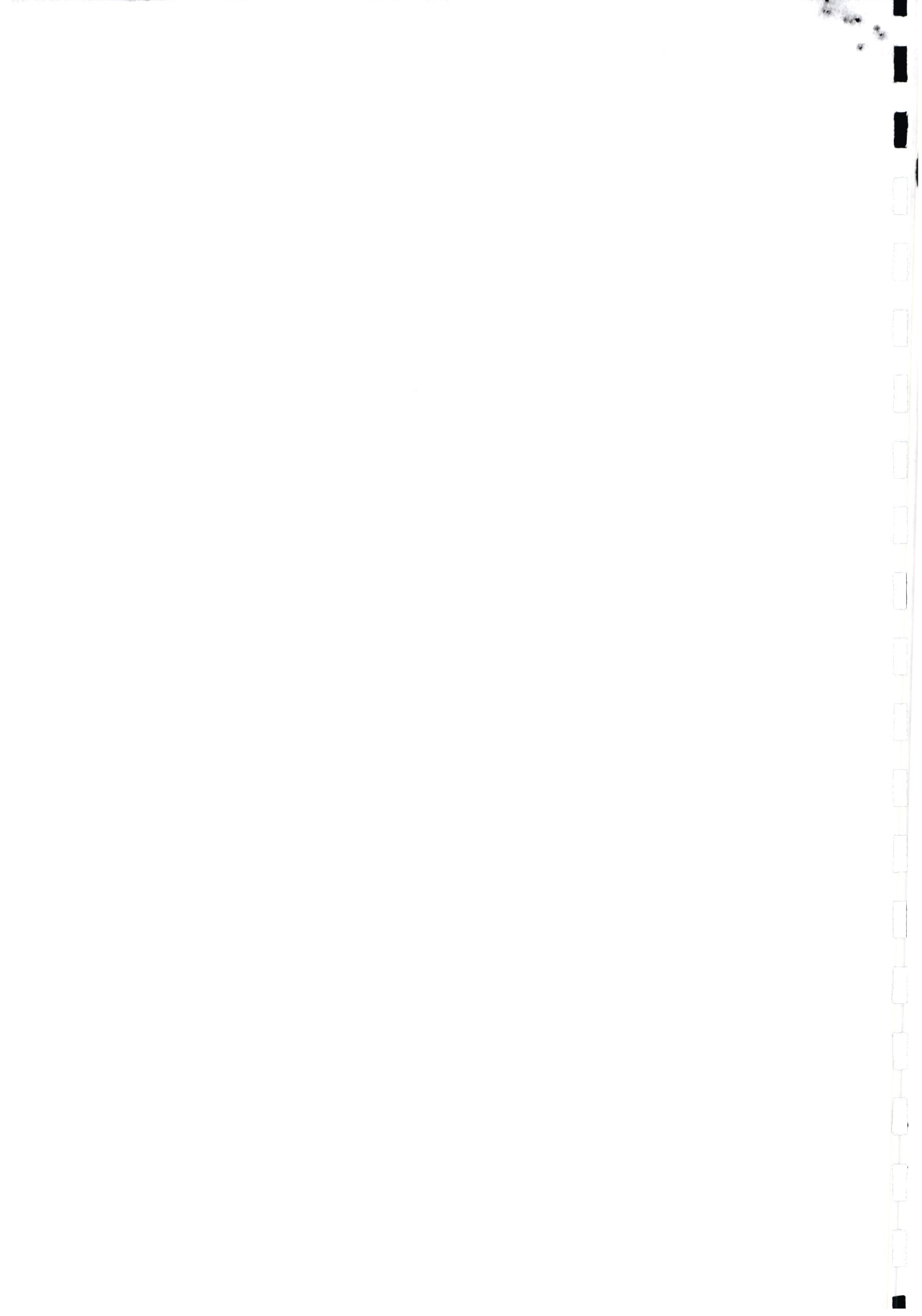
**STATEMENT OF CHANGES IN THE FUND BALANCES FOR THE YEAR ENDED
30TH JUNE 2010**

	Capital	Revenue	Total
<u>2008/9</u>			
As at 1/7/2008	86,443,276	-	86,443,276
Movement in the year		<u>(13,916,581)</u>	<u>(13,916,581)</u>
As at 30/6/2009	<u>86,443,276</u>	<u>(13,916,581)</u>	<u>72,526,695</u>
<u>2009/10</u>			
As at 1/7/2009	86,443,276	(13,916,581)	72,526,495
Movement in the year		<u>44,913,788</u>	<u>44,913,788</u>
As at 30/6/2010	<u>86,443,276</u>	<u>30,997,207</u>	<u>117,440,483</u>



STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2010

		2009/10 Kshs.	2008/9 Kshs.
CASH FLOWS FROM OPERATING ACTIVITIES			
Net surplus	Note	44,913,788	(13,916,581)
Adjustments for:-			
Depreciation		1,208,495	1,441,950
Loss/(Gain) on vehicle refund	18	(542,437)	
Interest received		<u>(3,489,828)</u>	<u>(465,437)</u>
Operating profit before working capital changes		42,903,824	(12,940,068)
Increase in trade and other receivables		(1,825,582)	(129,090)
Increase in trade and other payables		<u>3,556,348</u>	<u>(21,643,980)</u>
Net cash from operating activities		43,820,784	(34,713,138)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(473,490)	(123,890)
Refund on vehicle insurance		624,000	-
Interest Income		<u>3,489,828</u>	<u>465,437</u>
Net cash flow from investing activities		<u>3,640,338</u>	<u>341,547</u>
Net increase in cash and cash equivalents		47,461,122	(34,371,590)
Cash and cash equivalents at the beginning of the year		<u>27,562,133</u>	<u>61,933,723</u>
Cash and cash equivalents at the end of the year		<u>75,023,255</u>	<u>27,562,133</u>



**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

1. GENERAL INFORMATION

Tourism Trust Fund (TTF) is a body corporate established under the Exchequer and Audit Act, Cap 412 through Legal Notice No. 47 of 21 February 2001.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of accounting

The financial statements are prepared on the historical cost basis of accounting.

b) Income

Grants are recognised as income in the year received.

c) Fixed assets and depreciation

Fixed assets are stated at cost, less accumulated depreciation.

Depreciation is calculated on reducing balance basis, at annual rates estimated to write off carrying values of the assets over their expected useful lives.

The annual depreciation rates in use are:

Computers	33 $\frac{1}{3}$ %
Other office equipment	12 $\frac{1}{2}$ %
Furniture & fittings	12 $\frac{1}{2}$ %
Motor vehicles	25%

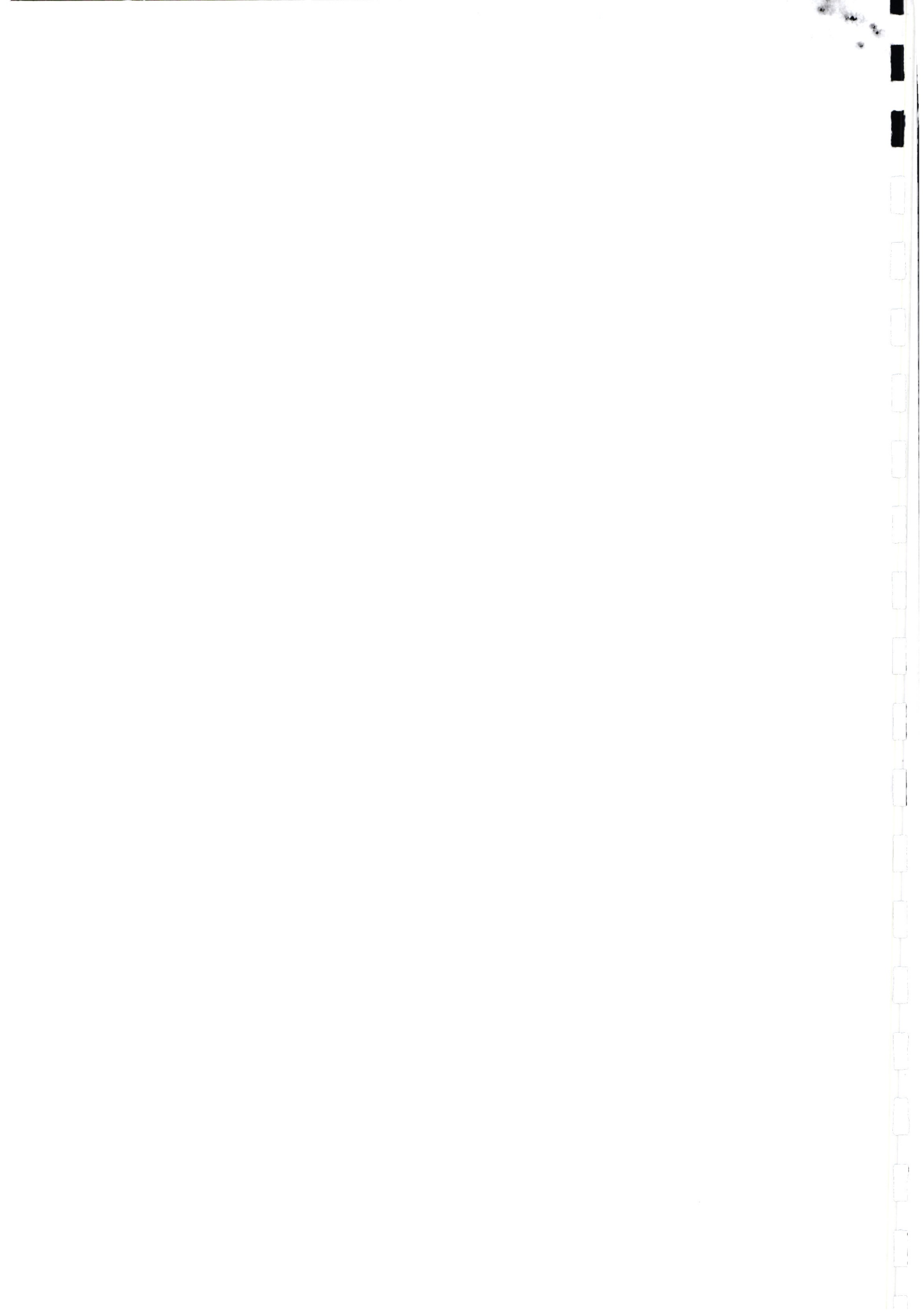
d) Retirement benefit costs

The Trust contributes to a statutory defined contribution pension scheme, the National Social Security Fund (NSSF). Contributions are determined by local statute and are currently limited to KShs 200 per employee per month.

The Trust's contributions to the above scheme are charged to the income and expenditure account in the year to which they relate.

e) Employee entitlements

Employee entitlements to gratuity are recognised when they accrue to employees and are paid at the end of the contract period.



Tourism Trust Fund

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2010**

3. PROPERTY, PLANT & EQUIPMENT

	Land	Vehicles	Computers	Other Office Equipment	Furniture and Fittings	Total
	KShs	KShs.	KShs.	KShs.	KShs.	KShs.
<u>Cost/ Valuation</u>						
As at 01/07/2009	45,000,000	6,760,000	4,116,717	1,474,778	3,238,519	60,590,014
Additions	-	-	434,000 ✓	39,490	-	473,490
Disposals/write-offs	-	(1,160,000)	-	-	-	(1,160,000)
As at 30/06/2010	45,000,000	5,600,000	4,550,717	1,514,268	3,238,519	59,903,504
<u>Depreciation</u>						
As at 01/07/2009	-	5,187,812	2,994,116	585,776	1,630,818	10,398,522
Charge for the year	-	372,656	518,815	116,061 ✓	200,963 ✓	1,208,495
Disposals	-	(1,078,437)	-	-	-	(1,078,437)
As at 30/06/2010	-	4,482,031	3,512,931	701,838	1,831,780	10,528,581
<u>Net Book Value</u>						
As at 30/06/2010	<u>45,000,000</u> ✓	<u>1,117,969</u>	<u>1,037,786</u>	<u>812,430</u> ✓	<u>1,406,739</u> ✓	<u>49,374,923</u>
As at 30/06/2009	<u>45,000,000</u> ✓	<u>1,572,188</u>	<u>1,122,601</u> ✓	<u>889,002</u> ✓	<u>1,607,701</u> ✓	<u>50,191,491</u>

Tourism Trust Fund

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2010**

4. TRADE & OTHER RECEIVABLES

	2009/10 Kshs.	2008/9 Kshs
Staff Advances	126,433	129,090
Other debtors	<u>1,828,240</u>	-
Total	<u>1,954,673</u>	<u>129,090</u>

The amount of Kshs. 1,828,240 is made up of Kshs. 1,351,278 due for a payment made on behalf of the Ministry of Tourism while Kshs. 476,961 is due for a hospital bill paid on behalf of one of TTF board members who fell ill and was hospitalised while on a project monitoring and evaluation mission of TTF's projects.

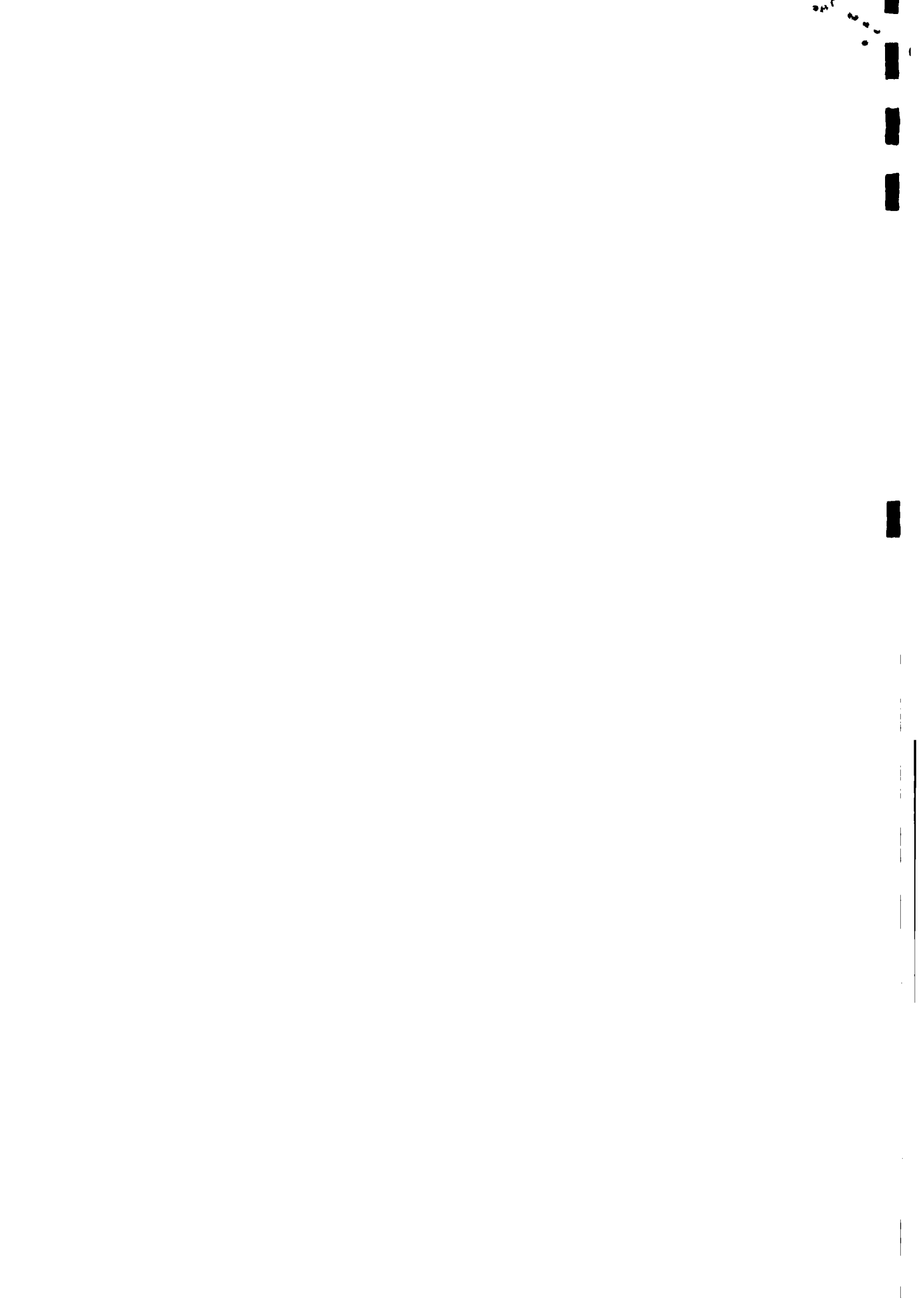
5. BANK & CASH BALANCES

This relates to the balance in the 2 bank accounts held at Commercial bank of Africa as at 30th June 2010 and Petty cash balance held at the same date as follows:

Account No.	Amount Kshs 2009/10	Amount Kshs 2008/9
6534570016	70,945,122.13	26,819,655.95
6534570021	4,065,056.73	742,477.34
Petty Cash	13,076.00	-
Total cash & Bank Balance	<u>75,023,255.00</u>	<u>27,562,133.29</u>

6. CAPITAL RESERVE

TTF has previously, up to the year 2008 operated on a cash basis whereby any balance of funds at the end of the year was refunded back to the donor EDF. The Capital Fund of Kshs. 86,443,276 relates to Net Assets at the beginning of the year (1st July 2008) when TTF reverted to accrual basis accounting.



Tourism Trust Fund

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2010**

7. REVENUE RESERVE

	2009/10 Kshs.	2008/9 Kshs
Surplus/Deficit b/f	(13,916,581)	-
Current year	<u>44,916,788</u>	<u>(13,916,581)</u>
Total	<u>30,997,207</u>	<u>(13,916,588)</u>

8. TRADE & OTHER PAYABLES

	2009/10 Kshs.	2008/9 Kshs.
Trade Creditors	8,901,081	5,212,977
Staff Claims	11,286	143,044
Total	<u>8,912,368</u>	<u>5,356,020</u>

9. STAFF CREDITORS

Staff claims relate to balances refundable to staff members who while on official assignment used an amount more than the travel imprest provided by the organisation. This amount is therefore due to the staff members concerned.

Staff Name	2009/10 Kshs.	2008/9 Kshs.
Sammy Kibet	-	29,317
Francis Agoya	-	15,046
Phillip M'mbwiria	-	31,000
Sammy Okungu	-	50,000
Catherine Mwaura	4,051	17,680
Reuben Gachau	2,960	-
Geofry Koech	4,175	-
Lucy Getange	100	-
Total	<u>11,286</u>	<u>143,043</u>

Tourism Trust Fund

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2010**

10. GRANTS FROM THE GOVERNMENT OF KENYA

During the year, TTF received an allocation of Kshs. 180 Million, Kshs. 160 Million being under the Development Budget and the balance of Kshs. 20 Million under Recurrent Budget. There was a further allocation of Kshs. 95 Million specifically earmarked towards the Beach Management Program. Of the Kshs. 180 Million, only 168 Million was received leaving a balance of Kshs. 12 Million while Kshs. 80 Million of the Beach Programme fund had to be sent back to the Ministry of Tourism. The total amount therefore under the GOK grants Kshs. 183 Million.

Analysis of Receipts

Recurrent Budget	10,000,000
Development Budget	173,000,000
Beach Programme	<u>95,000,000</u>
Total Receipts	<u>263,000,000</u>
Beach programme funds Returned	<u>(80,000,000)</u>
Total Funds available	<u>183,000,000</u>

11. OTHER INCOME (Kshs. 4,032,265)

Of this amount under other income, Kshs. 3,489,828 relates to interest earned on the TTF current account held at the Commercial Bank of Africa and a fixed deposit that was held for 6 months at the same bank. The balance of Kshs. 542,437.00 was profit/ gain realised on the insurance refund for one of the TTF vehicles that was involved in an accident and written off. While the Net Book Value of the vehicle at the time of the accident was Kshs. 81,563, the total amount refunded on the Insurance was Kshs. 624,000 thus realising a gain of Kshs. 542,437.00

Tourism Trust Fund

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2010**

i2. STAFF COST

The total staff cost of Kshs. 21,837,184 is made up of the following:

	2009/10 Kshs.	2008/09 Kshs.
Salaries	17,030,919	24,808,811
Gratuity	3,588,934	9,918,363
Performance Bonus	-	3,537,781
Group Life Insurance	21,076	132,153
Medical Insurance	1,032,554	926,428
Other Staff costs	135,300	53,200
Casual Wages	-	37,500
Employer NSSF Contribution	<u>28,400</u>	<u>29,900</u>
Total Staff Cost	<u>21,837,184</u>	<u>39,729,748</u>

13. ADMINISTRATIVE COSTS:

Administrative costs include:-

	2009/10 Kshs	2008/9 Kshs
Office running expenses	6,636,082	5,670,448
Vehicle repairs & Maintenance	1,639,759	1,505,155
Travel	1,365,268	1,243,009
External Communication	2,170,593	743,044
ICT & MIS Support	390,481	287,863
Training & Consultancies	961,477	841,879
Bank charges	<u>89,465</u>	<u>52,993</u>
Total Administrative Costs	<u>13,253,124</u>	<u>10,613,882</u>

Tourism Trust Fund

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2010**

14. ENABLING SECTORAL ENVIRONMENT

Under this budget line, TTF seeks to ensure the maintenance of a cohesive, functional and supportive Tourism sector environment. Under this, TTF supports mutual and functional relationships between sector institutions, associations and organisations, as well as providing up to date information and statistics as a basis for future planning within the tourism sector.

The total expenditure includes:-

	2009/10	2008/9
	Kshs.	Kshs.
Legislation & Regulation	-	2,717,999
Institutional Reforms	9,328,960	4,709,323
Information & Statistics	-	<u>1,567,134</u>
Total Enabling Environment	<u>9,328,960</u>	<u>8,994,456</u>

15. PRODUCT QUALITY, SUSTAINABILITY & MARKET ACCEPTABILITY

TTF, under this budget line seeks to ensure that the country's physical assets which are its main capital base are strengthened and enhanced, and that new tourism products that are both ecologically and socially sustainable and acceptable are developed. Under this is also capacity building of locally based operators and communities on improved business practices, and assistance in marketing of these newly developed products. Some of the main activities undertaken under this programme have been regularization of the activities along the Kenyan beach in order to curb insecurity faced by tourists visiting the beach as well as ensure that activities taking place along the beach do not cause environmental degradation.

TTF also embarked on the development of Tourism Conservation and Management Area plans to ensure that the country's resources which are the main natural asset base on which the tourism industry thrives are properly utilised and conserved. Under the sub – budget lines Asset Preservation and sustainable eco-Technologies, there was also finalisation of incomplete

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)
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projects that were started and funded under the 8th EDF but could not proceed due to time frame lapse.

Total expenditure therefore under this budget line includes:

	2009/10	2008/9
	Kshs	Kshs
Asset Preservation	47,320,853	11,003,724
Sustainable Eco-technology	37,835,005	7,128,823
Capacity building	6,005,640	1,028,362
Marketing	<u>4,615,315</u>	<u>82,009</u>
Total	<u>95,776,813</u>	<u>19,242,918</u>

16. BOARD EXPENSES

A total of four meetings were held during the year, total cost of the four meetings being Kshs. 263,900 as follows:

	2009/10	2008/9
	Kshs.	Kshs
Meetings	29,700	198,091
Travel	90,000	-
Sitting Allowances	<u>144,200</u>	<u>71,400</u>
Total Board Expenses	<u>263,900</u>	<u>269,491</u>

17. PROVISION FOR AUDIT FEE

The Audit fee was revised from Kshs. 200,000 in the year 2008/9 to Kshs. 450,000 in the current year.

Tourism Trust Fund

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2010**

18. GAIN ON VEHICLE REFUND

During the year, one of TTF's vehicles (Peugeot 306 Saloon) which was purchased in 2002 at a cost of Kshs. 1,160,000 was involved in an accident and was written off. The written down value at the time of the accident was Kshs. 81,563 while the refund received on the insurance was Kshs. 624,000 thus resulting in a gain of Kshs. 542,437.

19. EMPLOYEES

The average number of employees for the Trust during the year was eleven.

20. CURRENCY

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

