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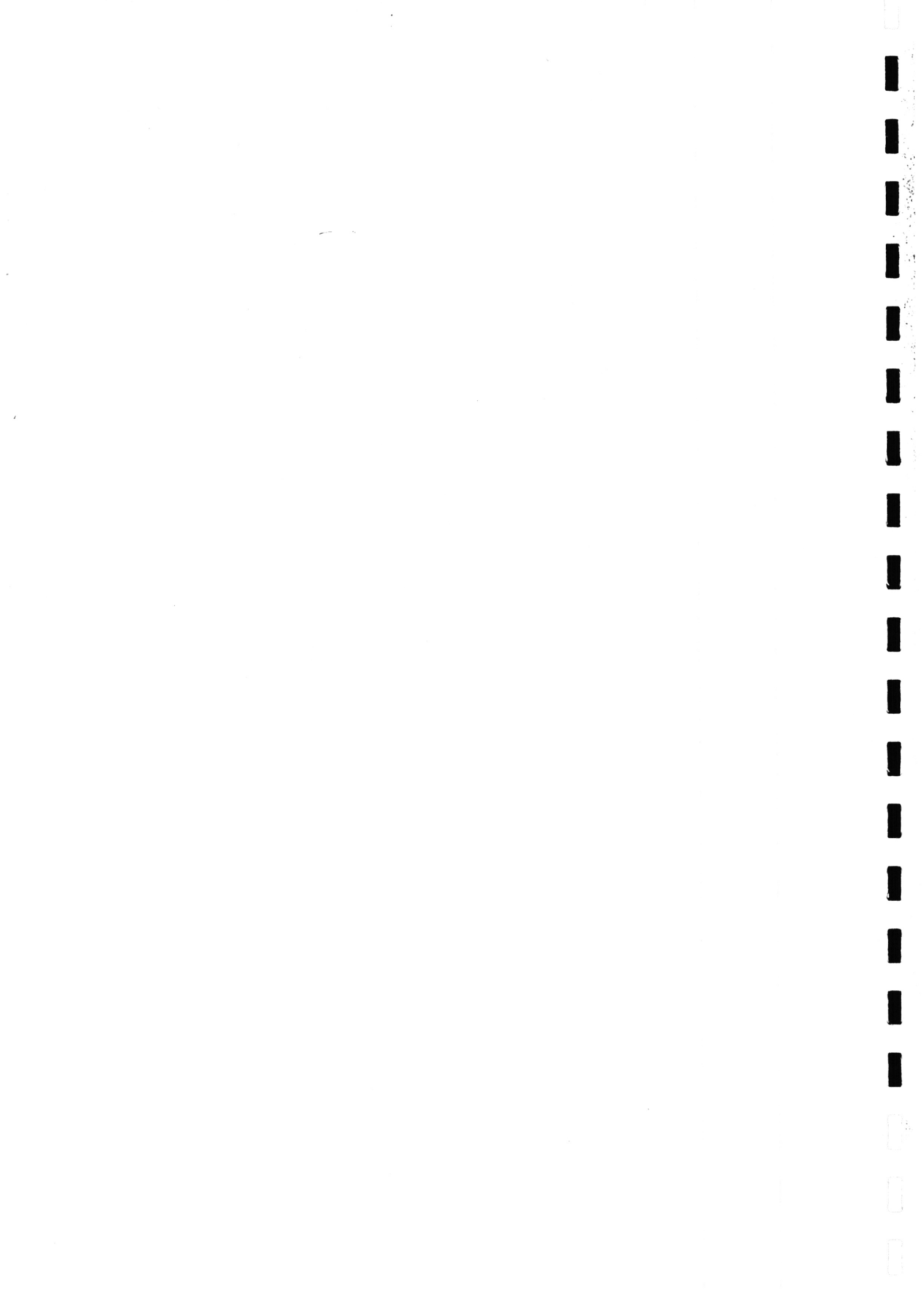


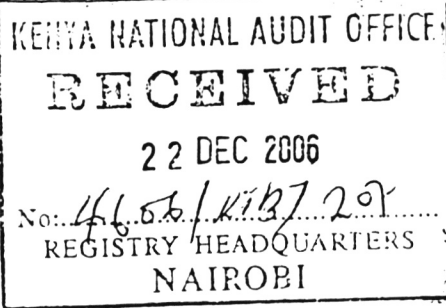
KENYA NATIONAL AUDIT OFFICE

REPORT
OF
THE CONTROLLER
AND AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
KENYA TOURIST BOARD FOR THE
YEAR ENDED 30 JUNE 2006





KENYA TOURIST BOARD
ANNUAL REPORT
AND
FINANCIAL STATEMENTS
30TH JUNE 2006

**KENYA TOURIST BOARD
BOARD'S REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2006**

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**KENYA TOURIST BOARD
BOARD INFORMATION
FOR THE 1ST YEAR ENDING 30TH JUNE 2006**

PRINCIPAL PLACE OF BUSINESS

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

BANKERS

Kenya Commercial Bank Ltd.
Moi Avenue Branch
P.O Box 484 – 00100
NAIROBI

Commercial Bank of Africa
Commercial Bank Building
Wabera Street
P.O Box 30437 – 00100
NAIROBI

SOLICITORS

Kaplan & Stratton
Williamson House, 9th Floor
P.O Box 40111 – 00100
NAIROBI

AUDITORS

Controller and Auditor General
Kenya National Audit Office
Kencom House
P.O Box 30084 – 00100
NAIROBI

**KENYA TOURIST BOARD
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30TH JUNE 2006**

The Directors submit their report together with the audited financial statements for the year ended 30th June 2006, which show the state of the Board's affairs.

1. PRINCIPAL ACTIVITIES

Kenya Tourist Board was formed as a State Corporation, through Kenya Gazette Supplement No. 9 dated February 1997.

The mandate of Kenya Tourist Board as per the Gazette supplement is:-

- (a) To promote and market Kenya as a tourist destination locally and internationally.
- (b) To establish public relations services to address issues concerning the image of the tourism industry in Kenya and facilitate the resolutions of conflicts within the industry.
- (c) To work in partnership with national, regional and International organizations, and local authorities in order to improve the tourism environment.
- (d) To monitor the quality and standards of facilities available to both local and international tourists and advise the private and government agencies on how to improve the facilities for the targeted markets.
- (e) To develop and maintain professional personnel to deal with issues that adversely affects the targeted markets.
- (f) To initiate education and awareness programmes on tourism locally and abroad.

2. RESULTS

The results for the year are shown on page 6.

3. DIRECTORS

The Directors who served during the year and to date of this report are:-

- (i) Mr. Jake Grieves-Cook - Chairman
- (ii) Dr. Ongong'a Achieng' - Managing Director
- (iii) Mr. Cyrus Gituai, CBS – Alternate Mr. Samuel. K Maina
- (iv) Ms. Rebecca Nabutola, CBS. – Alternate Ms. Wanjiru Munene
- (v) Mr. Peter Karanja
- (vi) Mrs. Mia Dunford
- (vii) Mr. Joseph Kinyua, CBS – Alternate Mr. James Tuamwari
- (viii) Mr. Julius Kipngetich
- (ix) Mr. Khalid Shapi
- (x) Ms. Lucy Karume
- (xi) Mr. Mutua Nzoka (retired 31st March 2006)
- (xii) Maj. (Rtd.) William Kamunge, HSC
- (xiii) Mr. Obondo Kajumbi (appointed 1st April 2006) Alternate Abraham Muthogo Kamau

By order of the Board



Managing Director

**STATEMENT OF DIRECTORS' RESPONSIBILITIES
ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30TH JUNE 2006**

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

The Directors 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. The Directors are of the opinion that the financial statements give a true and fair view of the State of the financial affairs of the Board and of its operating results. The Directors 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 Directors to indicate that the Board will not remain a going concern for at least twelve months from the date of this statement.

Dr. Ongong'a Achieng'



.....
MANAGING DIRECTOR

13/12/06
.....
DATE

Jake Grieves - Cook



.....
CHAIRMAN

13/12/06
.....
DATE



KENYA NATIONAL AUDIT OFFICE

REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF KENYA TOURIST BOARD FOR THE YEAR ENDED 30 JUNE 2006

I have audited the financial statements of Kenya Tourist Board for the year ended 30 June, 2006 in accordance with the provisions of section 14 of the Public Audit Act, 2003. 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. The financial statements are in agreement with the books of account.

Respective Responsibilities of the Board of Directors and the Controller and Auditor General

The directors are responsible for the preparation of financial statements which give a true and fair view of the state of affairs of the Board and its operating results. My responsibility is to express an independent opinion on the financial statements based on my audit.

Basis of Opinion

The audit was conducted in accordance with International Standards on Auditing. Those standards require that the audit be planned and performed with a view to obtaining reasonable assurance that the financial statements are free from material misstatement. An audit includes an examination, on a test basis, of evidence supporting the amounts and disclosures in the financial statements. It also includes an assessment of the accounting policies used and significant estimates made by the directors, as well as an evaluation of the overall presentation of the financial statements. I believe the audit provides a reasonable basis for my opinion.

1. Prior Period Adjustments – Kshs.10,147,666

Included in the General Fund figure of Kshs.72,670,217 as at 30 June 2006 are prior period adjustments amounting to Kshs.10,147,666 which have been explained in the notes as previous years over provision of creditors and stocks. However, information provided for audit verification did not adequately explain the genesis and nature of original accounting entries. In the absence of documentation for the original entries, it has not been possible to confirm that the reversal was correctly made and therefore that the General Fund closing balance of Kshs.72,670,217 is fairly stated.

2. Bank Reconciliation Statements – Direct Debits and Credits

The bank reconciliation statements for the year ended 30 June 2006 reflected direct debits and credits totalling Kshs.4,276,065 and Kshs.2,672,007 respectively which have been outstanding for long and which have not been investigated to determine what they represent and have them cleared from the reconciliation. In the circumstances, it has not been possible to confirm the accuracy and completeness of cash at bank balance of Kshs.33,967,340 as at 30 June 2006.

3. Creditors

The creditors figure of Kshs.135,229,022 as at 30 June 2006 includes balances of Kshs.1,787,519 and Kshs.208,060 described as provision for advances recoveries and staff imprests respectively. However, no details/analyses of these balances have been provided for audit verification. In the absence of details of the total amount of Kshs.1,995,579, it has not been possible to confirm the correctness of the creditor's figure of Kshs.135,229,022 reflected as at 30 June 2006.

4. Revenue Unaccounted for – Kshs.249,045

During the year under review, revenue collected between 17 October 2005 and 22 March 2006 amounting to Kshs.249,045 was not banked by a staff member who has since left employment. No action appears to have been taken to recover the amount involved.

Opinion

Except for the foregoing reservations, in my opinion, proper books of account have been kept and the financial statements give a true and fair view of the state of affairs of the Board as at 30 June, 2006 and of its surplus and cash flows for the year then ended, in accordance with the Kenya Tourist Board Order, 1997.


P.N. KOMORA
CONTROLLER AND AUDITOR GENERAL

Nairobi

09 January 2007

**KENYA TOURIST BOARD
BALANCE SHEET
AS AT 30th JUNE 2006**

	NOTES	30-Jun-06 KSHS	30-Jun-05 KSHS
PROPERTY, PLANT & EQUIPMENT	3	18,742,388	14,648,897
		18,742,388	14,648,897
CURRENT ASSETS			
PETTY CASH	17	29,141	5,258
BANK ACCOUNT	4	33,967,340	64,552,199
TREASURY BILLS	18	-	-
INVENTORY	19	5,366,087	7,432,336
PREPAYMENT	5	3,647,697	1,553,890
RECEIVABLES	6	148,728,568	60,375,841
		191,738,833	133,919,523
CURRENT LIABILITIES			
CREDITORS AND ACCRUALS	7	135,229,022	137,147,307
BANK OVERDRAFT	4	381,482	-
AUDIT FEE PAYABLE		400,000	450,000
		136,010,504	137,597,307
NET CURRENT ASSETS		55,728,329	(3,677,784)
TOTAL ASSETS		74,470,717	10,971,113
FINANCED BY			
GENERAL FUND	21	72,670,217	9,161,613
REVALUATION RESERVE	22	1,790,000	1,790,000
CAPITAL GRANTS (EU)	23	10,500	19,500
		74,470,717	10,971,113

The Financial accounts were approved by the Board on the 23.08.06 and signed on it's behalf by

Dr. Ongong'a Achieng:

Managing Director:

Jake Grieves-Cook:

Chairman:

**KENYA TOURIST BOARD
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 30th JUNE 2006**

	NOTE	30-Jun-06 KSHS	30-Jun-05 KSHS
INCOME			
GOVERNMENT GRANT-ANNUAL	10	280,110,000	321,996,000
TOURIST TRUST FUND GRANT-AMP	11	134,706,548	127,462,667
TTF-HOTEL MASTER FILE SURVEY	12	-	4,860,000
CATERING LEVY	13	98,146,476	72,250,100
OTHERS	8	35,329,598	34,413,217
		548,292,622	560,981,983
EXPENDITURE			
RECURRENT EXPENDITURE	9	483,832,916	553,114,929
DIRECTORS EXPENSES	14	4,792,139	3,972,644
DEPRECIATION	3	5,826,469	5,136,278
AUDIT FEE	15	430,160	150,000
		494,931,684	562,373,850
SURPLUS / (DEFICIT)		53,360,938	(1,391,867)
GENERAL FUND			
OPENING BALANCE		9,161,613	13,160,480
PRIOR PERIOD ADJUSTMENT	16	10,147,666	(2,607,000)
SURPLUS / (DEFICIT) FOR THE YEAR		53,360,938	(1,391,867)
CLOSING BALANCE		72,670,217	9,161,613

**KENYA TOURIST BOARD
STATEMENT OF CHANGES IN FUND BALANCES
FOR THE YEAR ENDED 30th JUNE 2006**

	EUROPEAN UNION	REVALUATION RESERVE	GENERAL	TOTAL
	KShs.	KShs.	KShs.	KShs.
As at 1 st July 2004	28,500	1,790,000	13,160,480	14,978,980
Surplus/ (Deficit) for the year	(9,000)	-	(3,998,867)	(4,007,867)
Balance as at 30th June 2004	19,500	1,790,000	9,161,613	10,971,113
As at 1 st July 2005	19,500	1,790,000	9,161,613	10,971,113
Prior year adjustment	-	-	10,147,666	10,147,666
Reinstated Balance	19,500	1,790,000	19,309,279	21,118,779
Surplus/(Deficit) for the year	(9,000)	-	53,360,938	53,351,938
Balance as at 30th June 2006	<u>10,500</u>	<u>1,790,000</u>	<u>72,670,217</u>	<u>74,470,717</u>

KENYA TOURIST BOARD

CASH FLOW STATEMENT FOR THE YEAR ENDED 30th JUNE 2006

	30-Jun-06 KSHS	30-Jun-05 KSHS
NET CASH FLOW FROM OPERATING ACTIVITIES		
Operating Surplus/ (deficit)	53,360,938	(1,391,867)
<u>Adjustment</u>		
Depreciation	5,826,469	5,36,278
Amortization – EU Capital Grant	(9,000)	(9,000)
Unrealized Foreign Currency Gain	(662,657)	-
Loss on disposal of Assets	16,753	-
Interest Income	(279,783)	-
<u>CHANGES IN WORKING CAPITAL</u>		
(Increase) / Decrease in debtors	(90,446,534)	(54,745,202)
(Increase) / Decrease in Inventories	2,066,249	-
Increase / (decrease) in Creditors	7,224,517	44,496,691
Net Cash flow from Operating activities	<u>(22,903,048)</u>	<u>(6,513,101)</u>
INVESTING ACTIVITIES		
Purchase of fixed assets	(8,702,066)	(6,021,487)
Net Cash Flow from Investing activities	(8,702,066)	(6,021,487)
Net Increase (decrease) in Cash & Cash equivalents	((31,605,114)	(12,534,588)
Net Foreign Exchange Adjustment	662,657	
Cash and Cash Equivalents 1 st July	64,557,456	77,092,044
	<u>33,614,999</u>	<u>64,557,456</u>
ANALYSIS OF BALANCES OF CASH & CASH EQUIVALENTS		
Petty Cash	29,141	5,258
Bank Balance	33,967,340	64,552,199
Overdraft	(381,482)	-
Treasury Bills	-	-
	<u>33,614,999</u>	<u>64,557,456</u>

**KENYA TOURIST BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2006.**

1. ACCOUNTING POLICIES FOR THE YEAR ENDED 30TH JUNE 2006

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

(a) Basis of Accounting

The financial statements prepared under the historical cost convention basis of accounting as modified by valuation of motor vehicles.

(b) Depreciation

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 installments at the following rates:-

i. Motor vehicles	25%
ii. Office equipment	12.5%
iii. Furniture	12.5 %
iv. Computers	30 %

(c) Foreign Currency Transactions

Revenue received and expenditure incurred in foreign currencies is translated into Kshs. at the rates of exchange prevailing on the transaction dates. Assets and liabilities at the balance sheet date, which are expressed in foreign currencies, are translated into Kshs. at rates ruling at that date. The resulting differences from conversion and translation are dealt with in the income and expenditure statement in the year in which they arise.

(d) Inventories

Inventories are valued at fair value using the First in First Out (FIFO) formula.

(e) Revenue Recognition

Income recognized on accrual basis. Grants from the Government of Kenya and Catering Levy Trustees are recorded when realized. Grants from the European Union are recognized once the conditions for disbursements are met.

(f) Retirement Benefit Costs

The Board contributes to a defined contribution pension scheme, at the rate of 10% of basic pay and to the National Social Security Fund, (NSSF). Contributions are determined by local statute and are currently limited to Kshs. 200.00 per employee per month.

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

(g) Employee entitlements

The estimated monetary liability for employees' accrued annual leave entitlement at the balance sheet date is recognized as an expense accrual.

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 balance sheet date.

(h) Cash and Cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than 91 days of maturity from the balance sheet date.

**KENYA TOURIST BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2006**

2. GENERAL INFORMATION

Kenya Tourist Board is a legal entity established by Kenya Gazette Supplement No. 9 dated 7th February 1997 and mandated to, among other duties, promote and market Kenya as a tourist destination

3. FIXED ASSETS SCHEDULE AS AT 30TH JUNE 2006

DETAILS

	OFFICE EQUIPMENT	COMPUTERS	FURNITURE	MOTOR VEHICLES	TOTAL
COST / VALUATION	KSHS	KSHS	KSHS	KSHS	KSHS
As at 1 st July 2005	3,654,029	11,450,682	14,478,389	13,603,355	43,186,456
Additional during the year	1,490,314	1,793,226	321,275	5,097,251	8,702,066
Disposals	(44,925)	(1,864,422)	-	-	(1,909,347)
Total as at 30th June 2006	5,099,418	11,379,486	14,799,664	18,700,606	49,979,175
<u>DEPRECIATION</u>					
As at 1st July 2005	2,057,064	8,149,496	7,871,859	9,241,245	27,319,664
Charge for the year	506,505	1,731,232	1,803,803	1,784,929	5,826,469
Disposals	(44,925)	(1,864,422)	-	-	(1,909,347)
Total as at 30th June 2006	2,518,644	8,016,306	9,675,662	11,026,174	31,236,786
NBV as at 30th June 2006	2,580,744	3,363,180	5,124,002	7,674,432	18,742,388
NBV as at 30th June 2005	1,688,804	1,961,306	6,636,677	4,362,110	14,648,897

4. BANK ACCOUNTS

	<u>30-Jun-06</u>	<u>30-Jun-05</u>
Kenya Shillings Accounts	24,969,333	46,562,996
Euro Accounts	8,347,375	14,383,960
USD Accounts	650,632	3,605,242
	<u>33,967,340</u>	<u>64,552,199</u>

The bank balances exclude unexplained transactions by the bank totaling to a debit amount of Kshs. 1,604,058.35 the effect of which would reduce the cash balance to Ksh. 32,363,281.65. One of the bank A/c No. 229970883 was overdrawn on the cash book to the tune of Ksh 381,482.48. This is shown as an overdraft in the accounts.

KENYA TOURIST BOARD
NOTES TO THE FINANCIAL STATEMENT-Continued
FOR THE YEAR ENDED 30th JUNE 2006

<u>5. PREPAYMENTS & DEPOSITS</u>	30-Jun-06 KSHS.	30-Jun-05 KSHS.
Insurances	2,524,448	526,930
Imprest	967,508	782,996
Others	155,740	243,964
	<u>3,647,697</u>	<u>1,553,890</u>

6. RECEIVABLES

Exhibition debtors	5,040,944	4,109,003
Website debtors	3,666,562	
Jim Flannery	208,284	208,284
EUITTF -AWP GRANT Receivable	134,706,548	54,846,667
Staff Advances	5,301,344	1,407,001
Mediplus	605,552	569,727
Others		35,825
	<u>149,529,234</u>	<u>61,176,507</u>
Provision for bad debts	(800,666)	(800,666)
	<u>148,728,568</u>	<u>60,375,841</u>

The Board approved the write off of the amount receivable from Jim Flannery subject to the approval of the Minister.

<u>7 CREDITORS AND ACCRUALS</u>	30-Jun-06 KSHS.	30-Jun-05 KSHS.
International Creditors	54,311,896	56,313,745
Local creditors	56,670,632	49,614,305
Accruals	14,697,788	27,945,105
Payroll deductions	7,551,799	3,274,152
Advances Recoveries Provision	1,787,520	-
Imprest Recoveries Provision	208,060	-
	<u>135,229,022</u>	<u>137,147,307</u>

8 OTHER INCOME

Industry contribution	32,861,455	31,376,666
Interest income	279,783	1,112,818
International VAT refund	-	1,700,792
Miscellaneous	2,179,360	213,941
EU Grant Amortization	9,000	9,000
	<u>35,329,598</u>	<u>34,413,217</u>

**KENYA TOURIST BOARD
NOTES TO THE FINANCIAL STATEMENT-Continued
FOR THE YEAR ENDED 30th JUNE 2006**

9 RECURRENT EXPENDITURE

Bank charges	1,408,123	735,749
Salaries and wages	59,016,322	60,992,504
Pension and NSSF Contribution	3,878,106	4,014,334
Gratuity	3,441,000	2,693,900
Staff Group Life Policy	1,189,705	1,004,985
Staff Medical Insurance	2,266,252	2,210,453
Group Personal Accident	480,486	644,404
Subscriptions & Donations	943,796	506,550
Staff Training & Recruitment	6,090,622	7,037,783
R & M for Motor Vehicle, Computers & Office Equip.	3,413,761	3,708,613
Insurance for Motor Vehicle, Computers & Office Equip.	431,938	332,954
Rent	7,239,320	7,761,130
Postage	186,675	526,618
Telephone	5,398,159	5,864,140
Stationery	1,339,666	1,829,916
Office general expenses	2,489,451	1,680,654
Entertainment	1,057,404	793,210
Committees, Conferences & Meetings	-	84,605
Local Traveling & Accommodation	1,888,753	2,196,621
Legal, Consultancy fees	1,557,842	968,551
Marketing and promotion	380,152,055	448,164,166
Purchase price variance-stock	659,383	-
Loss on disposal	16,753	-
Exchange Loss/ (Gain)	(662,657)	(696,978)
	<u>483,882,916</u>	<u>553,114,929</u>

**KENYA TOURIST BOARD
 NOTES TO THE FINANCIAL STATEMENT-Continued
 FOR THE YEAR ENDED 30th JUNE 2006**

10. GOVERNMENT GRANT-ANNUAL

Government Grant-annual Grants to the Board as voted for in the Government budget for the financial year. The expected receipts from the Government are thus well known before the start of the year and the same are released on a quarterly basis.

11. TOURISM TRUST FUND GRANT – ANNUAL WORK PLAN (AWP)

The Tourism Trust Fund (AWP) grant is meant to supplement Government budgetary allocations to the Board to support the marketing programmes.

12. THE HOTEL MASTER FILE SURVEY

The Hotel master file survey was funded by the Tourism Trust Fund to enable the Central Bureau of Statistics and the Kenya Tourist Board collect data on a timely basis for planning, policy making, marketing and promotion purposes. The aim of the survey was to improve on the frame used to conduct studies for the tourism sector since the last frame was developed in 1997. No grant was released in the period in the period ended June 2006.

13. CATERING LEVY

The revenue from the Catering Levy Trustees is a share of the Hotel Catering levy of 2% levied to the Hotel establishments. The enhanced collection is a reflection of the performance of the tourism sector.

14. DIRECTORS' EXPENSES

The Directors' expenses relate to sitting allowances paid to Directors and other expenses incurred in transacting Directors' activities as far as they relate to the Board.

15. AUDIT FEES

This comprises of the fees expected to be paid to our Auditors for the work done in relation to the financial year. The amount charged in the current financial statements includes provision for previous understatements as follows:-

Year	Amount Provided	Actual/Extended/Provision	Balance expensed
2003/4 (Annual audit)	150,000	200,000	50,000
2004/5 “	150,000	250,000	100,000
2005/6 “	250,000	250,000	250,000
2005/6 (pension scheme)	30,160	“	30,160
TOTAL			<u>430,000</u>

**KENYA TOURIST BOARD
NOTES TO THE FINANCIAL STATEMENT-Continued
FOR THE YEAR ENDED 30th JUNE 2006**

16. PRIOR PERIOD ADJUSTMENT

The credit prior year adjustment of Kshs 10,147,666 relates to the previous year over provision of accruals and stocks and asset related adjustment reversed in the current Financial year.

17. PETTY CASH

Petty cash is held to enable the Board pay for minor expenses of less than Kshs. 5,000.00 and where such expenses cannot be well planned for in advance.

18. TREASURY BILLS

Treasury bills amounting to Kshs. 2,389,680 are held as security for the staff car loan scheme as approved. The bills matured towards the end of the year and the proceeds credited back to the bank account. They were however purchased in the current financial year.

19. INVENTORY

The inventory comprises of stationery and promotional giveaways.

20. CONTINGENT LIABILITIES

As at 30th June 2006, there was a contingent liability arising from a claim by a former employee representing damaging for alleged wrongful dismissal. The subject of a court case. It is not practicable to estimate the eventual liability. The company has been advised by its lawyers that it is possible, but not probable, that the decision will succeed and accordingly no provision for any liability has been made in this financial statement.

21. GENERAL FUND

The general fund is composed of the accumulated surplus over the period of the Board's existence.

22. REVALUATION RESERVE

The revaluation surplus presents solely the surplus on revaluation of property, plant and Equipment (Motor vehicles) and is non-distributable

23. CAPITAL GRANTS (EU)

The capital grants (EU) arose from donations made by the European Union in form of equipment and whose value will be amortized over their useful lives. The capital grants account will thus be amortized over the same time.

**KENYA TOURIST BOARD
NOTES TO THE FINANCIAL STATEMENT-Continued
FOR THE YEAR ENDED 30th JUNE 2006**

24. COMPARATIVES

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year. In particular, the comparative figures have been adjusted to take into account the effect of the prior year adjustment.

25. CAPITAL COMMITMENTS

The Board is not involved in any capital projects and has therefore no capital commitments outstanding.

26. TAX EXEMPTION

The Board's income is exempt from tax by the Minister for Finance under section 13(2) of the Income Tax Cap 470 vide Kenya Gazette Supplement No. 121 dated 20th December 2002 (copy attached).

27. EMPLOYEES

The average number of employees for the Board during the period was fifty five (55) (June 2005 – 51).

28. CURRENCY RISK

The Board operates within and without Kenya and its assets and liabilities are reported in the local currency. It held no significant foreign currency exposure as at 30th June 2006.

29. CURRENCY

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