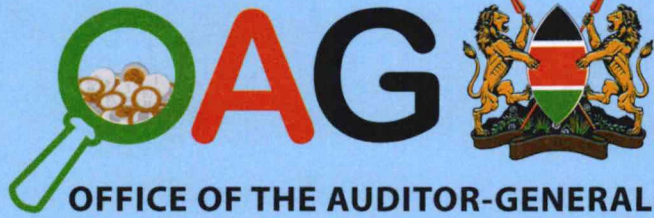


REPUBLIC OF KENYA



Enhancing Accountability

REPORT



OF


THE AUDITOR-GENERAL

ON

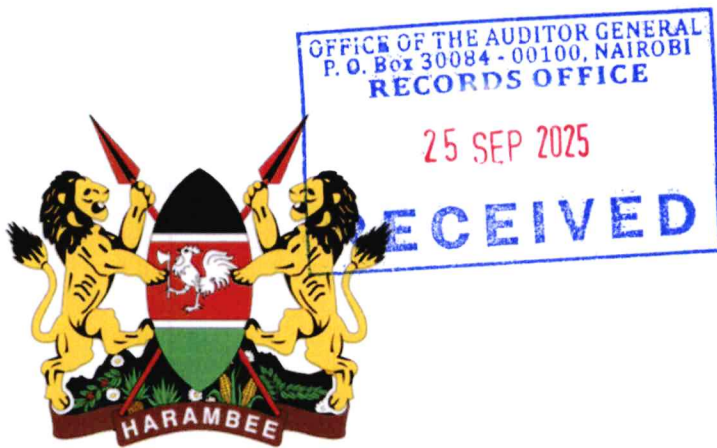
TOURISM RESEARCH INSTITUTE

FOR THE YEAR ENDED

30 JUNE, 2025

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 05 NOV 2025	DAY: WED
TABLED BY:	DEPUTY MAJORITY PARTY WITH
CLERK-AT THE-TABLE:	WILLI OBIERO

100



TOURISM RESEARCH INSTITUTE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDING

30TH JUNE 2025

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

**Tourism Research Institute
Annual Report and Financial Statements
For the year ended June 30, 2025.**

(Leave this page blank)

**Tourism Research Institute
Annual Report and Financial Statements
For the year ended June 30, 2025.**

Table of Contents	Page
1. ACRONYMS, ABBREVIATIONS AND GLOSSARY	iii
2. KEY ENTITY INFORMATION AND MANAGEMENT	iv
3. THE BOARD OF DIRECTORS	vii
4. MANAGEMENT TEAM	ix
5. CHAIRMAN'S STATEMENT	x
6. REPORT OF THE CHIEF EXECUTIVE OFFICER	xiii
7. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2024/2025	xv
8. CORPORATE GOVERNANCE STATEMENT	xvii
9. MANAGEMENT DISCUSSION AND ANALYSIS	xx
10. ENVIRONMENTAL AND SUSTAINABILITY REPORTING	xxiv
11. REPORT OF THE DIRECTORS	xxvi
12. STATEMENT OF DIRECTORS RESPONSIBILITIES	xxvii
13. REPORT OF THE INDEPENDENT AUDITOR FOR THE TOURISM RESEARCH INSTITUTE (TRI)	xxix
14. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2025 ..	1
15. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2025	2
16. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2025	3
17. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2025	4
18. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2025	5
19. NOTES TO THE FINANCIAL STATEMENTS	6
20. APPENDIX	24

1. ACRONYMS, ABBREVIATIONS AND GLOSSARY OF TERMS

A: Acronyms and Abbreviations

CEO	Chief Executive Officer
DG	Director General
CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
MD	Managing Director
NT	National Treasury
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations
WB	World Bank
VC	Vice Chancellor

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.

2. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

Tourism Research Institute is a corporate body established under section 51 of the Tourism Act No.28 of 2011 and mandated to *undertake and co-ordinate tourism research and analysis in accordance with the provision this Act.*

(b) Principal Activities

The principal activity/mission of the Tourism Research Institute undertake and Co-ordinate research and analysis for the Tourism Sector in Kenya.

(c) Key Management

Tourism Research Institute day-to-day management is under the following key organs:

No.	Designation	Name
1.	Board of Directors/	1. Macdonald Obudho 2. Beth Ndungu 3. Nahashon Mwongera
2.	Accounting officer/ Chief Executive Officer	David Gitonga
3.	Manager 1	1. Susan Mbugua
4.	Manager 2	2. Hesbon Oyendo
5.	Manager 3	3. Betty Maranga

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2025 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Ag. Chief Executive Officer	David Githui Gitonga
2.	Head of Finance	Susan M. Mbugua
3.	Head of Planning	Hesbon Ochieng' Oyendo
4..	Head of Research	Betty Wanjiku Maranga

**Tourism Research Institute
Annual Report and Financial Statements
For the year ended June 30, 2025.**

(e) Fiduciary Oversight Arrangements

Name of the Committee	Members
Finance and Establishment Committee	1. Beth Ndungu 2. David G. Gitonga – Ag. CEO
Technical and Strategy Committee	1. Nahashon Mwongera 2. David G. Gitonga – Ag. CEO
Audit and Risk Committee	1. Beth Ndungu 2. Macdonald George Obudho 3. Nahashon Mwongera 4. Timothy Kiruge -Secretary

(f) Entity Headquarters

P.O. Box 42131-00100
Utalii House – 7th Floor
Uhuru Highway
Nairobi, KENYA

(g) Entity Contacts

Telephone: (+254) 020 2001084
E-mail: ceo@tri.go.ke
Website: www.tri.go.ke

(h) Entity Bankers

Kenya Commercial Bank
Kipande House Branch
P.O Box 30012-00100
Nairobi, Kenya

**Tourism Research Institute
Annual Report and Financial Statements
For the year ended June 30, 2025.**

(i) Independent Auditors

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



(j) Principal Legal Adviser

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

3. THE BOARD OF DIRECTORS





 <p>1. John Ololtuaa, CBS Master's Degree</p>	<p>John Lekakeny Ololtuaa was born in 1967 at Trans-Mara West Sub County in Narok County. He holds a Bachelor of Education (Arts) Degree and a Masters Degree in Education Administration both from Kenyatta University. Ololtuaa is an educationist who rose through the ranks to become the Regional Director of Education in charge of Eastern then Nairobi, Rift Valley and finally Central Region.</p> <p>Hon. John Ololtuaa is a transformative leader who believes in the ideals of strategic management and high standards of professionalism, transparency, integrity, and accountability. He was appointed Principal Secretary in the State Department for Tourism in the Ministry of Tourism and Wildlife in December 2022 where he is in charge of tourism promotion, policy formulation, and Development of the tourism industry in Kenya.</p>
 <p>2. Macdonald George Obudho, MBS Master's Degree</p>	<p>Born on 28th November 1967, Macdonald G. Obudho is a holder of a PhD in Applied Statistics, Master of Science in Statistics from Jomo Kenyatta University of Agriculture and Technology and Bachelor of Science degree in Mathematics and Computer Science from the same university. He has risen through the ranks from Economist/Statistician II to the current position of Director General, Kenya National Bureau of Statistics. He has experience in top management spanning over 13 years and has a number of certificates to his name from short and long courses, workshops, conferences and seminars attended both locally and abroad. As a result of exemplary work in design and execution of the 2019 Kenya Population and Housing Census, Mr. Obudho was honoured with a State Award; The Moran of the Order of the Burning Spear (MBS).</p>
 <p>3. Mr. Nahashon Mwongera Master's Degree</p>	<p>Born on 6th November 1972, Mr. Mwongera is a holder of a Bachelor of Arts Economics and Mathematics from Egerton University, Masters of Arts from Botswana University and currently a PhD student in Kenyatta University. He is a Research and Development professional with over 12 years' experience both in public and private sectors. He possesses hands on experience in public policy research and analysis; implementing market research methodologies for product and innovative ideas development; training of trainers; preparation of technical and financial proposals; developing strategic plans; results-based project monitoring and evaluation; and writing of technical reports. Mr. Mwongera is currently a Policy Analyst at the Kenya Institute for Public Policy Research and Analysis (KIPPRA) focussing on Tourism, Environment and Natural Resource Management, Macroeconomic and Financial sector analysis.</p>

**Tourism Research Institute
Annual Report and Financial Statements
For the year ended June 30, 2025.**

 <p>4. Beth Ndungu Master's Degree</p>	<p>Born on 5th November 1966, Beth Njeri Ndungu holds an MBA in Strategic Management from Kenyatta University and a BA in Economics & Business Studies from Kenyatta University. She works at the National Treasury, Kenya in the Financial and Sectoral Affairs Department. She previously worked in the UN Agencies and Americas UK & IFAD Divisions of the Resource Mobilization Department. She previously also worked as a Competition Analyst in the Competition Authority of Kenya and as a Monopolies officer in the Ministry of Finance, Kenya She has Certificates in International Trade and Development, Project Planning and Implementation, Economic Policy Analysis, Best Practices in Financial Processes and Controls, Results Based Management among others.</p>
 <p>5. David Gitonga, Ag. CEO Master's Degree</p>	<p>Born in Nakuru County on 7th June 1972, Mr. Gitonga holds a Master's degree in Tourism Management and a Bachelor's degree in Tourism. He has 28 years' experience in the Tourism Public Sector mainly in tourism policy and product development as well as sector regulation. He was the National Co-ordinator in the development of National Tourism Blueprint 2030 before being appointed the Ag. CEO of Tourism Research Institute and the Secretary to the Board.</p>

**Tourism Research Institute
Annual Report and Financial Statements
For the year ended June 30, 2025.**

4. MANAGEMENT TEAM

Management	Details
 <p>1. David Gitonga, Ag. Chief Executive Officer</p>	<p>Has 28 years' experience in Tourism Management in the Public Sector, National Co-ordinator in the development of National Tourism Blueprint 2030 involved in setting up of Tourism Regulatory Authority and he is the Ag Chief Executive Officer.</p>
 <p>2. Ms. Susan M Mbugua Accountant</p>	<p>Has 33 years' experience in Public Service. A member of Institute of Certified Public Accountant of Kenya (ICPAK Area of responsibility Finance.)</p>
 <p>3. Hesbon Ochieng Oyendo Assistant Director Tourism</p>	<p>Has 15 years' experience in tourism management, tourism strategy, and stakeholder management in the public sector. Area of responsibility – Data Collection Analysis and Interpretation.</p>
 <p>4. Ms. Betty M. Maranga Tourism Officer</p>	<p>Has 15 years' experience in the Public Service. area of responsibility- Tourism Research</p>

5. CHAIRMAN'S STATEMENT

Tourism Research Institute (TRI) is a State Corporation established under section 51 of the Tourism Act 2011 with the mandate to undertake and co-ordinate tourism research and analysis.

KEY HIGHLIGHTS OF THE YEAR

The Institute made progress in rolling out activities of its core mandate as per the Strategic Plan. Major highlights are discussed here below.

I. ACHIEVEMENTS

During the Financial Year 2024/2025, the Tourism Research Institute (TRI) registered notable progress in its mandate of providing timely, relevant, and accurate data and insights to guide policy formulation, planning, and investment decisions in the tourism sector. Despite numerous operational constraints, the Institute delivered on several critical research undertakings and outputs:

Tourism Skills Gap Audit and Workforce Survey

The Institute undertook a nationwide Tourism Skills Gap Audit and Workforce Survey aimed at assessing the current state of human capital in the tourism sector. This comprehensive study was designed to provide a clear picture of the availability, quality, and alignment of skills among tourism sector employees and service providers across the country. The survey not only identified priority training needs but also provided actionable insights into the mismatches between industry requirements and workforce capabilities. The data generated will inform targeted interventions in curriculum development, vocational training, and employment policies for tourism and hospitality.

Inbound and Outbound Tourist Expenditure Survey (in collaboration with KNBS)

In partnership with the Kenya National Bureau of Statistics (KNBS), the Institute successfully conducted the National Survey on Inbound and Outbound Tourist Expenditure. The survey provided critical data on the average spending patterns of both international and Kenyan outbound tourists. These insights are pivotal in quantifying tourism's contribution to the national economy, refining marketing strategies, and supporting decisions on taxation and incentive frameworks. The collaboration also enhanced inter-agency data harmonization and statistical integrity.

Annual and Quarterly Tourism Performance Reporting

The Institute prepared and published the Annual Tourism Sector Performance Report 2024, which analyzed sector trends, source markets, tourist arrivals, expenditure, and regional distribution. In addition, TRI produced and disseminated four Quarterly Performance Reports, ensuring continuous tracking of tourism dynamics and timely availability of sector intelligence. These reports remain instrumental for government, private sector stakeholders, development partners, and investors in understanding the performance trajectory and resilience of the sector.

Establishment of the National Tourism Database

TRI commenced the development of the National Tourism Database, a flagship initiative intended to centralize all tourism-related data, statistics, and research outputs. The database will serve as a national repository and a decision-support system for both the public and private sectors. It is designed to promote transparency, ease of access to data, and facilitate evidence-based planning and investment. The development process included systems design, stakeholder consultations, and preliminary data mapping.

Implementation of Presidential Directive on National Restoration Tree Growing Campaign

During the year under review, the Institute participated in tree growing activities as part of the government plan of increasing the country's tree cover. The Institute planted ...seedlings in -Lake Olbolosat in Nyandarua County and Mumoni Ward in Kitui County.

II. CHALLENGES

Despite the above achievements, the Institute faced a number of significant structural, financial, and operational challenges that threatened to undermine the delivery of its mandate. These are outlined below:

The Institute is critically under-staffed, currently operating with only eight officers, of whom only two are technical personnel. Given the Institute's broad mandate covering national research, data analysis, policy evaluation, and dissemination, this staffing level is grossly inadequate. The situation has overburdened existing staff, led to delays in deliverables, and limited the Institute's presence in county-level engagements. Following the recent re-categorization of TRI as a research institution, a staffing plan had been developed with the intention of recruiting in FY 2024/2025. However, due to the severe budget cuts, the recruitment exercise has been indefinitely suspended.

Inadequate and Unpredictable Funding

One of the most pressing challenges during the FY 2024/2025 was the drastic budgetary reduction that severely constrained the Institute's capacity to operate. The Institute was allocated KES 19 million for the financial year, a reduction of KES 184 million from the previous allocation. This substantial cut in funding has had far-reaching implications on research execution, staff support, stakeholder engagement, data infrastructure development, and the implementation of ongoing and planned projects. With such limited financial support, the Institute faces the real risk of halting core operations, including key national surveys and database maintenance.

Lack of a Fully Constituted Board

The absence of a fully constituted Board of Directors continues to pose a major governance bottleneck. The Board plays a pivotal role in providing strategic leadership, institutional oversight, and policy direction. Without a functioning board, the Institute is constrained in its ability to make critical decisions, approve operational strategies, and authorize statutory deliverables. This gap has slowed down decision-making and weakened the institution's capacity to align swiftly with national development priorities.

Office Space Constraints

In response to growing operational demands and the need to host expanded research and administrative teams, the Institute had initiated the process of acquiring additional office space. However, this plan has been shelved due to the sharp decline in budgetary allocation. The current workspace is not sufficient to accommodate staff growth or provide a conducive environment for research teams and collaborative engagements. The lack of adequate physical infrastructure continues to undermine operational efficiency, staff productivity, and stakeholder interactions.

Conclusion

While the Institute remains committed to its mandate and continues to demonstrate impact through high-quality research and data dissemination, its ability to sustain these efforts is threatened by the significant resource constraints. Strategic support—particularly in funding, governance, and staffing—is urgently required to enable the Institute to continue providing timely, reliable, and policy-relevant tourism intelligence.



John Ololtuaa, CBS

Principal Secretary

6. REPORT OF THE CHIEF EXECUTIVE OFFICER

It gives me great honour to present the CEO's report for the Financial Year 2024/2025, a period that tested our institutional resilience, but also reaffirmed the Tourism Research Institute's vital role in shaping a data-driven future for Kenya's tourism sector.

Over the course of the year, the Institute continued to deliver on its mandate as the national focal point for tourism research, statistics, and sectoral intelligence. In an increasingly complex and competitive tourism landscape, our work remains central to ensuring that Kenya's tourism development is informed, inclusive, and responsive to both market dynamics and policy imperatives.

Among our most notable achievements this financial year was the successful completion of the National Tourism Skills Gap Audit and Workforce Survey. This ground-breaking study offered the first comprehensive analysis of the availability, distribution, and quality of skills across the country's tourism value chain. The findings will serve as a critical tool in guiding training interventions, human capital development, and the alignment of skills with industry needs.

We also partnered with the Kenya National Bureau of Statistics (KNBS) to undertake a national survey on inbound and outbound tourist expenditure. This collaborative initiative provided much-needed baseline data on tourist spending patterns, a key metric in evaluating tourism's contribution to the economy. The insights generated will support strategic planning, taxation policy, and sector marketing decisions.

In line with our commitment to continuous performance monitoring, the Institute prepared and disseminated both the Annual Tourism Sector Performance Report and quarterly reports. These outputs have become a reliable source of sector intelligence for government, investors, and development partners. The reports capture critical information on visitor arrivals, source markets, domestic travel trends, and sectoral performance.

Additionally, the Institute commenced the establishment of the National Tourism Database – a bold step toward creating a centralized, accessible platform for all tourism-related data in Kenya. Once complete, this database will significantly enhance the sector's planning, transparency, and investment readiness by providing structured, real-time, and historical data for decision-makers. It also worth noting that, the Institute participated in various ad hoc assignments such as review of the National Tourism Policy, development of the draft National Tourism Strategy 2025-2030 and a feasibility study on the Cradle of Mankind Project in Turkana and Marsabit Counties among others.

On the presidential directive on National Restoration Tree Growing Campaign, the Institute planted seedlings in Nyandarua and Kitui Counties during the year under review.

However, despite these achievements, the year was not without major challenges. The most pronounced constraint was the drastic reduction in our operational budget. For FY 2024/2025, the Institute was allocated only KES 19 million, a staggering reduction of KES 184 million from the previous financial year. This level of underfunding has curtailed critical research activities, disrupted ongoing projects, and cast uncertainty on the Institute's capacity to function at its full mandate.

Tourism Research Institute
Annual Report and Financial Statements
For the year ended June 30, 2025.

Equally concerning is the continued absence of a fully constituted Board of Directors. This governance gap has hindered timely decision-making and compromised the Institute's ability to operationalize key strategic initiatives that require board-level approvals.

The human resource situation remains dire. As of this reporting period, the Institute is operating with only eight staff members, of whom just two are technical officers. This is grossly inadequate for an institution with a national mandate. While plans to expand our workforce were developed following our categorization as a research institution, the financial constraints have rendered recruitment plans unfeasible.

Compounding these challenges is the issue of office space. Efforts to secure additional office premises to accommodate our growing operations were put on hold due to budget limitations. The lack of adequate infrastructure continues to impede institutional efficiency, research productivity, and stakeholder engagement.

Moving forward, there is an urgent need for strategic and sustained support. Adequate and predictable funding must be restored to enable the Institute to implement its programs effectively. The appointment of a functional Board must be prioritized to strengthen governance and oversight. Furthermore, our human resource and infrastructure needs must be addressed to match the scale and complexity of our growing mandate.

Despite the hurdles, the Institute remains deeply committed to its mission of delivering timely, credible, and policy-relevant tourism intelligence. I wish to recognize and thank our dedicated staff, strategic partners – especially KNBS and the Ministry of Tourism and Wildlife – and all stakeholders who continue to believe in the value of our work.

As we reflect on this year's achievements and challenges, I remain confident that with the right support, the Tourism Research Institute will continue to be a cornerstone in building a resilient and globally competitive tourism sector for Kenya.



David G. Gitonga
Ag. Chief Executive Officer

**Tourism Research Institute
Annual Report and Financial Statements
For the year ended June 30, 2025.**

**7. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR
FY 2024/24**

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.

Tourism Research institute has *three* strategic pillars and objectives within its Strategic Plan for the FY 2018/2019- 2024/2025. These strategic pillars are as follows:

- Pillar 1: Undertake Research
- Pillar 2: Tourism Data Management
- Pillar 3: Disseminate Research Findings

Tourism Research institute develops its annual work plans based on the above *three* pillars. Assessment of the Board's performance against its annual work plan done on a quarterly basis. The *Tourism Research institute* achieved its performance targets set for the FY 2024/2025 period for its three strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1: Undertake Tourism Research	To systematically investigate a specific topical issue or question in tourism to gain new knowledge, understand phenomena, or solve problems.	-Number of research topics conceptualized. --Number of research activities undertaken	-Conceptualize research topics - Desktop research - Literature reviews - defining objectives - Designing methodological approaches - Conducting surveys - Analysis of data - Preparing the Final Report	i) Conducted Tourism Skills Gap Audit and Workforce Survey ii) Conducted Inbound and Outbound Tourist Expenditure Survey (IOTE) in collaboration with (KNBS)
Pillar 2 Tourism Research Findings Dissemination	To share knowledge and insights with a broad audience that includes industry professionals, policymakers, and	Number of dissemination forums	i) Preparing the Final Report ii) Presenting at Conferences iii)Distributing to Stakeholders iv)Creating Summaries or Briefs	i. Prepared and disseminated Tourism Annual and Quarterly Performance 2024 in Mombasa ii. Presented on of the Future

**Tourism Research Institute
Annual Report and Financial Statements
For the year ended June 30, 2025.**

	the general public.		v) Utilizing Social Media and Websites	Tourism Research at the Kenya Hotel Keepers and Caterers Symposium in Mombasa iii. Disseminated Situational Analysis on The Adoption of Sustainable Best Practices, Evaluation of The Impact of Climate Change on The Tourism Sector In Kenya, and Design of Appropriate Climate Response And Sustainable Best Practices in Line With Global Benchmarks
Pillar 3: Tourism Data Management	To efficiently collect, organize, analyse, and utilize data related to tourism activities.	i) Data storage efficiency ii) Data Security iii) Data Accessibility iv) Data Timeliness v) Data Usability	1. Data Collection 2. Data Storage 3. Data Processing 4. Data Integration 5. Data Quality Management 6. Data Security 7. Data Governance 8. Data Archiving 9. Data Retrieval 10. Data Analysis	Developed first phase National Tourism databases

8. CORPORATE GOVERNANCE STATEMENT

Board Meetings

There was no business transacted because the board was not fully constituted in the financial year 2024/2025

No	Board Member	Classification	Designation	Finance and Establishment Committee (BFEC): Total No. of meetings 1 (1 scheduled, 0 special)	Technical and Strategy Committee (BTSC): Total No. of meetings 1 (1 scheduled, 0 special)	Audit and Risk Committee (BARC): Total No. of meetings 1 (1 scheduled, 0 special)	Main Board Meetings: Total 2 (2 scheduled, 0 special)
1.	John Lekakeny Ololtuaa	Principal Secretary, Ministry of Tourism		0/1	-		0/2
2.	MacDonald Obudho	Director General, KNBS		-	-	0/1	0/2
3.	Beth Ndungu	Representing Principal Secretary, The National Treasury		0/1	0/1	0/1	0/2
4.	Nahashon Mwongera	Representing Executive Director, KIPPRA		0/1	-	0/1	0/2
5.	Edwin Murimi	Inspectorate of State Corporations		-	-	-	0/2
6.	David Gitonga	Ag. CEO		0/1	0/1	-	0/2

CORPORATE GOVERNANCE STATEMENT (Continued)

SUCCESSION PLAN

There was no board business transacted in the year under review because the board was not fully constituted.

BOARD CHARTER

The board is yet to develop the charter but plans are underway.

APPOINTMENT AND REMOVAL OF DIRECTORS.

The board was not fully constituted in the year under review..

ROLES AND FUNCTION OF THE BOARD

The Board of the Institute has the following roles as outlined by Mwongozo:

- a) Determine the organisation's mission, vision, purpose and core values
- b) Set and oversee the overall strategy and approve significant policies
- c) Ensure the strategy is aligned with the purpose of the organisation and the legitimate interests and expectations of the stakeholders
- d) Ensure the strategy is aligned to the long-term goals of the organisation on sustainability so as not to compromise the ability of future generations to meet their needs
- e) Approve the organisational structure
- f) Approve the annual budget of the organisation
- g) Monitor the organisations' performance and ensure sustainability
- h) Enhance the corporate image of the organisation
- i) Ensure availability of resources for the achievement of the organisation's objectives
- j) Hire the CEO on such terms and conditions of service as may be approved by the relevant government organ(s) and approve the appointment of senior management
- k) Ensure effective communication with stakeholders.

INDUCTION AND TRAINING OF THE BOARD

Tourism Research Institute recognizes the governance leap made by the Government of Kenya through the development and issuance of MWONGOZO; The Code of Governance for State Corporations. In this regard, once new board members are appointed, the Institute provides them with information on the operations of TRI. They are also taken through Mwongozo training on management of State Corporations as well as Corporate Governance training.

BOARD AND MEMBER PERFORMANCE

The board conducts the annual board and individual members' evaluation to monitor and review performance. This is independently supervised by SCAC.

CORPORATE GOVERNANCE STATEMENT (Continued)

CONFLICT OF INTEREST

During every meeting of the board, members sign a declaration of conflict of interest. Where a member has conflicting interest, they are excluded from the deliberations of the said agenda.

BOARD REMUNERATION

The policy on remuneration of the board members is in place as provided for by relevant government regulations and guidelines. Allowances were paid when they fall due.

ETHICS AND CONDUCT

Board members received training on ethics and conduct during the induction training. There are no ethical and misconduct issues to declare.

GOVERNANCE AUDIT

The Board has established a Board Audit and Risk Committee in compliance with Mwongozo and government audit laws and regulations.

9. MANAGEMENT DISCUSSION AND ANALYSIS

The entity’s operational and financial performance

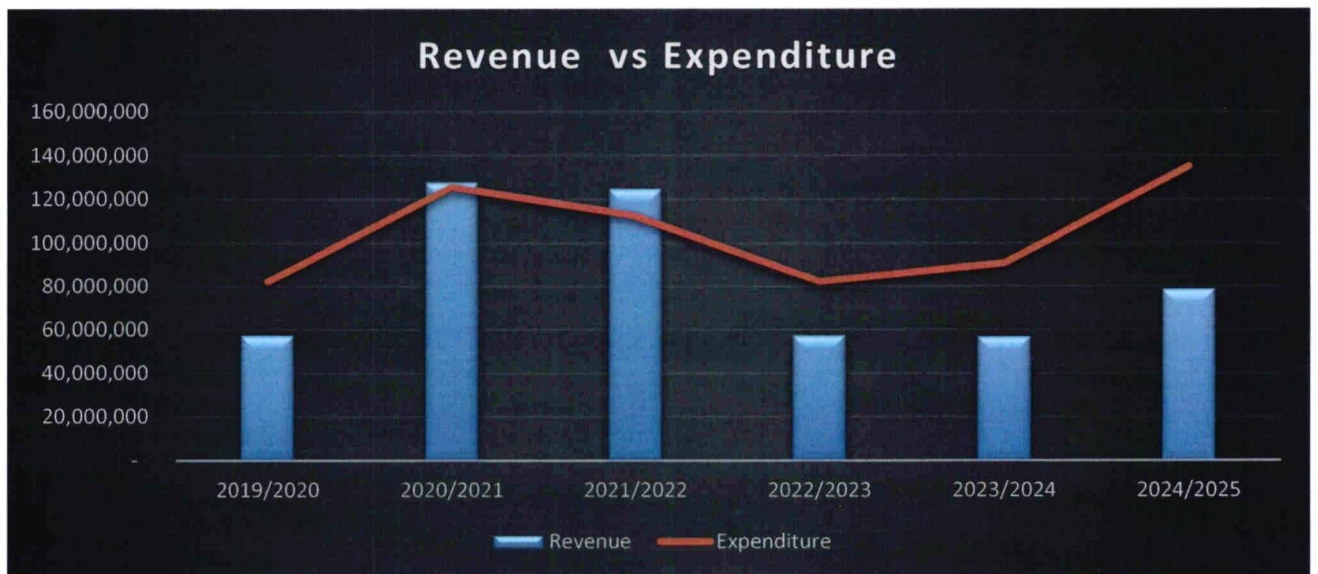
Tourism Research Institute approved budget was 99,000,000 during Financial Year 2024/2025. In the course of the year, the budgeted amount of Kshs.19,900,000 from Tourism fund was not received resulting to some activities being rolled over.

In the prior financial year 2023/2024 Tourism Research Institute received restricted funds of Ksh43,831,296 from Tourism Promotion Fund to cater for a project “Study on impact of climate change on Tourism and Sustainable practices” which was 70% accomplished during the prior financial year and 30% accomplished during the year under review.

Receipts and Payments analysis over the years

The graph below shows that Tourism Research Institute continued to suffer setbacks in terms of grants from the Ministry, since there has been decrease over the years, hence derailing achievements of the set objects within different pillars set to be accomplished during the financial year. On the other side, despite similar pattern being exhibited on the expenditure side, we have seen increase especially on the reporting financial year, due to fixed expenditure of rent, which was not there in the prior years.

Table 1: Revenue and Expenditure over the years



From the above table, the revenue from the financial year 2020/2021 to the financial year 2024/2025 has slumped by 39% from Kshs. 127,100,000 to reach Kshs.78,554,999.

Despite the funds constrain during the year, Tourism Research Institute expenditure for the year increase by 48% as compared to prior year which was as a result of Rent expenditure and survey expenses which were incurred for the whole financial year.

MANAGEMENT DISCUSSION AND ANALYSIS(Continued)

KEY PROJECTS

1. TOURISM PERFORMANCE REPORTS

The Institute is mandated to develop quarterly and annual tourism performance reports. In the year under review, the Institute developed 4 quarterly reports and 1 annual report for the financial year 2024/2025 tourism performance. These reports cover international tourism arrivals, tourism receipts and domestic bed-nights. The reports also highlighted the challenges faced by the sector and gave highlights on future trends to observe.

2. DEVELOPMENT OF A NATIONAL TOURISM DATA WAREHOUSE

Recognizing the critical role that accurate, timely, and integrated data plays in shaping tourism policy and investment decisions, the Tourism Research Institute has initiated the development of the National Tourism Data Warehouse (NTDW) — a transformative digital platform envisioned to centralize all tourism-related data in Kenya.

The tourism sector interacts widely with other sectors of the economy, both directly and indirectly. This interdependence means that data affecting tourism is generated by a diverse range of stakeholders including public agencies, private sector players, communities, and cross-sector institutions. However, despite this extensive reach, the tourism sector has continued to face significant gaps in data availability, consistency, and management. These gaps have hindered the ability of stakeholders to generate realistic inputs for informed decision-making across both tourism and non-tourism domains.

To address this longstanding challenge, the Institute has embarked on a comprehensive process to build a modern, technology-driven National Tourism Data Warehouse. The goal is to establish a central, secure and accessible repository that enables seamless data sharing, aggregation, and analysis across the tourism value chain. This platform will enable business process innovation, support policy formulation, and improve the timeliness and quality of decisions made by government and private actors alike.

The system is designed to provide stakeholders with timely and meaningful information, supported by efficient data architecture and knowledge management. Once fully operational, the NTDW will support integrated systems that allow for real-time access to tourism statistics, performance trends, economic indicators, and cross-sectoral analytics. This initiative aligns fully with the provisions of the Tourism Act, 2011, which underscores the importance of a national-level framework for tourism data governance.

The development process has been structured into two major phases: the Initial Stage and the Implementation Stage. During the reporting period, the Institute successfully conducted a stakeholder analysis to map out data producers, users, and custodians across the tourism sector and beyond.

Furthermore, Terms of Reference (ToRs) for system development were drafted and refined through an inter-agency technical committee. Currently, the Institute is at the procurement stage, seeking to engage a qualified consultant to deliver the initial design and development phase of the platform.

The establishment of the National Tourism Data Warehouse is not just a milestone for the Institute but a strategic asset for the entire country. It will enhance sector transparency, improve evidence-based planning, and position Kenya as a leader in data-informed tourism management on the African continent.

3. THE KENYA INBOUND-OUTBOUND TOURIST EXPENDITURE SURVEY IN COLLABORATION WITH KNBS 2025

In pursuit of its mandate to provide data-driven insights for tourism development, the Tourism Research Institute, in collaboration with the Kenya National Bureau of Statistics (KNBS), undertook the Kenya Inbound-Outbound Tourist Expenditure Survey (2025). This survey is a significant step toward strengthening the understanding of visitor expenditure trends, both for inbound international visitors and outbound Kenyan travelers.

The core objective of the survey is to establish updated benchmarks for tourist spending patterns that can inform fiscal planning, tourism product design, marketing strategies, and national economic accounting. By focusing on what tourists spend, where they spend, and how they behave economically across borders, the survey offers essential insights into tourism's real contribution to Kenya's GDP, foreign exchange inflows, and service export profile.

As of the reporting period, the data collection phase of the survey has been successfully completed. The Institute is currently in the final stages of data cleaning, validation, and analysis, after which a comprehensive analytical report will be produced. Once finalized, the results will provide an important reference point for guiding both public policy and private sector investment in the tourism ecosystem.

CHALLENGES

Despite the positive move to undertake the research and analysis in the tourism sector, the Entity does not have sufficient human resource capacity for monitoring and managing the research works to ensure top quality results. This is due to the understaffing resulting to overworked staff.

Entity's compliance with statutory requirements

The institute has complied with the following statutory requirements

1. Access to Government Procurement Opportunities- the institute reserves 30% of contracts to Youth, women and persons with disabilities.

The Institute is compliant with Executive Order No. 2 of 2018 on procurement of public goods, works and services by public entities.

2. Major risks facing the entity
3. Operational risk

- The Entity lacks sufficient human resource capacity to execute key functions and responsibilities. This is affecting its performance and implementation of its objectives.
- The Entity has remained uncategorized hence making it hard for it to recruit and confirm the existing staff members.

Credit risk

During the financial year under review, the Entity did not experience hurdles in the receipt of funds from the national treasury and hence mitigation of the credit risk.

Material arrears in statutory/financial obligations

There are no material arrears nor material obligations facing the entity

The entity's financial probity and serious governance issues

There is no serious governance issue to declare.

10. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

The Tourism Research Institute (TRI) exists to transform decision making. This purpose is the driving force behind all our actions and strategic direction. Our strategy is anchored on three core pillars: putting the citizen first, delivering relevant goods and services, and enhancing operational excellence. Below is a summary of our achievements under each pillar:

i) Environment performance

TRI is currently in the process of developing an Environmental Policy to guide the Institute in promoting a sustainable and environmentally responsible workplace. The policy will emphasize the efficient use of resources—such as minimizing the wastage of photocopy paper—and the elimination of non-biodegradable materials like single-use plastic water bottles. In alignment with the Presidential directive to restore and maintain at least 10% forest cover by 2030, the Institute successfully planted and continues to maintain tree seedlings in Kajiado and Kapune Hills. This initiative reflects our commitment to environmental conservation and the broader climate change mitigation agenda.

ii) Employee welfare

As part of our strategic goal to institutionalize best practices, TRI has formulated a comprehensive Human Resource Policy. This policy will provide clear guidelines on recruitment, retention, performance appraisal, career progression, and reward systems.

We are also working to align with the requirements of the Occupational Safety and Health Act, 2007 to ensure that our work environment promotes health, safety, and well-being for all employees.

iii) Market place practices-

As a public institution, there exists a perception that we are endowed with unlimited resources. However, this is far from reality. With limited funding, we are intentional and strategic in how we utilize our resources to deliver maximum value. We continue to adhere to high standards in procurement and partnership engagements to maintain accountability and fairness. Our efforts are categorized as follows:

a) Responsible Competition Practices

We adhere strictly to the Public Procurement and Asset Disposal Act (PPOA) 2015 and the Public Procurement Regulatory Authority (PPRA) guidelines in supplier identification and procurement. Our process is open, competitive, and inclusive, offering equal opportunities to all interested parties, with special provisions for youth, women, and persons with disabilities.

Responsible Supply Chain and Supplier Relations

We strive to maintain positive and professional relationships with our prequalified suppliers by meeting our obligations in a timely manner. This helps sustain long-term partnerships based on mutual trust and reliability.

b) Responsible Marketing and Advertisement

Owing to financial constraints, our advertising reach is limited. Nonetheless, we make use of cost-effective platforms such as local administration notice boards, social media, and our official website to market institutional opportunities and communicate with stakeholders.

**Tourism Research Institute
Annual Report and Financial Statements
For the year ended June 30, 2025.**

c) **Product Stewardship**

In an effort to uphold ethical business practices and maintain strong relations with suppliers, TRI prioritizes prompt payment of bills. We report no pending supplier obligations, which has strengthened our credibility and fostered dependable supplier relations.

iv) Community Engagements

The Institute's operations engage communities across the country, reflecting our national mandate. We actively foster partnerships and dialogue with public and private stakeholders at the community level. Of note is our collaboration with local entrepreneurs and strategic engagement with the Kenya Tourism Federation (KTF), the apex body of the tourism sector. These engagements provide platforms for deliberating on emerging sector issues, networking, and sharing best practices. TRI has also supported these initiatives through sponsorship and participation in key events, affirming our role as both a thought leader and a community partner in sustainable tourism development.

11. REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2025, which show the state of the Tourism Research Institute affairs.

i) Principal activities

The principal activities of Tourism Research Institute is to undertake and co-ordinate research and analysis for the tourism sector in Kenya.

ii) Results

The results of the Tourism Research Institute for the year ended June 30, 2025, are set out on page 1

iii) Directors

The members of the Board of Directors who served during the year are shown on page v to viii. During the year 2024/2025, there was no appointment.

iv) Surplus remission

In accordance with Regulation 219 (2) of the Public Financial Management (National Government) Regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. The entity did not submit any surplus since it is not a regulatory entity.

v) Auditors

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

By Order of the Board



.....
**Name David Gitonga
Secretary to the Board**

12. STATEMENT OF DIRECTORS RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 require the Directors to prepare financial statements in respect of that *Tourism Research Institute (Entity)*, which give a true and fair view of the state of affairs of the *Entity* at the end of the financial year/period and the operating results of the *Entity* for that year/period. The Directors are also required to ensure that the *Entity* keeps proper accounting records, which disclose with reasonable accuracy the financial position of the *Entity*. The Directors are also responsible for safeguarding the assets of the *Entity*.

The Directors are responsible for the preparation and presentation of the *Entity's* financial statements, which give a true and fair view of the state of affairs of the *Entity* for and as at the end of the financial year (period) ended on June 30, 2025. 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 the *Entity's* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The Directors are of the opinion that the *Entity's* financial statements give a true and fair view of the state of *Entity's* transactions during the financial year ended June 30, 2025, and of the *Entity's* financial position as at that date.

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

STATEMENT OF DIRECTORS RESPONSIBILITIES (continued)

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

Approval of the financial statements

Tourism Research Institute financial statements 2024/2025 were approved and signed on its behalf by:



**Name: John Oloituaa
Principal Secretary**

Date 25/09/2025.....



**Name: David Gitonga
Ag Chief Executive Officer**

Date 25/09/2025.....

REPUBLIC OF KENYA

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



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON TOURISM RESEARCH INSTITUTE FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

- A. Report on Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;
- B. Report on Lawfulness and Effectiveness in the 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 the Government achieves value for money and that such funds are applied for the intended purpose; and,
- 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, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

A Qualified Opinion is issued when the Auditor-General concludes that, except for specific issues, the financial statements present a true and fair view in accordance with the applicable financial reporting framework. The Qualified Opinion indicates that the financial statements are to a large extent in agreement with the books of accounts and the underlying records, except for a few cases where material misstatements or omissions were noted in the books of accounts and the financial statements. The issues though material, are not widespread or persistent.

The Qualified Opinion on the report on the Financial Statements should be read together with the report on the Lawfulness and Effectiveness in the Use of Public Resources, and the report on the Effectiveness of Internal Controls, Risk Management and Governance.

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Tourism Research Institute set out on pages 1 to 24, which comprise of the statement of financial position as at 30 June, 2025, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Tourism Research Institute as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Tourism Act, 2011 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported Trade and Other Payables

The statement of financial position reflects trade and other payables balance of Kshs.11,367,475 as disclosed in Note 17 to the financial statements. Included in the balance is Kshs.8,518,393 which was accrued as at 30 June, 2025. Review to confirm the existence, validity and accuracy of trade creditors balance revealed that the accounts payables were not adequately supported with documents such as purchase requisitions, local purchase orders/local service orders and invoices.

Further, proof that the goods were delivered to the Institute could not be established.

In the circumstances, the accuracy and completeness of the trade and other payables balance of Kshs.8,518,393 could not be confirmed.

2. Inaccuracies in Cash and Cash Equivalents

The statement of financial position reflects cash and cash equivalents balance of Kshs.606,160. However, review of the reconciliation statement for the month of June 2025 revealed that two (2) unpresented cheques totalling Kshs.52,300 were at variance with ledger amount of Kshs.131,800 resulting to a variance of Kshs.79,500 as detailed below;

Cheque	Date	Ledger Amount (Kshs)	Reconciliation Amount (Kshs)	Variance (Kshs)
3931	30 June, 2025	67,200	20,000	47,200
3868	26 May, 2025	64,600	32,300	32,300
Total		131,800	52,300	79,500

In the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs.606,160 could not be confirmed.

3. Unsupported Data Analysis, Research and Survey Expenditure

The statement of financial performance reflects use of goods and services of Kshs.135,449,743 which further includes data analysis, research and survey amount of Kshs.70,016,102 as detailed in Note 7 to the financial statements. Included in the amount is an expenditure of Kshs.17,457,922 for Tourism workforce audit and skills survey. Review of the supporting documents revealed that the budget cost of phase 1 of the survey was Kshs.6,222,300. On this account, Management spent Kshs.1,131,200 on other government agencies whose participation was not clear.

Further, no evidence was provided on competitive recruitment of fifty (50) project support staff with an expenditure of Kshs.5,122,300. In addition, report and work programme were not attached to confirm inputs of individual officers in the research project.

In the circumstances, the accuracy and completeness on the data analysis, research and survey expenditure amounting to Kshs.6,253,500 could not be confirmed.

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

Emphasis of Matter

1. Budgetary Control and Performance

The statement of comparison and budget actual amounts reflects final budgeted receipts and actual of Kshs.235,919,600 and Kshs.130,511,133 respectively resulting to underfunding of Kshs.105,408,467 or 45% of the budget.

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

2. Material Uncertainty Related to Going Concern

The statement of financial performance reflects a deficit of Kshs.43,433,962 for the year under review. In addition, the Institute was operating on a negative working capital of Kshs.10,760,755 as the current liabilities of Kshs.11,367,475 exceeded the current assets of Kshs.606,720. The Institute ability to meet its short-term obligations as and when they may fall due could not be confirmed.

In the circumstances, the going concern of the Institute is doubtful and have prepared the financial statements on a going concern basis assuming continued support from the Government and the creditors.

My opinion is not modified in respect of these matters.

Key Audit Matters

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

Other Matter

Unresolved Prior Years Issues

In the audit report of the previous year, several issues on Lawfulness and Effectiveness in the Use of Public Resources and on Effectiveness of Internal Controls, Risk Management and Governance were raised. However, Management had not resolved all the issues as at 30 June, 2025. or provided reasons for the delay in resolving the prior year audit issues as required by the Public Sector Accounting Standards Board template.

Other Information

The Management is responsible for the other information set out on page iv to xxviii which comprise of Key Entity Information and Management, the Board of Directors, Management Team, Chairman's Statement, Report of the Chief Executive Officer and Statement of Performance Against Predetermined Objectives. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Institute's financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information and I am required to report that fact. Based on the audit procedures performed, because of the significance of the matters described in my Basis for Qualified Opinion, I confirm that the Other Information is materially inconsistent with the financial statements.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, because of the significance of the matter(s) discussed in the Basis for Adverse Opinion and the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources sections of my report, I confirm that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Failure to Maintain Tourism Data Base

The Institute is mandated under Section 61(1) of the Tourism Act, 2011 to prepare a comprehensive National Tourism Database. However, it was noted that to date, the Database has not been completed.

In the circumstances, the mandate of the Institute has not fully been achieved and therefore Management was in breach of the law.

2. Long Outstanding Trade and Other Payables

The statement of financial position and as disclosed in Note 16 to the financial statements reflects trade and other payables balance of Kshs.11,367,475. However, included in the balance are trade payables of Kshs.2,849,082 which had been outstanding for more than two (2) years. This was contrary to Section 53(8) of the Public Procurement and Asset Disposal Act, 2015 which states that 'an accounting officer shall not commence any procurement proceedings unless satisfied that sufficient funds to meet the obligations of the resulting contract(s) are reflected in the approved budget estimates'.

In the circumstances, Management was in breach of the law.

3. Failure to Collect and Remit Public Procurement Capacity Building Levy

The National Treasury in the month of November, 2023 issued the Levy order, 2023 vide legal notice No. 206 of November, 2023 directing all procurement entities effective from 1 September, 2024 to remit at the rate of 0.03% of the value of signed contracts exclusive of applicable taxes to the Public Procurement Regulatory Authority through e-citizen platform. However, no evidence was provided to demonstrate that the Institute complied with the levy order.

In the circumstances, Management was in breach of the order and the Institute is likely to be penalized for outstanding levies.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require 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 comply 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, because of the significance of the matters discussed in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance

sections of my report, I confirm that nothing else has come to my attention that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Staffing Shortfall in the Institute

As previously reported, review of the Institute's organizational structure effected in November, 2023 revealed that the Institute has an approved staff establishment of fifty-four (54) employees. However, review of payroll records revealed that the current staff in-place are only ten (10) employees resulting in a shortfall of forty-four (44) employees.

In the circumstances, Management's ability to discharge its mandate and provide adequate services to the public could not be confirmed.

2. Ineffective System of Internal Controls on Procurement Management

Review of internal controls on procurement management revealed that Management did not consolidate procurements, failed to undertake market surveys and or recommend for appointment members of the adhoc committees.

In the circumstances, internal controls on procurements of goods and services could not be confirmed.

3. Lack of a Functional Board of Directors

As previously reported, the Institute did not have in place a Board of Directors to provide oversight on operations as required by the State Corporations Act and Mwongozo code of governance.

In the circumstances, the Board's ability to provide oversight to the management in line with good governance practices in the Institute could not be confirmed.

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

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

In preparing the financial statements, Management is responsible for assessing the Institute's ability to continue sustaining 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 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 comply with the authorities which govern them and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the Institute'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

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. 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 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 conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not 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 addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

07 October, 2025

Tourism Research Institute
Annual Report and Financial Statements
For the year ended June 30, 2025.

14. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2025

	Notes	2024-2025	2023-2024
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from government Ministry	6	18,454,999	56,910,000
Transfers from other governments entities	6	60,100,000	-
Deferred Income recognized	18	17,797,019	26,034,277
Total revenue		96,352,018	82,944,277
Expenses			
Use of goods and services	7	135,449,743	87,692,247
Employee costs	8	845,216	665,720
Board of directors	9	-	-
Depreciation and amortization expense	10	1,462,614	1,917,536
Repairs and maintenance	11	2,007,445	461,500
Finance costs	12	20,962	16,315
Total expenses		139,785,981	90,753,318
Net deficit for the year		(43,433,962)	(7,809,041)

The notes set out on pages 7 to 26 form an integral part of these Financial Statements.

The Financial Statements set out on pages 1 to 26 were signed on behalf of the Board of Directors by:



Ag Chief Executive Officer
 David G, Gitonga



Head of Finance
 CPA Susan Mbugua
 ICPAK M/NO. 14685



Principal Secretary
 John Ololtuaa

Date 25/09/2025

Date 25/09/2025

Date 25/09/2025

**Tourism Research Institute
Annual Report and Financial Statements
For the year ended June 30, 2025.**

15. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2025

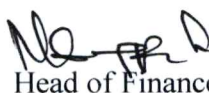
	Notes	2024-2025	2023-2024
	Notes	2024-2025	2023-2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and cash equivalents	13	606,160	51,956,134
Receivables from non-exchange transactions	14	560	560
Total Current Assets		606,720	51,956,694
Non-Current Assets			
Property, plant and equipment	15	5,385,419	6,748,034
Intangible assets	16	-	-
Total Non- Current Assets		5,385,419	6,748,034
Total Assets		5,992,139	58,704,728
Liabilities			
Current Liabilities			
Trade and other payables	17	11,367,475	2,849,082
Deferred Income	18		17,797,019
Total Current Liabilities		11,367,475	20,646,101
Net assets		(5,375,336)	38,058,627
Represented by:			
Accumulated surplus		(10,491,937)	31,379,412
Capital Fund		5,116,601	6,679,215
Net Assets		(5,375,336)	38,058,627

The financial statements set out on pages 1 to 5 were signed on behalf of the Board of Directors by:



Ag Chief Executive Officer
David G. Gitonga

Date: 25/09/2025



Head of Finance
CPA Susan Mbugua

ICPAK M/NO. 14685
Date: 25/09/2025



Principal Secretary
John Ololtuaa

Date: 25/09/2025

Tourism Research Institute
Annual Report and Financial Statements
For the year ended June 30, 2025.

16. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2025

	Accumulated Surplus	Capital/ Development Grants/Fund
As at July 1, 2022	58,048,557	9,801,518
Surplus/ deficit for the year	(24,767,131)	-
Capital/Development grants received during the year	-	-
Transfer of depreciation/amortisation from capital fund to retained earnings	2,225,927	(2,225,927)
As at June 30, 2023	35,507,353	7,575,591
As at July 1, 2023	77,113,987	9,801,518
Prior year movement	(39,084,590)	(1,963,247)
Surplus/ deficit for the year	(7,809,041)	-
Capital/Development grants received during the year	(758,480)	758,480
Transfer of depreciation/amortisation from capital fund to retained earnings	1,917,536	(1,917,536)
As at June 30, 2024	31,379,412	6,679,215
As at July 1, 2024	31,379,412	6,679,215
Prior year movement		
Surplus/ deficit for the year	(43,433,962)	
Capital/Development grants received during the year	100,000	(100,000)
Transfer of depreciation/amortisation from capital fund to retained earnings	1,462,614	(1,462,614)
As at June 30, 2025	(10,491,937)	5,116,601

**Tourism Research Institute
Annual Report and Financial Statements
For the year ended June 30, 2025.**

17. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2025

		2024-2025	2023-2024
		2024-2025	2023-2024
	Notes	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from governments entities		18,454,999	56,910,000
Transfers from other governments entities		60,100,000	-
Other receipts		-	5,308,333
Total Receipts		78,554,999	62,218,333
Payments			
Use of goods and services		126,931,349	84,824,251
Employee costs		845,216	617,000
Remuneration of directors		-	-
Repairs and maintenance		2,007,445	52,304
Finance Costs		20,962	16,315
Total Payments		129,804,973	85,509,870
Net cash flows from/(used in) operating activities	20	(51,249,973)	(23,291,537)
Cash flows from investing activities			
Purchase of property, plant, equipment		(100,000)	(758,480)
Purchase of intangible assets		-	-
Net cash flows from/(used in) investing activities		(100,000)	(758,480)
Net increase/(decrease) in cash and cash equivalents		(51,349,973)	(24,050,017)
Cash and cash equivalents at 1 JULY		51,956,134	76,006,151
Cash and cash equivalents at 30 JUNE		606,160	51,956,134

18. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2025

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	Kshs	Kshs	Kshs	Kshs	Kshs	
	A	b	C=(a+b)	d	e=(c-d)	F=d/c
Revenue						
Transfers from governments ministries	18,455,000	85,508,466	103,963,466	18,454,999	85,508,467	18%
Grants from Tourism Fund		80,000,000	80,000,000	60,100,000	19,900,000	75%
Deferred Income Recognized	17,797,019	-	17,797,019	17,797,019	-	100%
Unexpended grant brought forward	34,159,115	-	34,159,115	34,159,115	-	100%
Total income	70,411,134	165,508,466	235,919,600	130,511,133	105,408,467	55%
Expenses						
Use of goods and services	60,161,134	83,758,466	143,919,600	127,031,349	16,988,251	88%
Employee costs	5,000,000	80,000,000	85,000,000	845,216	84,154,784	1%
Board of directors	5,250,000	(250,000)	5,000,000	-	5,000,000	0%
Depreciation and amortization expense	-	-	-	1,462,614	(1,462,614)	
Repairs and maintenance		2,000,000	2,000,000	2,007,445	(7,445)	100%
Finance cost	-	-	-	20,962	(20,962)	-100%
Total expenditure	70,411,134	165,508,466	235,919,600	131,267,587	104,652,013	56%
Surplus for the period	(0)	-	(0)	(756,454)		

Budget notes

1. Grant from Tourism fund – Delay in disbursement from the inter-entity.
2. Employee cost - The Government froze employment during the financial year, hence low absorption
3. Depreciation – Being an adjustment book entry, it was not budgeted for since it does not involve movement of cash.
4. Board of directors – There was no appointment of the board members during the reported financial year.
5. Unexpended grant of Kshs.34,159,115 were the unutilized fund by closure of financial year 2023/2024 since the planned activities were rolled over to the financial year 2024/2025.
6. Deferred income recognized relates to restricted activity, which was rolled over for completion in the financial 2024/2025
7. The both unexpended and deferred amount had presented under cash and cash equivalents in prior financial year.

19. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

Tourism Research Institute is a corporate body established under section 51 of the Tourism Act No.28 of 2011 and mandated to *undertake and co-ordinate tourism research and analysis in accordance with the provision this Act*. The Entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The Entity's principal activity is to undertake and Co-ordinate research and analysis for the Tourism Sector in Kenya

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, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International 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 *Entity's* accounting policies.

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

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 2024.*
IPSASB deferred the application date of standards from 1st January 2024 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2025.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025.*

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2025:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity’s future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset’s cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <p><i>(The Entity is yet to adapt the new standard)</i></p>
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2025</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>

Tourism Research Institute
Annual Reports and Financial Statements
For the year ended June 30, 2025.

Standard	Effective date and impact:
	<p>(b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</p> <p><i>(The Entity is yet to adapt the new standard)</i></p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2025:</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 guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>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.</p> <p><i>(The Entity is yet to adapt the new standard)</i></p>
<p>Other improvements to IPSAS</p>	<p>Applicable 1st January 2025</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2025.</p> <p><i>The Entity is yet to adapt the new standard</i></p>
<p>IPSAS 43</p>	<p>Applicable 1st January 2025</p>

**Tourism Research Institute
Annual Reports and Financial Statements
For the year ended June 30, 2025.**

Standard	Effective date and impact:
	<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><i>The Entity is yet to adapt the new standard</i></p>
<p>IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations</p>	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>The Entity is yet to adapt the new standard</i></p>

iii. Early adoption of standards

The Entity did not early – adopt any new or amended standards in year 2024/2025

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. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

b) Budget information

The original budget for FY 2024-2025 was approved by the National Assembly on *12/08/2025*. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Entity upon receiving the respective approvals in order to conclude the final budget.

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

Budget information (continued)

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 17 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. 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. Full depreciation is charged during the year of purchase and Nil during the year of disposal

Computers and Accessories	30%
Motor Vehicles	25%
Office Equipment	12.5%
Furniture & Fittings	12.5%

d) Intangible assets

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.

The useful life of the intangible assets is assessed as either finite or indefinite.

e) Nature and purpose of reserves

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

f) Changes in accounting policies and estimates

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

g) Related parties

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

h) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

i) Comparative figures

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

j) 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, 2025.

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Entity'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. State all judgements, estimates and assumptions made:

Estimates and assumptions

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Significant Judgments and Sources of Estimation Uncertainty (Continued)

Useful lives and residual value

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

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

**Tourism Research Institute
Annual Reports and Financial Statements
For the year ended June 30, 2025.**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. Transfers from Other Government entities

Description	2024-2025	2023-2024
	KShs	KShs
Unconditional grants		
Operational grant	18,454,999	56,910,000
Other government entities	60,100,000	-
Deferred income recognised	17,797,019	26,034,277
Total government grants	96,352,018	82,944,277

The funding was for the running operational of the Entity

b) Transfers from Ministries, Departments and Agencies (MDAs)

Name of the Entity sending the grant	Amount recognized to Statement of Financial performance	Amount deferred under deferred income	Amount recognised in capital fund.	Total transfers	Prior year
				2024/2025	2023/2024
	KShs	KShs	KShs	KShs	KShs
Tourism Fund	60,100,000	-	-	60,100,000	-
Ministry of Tourism	18,354,999	-	100,000	18,454,999	56,910,000
Ministry of Tourism Receivable	-	-	-	-	-
Total	78,454,999	-	100,000	78,554,999	56,910,000

Tourism Research Institute
Annual Reports and Financial Statements
For the year ended June 30, 2025.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. Use of Goods and Services

Description	2024-2025	2023-2024
	KShs	KShs
Advertising, Marketing and Promotion	-	285,000
Audit fees	250,000	500,000
Cleaning services	2,739,450	2,229,610
Conferences and delegations	10,063,714	11,231,195
Consumables	1,290,062	70,700
Corporate social responsibility	306,400	1,273,000
Data Analysis, Research and Survey	70,016,102	30,859,002
Data Management Platform	3,302,000	1,463,900
Fuel and oil	1,936,000	1,233,229
Internet	1,079,927	1,998,958
Licenses and permits	230,000	3,050
Membership and Subscription	0	52,180
Motor Insurance	488,200	505,000
Motor vehicle running expenses	1,281,402	808,240
Office supplies	2,604,400	699,775
Official Entertainment	2,250,380	1,922,437
Other general expenses	296,687	2,676,460
Postage and delivery	18,900	-
Printing and stationery	3,574,520	43,625
Rent, service charge and parking	9,648,000	9,915,855
Staff welfare	44,774	-
Staff Skills development	76,500	166,000
Telecommunication	781,000	1,889,335
Travel, accommodation, subsistence and other allowances*	23,171,325	17,865,696
TOTAL	135,449,743	87,692,247

8. Employee Costs

Description	2024-2025	2023-2024
	KShs	KShs
Salaries and wages	198,172	-
Internship allowances	108,993	500,000
Travel, motor car, accommodation, subsistence, and other allowances	451,051	156,000
Other employee related costs *	87,000	9,720
Employee costs	845,216	665,720

**Tourism Research Institute
Annual Reports and Financial Statements
For the year ended June 30, 2025.**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. Board of Directors

Description	2024-2025	2023-2024
	KShs	KShs
Chairman/Directors' Honoraria	-	-
Sitting allowances	-	-
Other allowances	-	-
Total	-	-

10. Depreciation and Amortization Expense

Description	2024-2025	2023-2024
	KShs	KShs
Property, plant and equipment	1,462,614	1,917,536
Intangible assets	-	-
Total depreciation and amortization	1,462,614	1,917,536

11. Repairs and Maintenance

Description	2024-2025	2023-2024
	KShs	KShs
Equipment and machinery	300,000	-
Building and property	679,445	-
Computers and accessories	728,000	461,500
Furniture and fittings	300,000	-
Total repairs and maintenance	2,007,445	461,500

12. Finance Costs

Description	2024-2025	2023-2024
	KShs	KShs
Bank service charges	20,962	16,315
Total finance costs	20,962	16,315

13. Cash and Cash Equivalents

Description	2024-2025	2023-2024
	KShs	KShs
Current Account	606,160	51,956,134
Total Cash And Cash Equivalents	606,160	51,956,134

Tourism Research Institute
Annual Reports and Financial Statements
For the year ended June 30, 2025.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13 (a) Detailed Analysis of the Cash and Cash Equivalents

		2024-2025	2023-2024
Financial Institution	Account number	KShs	KShs
Current Account			
Kenya Commercial bank - Recurrent	1220888613	591,875	23,189,241
Kenya Commercial bank - Development	1220901636	14,285	28,766,893
Grand total		606,160	51,956,134

14. Receivables from Non-Exchange Transactions

Description	2024-2025	2023-2024
	KShs	KShs
GOK grant receivable	-	-
Deposits and prepayments	560	560
Staff Imprests	-	-
Total current receivables	560	560

15. Property, Plant and Equipment

	Motor vehicles	Furniture and fittings	Computers and Accessories	Office Equipments	Total
Cost	KShs	KShs	KShs	KShs	KShs
At 30 th June 2024	11,414,199	1,251,600	7,298,593	4,307,739	24,272,131
Additions	-	100,000	-	-	100,000
At 30 th June 2025	11,414,199	1,351,600	7,298,593	4,307,739	24,372,131
Depreciation and impairment					
At 30 th June 2024	8,705,556	621,127	5,766,996	2,430,419	17,524,097
Depreciation	677,161	91,309	459,479	234,665	1,462,614
At 30 th June 2025	9,382,717	712,436	6,226,475	2,665,084	18,986,711
Net book values					
At 30 th June 2025	2,031,482	639,164	1,072,118	1,642,655	5,385,420
At 30 th June 2024	2,708,643	630,474	1,531,597	1,877,321	6,748,034

Tourism Research Institute
Annual Reports and Financial Statements
For the year ended June 30, 2025.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Property, Plant and Equipment (continued)

	Motor vehicles	Furniture and fittings	Computers and Accessories	Office Equipments	Total
Cost	KShs	KShs	KShs	KShs	KShs
At 30 th June 2023	11,414,199	1,251,600	6,540,113	4,307,739	23,513,651
Additions	-	-	758,480	-	758,480
At 30 th June 2024	11,414,199	1,251,600	7,298,593	4,307,739	24,272,131
Depreciation and impairment					
At 30 th June 2023	7,802,675	531,059	5,110,597	2,162,230	15,606,561
Depreciation	902,881	90,068	656,399	268,189	1,917,536
At 30 th June 2024	8,705,556	621,127	5,766,996	2,430,419	17,524,097
Net book values					
At 30 th June 2024	2,708,643	630,473	1,531,597	1,877,320	6,748,034
At 30 th June 2023	3,611,524	720,541	1,429,516	2,145,509	7,907,090

16. Intangible Assets

Description	2024-2025	2023-2024
	KShs	KShs
Cost		
At beginning of the year	5,617,808	5,617,808
Additions	-	-
At end of the year	5,617,808	5,617,808
Amortization and impairment		
At beginning of the year	5,617,808	5,617,808
Amortization	-	-
At end of the year	5,617,808	5,617,808
NBV	-	-

17. Trade and Other Payables

Description	2024-2025	2023-2024
	KShs	KShs
Trade payables	11,367,475	2,849,082
Total trade and other payables	11,367,475	2,849,082

18. Deferred Income

Description	2024-2025	2023-2024
	KShs	KShs
National Government (Sustainable climatic change)	-	17,797,019
Total Deferred Income	-	17,797,019

**Tourism Research Institute
Annual Reports and Financial Statements
For the year ended June 30, 2025.**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

19. The deferred income movement is as follows:

Description	National government	National government
	2024-2025	2023-2024
	KShs	KShs
Balance Brought Forward	17,797,019	43,831,296
Additions		-
Transfers To Income Statement	(17,797,019)	(26,034,277)
Balance Carried Forward	-	17,797,019

20. Cash Generated from Operations

	2024-2025	2023-2024
	KShs	KShs
Surplus for the year before tax	(43,433,962)	(7,809,041)
Adjusted for:		
Depreciation	1,462,614	1,917,536
Working Capital adjustments		
Increase in receivables	-	5,347,731
Increase in deferred income	(17,797,019)	(26,034,277)
Increase in payables	8,518,333	503,055
Net cash flow from operating activities	(51,249,973)	(23,291,537)

(The total of this statement should tie to the cash flow section on net cash flows from/ used in operations)

21. Financial Risk Management

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

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

i) Credit risk

The Entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience

**Tourism Research Institute
Annual Reports and Financial Statements
For the year ended June 30, 2025.**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Financial Risk Management

and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Entity's 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 Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2025				
Receivables from non-exchange transactions	560	560	-	-
Bank balances	606,160	606,160	-	-
Total	606,720	606,720	-	-
At 30 June 2024				
Receivables from non-exchange transactions	560	560	-	-
Bank balances	51,956,134	51,956,134	-	-
Total	51,956,694	51,956,694	-	-

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 the Entity's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

ii) Liquidity risk management

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

The table below represents cash flows payable by the Entity under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table

**Tourism Research Institute
Annual Reports and Financial Statements
For the year ended June 30, 2025.**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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
At 30 June 2025				
Trade payables	6,951,779	-	-	6,951,779
Total	6,951,779	-	-	6,951,779
At 30 June 2024				
Trade payables	2,849,082	-	-	2,849,082
Total	2,849,082	-	-	2,849,082

20. Related Party Disclosures

Nature of related party relationships

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

Government of Kenya

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

Other related parties include:

- i) The Parent Ministry.
- ii) Key management.(Secoded from the Ministry)
- iii) Board of directors.

	2024-2025	2023-2024
	KShs	KShs
Transactions with related parties		
a) Grants from the Government		
Grants from National Government	18,454,999	56,910,000
Grants from other Entities	60,100,000	-
Total	78,554,999	56,910,000
b) Key management compensation		
Directors' emoluments	-	-
Compensation to the Board Chair	-	-
Total	-	-

**Tourism Research Institute
Annual Reports and Financial Statements
For the year ended June 30, 2025.**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. Events after the Reporting Period

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

22. Ultimate And Holding Entity

The Entity is a Semi- Autonomous Government Agency under the Ministry of Tourism and Wildlife. Its ultimate parent is the Government of Kenya.

23. Currency

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

**Tourism Research Institute
Annual Reports and Financial Statements
For the year ended June 30, 2025.**

20. APPENDIX

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

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.1	Shortage of Staff	The Government froze the employment process for the financial 2024/2025	Not resolved	
1.2	Acting Staff	Current CEO has been acting for over 24 months without being confirmed contrary to Human resource best practice	Not resolved	



Ag. Chief Executive Officer

Date 25/09/2025

**Tourism Research Institute
Annual Reports and Financial Statements
For the year ended June 30, 2025.**

Appendix II: Transfers from Other Government Entities

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/D evelopment/ Others	Total Amount - KES	Statement of Financial Performance	Where Recorded/recognized				Total Transfers during the Year
					Capital Fund	Deferred Income	Receivables	Others - must be specific	
Ministry of Tourism and Wildlife	20/08/2024	Recurrent	1,537,916.65	1,537,916.65	-	-	-	-	1,537,916.65
Ministry of Tourism and Wildlife	11/09/2024	Recurrent	1,537,916.65	1,537,916.65	-	-	-	-	1,537,916.65
Ministry of Tourism and Wildlife	29/10/2023	Recurrent	1,537,916.65	1,537,916.65	-	-	-	-	1,537,916.65
Ministry of Tourism and Wildlife	13/11/2023	Recurrent	1,537,916.65	1,537,916.65	-	-	-	-	1,537,916.65
Ministry of Tourism and Wildlife	24/12/2023	Recurrent	1,537,916.65	1,537,916.65	-	-	-	-	1,537,916.65
Ministry of Tourism and Wildlife	10/01/2025	Recurrent	1,537,916.65	1,537,916.65	-	-	-	-	1,537,916.65

Tourism Research Institute
Annual Reports and Financial Statements
For the year ended June 30, 2025.

Ministry of Tourism and Wildlife	19/02/2025	Recurrent	1,537,916.65	1,537,916.65	-	-	-	-	1,537,916.65
Ministry of Tourism and Wildlife	13/03/2025	Recurrent	1,537,916.65	1,537,916.65					1,537,916.65
Ministry of Tourism and Wildlife	05/05/2025	Recurrent	1,537,916.65	1,537,916.65	-	-	-	-	1,537,916.65
Ministry of Tourism and Wildlife	09/05/2025	Recurrent	1,537,916.65	1,537,916.65	-	-	-	-	1,537,916.65
Ministry of Tourism and Wildlife	01/06/2025	Recurrent	1,537,916.65	1,537,916.65	-				1,537,916.65
Ministry of Tourism and Wildlife	30/06/2025	Recurrent	1,537,916.65	1,537,916.65	-				1,537,916.65
Total			18,454,999.80	18,454,999.80	-	-	-	-	18,454,999.80