

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 24 FEB 2021	DAY: Thurs
REPORT	
TABLED BY: LOM	
CLERK-AT THE-TABLE: Mainah wanjiku	

OF

THE AUDITOR-GENERAL

PARLIAMENT
OF KENYA
LIBRARY

ON

TOURISM FUND

FOR THE YEAR ENDED
30 JUNE, 2020



TOURISM FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDING JUNE 30, 2020

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

**Tourism Fund
Annual Reports and Financial Statements
For the year ended June 30, 2020**

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CORPORATE INFORMATION AND MANAGEMENT

(a) Background information

Tourism Fund is a statutory body established by an Act of Parliament under Section 66 of The Tourism Act, 2011.

(b) Principal activities:

MANDATE

Mobilize resources to finance the development of a sustainable tourism industry in Kenya.

VISION

To be the lead mobilizer of funding for the sustainable development of Tourism Industry in Kenya.

MISSION

To effectively manage the Tourism Fund through policy development, collection of tourism levy and other funds for funding the development and sustenance of the tourism industry.

CORE VALUES

TEAM WORK;	To create one family focused to deliver
CUSTOMER FOCUS;	Meet and surpass expectations of all our customers
INTEGRITY;	To uphold good conduct and ethics in all our operations
ACCOUNTABILITY;	Transparent and socially responsible
PROFESSIONALISM;	Committed to excellence through continuous improvement
INNOVATION;	To promote and reward creativity and embrace best practices in service delivery
EQUITY;	Committed to fairness in all our undertakings

(c) Key Management

Tourism Fund's day-to-day management is under the following key organs:

- Board of Trustees
- Chief Executive Officer
- Directorate
- Management

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CORPORATE INFORMATION AND MANAGEMENT

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2020 and who had direct fiduciary responsibility were:

No.	Designation	Name
1	Chief Executive Officer	Mr. Joseph Cherutoi
2	Ag. Director of Corporate Services	Mr. Eric Kiplagat
3	Ag. Director of Levy Services	Mr. Charles Okeyo
4	Ag. Director Strategy and Resource Mobilization	Mr. Eden R. Odhiambo
5	Supply Chain Manager	Mrs. Emily Wagemu
6	Corporate Communication and Marketing	Ms. Patricia Ondeng
7	Legal Services Manager	Mr. James Muriithi Njogu
8	Risk and Internal Audit Manager	Mr. Abraham Kiprono Kiptum
9	Head of Human Capital	Mr. Adan Adad
10	Ag. Information, Communication & Technology Manager	Mr. Isaiah Rutto

(e) Fiduciary Oversight Arrangements

Committees of the Board

The Board has four standing committees that meet under the terms of reference set out by the Board, namely:

Finance and Strategy Committee

The finance committee reviews the annual budget and is responsible for the financial

The members are : Mr.Abdulhakim Saleh Balala (Chairperson), CPA Rael Rotich, Mr.Biko Gwendo and Mr.Kiprop Chirchir.

Audit and Risk Assurance Committee

The committee is responsible for reviewing audit reports, compliance with relevant laws, procedures and standards, quality of financial reporting and oversight on internal controls among others.

The members are : CPA Caroline Ng'anga (Chairperson), CPA Rael Rotich, Mr.Peter Ngori and Mr.Athman Said.

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CORPORATE INFORMATION AND MANAGEMENT

**(e) Fiduciary Oversight Arrangements
Committees of the Board**

Staff and Technical Committee

The committee is responsible for monitoring and appraising the performance management, reviewing of human resource policies and making recommendations on issues to do with general staff welfare to the board.

The members are : Mr.Biko Gwendo (Chairperson), Ms.Susan Ongalo, Mr.Athman Said and Mr.Abdulhakim Saleh Balala.

Revenue Management and Projects Committee

The committee is responsible for monitoring and appraising projects.

The members are : Mr.Kiprop Chirchir (Chairperson), Mr.Peter Ngori, CPA Rael Rotich, Ms.Susan Ongalo and CPA Caroline Ng'anga.

(f) Entity Headquarters Location and Contacts

Head Office.

Tourism Fund, Valley Road, 5th Floor,
P.O Box 46987-00100, Nairobi, Kenya
Tel: 020-2714900/1/2
Website: www.tourismfund.co.ke

(g) Entity Regional Offices Location and Contacts

Nairobi North Regional office and Nairobi South Regional office

Tourism Fund, Valley Road, 3rd and 4th Floor,
P.O Box 46987-00100, Nairobi, Kenya
Tel: 020-2730708

Mombasa Regional Office

Pereira Building 3rd Floor Machakos Road
P.O. Box 99832-80100 Mombasa, Kenya
Tel: 041-220493

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CORPORATE INFORMATION AND MANAGEMENT

(g) Entity Regional Offices Location and Contacts

Kisumu Regional Office

Reinsurance Plaza 7th Floor Oginga Odinga Road
P.O. Box 1406-40100 Kisumu, Kenya
Tel: 057-2022247

Nakuru Regional office

AFC Building, Mezzanine Floor, Kijabe off Kenyatta Avenue
P.O. Box 2812-20100 Nakuru, Kenya
Tel: 051-2215660

Nyeri Regional office

Sohan Plaza 4th Floor Nyayo Road
P.O. Box 348-10100 Nyeri, Kenya
Tel: 061-2030778

(h) Entity Bankers

Kenya Commercial Bank

K.I.C.C Branch, Harambee Avenue
P.O. Box 48400-00100 Nairobi

National Bank of Kenya Ltd

Harambee Avenue Branch.
P.O. Box 73866-00100 Nairobi

Co-operative Bank of Kenya Ltd

Parliament Road Branch.
P.O. Box 5772-00200 Nairobi

(i) Independent Auditors

Auditor-General
Kenya National Audit Office
Anniversary Towers-University way
P.O. BOX 30084-00100, Nairobi, Kenya

(j) Principal Legal Adviser

The Attorney General
State Law Office
Harambee Avenue

BOARD OF TRUSTEES



**Alfonse Kioko
Chairman**

Mr. Alfonse Kioko was appointed as the Chairman of the Board of Trustees of Tourism Fund in May 2019. Born in 1960, Mr. Alfonse Kioko is a graduate of Harvard Business school Advanced Management programme (Amp). He also holds a bachelor's degree in economics and Masters in planning from University of Nairobi. He has done other management programmes from Cape town Business school in South Africa and Maastricht university in Netherlands. He has held various senior management positions both locally and abroad. He joined Kenya Airways in 1989 as a management trainee and rose to the position of Regional General manager middle east and Asia based in Dubai. He was Group managing Director & CEO for precision Air Tanzania for 10years. He is a businessman and a consultant.



**Mr Peter Ngori
Trustee**

Mr Peter Ngori was appointed to Board of Tourism Board in 2017. Born in 1953 Mr Ngori has wealth of experience in Tourism Industry that spans to over 40 years. He holds Advanced Diploma in Hotel Management and Diploma in Hotel Management.



**Ms Rael Rotich
Alternate Trustee National Treasury**

CPA Rael Rotich was appointed as Alternate Trustee of Tourism Fund in 2017. She holds MBA (Finance Option) and Bachelor of Commerce.



**CPA Caroline Nganga
Trustee**

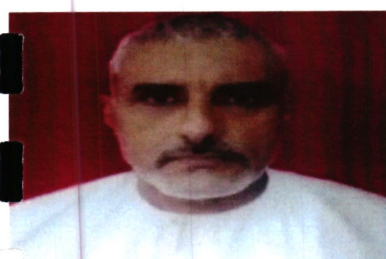
Ms Caroline Nganga was re-appointed to the Board of Tourism Fund in 2019. She was born in 1985 and holds Bsc Statistics, MBA (Strategic Management Option) and CPA (K). She is also a member of ICPAK, Institute of Internal Auditors and Associate member of Chartered Institute of Arbitrators.

BOARD OF TRUSTEES



**Mr Kiprop Chirchir
Trustee**

Kiprop Chirchir is a leading entrepreneur and a business man. He previously worked with Nation Media Group as a Marketer. Born in 1980 Mr Kiprob is a graduate of Moi University from where he attained Bachelor of Business Management. Mr. Chirchir was re-appointed to the Tourism Fund board in 2019.



**Mr Abdul Hakim Balala
Trustee**

Mr Abdul Hakim Balala was born in 1963 and was appointed to the Board of Tourism Fund in February 2019. He has experience in Hospitality and Banking industry that spans to over 30 years.



**Ms Susan Ongalo
Trustee**

Ms Susan Ongalo was appointed to the Board of Tourism Fund in February 2019. Born in 1974 Ms Ongalo has wealth of experience in Tourism Industry. She holds Bachelor of Leadership and Management in International Relations, Diploma in Occupational Health and Diploma in Public Relations. She is an Associate member of AIGM. She is currently the Chief Executive Officer of Kenya Tourism Foundation.



**Mr Biko Gwendo
Trustee**

Mr. Biko Gwendo was appointed to the Board of Tourism Fund in February 2019. He is the Executive Director at the International Research and Development Actions (IRDAC) and has worked in the field of Project Cycle Management for over 15 years. Born in 1978 Mr Biko has been a consultant for the Ford Foundation's Office for Southern Africa office and Eastern Africa office. He has consulted for the United Nations, European Union, Deloitte East Africa, Palladium International and Australian Agency for International Development, County Governments and the Government of Kenya. He holds MA in Economics and International Development and is a keen stakeholder in

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**Tourism Fund
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For the year ended June 30, 2020**

BOARD OF TRUSTEES

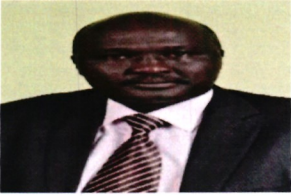


Mr. Said Athman was appointed as Alternate Trustee of Tourism Fund in 2018. He is Tourism Secretary in the Ministry of Tourism. He holds a Masters in Regional and Urban Planning, University of Nairobi and an Honorary Building Economics degree from University of Nairobi and studied at the Starehe Boys Centre. He is a Quantity Surveyor, Planner, and Associate Arbitrator, Institute of Arbitrators of Kenya.

**Mr Said Athman Mtwana
Alternate Trustee Ministry of Tourism**

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TOP LEVEL MANAGEMENT TEAM



Pursuing Phd in Leadership, MBA, Bachelor of Commerce, CPA (K)

**Mr Joseph Cherutoi
Chief Executive Officer**



MBA, Bachelor of Commerce, CPA(K)

**Mr Eric Kiplagat
Ag. Director of Corporate Services**



Mr Charles Okeyo Bachelor of Arts, Bachelor of Laws Degree, Pursuing Postgraduate Diploma in Law
Ag. Director of Levy Services



Bachelor of Arts (Economics) with 28 years experience in Revenue Management.

**Mr. Eden R. Odhiambo
Ag. Director Strategy and Resource Mobilization**

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TOP LEVEL MANAGEMENT TEAM



Procurement professional from CIPS with over 20 years of experience in the Banking Industry.

Mrs Emily Wagema
Supply Chain Manager



Pursuing Masters of Arts (Corporate Communications), Bachelor of Business & Office Management, Diploma Business Management

Ms Patricia Ondeng
Corporate Communication and Marketing Manager



Masters of Laws (Corporate Governance and Financial Regulation), Masters of Laws (Women's Law & Human Rights), Bachelor of Law (LLB), Post graduate Diploma in Legal Practice, Certified Secretary (Kenya),

Mr. James Muriithi Njogu
Legal Services Manager



MBA (Corporate Management), Bachelor of Commerce (Finance), Diploma in Criminology and Social Order, CPA(K).

CPA Abraham Kiprono Kiptum
Internal Audit Manager

**Tourism Fund
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TOP LEVEL MANAGEMENT TEAM



MBA, B.COM (Human Resource), Higher Diploma in Human Resources Management
Diploma in Human Resource Management.

**Mr Adan Adad
Head of Human Capital**



MBA (Strategic Management), BSC (Information Technology)

**Mr. Isaiah Rutto
Ag. Information, Communication & Technology Manager**

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STATEMENT BY THE CHAIRMAN BOARD OF TRUSTEES

On behalf of the board of trustees it's my pleasure to present the Fund annual report. I am delighted to report that Tourism Fund performed very strongly. I am also honoured to be part of this dynamic and service oriented organization determined to ensure prosperity of the tourism industry.

The Board of Trustees continues to ensure that a robust governance structure is in place to enable the Fund succeed and finance the long term sustainable growth of the industry. To this end, the Board safeguards the structured process of delivering right skills and independence to support the successful execution of the Fund`s strategy.

Tourism Fund 2019/2020 performance was achieved during a year marked by exogenous pressures, including the global financial crisis and resulting travel advisories that had a substantial impact on the country's economy. In this environment, we have proven ourselves to be agile, resilient and adequately responsive to ensure sustainable tourism development.

Finally, in the light of the Fund`s strong performance, the Board is optimistic about the resilience demonstrated this far to create increasing value and better outcomes for our stakeholders in future. I have no doubt that Tourism Fund team is experienced enough to face these challenges and make 2020/2021 another year of success.

On behalf of the board of Trustees, I take this opportunity to thank our stakeholders, without whom our success in the year 2019/2020 would not have been achieved. I would also like to thank our entire workforce for their hard work and dedication.



Mr. Alfonse Kioko
Chairman Board of Trustees

**Tourism Fund
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REPORT OF THE CHIEF EXECUTIVE OFFICER

The financial 2019/2020 marks the 49th year since inception of Tourism Fund. Since its launch in 1972, Tourism Fund has consistently implemented strategic plans with a view to enhancing service delivery to our customers thus improving voluntary compliance and levy collection.

The period under review saw continued investment in the execution of our corporate strategy aimed at utilizing new innovative ways and breaking new grounds to build and expand its horizons in providing information and direction in the implementation of the Tourism Act.

Operating Economic Environment in 2019/2020

For the last nine months ,Kenya has shown resilient growth so far and its economy remains one of the fastest-growing in the region despite the negative effects of Covid-19.

Tourism sector earnings increased substantially. On the domestic front, improvements in hotel occupancy were recorded for the better part of the year.

In line with the vision 2030 plan synchronized with our strategic plan 2014-19, Tourism Fund made significant strides in the following areas:

Revenue performance

During the Financial year 2019/2020, Tourism Fund collected a total of Kshs.2.3 Billion against a target of Kshs.3.2.Billion,translating to a drop of 25%.This was as a result of negative economic effect of covid-19 and Government containment measures which has crippled economic activities.With the negative effects of Covid-19 still ragging revenue collection is expected to hit even harder in the current financial year.

ISO 9001:2008 certification

Tourism Fund is ISO 9001:2008 certified. This certification of compliance recognizes that the policies, practices and procedures of the Fund are in tandem with the best practices in the world and it goes a long way to confirm to our clients and stakeholders of our commitment to excellent service delivery.

The said certification has enabled implementation of dedicated activities that led to continuous improvement, and enhanced the Fund's efficiency.

Office Block.

After many years of planning and execution, The Fund has finally realized the dream of setting up and completing the office block along Valley Road. This is a capital project that has been going on for the last seven years. Substantial amount of internal resources has been put into the construction of the office block and it now stands out as an icon in the upper Hill area. This is going to be a home for the Ministry of Tourism and other agencies within the sector.

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**REPORT OF THE CHIEF EXECUTIVE OFFICER
Construction of the Second Tourism Hospitality College Kilifi County
Ronald Ngala Utalii College.**

The Ronald Ngala Utalii College is jointly funded by Tourism Fund and the National Treasury, as per the Cabinet Memorandum signed in June 2014 which requires that Tourism Fund set aside Kshs. 500 million annually in favor of the project and the National Treasury set aside Kshs. 1.23 billion annually. This proposal is presented and documented in the Medium Term Expenditure Framework (MTEF) and the General Economic and Commercial Affairs Sector (GECA) sector paper.

The Fund is now in the sixth year of implementing this flagship project. It is expected that at completion, the college will offer training opportunities to students' specializing in tourism and hospitality. By the end of the fifth year, a total of 55.1% completion rate had been achieved. It is expected that the project will be fully operational by the end of the remaining one year.

Conclusion

Tourism Fund is optimistic of exceeding the targets with the support of the Government and the stakeholders. The Fund will continue to improve on quality, efficiency and service delivery through a wide range of initiatives and improved business processes.



David K. Mwangi
Ag.Chief Executive Officer

Tourism Fund
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CORPORATE GOVERNANCE STATEMENT

Corporate governance is the process and structure used to direct and manage the business affairs of the Trustees.

The Board of Trustees is the supreme forum for formulating and interpreting policy and charting out the roadmap for goal attainment including plans of action. The Trustees attach great importance to the need to conduct the business and operations of the Fund with integrity, The Board meets on a regular basis to review management performance including revenue collection, operational issues and future planning. The trustees are given appropriate and timely information to enable them maintain full and effective control over strategic, financial, and operational revenue and compliance issues.

The Board is responsible for the management of the affairs of the Fund including:

- Review and approval of the policy of the Fund.
- Monitoring the performance of the Fund in carrying out its core functions.
- Offering general direction and guidelines for the overall operations of Tourism Fund.

Committees of the Board

The Board has three standing committees that meet under the terms of reference set out by the Board, namely:

· **Finance and Strategy Committee**

The finance committee reviews the annual budget and is responsible for the financial policies of the Fund.

The members are : Mr.Abdulhakim Saleh Balala (Chairperson), CPA Rael Rotich, Mr.Biko Gwendo and Mr.Kiprop Chirchir.

· **Audit and Risk Assurance Committee**

The committee is responsible for reviewing audit reports, compliance with relevant laws, procedures and standards, quality of financial reporting and oversight on internal controls among others.

The members are : CPA Caroline Ng'anga (Chairperson), CPA Rael Rotich, Mr.Peter Ngori and Mr.Athman Said.

· **Staff and Technical Committee**

The committee is responsible for monitoring and appraising the performance management, reviewing of human resource policies and making recommendations on issues to do with general staff welfare to the board.

The members are : Mr.Biko Gwendo (Chairperson), Ms.Susan Ongalo, Mr.Athman Said and Mr.Abdulhakim Saleh Balala.

· **Revenue Management and Projects Committee**

The committee is responsible for monitoring and appraising projects.

The members are : Mr.Kiprop Chirchir (Chairperson), Mr.Peter Ngori, CPA Rael Rotich, Ms.Susan Ongalo and CPA Caroline Ng'anga.

**Tourism Fund
Annual Reports and Financial Statements
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REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2020 which show the state of Tourism Fund's affairs.

Principal activities

The principal activities of the Tourism Fund are as follows:

- (a) Finance the development of tourism products and services ;
- (b) Finance the marketing of Kenya as a tourist destination through the Tourism Board ;
- (c) Finance the activities of the Protection Service ;
- (d) Finance the tourism research, tourism intelligence and the national tourism information management system ;
- (e) Finance the activities of the Tourism Sector Safety, Communication and Crisis Management Centre to be established and managed by the Ministry ;
- (f) Finance training and capacity development activities of the College and of such other tourism hospitality training institutions as may be established under this Act ;
- (g) Mobilize resources to support tourism-related activities.

Results

The results of Tourism Fund for the year ended June 30, 2020 are set out on page 1 - 15

Directors

The members of the Board of Trustees who served during the year are shown on pages vi - viii.

Surplus remission

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after end of each financial year. Tourism Fund did not make any surplus during the year 2019/2020 and hence no remittance to the Consolidated Fund.

Auditors

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

By Order of the Board



**Margaret Jepkoech
Ag. Corporate Secretary**

Nairobi
Date :11/06/2021.....

**Tourism Fund
Annual Reports and Financial Statements
For the year ended June 30, 2020**

STATEMENT OF BOARD OF TRUSTEES RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012, section 14 of the State

The Directors are responsible for the preparation and presentation of the Fund's financial

- (i) Maintaining adequate financial management arrangements and ensuring that these
- (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any
- (iii) Designing, implementing and maintaining internal controls relevant to the preparation
- (iv) Safeguarding the assets of the Fund;
- (v) Selecting and applying appropriate accounting policies;
- (vi) Making accounting estimates that are reasonable in the circumstances.

The Trustees accept responsibility for the Fund's financial statements, which have been

Nothing has come to the attention of the Trustees to indicate that Tourism Fund will not

Approval of the financial statements

The Fund's financial statements were approved by the Board on _____ 2020



Trustee/Director

Trustee/Director



Trustee/Director

**Tourism Fund
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REPORT OF THE INDEPENDENT AUDITORS ON TOURISM FUND

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON TOURISM FUND FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Tourism Fund set out on pages 1 to 15, which comprise the statement of financial position as at 30 June, 2020, 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 effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Tourism Fund as at 30 June, 2020, 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 No.28 of 2011 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Unreconciled Cash and Cash Equivalents

The statement of financial position reflects cash and cash equivalents balance of Kshs.85,776,027 as disclosed in Note 13. However, the bank reconciliation statements in support of the Fund's bank balances were not provided for audit review. In addition, a bank transfer of Kshs.5 million dated 7 January, 2020 was made from KCB Revenue Account to Equity Operations account. This amount was not reflected or received in the Equity operations account. The amount was also not captured as a reconciling item in the bank reconciliation statement for the Equity account.

Consequently, the accuracy and completeness of the cash and cash equivalents balance of Kshs.85,776,027 as at 30 June, 2020 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Tourism Fund Management in

accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

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

1. Irregular Transfers to Kenya National Convention Bureau

The Fund transferred Kshs.8 million to the Kenya National Convention Bureau (KNCB) during the year under review to carry out functions meant to be carried out by the Kenyatta International Convention Centre (KICC) as per Section 42 of the Tourism Act, 2011. The KNCB was gazetted on 16 August, 2019 vide a gazette notice No.7263 and its mandate is to market Kenya as a Meeting, Incentive, Conference and Events destination. The Management is therefore in breach of the Act.

Consequently, the regularity of the transfer could not be confirmed

2. Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on financial statements. However, the Management has not resolved the issues or given any explanations for failure to adhere to the provisions of the Public Sector Accounting Standards Board templates and The National Treasury's Circular Ref:No.AG.416/3 Vol.1 (19) dated 24 June, 2020.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Avoidable Penalties and Interests

The Fund's continued delay to pay Ronald Ngala Utalii College (RNUC) contractors on time as per the contract requirements and section 48 of the Public procurement and

Disposal Act 2005, has led to imposition of penalties and Interests amounting to Kshs.1,520,489,236 out of which Kshs.516,166,749 was outstanding as at 30 June, 2020.

In the circumstances, the validity and value for money on expenditure incurred due to continued delay in disbursements to the project could not be confirmed.

2. Delayed Installation of Revenue Management System

A contract was signed on 12 February, 2018 between the Fund and a local company for the Implementation and commissioning of an integrated Revenue Management System for Kshs.144,503,960.27 for a period not exceeding eight months that was to end on 12 October, 2018.

The first addendum to the contract introduced a consulting company to the project.

The second addendum dated 1 October, 2019 varied the contract by Kshs.28,900,792 and extended the contract by a further 5 months which has since expired. The consultant was to provide seamless integration to the clients' financial systems through its application protocol, Interference, Jambo pay online payments, which supports multi payment interface to be defined namely mobile banking, credit and debit cards and agency cash collection.

However, by the time of audit in April, 2021, the Fund had already started paying for the maintenance services even though the project was 70% complete. In addition, prior consultations between the parties before the variations and inclusion of consulting company to the project were not availed for audit verification.

Consequently, it was not possible to confirm that the Tourism Fund obtained value for the services offered by the local company and if the company had the capacity to complete the works as envisaged in the spirit of the contract.

3. Incomplete Contact Centre

The Fund entered into a contract with a local company for installation, supply, and configuration of a contact centre. The contract was dated 13 February, 2020 for a contract sum of Kshs.34,631,976.44 and was to be completed in three months. During the year under review only Kshs.6,627,843 was paid to the contractor. This is after some minor works were done and few items delivered that were not as per the specification. As at the time of audit in April, 2021, the project had not been completed and there was no evidence that the project was going on.

In the circumstances, it was not possible to confirm that the Fund obtained value for its money on the incomplete project.

4. Regularization and processing of Title Deed

The Fund contracted a law firm to regularize and process a title deed for Kenya Utalii College from a law firm. As per letter Ref. TF/CONF/10/158 dated

17 December, 2019, the firm, had successfully obtained a certified deed plan for land ref 5035/5. However, a valid title in the name of Kenya Utalii College (KUC) was yet to be obtained due to change of user approval which had taken a long time. The total amount payable was Kshs.11,492,655 which was paid in full by 19 February, 2020. As at the time of audit in April, 2021, the law firm had not obtained the title for the college despite being paid in full.

Consequently, the regularity and value for money for the expenditure incurred could not be confirmed.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

Irregular Administration of Staff Loans

Section 5.3(a) of the Tourism Fund Finance Manual states that the Mortgage loans will be advanced to staff who may wish to buy already developed houses from the open market. In addition to the general rules, other requirement for advance of mortgage loans are required to be met.

During the year under review, the former Chief Executive Officer (CEO), applied for a development loan that was repayable during his tenure of Office. The amount of loan applied was Kshs.10 million to be recovered in 35 months. The advance was to be in line with the mortgage scheme of the Fund. However, this advance was not issued as per the prevailing conditions of the mortgage scheme contained in the manual. As at the time of the CEO's resignation the advance balance of Kshs.7,461,000 as at 30 June, 2020 had not been recovered.

Consequently, the regularity and recoverability of the amount owing could not be confirmed.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standard requires that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and the Board of Trustees

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

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

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

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

The Board of Trustees is responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how the Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements

are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

04 February, 2022

Tourism Fund

Annual Reports and Financial Statements

For the year ended June 30, 2020

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE 2020

	Note	2019-2020 Kshs	2018-2019 Kshs
Revenue from non-exchange transactions			
Fines, Penalties and Levies	1	2,510,390,013	2,798,530,685
Grants from GOK	2	300,000,000	200,000,000
Total revenue from non-exchange transactions		2,810,390,013	2,998,530,685
Revenue from exchange transactions			
Rental revenue from facilities and equipment	3	5,596,085.00	218,791
Finance Income - External Investments (Interest)	4	364,460	1,288,504
Total revenue from exchange transactions		5,960,545	1,507,295
Total revenue		2,816,350,558	3,000,037,980
Expenses			
Use of Goods and Services	5	32,006,818	33,176,339
Employee costs	6	496,058,104	558,705,367
Remuneration of Directors - Trustees	7	43,190,407	32,126,306
Repairs and Maintenance	8	116,596,733	48,928,686
Grants and Subsidies	9	1,599,973,841	1,781,681,509
General Operating Expenses	10	165,261,953	254,769,988
Depreciation and Impairment expense	11	77,278,078	64,813,808
Total expenses		2,530,365,934	2,774,202,003
Other gains/(losses)			
Loss on sale of assets	12	-	(1,804,993.2)
(Deficit) / Surplus for the period		285,984,624	224,030,984

The notes set out in pages 8 - 15 form an integral part of these Financial Statements.

**Tourism Fund
Annual Reports and Financial Statements
As At 30th June 2020**

**STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2020**

	Note	2019-2020 Kshs	2018-2019 Kshs
Assets			
Current Assets			
Cash and cash equivalents	13	85,776,027	80,715,687
Receivables from exchange transactions	14 & 15	378,869,303	289,149,767
Inventories	16	13,794,687	-
Total Current Assets		478,440,017	369,865,454
Non-Current Assets			
Property, plant and equipment	17	2,813,860,796	2,639,240,649
Intangible assets	17	20,745,117	29,635,882
Total Non-Current Assets		2,834,605,913	2,668,876,531
Total Assets		3,313,045,930	3,038,741,985
Liabilities			
Current Liabilities			
Trade and other payables from exchange transactions	18 & 19	136,973,996	168,960,952
Total Liabilities		136,973,996	168,960,952
Net Assets		3,176,071,934	2,869,781,034
Total Net Assets		3,176,071,934	2,869,781,034
Total Net Assets and Liabilities		3,313,045,930	3,038,741,986

A full provision for impairment of investments (Financial asset -IPSAS41) was made since it became probable that the economic benefits that were meant to flow to Tourism Fund could not be realised as the company invested in is under liquidation.

The Financial Statements set out on pages 1 - 15 were signed on behalf of the Trustees by:

Ag.Chief Executive Officer

Name: Mr. David K. Mwangi

Sign: 

Date: 07/06/2021

Manager Finance & accounts

Name: Ms. Jeniffer Chege

ICPAK Member No.: 6449

Sign: 

Date: 07/06/2021

Chairman Board of Trustees

Name: Mr. Alfonse Kioko

Sign: 

Date: 07/06/2021

Tourism Fund
Annual Reports and Financial Statements
For the year ended June 30, 2020

STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30TH JUNE 2020

	Note	Capital fund Kshs	surplus(Deficit) Kshs	Revaluation Reserve Kshs	Total Kshs
Balance as at 30 JUNE 2018 (Bal b/d 30.6.2018)		1,984,062,150	353,570,436	-	2,337,632,586
Surplus for the period		-	224,030,985	-	224,030,985
Prior Year Adjustment		-	26,999	-	26,999
Revaluation Reserve				308,090,464	308,090,464
Balance as at 30 JUNE 2019 (Bal b/d 30.6.2019)		1,984,062,150	577,628,420	308,090,464	2,869,781,034
Surplus for the period		-	285,984,624	-	285,984,624
Prior Year Adjustment		-	-	-	-
Balance as at June 30,2020		1,984,062,150	863,613,044	308,090,464	3,176,071,934

The notes set out in pages 8 - 15 form an integral part of these Financial Statements.

Tourism Fund
Comparative Statements of Cash Flows
For the year ended 30th June 2020

		FY 2019/2020	FY 2018/2019
	Note (s)	Ksh	Ksh
Cash flows from operating activities			
Revenue/ Receipts			
Fines, penalties and levies	1	2,391,144,528	2,798,530,685
Grants GoK	2	300,000,000	200,000,000
Total receipts		2,691,144,528	2,998,530,685
Payments			
Use of Goods and Services	5	32,006,818	33,176,339
Employee costs	6	496,058,104	558,705,367
Remuneration of Directors - Trustees	7	43,190,407	32,126,306
Repairs and Maintenance	8	116,596,733	48,928,686
Grants and Subsidies	9	1,599,973,841	1,781,681,509
General Operating Expenses	10	165,261,953	254,769,988
Total payments		2,453,087,856	2,709,388,195
Net Changes in working capital			
Consolidated increase in receivables	14 & 15	(96,742,081)	(46,737,732)
Consolidated decrease in payables	18 & 19	22,459,038	36,287,969
		(74,283,043)	(10,449,763)
Net cash flows from operating activities		163,773,629	281,792,729
Cashflows from investing activities			
Purchase of Property, plant & Equipment	17	(243,007,459)	(306,013,699)
Proceeds from sale of PPE		-	1,732,500
Rent received	3	5,596,085	218,791
Interest Income Received	4	364,460	1,288,504
Net Cash flows from Investing Activities		(237,046,914)	(302,773,904)
Cashflows from financing activities			
		-	-
Net changes in cash and Cash equivalents		5,060,340	(20,981,176)
Add: Cash and cash equivalents at 1.7.2019	13	80,715,687	101,696,863
Cash and cash equivalents at 30.06.2020	13	85,776,027	80,715,687

Tourism Fund
Statements of comparison of budget and actual amounts
For the year ended 30th June 2020

		Original Budget	Adjustments	Final Budget	Actual Comparable	Performance Difference Variance=(Final Budget-	Explanation of material	
		2019-2020	2019-2020	2019-2020	2019-2020	2019-2020	2019-2020	
	Note (s)	Kshs	Kshs	Kshs	Kshs	Kshs		
Revenue								
Fines, penalties and levies	1	3,200,000,000	-	3,200,000,000	2,510,390,013	689,609,987	22	1
Government Grants and subsidies	2	400,000,000	100,000,000	300,000,000	300,000,000	-	-	
Rent received	3	42,000,000	-	42,000,000	5,596,085	36,403,915	87	2
Finance Income	4	100,000	-	100,000	364,460	(264,460)	(264)	3
Disposal Income		500,000	-	500,000	-	-	-	
Total Income		3,642,600,000	100,000,000	3,542,600,000	2,816,350,558	726,249,442	(156)	
Expenses								
Goods and Services	6	19,900,000	-	19,900,000	32,006,818	(1,925,689)	(10)	4
Employee costs	7	440,900,000	-	440,900,000	496,058,104	(496,058,104)	(113)	5
Remuneration of Directors	8	37,460,000	-	37,460,000	43,190,407	1,092,674	3	
Repair and maintenance	9	23,550,000	-	23,550,000	116,596,733	(30,713,183)	(130)	6
Grants and subsidies paid	10	2,245,500,000	100,000,000	2,145,500,000	1,599,973,841	(1,499,973,841)	(70)	7
General operating expenses	11	133,364,000	-	133,364,000	165,261,953	(165,261,953)	(124)	8
Other General operating expenses	12	21,640,000	-	21,640,000	21,380,593	-	-	
Total expenditure		2,922,314,000	100,000,000	2,822,314,000	2,474,468,449	(2,190,914,407)	(444)	
Suplus for the period		720,286,000	-	720,286,000	341,882,109	2,916,663,849	287	

Explanation of material variance

- 1 The expected earnings from the international arrivals was lower than expected as a result of impact of COVID-19 Pandemic
- 2 The projected rental income from the Tourism fund office block was not achieved because most of office space is yet to be occupied
- 3 Increase in uptake of staff loans had been envisaged
- 6 This was due to occupation of new office block that consequently led to additional new space
- 5 Recruitment of additional new staff
- 6 Due to settlement of pending bills accrued from the previous financial year 2018/2019
- 7 The internal funding is dependent on levy collected In addition, the disbursement for the period had not been realized
- 8 Due to settlement of pending bills accrued from the previous financial year 2018/2019

Tourism Fund
Annual Reports and Financial Statements
For the year ended June 30,2020

NOTES TO THE FINANCIAL STATEMENTS

Tourism Fund prepares its general purpose financial statements in accordance with International Public Sector Accounting Standards (IPSAS). In the preparation of the said statements for the financial year under review, Tourism Fund elected to comply with the The Public Finance Management Act 2012 section 192 and Kenya Gazette No. 5440 pronouncement dated 8th August 2014, as detailed below:

2.2.3 The state and County Corporations carrying out commercial activities shall apply IFRS while regulatory and noncommercial State and County Corporations shall apply IPSAS Accrual.

The IPSAS that Tourism Fund has complied with in line with the pronouncement in the preparation of its financial statements are: IPSAS: 1, 2, 3, 9, 17, 19, and 20. These standards that Tourism Fund complied with were effective by 30th June 2014.

The notes in the financial statements provided and the respective disclosures made refer to the above applied standards.

(a) Basis of Preparation

The financial statements are prepared under the historical cost basis of accounting as modified by the revaluation of assets and fair value adjustments to investments, where necessary. They are presented in Kenya Shillings (Kshs.) and comply with International Public Sector Accounting Standards (IPSASs).

(b) Reclassification of items

Some of the prior year items in the comparative statements have been reclassified in compliance with the latest IPSAS -K Reporting Framework Template as of June 2019

(c) Income Recognition

Levy Income: In accordance with the Tourism Act 2011, levy income is a % charge on gross sales levied by enterprises providing tourism activities and services as stipulated in the ninth schedule. The rate is gazetted by the Cabinet Secretary in charge of Tourism.

(i)

Other Income: Interest income is recognized on a time basis at the effective interest rate applied on the principal amounts outstanding.

(ii)

Other incomes are recognized when earned.

Tourism Fund
Annual Reports and Financial Statements
For the year ended June 30,2020

NOTES TO THE FINANCIAL STATEMENTS

(d) Property and Equipment

All categories of property and equipment are stated at cost or valuation less accumulated depreciation and impairment losses. Depreciation is calculated to write off the cost or valuation of each asset to its residual value where applicable over the expected useful life of the asset in equal installments. A full year's depreciation is charged in the year of purchase but no charge is made in the year of disposal.

The estimated rates are as follows

(i) Computers and Accessories	30%
(ii) Furniture, Fittings & Equipment	12.50%
(iii) Motor Vehicles	25%

(e) Intangible Assets

Intangible assets consist of various computer software systems purchased for use by the Trustees. These assets are recognized as purchased separately at cost less accumulated amortization. Amortization is charged 30% same as the category of computers and accessories.

(f) Retirements Benefits Obligations

The Trustees operates a Defined Contributory scheme. The assets of the scheme are held in a separate trustee administered fund. The cost of providing pension and other post retirement benefit for employees is charged to the fund.

(g) Cash and Cash Equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand and short term deposits held with the banks.

(h) Taxation

The Trustee is a wholly owned government organization hence is exempt from taxation on investment income.

TOURISM FUND

Annual Reports & Financial Statements

for the year ended June 30,2020

Notes to the Financial Statements

	2019-2020	2018-2019
	Kshs	Kshs
1.		
Fines, Penalties & Levies		
Levy income	2,391,144,528	2,798,530,685
Levy Arrears	119,245,485	132,813,858
Total	2,510,390,013	2,931,344,543

Monthly analysis of Levy income for the FY 2019/2020			
	KCB	CO-OP	TOTAL
JULY'19	102,857,338	120,887,386	224,399,464
AUGUST	133,744,533	141,761,828	275,894,940
SEPT	159,276,514	155,719,718	315,440,672
OCTOBER	114,916,174	142,672,522	257,659,781
NOVEMBER	116,485,297	131,849,501	251,666,321
DECEMBER	108,446,146	113,466,177	225,723,918
JAN'20	127,693,801	132,755,591	265,157,341
FEB	101,772,560	97,180,018	211,775,449
MAR	100,422,901	96,305,461	228,454,668
APR	48,377,400	21,920,762	88,050,546
MAY	12,169,768	3,549,905	19,832,837
JUN'2020	19,173,417	4,043,098	27,088,591
Totals	1,145,335,849	1,162,111,965	2,391,144,528

TOURISM FUND
Annual Reports & Financial Statements
for the year ended June 30,2020
Notes to the Financial Statements

2. Transfers from other governments	2019-2020	2018-2019
	Kshs	Kshs
Name of the entity sending grant		
Ministry Of Tourism	300,000,000	200,000,000
Total	300,000,000	200,000,000
3. Rental Revenue From facilities and equipment		
Rental Income	5,596,085	218,791
Total	5,596,085	218,791
4. Finance Income		
Interest on Loans and Investement	-	-
Interest on Staff Loans	364,460	1,288,504
Miscellaneous Revenue	-	-
Total Finance Income	364,460	1,288,504

TOURISM FUND
Annual Reports & Financial Statements
for the year ended June 30,2020

Notes to the Financial Statements		
	2019-2020	2018-2019
	Kshs	kshs
5. Use of Goods & Services		
Electricity & Water	9,378,005	7,075,050
Subscription	1,582,318	1,369,001
Office Security	10,797,800	7,901,250
Performance Contracting	-	-
Surveys	498,225	3,691,223
ISO Audit	151,750	4,338,695
Asset valuation	9,598,720	7,061,120
Audit fees	-	1,740,000
Total use of goods & services	32,006,818	33,176,339
6. Employee Costs		
Basic Pay	276,563,371	258,992,849
Pension & Gratuity	36,710,747	49,884,026
House Allowance	82,082,667	79,552,433
Acting Allowances	3,505,440	4,072,085
Leave Allowances	5,684,100	6,080,776
Transfers Allowances	98,800	7,387,654
Transport Allowances	25,823,267	24,825,668
Remunerative Allowances	600,000	630,000
Levy Collection Incentives	5,565,390	10,488,915
Medical Insurance	32,874,830	31,615,198
Levy Collection Expenses	26,549,492	85,175,763
Total Employee Costs	496,058,104	558,705,367
7. Remuneration of directors		
Chairman's Honoraria	960,000	1,200,000
Trustees Sitting Allowances	11,262,000	6,921,500
Trustees Travelling & Accomodations	30,968,407	22,604,806
Trustees Remuneration	-	1,400,000
Total Board Expenses	43,190,407	32,126,306
8. Repairs & Maintenance		
Repair & Maintenance - MV	9,362,910	9,676,626
Repair & Maintenance of Building	3,110,407	203,765
Repair & Maintenance of Furniture	4,300	39,335
Repair & Maintenance of Equipment	217,400	-
Minor Repairs-Building & Furniture	-	-
ICT Repair Expenses	103,901,716	39,008,960
Total Repair & Maintenance	116,596,733	48,928,686

TOURISM FUND

**Annual Reports & Financial Statements
for the year ended June 30,2020**

Notes to the Financial Statements		
	2019-2020	2018-2019
	kshs	Kshs
9. Grants & Subsidies		
Grants-Kenya Utalii College	427,500,000	570,238,960
Grants to Kenya Tourism Board	301,680,000	430,020,000
Grants to Ronald Ngala Utalii College	555,151,236	576,165,250
Grants -Other Training activities(PERAK,KAHC)	4,355,000	2,171,054
RNUC Government Disbursement	300,000,000	200,000,000
Grants to training for refresher courses	-	-
Grants to KNBC	8,000,000	-
Procut Development	3,287,605	3,086,245
Strategic Partnership & Collaboration	-	-
Total grants & subsidies	1,599,973,841	1,781,681,509
10 General expenses		
Telephone & Postage	5,976,606	6,439,211
Office Rent-Branches	22,981,412	26,989,342
Advertisement & Publicity	46,371,180	29,519,352
Stationery & Office Consumptions	4,681,207	13,495,316
Legal Fees	9,175,070	5,211,370
Fuel	6,100,121	8,455,298
General Insurances	27,013,491	27,579,109
Staff Training	21,582,273	30,238,615
Other General expenses-Note 10(b)	21,380,593.00	106,842,375
Total General Operating Expenses	165,261,953	254,769,988
10 (b) Other general expenses		
Staff Uniforms	1,464,697	894,330
Staff tea	5,372,166	4,066,818
Staff Contingencies	19,520	330,367
Strategic Partnership	2,300,000	43,970,189
Newspapers	708,453	1,588,675
Entertainment	1,787,770	2,052,995
Tourism Development	436,593	11,375,543
HIV	792,000	1,444,580
General office expense	1,628,317	10,193,553
Cleaning	4,566,994	9,334,464
Land Rent,rates & Services	-	613,219
Provision of shares & Investment	-	3,100,000
Levy recruitment drive	1,257,505	15,277,455
Bank Charges	1,046,578	2,600,187
Total Other General Expenses	21,380,593	106,842,375

TOURISM FUND

Annual Reports & Financial Statements

for the year ended June 30,2020

Notes to the Financial Statements

	2019-2020 Kshs	2018-2019 Kshs
11. Depreciation and armotization expense		
Dep-Furniture	8,600,313	8,319,133
Dep-Computers	19,550,664	6,830,980
Dep-Partitions	4,924,688	17,716,802
Dep-Motor Vehicles	33,439,960	15,901,920
Dep-Intangible Assets	8,890,764	6,129,502
Dep-Office Equipments	1,871,689	4,967,155
Land-Armortization	-	4,948,316
Total Depreciation	77,278,078	64,813,808

	2019-2020 Kshs	2018-2019 Kshs
12. Other gains/Losses of sale of an asset		
Loss on sale of assets	-	1,804,993
	-	1,804,993

13. Detailed analysis of Cash and Cash Equivalents		2019-2020 Kshs	2018-2019 Kshs
Financial Institution	Account No		
Kenya Commercial Bank			
KCB-Revenue	1102123803	23,713	383,035
KCB-Collection	1102119830	6,020,491	7,474,112
KCB-Staff Loans	1134170866	102,492	23,898,105
KCB-Asset finance	1132173450	-	19,995,009
		6,146,696	51,750,261
National Bank of Kenya			
NBK-Operational	01003000905800	26,980,228	8,840,571
NBK-Nairobi South	01001032774301	187,820	430,000
NBK-Nairobi North	01001032774300	160,280	347,695
NBK-Coast Region	01020057022800	127,777	10,270
NBK-South Rift	01003021365200	4,035	40,536
NBK-Western Region	01003027056500	784	290,000
NBK-North Rift	01020214280000	144,990	13,290
NBK-Central Region	01003043783700	85,760	14,885
NBK-Tourism Fund-RNUC	01003060819300	564,562	565,762
		28,256,236	10,553,009
Co-operative Bank			
Co-op Collection	01136001331600	905,195	9,168,872
Co-op Bank Donor	01136001331601	5,631,704	40,107
Call Deposits-Mortgage	01150001331600	10,016,770	6,940,000
Hekima Account	01103001331600	302,270	290,437
		16,855,939	16,439,416
Equity Bank			
Equity collection account	1510278870206	4,889,874	-
Equity operation account	1510279298966	5,006,040	-
		9,895,914	-
Cash in Transit			
MPESA Collection account		24,421,243	1,772,993
Cash at Hand		194,000	194,000
Petty cash imprest		6,000	6,000
		24,621,243	1,972,993
Total Cash & Cash Equivalents		85,776,027	80,715,687

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Notes to the Financial Statements			
	2019-2020	2018-2019	Net Changes
Total Capital Expenditure			
14. Receivables from exchange transactions			
Current Receivables			
Deposits	16,695,644.00	10,181,742	6,513,902.00
Prepayments	8,143,039.00	-	8,143,039.00
Total Current Receivables	24,838,683.00	10,181,742	14,656,941
15. Receivables from non-exchange transactions			
Levy Debtors	119,245,485.00	132,813,858	(13,568,373.00)
Staff housing loans & mortgages	165,663,622.00	144,125,106	21,538,516.00
Other Debtors	-	2,535,659	(2,535,659.00)
Provision for RD cheques	(20,443,841.00)	(20,443,841)	-
Staff Imprest	89,565,354.00	10,644,735	78,920,619.00
Advances	-	2,269,963	(2,269,963.00)
	354,030,620.00	271,945,480	82,085,140.00
Total Non- Current Receivables	378,869,303.00	282,127,222	
Consolidated net changes in Receivables			96,742,081.0

16.Inventories		
Stationery and supplies	9,144,754	-
Catering Consumables	185,469	-
Computer & printer consumables	3,660,595	-
Accountable documents	775,192	-
Staff Mortgage-KCB	28,677	-
Total inventories	13,794,687	-

the above line items were not in the legacy system and hence their comparives under the said financial are not there

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17. Property, plant and equipment

Cost	Land	Furniture & Fittings	Partitions	Office Equipment	Computer Accessories	Motor Vehicles	WIP(Building)	Intangible assets	Levy Software	WIP Partitioning	Total
As at 1st July 2018	285,000,000	0.125	0.125	0.125	0.3	0.25	1,465,768,637	29,635,882	28,900,592	187,144,528	2,362,547,559
Additions	-	15,225,988	127,642,698	22,481,149	76,377,684	124,370,401	97,679,369	69,532,262	69,532,262	39,604,078	276,062,308
Disposals	-	(8,200,039)	-	3,266,208	3,638,500	-	-	-	-	-	(8,200,039)
Transfer/adjustment	-	(69,876,895)	(127,642,697)	(25,747,356)	(80,016,241)	(124,370,401)	-	-	-	-	-
Revaluation	237,800,000	62,261,000	39,397,500	9,335,511	30,364,160	86,750,000	-	-	-	-	-
As at 30th June 2019	522,800,000	62,061,096	39,397,501	9,335,511	30,364,161	86,750,000	1,563,350,922	29,635,882	98,432,854	226,748,606	2,668,876,533
Additions	-	6,741,409	-	5,638,000	34,804,720	47,009,840	25,762,632	-	98,060,504	24,990,454	243,007,459
Disposal	-	-	-	-	-	-	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-	-	-	-	-	-	-
As at 30th June 2020	522,800,000	68,802,505	39,397,501	14,973,511	65,168,881	133,759,840	1,589,113,454	29,635,882	196,493,358	251,739,060	2,911,883,992
Depreciation and impairment	-	-	-	-	-	-	-	-	-	-	-
As at 1st July 2018	285,000,000	62,261,000	39,397,501	9,335,511	30,364,103	86,750,000	1,563,448,006	29,635,882	98,432,854	226,651,519	2,431,276,376
Depreciation	-	-	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-	-	-
Accumulated	-	-	-	-	-	-	-	-	-	-	-
Depreciation	-	11,642,963	80,163,180	12,767,038	64,074,289	76,664,841	-	44,064,255	-	-	289,376,366
As at 30th June 2019	522,800,000	62,261,000	39,397,501	9,335,511	30,364,103	86,750,000	1,563,448,006	29,635,882	98,432,854	226,651,519	2,431,276,376
Depreciation	-	8,600,313.13	4,924,687.63	1,871,688.88	19,550,664.30	33,439,960.00	-	8,890,764.48	-	-	77,278,078
Disposal	-	-	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-	-	-	-	-	-	-
Accumulated	-	-	-	-	-	-	-	-	-	-	-
Depreciation	-	20,243,276	85,087,868	14,638,727	83,624,953	110,104,601	-	52,955,019	-	-	366,654,444
As at 30th June 2020	522,800,000	60,202,192	34,472,813	13,101,822	45,618,217	100,319,880	1,589,113,454	20,745,117	196,493,358	251,739,060	2,834,605,913
Net Book values	-	-	-	-	-	-	-	-	-	-	-
As at 30th June 2020	522,800,000	60,202,192	34,472,813	13,101,822	45,618,217	100,319,880	1,589,113,454	20,745,117	196,493,358	251,739,060	2,834,605,913
As at 30th June 2019	522,800,000	62,261,000	39,397,501	9,335,511	30,364,103	86,750,000	1,563,448,006	29,635,882	98,432,854	226,651,519	2,431,276,376

Summary of Capital Expenditure (PPE Additions)

	2019-2020	2018-2019
	Kshs.	Kshs.
Land	-	-
Buildings	-	-
Work-in-Progress (TF)	25,762,532	97,679,369
Furniture and fittings	6,741,409	62,341,891
Partitioning & cabling	-	-
Computers & accessories	34,804,720	3,638,560
Office equipment	5,638,000	3,266,208
Levy system software acquisition	98,060,504	69,532,262
Motor vehicles	47,009,840	-
Work-in-Progress-Partitioning	24,990,454	39,506,991
Totals	243,007,459	275,965,281

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18. Trade and other payables from exchange transactions

	2019-2020	2018-2019	Net Changes
Accrued Expenses	-	86,730,459	(86,730,459)
Trade Creditors	94,839,483	16,151,826	78,687,657
Sundry Creditors	1,510,022	1,320,389	189,633
V.A.T account	-	3,245,220	(3,245,220)
Withholding Tax	-	1,304,349	(1,304,349)
Goods receipt	37,969,856	-	37,969,856
Statutory payables	-	3,237,350	(3,237,350)
Total payables from exchange transactions	134,319,361	111,989,593	22,329,768

19. Trade and other payables non-exchange transactions

N.H.I.F	-	-	-
N.S.S.F	-	-	-
V.A.T Account	-	-	-
P.A.Y.E	810,324	2,525,365	(1,715,041)
Staff vendors	1,844,311	-	1,844,311
Total payables from non-exchange transactio	2,654,635	2,525,365	129,270
Consolidated net changers in payables	136,973,996	114,514,958	22,459,038

