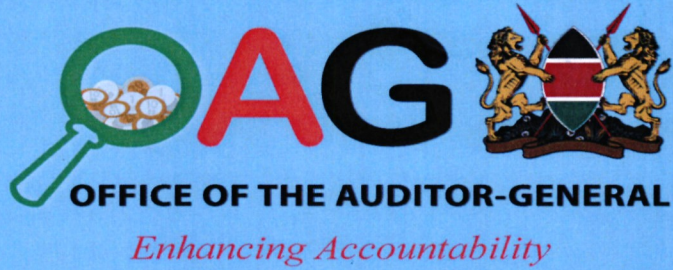


REPUBLIC OF KENYA



**REPORT**

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 07 JUN 2023	DAY: Wednesday
TABLED BY: Hon. Kimani Ichung'wa (Majority Party leader)	
CLERK-AT-THE-TABLE:	Mado

PARLIAMENT  
OF KENYA  
LIBRARY

**OF**

**THE AUDITOR-GENERAL**

**ON**

**KENYA TOURISM BOARD**

**FOR THE YEAR ENDED  
30 JUNE, 2022**



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**KENYA TOURISM BOARD**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**JUNE 30, 2022**

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

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**KENYA TOURISM BOARD  
ANNUAL REPORT & FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**I. KTB'S INFORMATION AND MANAGEMENT**

**(a) BACKGROUND INFORMATION**

KTB is a state corporation established and regulated under the Tourism Act No.28 of 2011, sections 29-39. Prior to enactment of the Tourism Act, KTB (then known as Kenya Tourist Board) operated under Legal Notice No.14 of 1997.

**(b) PRINCIPAL ACTIVITIES**

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

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

**Vision**

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

**Mission**

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

**Core Values**

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

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

**KENYA TOURISM BOARD  
ANNUAL REPORT & FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**OUR CUSTOMERS**

**Local**

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

**International**

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

**OUR SERVICES**

We strive to provide our customers with:

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

**OUR STRATEGIC PARTNERS**

Our key strategic partners include the following:

- Kenya Airways(KQ)
- Kenya Wildlife Services(KWS)
- Kenya Railways (SGR)
- Kenya Tourism Fund (KTF)
- Kenya Association of Tour Operators (KATO)
- Kenya Association of Hotelkeepers& Caterers (KAHC)
- Eco Tourism Kenya(EK)

**KENYA TOURISM BOARD  
ANNUAL REPORT & FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**(c) KEY MANAGEMENT**

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

- Board of Directors
- Chief Executive Officer
- Executive management

**(d) FIDUCIARY MANAGEMENT**

The key management personnel who held office during the year ended 30<sup>th</sup> June 2022 and show had direct fiduciary responsibility were:

No.	Designation	Name
1.	CEO	Dr. Betty Addero Radier
2.	Ag. Director of Market Development & Market Support ( <i>retired in March 2022</i> )	Mr Fred Okeyo Okeng'o
3.	Ag. Director of Marketing Development	Ms. Fiona Ngesa
4.	Ag. Director Marketing Support Services	Ms. Betty Ichan
5.	Director Finance & Administration	Mrs. Mary Maina
6.	Company Secretary	Mr. Allan Njoroge
7.	Head of Procurement	Mr. Gerald Omondi
8.	Human Resources Manager- ( <i>Resigned Jan 2022</i> )	Ms. Ibtisam Awadh

**(e) FIDUCIARY OVERSIGHT ARRANGEMENTS**

KTB's key fiduciary oversight arrangements are as below:

**i) Board Audit Committee Activities**

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

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

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

**iii) Ad hoc BOD committee Activities**

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

**KENYA TOURISM BOARD  
ANNUAL REPORT & FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**(f) BOARD HEADQUARTERS**

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

**(g) KTB'S CONTACTS**

Telephone: (254) 202711262

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

**Social Media**

Website: [www.ktb.go.ke](http://www.ktb.go.ke), [www.magicalkenya.com](http://www.magicalkenya.com)

Twitter: [@MagicalKenya](https://twitter.com/MagicalKenya)

Face book: [MagicalKenya](https://www.facebook.com/MagicalKenya)

Instagram: [MagicalKenya](https://www.instagram.com/MagicalKenya)

**SERVICE DELIVERY CENTRES**

<p><b>NAIROBI</b> Jomo Kenyatta International Airport <b>NAIROBI</b> Tel: 822111 – Ext. 5299/341728</p>	<p><b>MOMBASA</b> Mombasa International Airport <b>MOMBASA</b> 020 2047370</p>
---	--

**MARKET DEVELOPMENT REPRESENTATIVES**

<p><b><u>USA:</u></b> Luke Jones   Director Advocate Travel Marketing 1230 Rosecrans Ave. Suite 140 Manhattan Beach. CA 90266. USA Phone: +1 (310) 977 4751 Email: <a href="mailto:lukejones@advocatetravel.com">lukejones@advocatetravel.com</a> Website: <a href="http://www.advocatetravel.com">www.advocatetravel.com</a></p>	<p><b><u>INDIA:</u></b> Ms. Neeti Bhatia Director Intrepid Marketing &amp; Communications c/o Redbrick Offices Limited Tex Center, E-Wing, Chandivali Farm Road Andheri East, 400072 Email: <a href="mailto:neeti@intrepid-marketing.com">neeti@intrepid-marketing.com</a> Mobile: +91 9711901753 Website: <a href="http://www.intrepid-marketing.com">www.intrepid-marketing.com</a></p>
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**KENYA TOURISM BOARD  
ANNUAL REPORT & FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**CHINA- DRAGON TRAIL**

Mr. William Ace Rowles  
Director of International & Inbound Markets  
Room 101, Building 2B Gui Gu Liang Cheng  
No. 1 Nong Da Nan Road, Haidian District,  
Beijing, China  
Email: [william.rowles@dragontrail.com](mailto:william.rowles@dragontrail.com)  
Direct line: +86 (0) 10 6266 7530 ext 610  
Mobile: +86 186 166 72575  
Website: [www.dragontrail.com](http://www.dragontrail.com)

**EUROPE: THE PC AGENCY**

Mr. Paul Charles  
CEO & Founder  
The PC Agency  
One Heddon Street,  
Mayfair, London W1B 4BD.  
Mobile: +447769880991  
Telephone: +442077680001  
Email: [pc@pc.agency](mailto:pc@pc.agency)

**(h) KTB'S BANKERS**

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

**(i) INDEPENDENT AUDITORS**

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

**(j) PRINCIPAL LEGAL ADVISERS**

TripleOKLaw Advocates  
5<sup>th</sup> Floor, Block C, ACK Garden House  
1<sup>st</sup> Ngong Avenue, Off Bishops Road  
P.O. BOX 43170  
NAIROBI, 00100

**KENYA TOURISM BOARD  
ANNUAL REPORT & FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**II. THE BOARD OF DIRECTORS**

**Board Composition**

In accordance with the Tourism Act, KTB Board of Directors consists of ten (10) members made up of a non-executive and independent Chairman, one Chief Executive Officer, Principal Secretary-National Treasury, Principal Secretary-Ministry of Tourism & Wildlife- State Department of Tourism, CEO of the Tourism Fund plus five independent and non-executive directors.

The members of the board are as below:

Mr. Jimi Kariuki- Term ended on 2 <sup>nd</sup> May 2022	Board Chairman
Dr. Betty Addero Radier (PhD)- appointed 1 <sup>st</sup> December 2016	Chief Executive Officer
Mr. Adam Jillo- Term ended on 6 <sup>th</sup> February 2022	Director
Mr. Ken Waibochi - Term ended on 6 <sup>th</sup> February 2022	Director
Dr. Mohanjeet Brar- Term ended on 6 <sup>th</sup> February 2022	Director
Mrs. Susan Maina- Term ended 2 <sup>nd</sup> May 2022	Director
Zeinab A. Hussein - PS, Ministry of Tourism& Wildlife- State Department of Tourism	Director
PS, National Treasury	Director
CEO, Tourism Fund	Director
Mr Antony Muigai Muriu	Alternate to PS, National Treasury
Mr. Julius Musau	Alternate to PS, State Department of Tourism
Mr. Charles Okeyo	Alternate to CEO, Tourism Fund
Mr Allan Njoroge	Company Secretary

**THE BOARD OF DIRECTORS' PROFILES**



***Mr. Jimi Kariuki- Term ended  
on 2<sup>nd</sup> May 2022***

Mr. Jimi Kariuki, Chairman of the KTB Board of Directors, born in 1967, holds a Master of Business Administration (MBA) degree from the Graduate School of Business, University of Cape Town, South Africa, and a Bachelor of Science (Bsc) degree in Marketing from Huron University USA, London Campus.

He is the Managing Director of Sarova Hotels, Resorts & Game Lodges, Kenya's leading independent hospitality group and has vast experience in the tourism sector spanning over two decades.

He is also a member of Sarova Hotel's Executive Management Committee and its Board of Directors. He has served on the Kenya Tourism Federation (KTF) Executive Committee (2003-2004), the Board of the Kenya Tourism Board representing KTF (2003-2004) and on the Board of the Kenyatta International Convention Centre (KICC) (2004-2006).





***Dr. Betty Addero Radier (PhD)***

Dr Betty Addero Radier, Chief Executive Officer of Kenya Tourism Board, born in 1968, is a seasoned Leader in both Public and Private sector in the fields of Entrepreneurship, Strategy Development, Marketing and Operations. She has over 21 years' experience growing and developing strategies for corporate clients in the, ICT technology, telecom and communication sector. Prior to her appointment as the CEO for The Kenya Tourism Board in 2016 she served as the Chair of the Tourism Research Institute in 2015 and held the position of Managing Director for over 10 years in the fields of Communication and Technology in Kenya, Uganda, Tanzania and Nigeria.

Betty holds a PhD. Degree in Entrepreneurship and small business development from the University of Cape Town South Africa and an MBA degree in strategy and finance from the University of Nairobi. She is an adjunct lecturer at Strathmore Business School in Kenya, specializing in Strategy, Marketing, Entrepreneurship and the Owner Management Program with a focus on 'Selling Beyond Borders'.

Betty has a passion for mentoring young ladies and engaging

	<p>in motivational and business speaking engagements for Women in Entrepreneurship, Women in Boards and C-Suite members in corporate organizations on aspects of 'Breaking the Glass Ceiling', 'Learning, unlearning and relearning theory' and lately in international, regional and local fora focusing on Tourism.</p>
 <p><b>Mr. Adam Jillo- Term ended on 6<sup>th</sup> February 2022</b></p>	<p>Mr Adam Jillo, Vice-Chairman of the KTB Board of Directors, born in 1958, holds a BSc in Tourism and Hospitality Management and Diploma in Strategic Management &amp; Leadership. He is Chairman of KETICO LTD (Kenya Trade &amp; Tourism Investment Company) and a partner at NATURE EXPEDITIONS (dmc) LTD - one of the leading indigenous tour operators in Kenya.</p> <p>He is the past Chairman of KATO (Kenya Association of Tour Operators), past Vice-Chairman of the Kenya Tourism Federation, past Board Director at KEPFA representing the tourism industry, Past Chairman of Ecotourism Kenya and Past Board member at Tourism Trust Fund. He was also a member of the Tourism Recovery Taskforce.</p>
 <p><b>Dr. Mohanjeet Brar (PhD)- Term ended on 6<sup>th</sup> February 2022</b></p>	<p>Dr. Mohanjeet Brar, born in 1971, holds a Doctor of Philosophy (PhD) in Plant Science.</p> <p>He is the Managing Director of Gamewatchers Safaris &amp; Porini Camps, a leading safari company and one of the pioneers of establishing and operating community conservancies in Kenya.</p> <p>He is currently on the Board of the Maasai Mara Conservancies Association and the Wildlife Habitat Trust. And recently was the Chairman of Ecotourism Kenya as well as being Board member of the Kenya Tourism Federation, the East African Wildlife Society, the Kijabe Forest Trust and Atta (Advancing Tourism to Africa).</p>



**Mr. Ken Waibochi- Term ended on 6<sup>th</sup> February 2022**

Mr. Waibochi, born in 1966, holds a Bachelor of Science Degree in Mechanical Engineering from Bath University UK. He has been the Managing Director of Aberdare Safari Hotels, a hotel group that manages two properties in the Aberdare region for over 13 years. He has over 21 years of experience in the Hospitality Industry. Prior to joining Aberdare Safari Hotels in an executive position, he was employed for 15 years in the Corporate sector multinational companies including Procter & Gamble (East Africa and Nigeria) for 11 years and Coca Cola Africa.



**Susan Maina - Term ended on 2<sup>nd</sup> May 2022**

Born in 1969, Susan holds a Master of Science (Health Economics and Policy) and a Master of Arts (Medical Sociology) from the University of Nairobi as well as a Bachelor of Arts Degree, Economics and Business Studies, Kenyatta University. She is a highly experienced Program Manager with significant expertise in the development, training and implementation of comprehensive Health Care Programs. She has over 15 years' experience in management of health programs and is equally experienced in developing, cascading, monitoring and evaluating institutions' strategic plans.



Susan has worked as a Consultant for Kenyatta National Hospital in developing the hospital's master plan and has also worked as the Head of College at the Nairobi Women's Hospital (NWH) Medical Training College. Susan is a Board Member of the JM Kariuki Hospital, Nyandarua County and Chair of the Health Quality Committee.




**Zeinab A. Hussein (Mrs.), CBS**

Zeinab A. Hussein (Mrs.), CBS, born in 1973, is the Principal Secretary, State Department for Tourism, Ministry of Tourism and Wildlife. Prior to her appointment in December 2021, she served in the same capacity at the State Department for Correctional Services, Ministry of Interior and Co-ordination of National Government since July 2018. She has previously served as the Principal Secretary at the State Department for Post-Training and Skills Development in the Ministry of Education, State Department for Irrigation in the Ministry of Water and Irrigation and the State Department for Gender Affairs in the Ministry of Public Service, Youth and Gender Affairs.

Prior to Public Service, Zeinab worked at East Africa & Africa Delivery Hub, McKinsey & Company, where she worked as Head of Professional Development & Human Resources. Earlier, Zeinab had served at Accelerate Africa, a management consulting firm that focuses exclusively on serving the growth, expansion and

	<p>management needs of Africa's Companies while placing focus on Africa's SMEs, Family owned businesses and Africa's Medium to Large organizations, a company she co-founded. She also worked as Head of Recruitment and Administration as well as a Consultant at McKinsey &amp; Company and as a Regional Sales and Marketing manager – West Africa, for Shell Company.</p> <p>Her key capabilities are in Organizational Transformation, Systems and Process Alignments, Big Data Management, Recruitment and Governance.</p> <p>Zeinab is a graduate of the Harvard University Kennedy School of Government (MPA, Business and Economics) and the University of Nairobi (MBA – Business, International Business Management)</p>
 <p><b>Dr. Julius Muia, CBS</b></p>	<p><b>Dr. Julius Muia, CBS</b>, the Principal Secretary at The National Treasury. Previously worked the Principal Secretary at the State Department for Planning - The National Treasury and Planning. He also worked as the Director General, Vision 2030 Delivery Secretariat which operated under the Office of the President, Republic of Kenya to facilitate the implementation of Vision 2030.</p> <p>Between April 2008 and October 2016, Dr. Muia served as the Secretary, National Economic and Social Council, Office of the President.</p> <p>Dr Julius holds a First Class Honours Degree in Accounting; Masters Degree and PhD in Finance from the same university. He is a Certified Public Accountant (CPA-K); Certified Public Secretary (CPS-K), a member of Associate Kenya Institute of Bankers; Associate Chartered Institute of Arbitrators and a Certified Coach.</p>
 <p><b>Mr. David Mwangi</b></p>	<p>Mr.Mwangi born in 1982, holds a Master of Business and Administration (MBA) and Bachelor of Business Management</p> <p>He is the Ag.Chief Executive Officer of the Tourism Fund and sits on the KTB Board as an ex-officio member by virtue of S.32 (1)(d) of the Tourism Act.</p>

 <p><b>Mr Antony Muigai Muriu</b></p>	<p>Mr Antony Muigai Muriu, born in 1966, is the Alternate to the Principal Secretary, National Treasury.</p> <p>Mr. Muriu is a Chief Economist and Head of the Central Planning and Project Monitoring Unit of the National Treasury. He is a Career Civil Servant with over 20 years of experience having risen through the ranks to the current position.</p> <p>He holds a Bachelor of Arts in Economics from the University of Nairobi and Masters Degree in International Development Studies from the Graduate Institute of Policy Studies in Tokyo, Japan. He has also attended numerous short training courses both locally and abroad. Over the years, Mr. Muriu has worked in many Ministries and served in numerous Committees and Taskforces of the Government of Kenya.</p>
 <p><b>Company Secretary</b> Mr. Allan Njoroge</p>	<p>Mr. Njoroge, the Company Secretary/ Head of Legal &amp; Corporate Affairs, born in 1976, holds a Bachelor of Laws (LLB) from University of Nairobi and a postgraduate in Law from Kenya School of Law. He is a Certified Public Secretary, CPS (K) as well as an Advocate of the High Court of Kenya. He is a member of the ICPSK.</p> <p>He is responsible for providing guidance and support to the Board and is in charge of establishing and enforcing corporate governance framework of the Board.</p>

**BOARD COMMITTEES**

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

**Board Marketing Committee**

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

### **Board Finance and Establishment Committee**

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

### **Board Audit & Risk Committee**



The Board Audit Committee is chaired by a non-executive director (Dr Mohanjeet Brar) and meets on quarterly basis. Other members who are non-executive directors Susan Maina, Mr Ken Waibochi, Principal Secretary - National Treasury and an independent Internal Audit Manager (Mr. Onesmus Karanja). The Committee provides oversight of financial reporting, risk management, internal control, compliance and governance processes.

### **Ad Hoc Committees**



The Board of Directors may appoint ad hoc committees to carry out specific assignments as and when needed. The ad hoc committees report to the Full Board. In 2021/22, there were no ad hoc committees.

### III. MANAGEMENT TEAM

The key management personnel who held office during the financial year ended 30th June 2022 and who had direct fiduciary responsibility were:

NAME	PROFILE
 <p data-bbox="178 801 502 884">Dr. Betty Addero Radier <b>Chief Executive Officer</b></p>	<p data-bbox="689 331 1528 716">Dr Betty Addero Radier, born in 1968, holds a PhD. Degree in Entrepreneurship and small business development from the University of Cape Town South Africa and an MBA degree in strategy and finance from the University of Nairobi. She is an adjunct lecturer at Strathmore Business School in Kenya, specializing in Strategy, Marketing, Entrepreneurship and the Owner Management Program with a focus on 'Selling Beyond Borders'.</p> <p data-bbox="689 768 1528 1104">As the CEO of the Board, she responsible for operational running of the Board to ensure that its mission and objectives and agreed performance targets are achieved. The CEO is accountable for the Board's actions, security of resources as well as ensuring execution of the Board strategy. In addition to representing the management position on the Board, the CEO chairs and supervises the Executive Committee (Exco).</p>
 <p data-bbox="178 1644 667 1832">Mr Fred Okeyo Okeng'o <b>Ag. Director of Market Development &amp; Market Support</b> (<i>Retired in March 2022</i>)</p>	<p data-bbox="689 1126 1528 1411">Fredrick Okeyo Okeng'o, born in 1962, holds a Masters of Business Administration degree (Marketing) from the University of Nairobi, Bachelor of Science in Hospitality Management from Florida International University, USA and a Diploma in Hotel Management. He is a member of the Marketing Society of Kenya.</p> <p data-bbox="689 1429 1528 1664">He has over 20 years in Destination and Tourism marketing. He has been responsible for various markets at different times of his assignments. Prior to the current role, he was a lecturer at Kenya Utalii College and has participated in many for a on Kenya's tourism development and marketing.</p> <p data-bbox="689 1682 1528 1865">He was also responsible for providing the strategic marketing direction and leadership in the management of KTB's marketing function and positioning Kenya as the preferred tourism destination.</p>

NAME	PROFILE
 <p data-bbox="178 609 667 721"><b>Ms. Betty Ichan</b> <b>Ag. Director – Marketing Support Services</b></p>	<p data-bbox="689 183 1528 519">Born in 1977, Betty holds a Master’s Degree in International Business from Edith Cowan University - Australia, a Professional Postgraduate Diploma in Marketing from the Chartered Institute of Marketing – United Kingdom and undergraduate degree in Tourism Management from the United States International University - Africa. She is a Full Member of the Chartered Institute of Marketing – United Kingdom.</p> <p data-bbox="689 542 1528 721">Betty Ichan is professional marketer with more than 15 years’ experience in destination marketing. She has been responsible for strategy development for various regions including North America, Asia and Europe.</p> <p data-bbox="689 743 1528 878">She is the Director of Marketing Support Services she leads and co-ordinates the implementation of the 360 degrees communications plan.</p>
 <p data-bbox="178 1308 491 1438"><b>Ms. Fiona Ngesa</b> <b>Ag. Director of Market Development</b></p>	<p data-bbox="689 904 1528 1191">Born in 1980, Fiona holds a Masters degree in International Tourism &amp; Leisure Management from Stenden University in the Netherlands, a Post-Graduate Diploma in Marketing from the Chartered Institute of Marketing (UK). She is a member of the Chartered Institute of Marketing, Kenya Association of Women in Tourism and the (John) Maxwell Leadership Certified Team.</p> <p data-bbox="689 1236 1528 1473">She has 17 years experience on destination management &amp; marketing, crisis management, sustainability, leadership development and regional integration. She has held various positions including Corporate Affairs Officer, Marketing Manager – Africa and Business Development Manager.</p> <p data-bbox="689 1496 1528 1572">She is the Director of Market Development responsible for the development of the market &amp; business development strategy.</p>
 <p data-bbox="178 2024 459 2110"><b>Company Secretary</b> <b>Mr. Allan Njoroge</b></p>	<p data-bbox="689 1594 1528 1877">Mr. Njoroge, the Company Secretary/ Head of Legal &amp; Corporate Affairs, born in 1976, holds a Bachelor of Laws (LLB) from University of Nairobi and a postgraduate in Law from Kenya School of Law. He is a Certified Public Secretary, CPS (K) as well as an Advocate of the High Court of Kenya. He is a member of the ICPSK.</p> <p data-bbox="689 1899 1528 2033">He is responsible for providing guidance and support to the Board and is in charge of establishing and enforcing corporate governance framework of the Board.</p> <p data-bbox="689 2056 1528 2132">He is also responsible for legal matters pertaining to KTB, provide legal services to KTB to ensure that it is legally</p>

NAME	PROFILE
	<p>protected and that it adheres to all legal requirements.</p> <p>He held similar positions in Bata Shoe Co. Ltd and Bidco Oil Refineries Ltd.</p>
 <p data-bbox="178 768 571 851"><b>Mary G. Maina (Mrs)</b> <b>Director Finance and Admin</b></p>	<p>Mary Maina, born in 1975, holds an Executive MBA from Kenyatta University, Bachelor of Commerce (Accounting major) 1st class degree from the Catholic University of Eastern Africa. She is a certified public Accountant (CPA), a certified Information Systems auditor (CISA) and a certified Internal Auditor (CIA).</p> <p>Mary has 21 years of experience, 6 in external audit and 10 in internal audit and 5 years in financial and accounting experience.</p> <p>She is responsible for effectively and efficiently managing all financial and human resources of KTB in order to achieve its goals and objectives.</p>
 <p data-bbox="178 1312 497 1395"><b>Mr Onesmus Karanja</b> <b>Internal Audit Manager</b></p>	<p>Onesmus Karanja, born in 1980, holds a Masters of Commerce postgraduate degree (Forensic Accounting) from Strathmore University, Bachelor of Commerce degree (Accounting Option) from the University of Nairobi. He is a certified public Accountant (CPA), a Certified Information Systems Auditor (CISA) and a Certified Fraud Examiner (CFE).</p> <p>Onesmus has over 15 years of experience in the areas of Audit Assurance, Risk Management and Investigations.</p> <p>He is responsible for the quality and performance of internal auditing within KTB. He provides independent and objective assurance and consulting activity of KTB's operations to the Audit Committee and the CEO on the overall adequacy and effectiveness of KTB's arrangements for governance, risk management, and internal controls and their impact on the operations of the organization.</p>

#### IV. CHAIRMAN'S STATEMENT



On behalf of the Board, it is my pleasure to present the Annual Report and Financial Statements for the Kenya Tourism Board for the year ended 30th June 2022.

##### **Overview**

During the year under review, total arrivals including cross-border arrivals closed at 1,207,691, an increase of 149.9% compared to the previous year's figure of 483,257. This uptick was also recorded in the number of domestic bed-nights which increased by 56.9% as well as tourism revenue earnings which closed at Ksh. 224 Billion, an increase of 185.9% compared to the previous year's revenue of Ksh. 78.34 Billion.

Whilst the ravages of the COVID-19 pandemic continued to be felt within the tourism sector, both locally and globally, the 2021/22 FY presented a largely optimistic outlook as many destinations continued to open up and tourism gradually resumed. Nevertheless, the severe social and economic disruption that was caused by the pandemic across 2020 and 2021 continued to be felt and many people reliant on the sector continued to experience economic hardship arising from job losses or reduced incomes.

The financial year saw many significant developments that were instrumental in the increase in global tourism. These included the removal of most travel restrictions across many countries, the increase in vaccination rates, including booster shots, across most populations as well as resumption of travel by majority of airlines across the globe that was also bolstered by re-opening of most tourism establishments that had remained closed during the pandemic.

##### **Operating Environment**

During the financial year, the destination saw the full resumption of major sporting events held in the country that were previously held under strict COVID-19 protocols and without spectators. These included the Magical Kenya Open, a European Tour golf event that was held at its traditional home, Muthaiga Golf Club as well as the WRC Rally Championship that made its successful second event in Kenya in the month of June. These two events continue to underpin Kenya's global positioning as a sporting giant as well as a favourable venue for global sporting events. With the lifting of the COVID-19 restrictions, these two events witnessed large crowds in attendance and considerable global viewership on television.

In the tourism sector specifically, many major tourism expos such as ITB Berlin and many others continued to run as either virtual or hybrid events during the financial year. Nonetheless, KTB gradually resumed its participation in these global tourism exhibitions through participation at WTM and IMEX shows during the financial year.

In Kenya, most of the strict COVID-19 entry protocols aimed at preventing further spread of the virus including entry bans, lockdowns as well as strict testing protocols for travellers into and out of the destination were lifted, which presented a boon for the tourism sector. Kenya was also largely spared by the variants and waves that were experienced in many countries. This helped the destination to quickly open itself to visitors from all over the world, supported by campaigns carried out by KTB in these source markets. As a result, Kenya quickly reaped benefits compared to its traditional competitors on the continent that translated to the increase recorded in arrivals and tourism revenues.

Many of Kenya's hotels, lodges, restaurants and other tourism establishments that had remained closed in the previous financial year gradually reopened in the new financial year with re-hiring of the sector's workers who had hitherto been laid off.

### **Strategy**

With KTB having taken a deliberate approach during the pandemic period to invest in top-of-mind awareness across its source markets, the 2021/22 FY saw KTB begin to invest more in conversion campaigns aimed at translating positive sentiments for the destination into actual bookings. The funds received by KTB under the Government Economic Stimulus Programme (ESP) in the previous financial year underpinned the strong awareness levels recorded for the destination especially in North America. In the 2021/22 FY, KTB directed its marketing funds to campaigns with airline partners and large online travel agents to spur visitation into the country.

During the financial year, the Board also redoubled its strategic initiatives aimed at spurring travel amongst domestic consumers through the "Kenya Inanitosh" domestic campaign. This strategic effort was rewarded through the increase in consumption of domestic bednights from 2.6 million in FY2020/21 to 4 million in FY2021/22.

The Board also took time in the financial year to undertake a mid-term review of the Corporate Strategic Plan 2018-2023 through the help of consultants and by means of interviews, retreats and stakeholder consultations. As a result, the revised KTB Corporate Strategic Plan 2018-2023 was updated to take into account the effects of the COVID-19 pandemic as well as the opportunities available for the destination. In the financial year, the parent ministry of Tourism and Wildlife also launched the New Vision for Tourism that was developed by McKinsey consultants. This new vision complements KTB's strategic focus and outlined various initiatives that the destination could take to hasten the recovery of the sector.

### **Corporate Governance**

During the financial year, the Board continued to advocate the importance of a strong and effective corporate governance framework as the foundation for its activities, processes and

programmes. Accordingly, the Board continued to lay focus on its key priority areas of strategy, oversight and policy-making.

The Board and its various committees continued to conduct regular and special meetings to discharge its mandate through virtual means. The Statement of Corporate Governance included in this report sets out in greater detail the various corporate governance initiatives and measures put in place by the Board during the financial year.

### **Risk Management**

The COVID-19 pandemic brought to fore the fragility of the tourism sector when beset by unforeseen and unprecedented risks. In light of this, the Board continued to entrench risk management as a key tenet in all of the organizations' processes, programmes and activities. Through the Board Audit and Risk Committee, the Board received regular assurance from Management on the implementation of the risk management framework approved by the Board including risks emanating from the COVID-19 pandemic. Throughout the financial year, the Board remained cognisant of its responsibility to ensure that KTB has adequate systems and processes of accountability, risk management and internal controls.

### **Future Outlook 2022/23**

The new financial year 2022/23 presents a fantastic opportunity for Kenya to emerge from the ravages of the COVID-19 pandemic stronger and better. With the destination having successfully navigated the pandemic period better than most of its traditional competitors, work lies ahead to ensure that these positive outcomes translate to increased tourism numbers, revenues and bed-nights. While previous financial years were met with cautious optimism, the Board is optimistic that the 2022/23 FY presents a much more favourable operating environment.

For this reason, the Board intends to roll out programmes and marketing activities aimed at leveraging the positive destination awareness created in the last two financial years in both traditional source markets as well as emerging new source markets, including the domestic and regional markets. This will require strong partnerships between KTB and the tourism sector players including county governments and the Board therefore intends to put in place robust stakeholder engagement programmes to achieve this.

### **Acknowledgement**

On behalf of my Board of Directors as well as the staff and management of KTB, I wish to thank the Government of Kenya, our parent Ministry of Tourism & Wildlife, the various county governments, our sister parastatals, the tourism private sector as well as our various other stakeholders for their unrelenting support and partnership during the preceding financial year. It is our desire that these partnerships and close working relationships will be strengthened in the new FY2022/23 with a view to unlocking positive benefits for the destination as a whole.

Finally, as Chairman of the Board, I wish to thank my fellow directors for their dedication and their diligent service during the year as well as their commitment towards the rebuilding of a healthy and robust tourism sector post the COVID-19 pandemic. My appreciation also goes to the Management and staff of the organization who worked tirelessly during the financial year to roll out marketing campaigns that saw the triple digit growth across various parameters in the sector. With renewed vigour and optimism, we venture forward into the new financial year 2022/23.

**ZEINAB HUSSEIN**

**PRINCIPAL SECRETARY, STATE DEPARTMENT FOR TOURISM,  
MINISTRY OF TOURISM AND WILDLIFE**

## V. REPORT OF THE CHIEF EXECUTIVE OFFICER



The tourism recovery period after the devastating impact of Covid-19 pandemic has been promising as indicated by the rising numbers of visitors and revenue receipt. This is buoyed by our Marketing Strategy that is aimed at consolidating the gains made in addressing challenges brought about by Covid19 pandemic.

Some of the key strategies to sustaining the tourism business include renewed and deliberate promotion of domestic tourism, diversification of experiences and product offerings, destination branding, communication and support and partnership with the stakeholders. The continuous curation and dissemination of destination content has also anchored the desire for travel to Kenya.

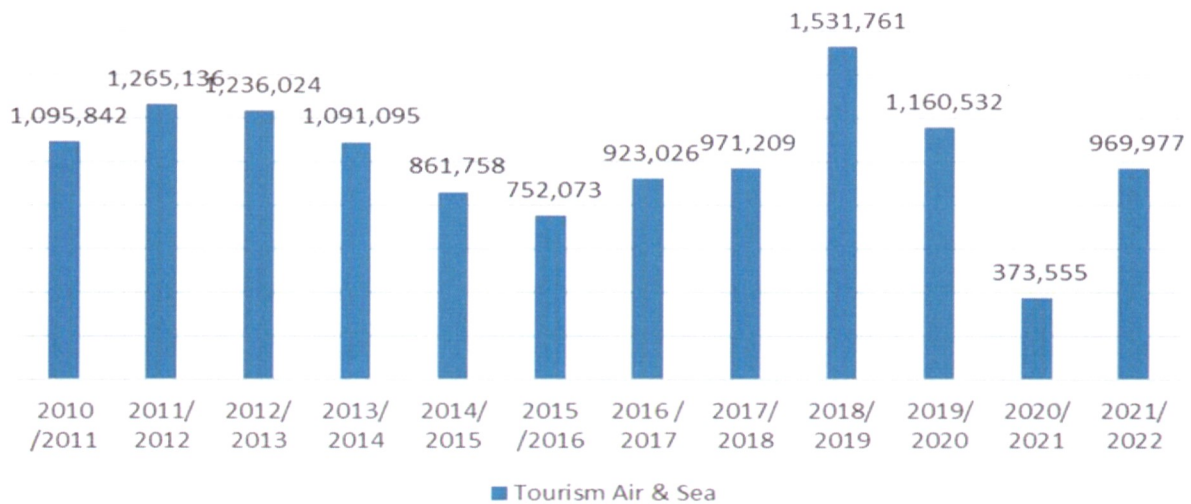
Within the review period (FY 2021/22 July - June), the upward trajectory recorded in tourism performance indicates that the industry is on the path to recovery. Kenya welcomed **1,207,691** visitors, compared to **483,257** in 2020/21, illustrating an increase of **149.9%**.

- **Point of Entry**

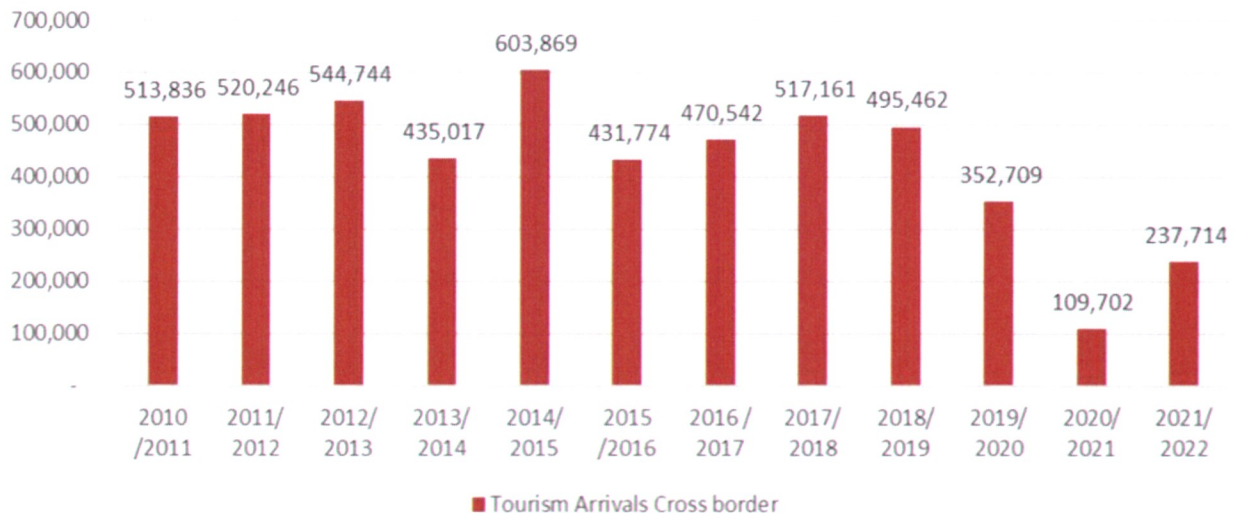
During the period under review, Jomo Kenyatta International Airport (JKIA) received **899,640** visitors into the country translating to **74%** of the total arrivals. This is an increase of **158.3%** of visitors compared to **348,346** realized in FY2020/21. Moi International Airport Mombasa (MIAM) received **63,025** passengers contributing **5%** of the total arrivals; this is an increase of **178.5%** when compared to **22,633** attained in FY2020/21.

Other Airports received **7,312** visitors, a **1%** of the total arrivals; this is however an increase of **183.9%** when compared to **2,576** passengers in FY2020/21. Cross-border arrivals closed at **237,714** a contribution of **20%** to the total arrivals and an increase of **116.7%** visitors when compared to FY2020/21 results.

## Tourism Performance: By Air



## Tourism Arrivals Cross border



- **Market Share**

In terms of market share, the USA is the leading source market to Kenya contributing **15.2%** of the total arrivals. In the review period, USA received **183,058** visitors translating to an increase of **152.1%** when compared to **72,607** visitors in FY2021/22. Uganda is second top performing market contributing **9.4%** of the total arrivals with **113,740** visitors. This is an increase of **132.2%** when compared to **48,913** visitors recorded in FY2020/21. Tanzania is the third market with **95,215** visitors translating to **7.9%** market share. This is an increase of **84.8%** compared to arrivals of **51,523** same period in FY2020/21. UK is ranked at fourth position; contributed **7.7%** of market share having received **93,457** visitors indicating an increase of **187.3%** compared to **32,526** arrivals in the same period in FY2020/21. India is 5th with **68,118** visitors representing a

market share of **5.6%**. This is an increase of **222%** when compared to **21,153** arrivals recorded in FY2020/21.

- **Purpose of Entry**

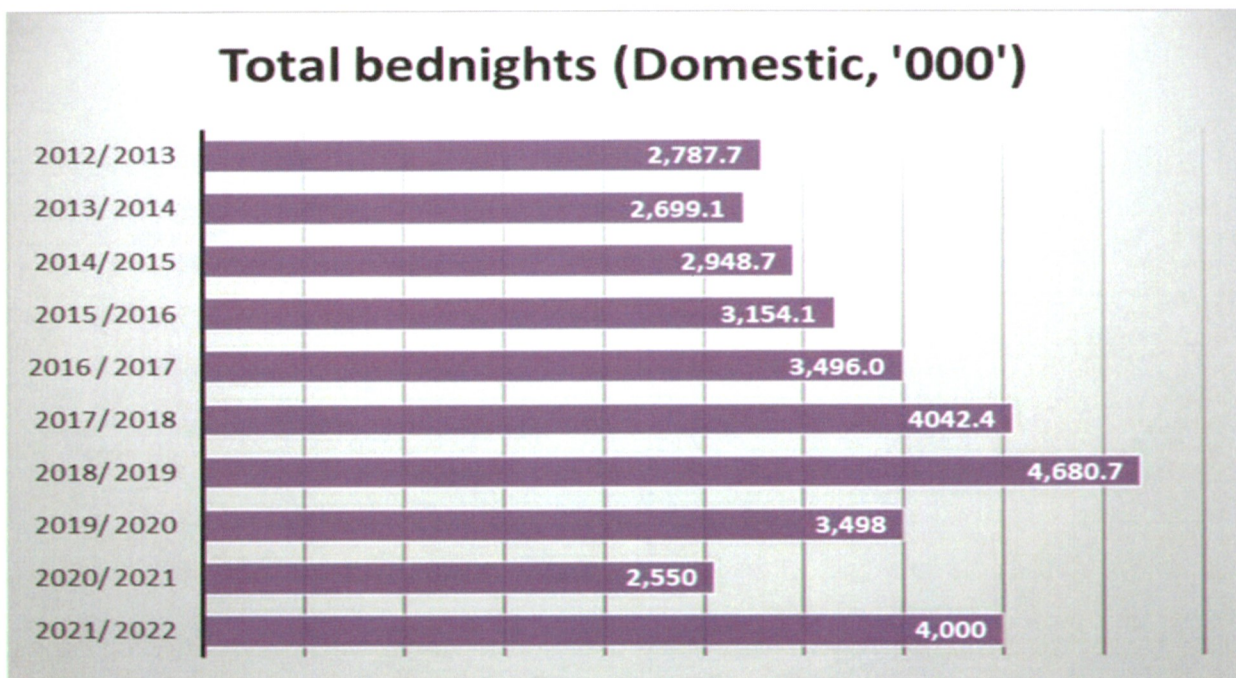
Visit to Kenya for leisure and holiday attracted more visitors contributing **36.4%** of the total arrivals of **439,414** visitors. This is followed by Visiting Friends and Relatives (VFR) category that contributed **29.1%** of the total arrivals with **350,997** visitors. Business and MICE is 3rd contributing **25.8%** of **311,224** arrivals. Transit passengers recorded **61,548** translating to **5.1%** of the total arrivals. The remaining **3.7%** was contributed by Education, Medical, Religion and Sports.

### **Tourism Receipts**

The tourism revenue figures for the period July – June FY2020/21 are estimated at **Kshs. 224 Billion**. This is a 189.7% increase when compared to **Kshs. 78.34 Billion** recorded in the same period, previous year.

### **Bed-nights by Domestic visitors**

The domestic tourism bed occupancy for FY 2021/22 in the July – June period are estimated to at **4.0 million**. This is an increase estimate of **56.9%** compared to **2.6 million** recorded the same period in FY 202/20.



Domestic market continues to shoulder the tourism sectors during harsh business season either because of the pandemic and other challenges such as perceived

insecurity as witnessed in the past. As such, KTB has continued to explore opportunities to harness the potential that the market has in order to sustain the tourism business.

Partnerships with Trade, Airlines, Tourism Associations, and Non-Tourism Partners among others have proved their successful roles and contribution in marketing the destination.

### **International Outlook**

International travel has continued to demonstrate a steady recovery with UNWTO's forward-looking scenarios published in May 2022 pointing to international arrivals reaching 55% to 70% of pre-pandemic levels in 2022. Scenarios by region show Europe (65% to 80% of 2019 levels) and Americas (63% to 76%) recording the best tourism results in 2022.

In Africa and the Middle East, arrivals could reach about 50% to 70% of pre-pandemic levels, while in Asia and the Pacific they would remain at 30% of 2019 levels in the best-case scenario, due to stricter policies and restrictions.

This outlook portends a bright future for the sector that has been hitherto relied heavily on domestic tourism. With significant reduction in COVID-19 infection cases in the source markets, strong fiscal stimulus measures particularly in the US and UK (Kenya's key source markets), a stronger economic rebound in the first half of the year 2022 will be realized.

As we implement our strategic plan (2018-2023), our focus in 2021/2022 will be on restoring the gains reversed by the Covid-19 Pandemic period by among other strategies; conducting marketing activities that will ensure growth of International arrivals as well as maintain and enhance the momentum in local tourism.

### **Conclusion**

In conclusion, let me take this opportunity to express my gratitude to all our stakeholders and partners whose collaboration has enabled us to navigate through the challenging period of covid-19 pandemic and get to a recovery trajectory.

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

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

**Thank you and God bless you**

A handwritten signature in black ink, consisting of stylized initials 'JC' followed by a long horizontal stroke.

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

## VI. REVIEW OF KTB'S PERFORMANCE FOR FY 2021/22

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.

### 1. The Kenya Tourism Sector Performance

International tourism continued its recovery in 2021/22, with much better results than the previous financial year. By regions, Europe and the Americas continued to lead the recovery. Africa also saw strong growth in 2021/22 but remained 50% below 2019 levels respectively. Similar growth was observed in the Kenya Tourism sector, the international arrivals grew by 149.9%.in 2021/22 compared to 2020/21. The increase in the international arrivals was attributed to increased travel confidence in the Kenya based on the safety measures / protocols that had been developed and communicated, the country also registered significant improvement in the vaccination levels. A number of destinations also eased or lifted off the travel restrictions, which contributed to pent-up demand from the travellers.

Kenya also experienced increased tourism revenues compared to the previous year, this was a result of increased revenues from both the international arrivals and the domestic market the revenues grew from Kshs 78.34 Billion to Kshs 224 Billion.

Below is a summary of the achievement for the core mandate for the financial year 2021/ 2022.<sup>1</sup>

	<b>Key Output</b>	<b>Key Performance Indicator</b>	<b>2021/22 Achieved</b>	<b>Variance</b>
1)	International Arrivals	(i) To realize 800,000 arrivals (international and cross border)	1,207,691 arrivals	+407,691
2)	Tourism Receipts	(ii) To realize tourism earnings of <b>Kshs. 106 Billion</b>	Kshs. 224 Billion	+ Kshs 118 Billion
3)	Domestic Bed Nights	(iii) To realize <b>3,000,000 bed-nights</b> by domestic tourists	4,000,000 Bed nights	+ 1Million Bednights
4)	Brand Awareness	(iv) To increase Brand awareness from <b>66% in 2020/21 to 67% in 2021/22.</b>	85%	+18%

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

The Kenya Tourism Board (KTB) is currently implementing the 2018-2023 strategic plan. KTB conducted a Midterm review of the strategic plan. KTB committed to conduct a Midterm review of the strategic plan in 2021/22 as part of the Monitoring and Evaluation process. The review focused on the progress on implementation and alignment of the strategic plan to contextual development emerging over the period. That notwithstanding, the lessons learnt, and challenges faced during the first phase of the implementation period coupled with the changing operating environment necessitated revision of the Strategic Plan. In particular, the unprecedented impact of Covid 19 pandemic especially on tourism sector, the changing travel market's behaviour and needs, and the resultant destination marketing realities presented by the pandemic added a more urgent need for revision of the Strategic Plan.

This revised 2018- 2023 strategic plan sets out the KTB's direction in the tourism sector following the impact of the Covid 19 pandemic on the sector and integration of the merging lessons learnt from the first phase of the 2018 to 2023 strategic plan, this is while identifying the key priorities for organisation for the next two years. The revised strategic plan was developed through broad consultations with both internal and external stakeholders who provided useful inputs to the process.

Over the period 2021/ 22, KTB focused on six focus areas namely;

1. Innovation culture
2. Powerful destination Magical Kenya Brand
3. Improve competitive positioning of Magical Kenya Brand
4. Effective partnering with private sector
5. Organizational change & performance
6. Establishing sustainable funding

The Annual work plans for 2021/22 were developed in line with the six focus areas provided above. The AWP activities contributed to the core mandate activities for the performance contract (PC) for the FY 2021/22. Below is a summary of the key achievements for the financial year 2021/22

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Strategic Focus Area (SFA)	Strategic Objective	Activities	KPIs	Achievement
SFA1: Innovation Culture	Leverage adoption by the organization technology	Identification of strategic business processes to be automated.	% completion of processes audit	<ul style="list-style-type: none"> <li>• KTB is implementing a new Electronic Human Resource Management System (EHRMS) called Endeavour to replace the legacy system Inspiro that has been in use for 12 years.</li> </ul>
SFA1: Innovation Culture		Acquisition, installation and operationalization of marketing and management ICT tools	No. of systems acquired and installed	<ul style="list-style-type: none"> <li>• Staff trained on the EHRMS system , currently the system is in use for leave management</li> </ul>
		Training of users	Users trained	<ul style="list-style-type: none"> <li>• KTB continued to implement the EDMS system; this is a paper management system to support record keeping and paper management within the organisation</li> </ul>
	Facilitate the development of diverse and authentic Kenyan experiences and promote them to priority markets.	Put in place a framework of an experience system (top experiences).	Number of top experiences selected per year	<ul style="list-style-type: none"> <li>• 23 counties identified their priority products and</li> <li>• Nine (9) counties conducted their own desk pre-assessments.</li> <li>• Content shoot conducted for Marzari and Lamu counties in November 2021.</li> <li>• Curation of content was conducted for Marsabit, Lamu, Kilifi and Kisumu</li> </ul>

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Strategic Focus Area (SFA)	Strategic Objective	Activities	KPIs	Achievement
		Put in place a framework of an experience system (signature experiences and quality labels).	Number of signature experiences identified and developed (cumulatively)	<ul style="list-style-type: none"> <li>• 47 companies were recruited for the MagicalKenya signature experiences</li> <li>• 42 potential signature experiences to KTB submitted for consideration.</li> <li>• MKSE evaluators retrained in March 2022</li> <li>• Trade training session undertaken in April 2022</li> <li>• Promotion of the MagicalKenya signature experiences conducted i North America, Europe, Asia and locally</li> </ul>
Leverage marketing	digital	Acquire and upgrade digital marketing tools: Data Management Platforms (DMP) Google studio Social Analytics Tools Social Listening Tools User Generated Content Tools.	Number of tools acquired	<ul style="list-style-type: none"> <li>• KTB launched the Chinese website</li> <li>• KTB rolled out the crowdriif integration on the Magicalkenya website to ensure KTB always has fresh user generated imagery on the destination website</li> <li>• The Kenya Tourism Board Custom ArcGIS portal is now live and linked with the MagicalKenya website. ArcGis is a complete mapping and analysis solution</li> </ul>

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Strategic Focus Area (SFA)	Strategic Objective	Activities	KPIs	Achievement
		<p>Train the marketing team in emerging and high impact areas:</p> <p>Train digital marketing team on the destination and usage of digital marketing tools.</p>	<p>% increase in conversions on the Magical Kenya Brand website.</p> <p>% increase in engagement.</p>	
	<p>Improve data sourcing, market intelligence and analysis.</p>	<p>Generation of timely and quality reports</p>	<p>Number of reports</p> <p>Number of Forums</p>	<ul style="list-style-type: none"> <li>Quarterly reports Submitted both to staff and the Board</li> <li>KTB conducted 8 Virtual Webinars for various stakeholders from various markets to share data and trends provided by research.</li> </ul>
SFA2: Powerful Magical Kenya Brand	<p>Increase the level of association of Magical Kenya Brand</p>	<p>Automate data collection &amp; mining process</p> <p>Refresh and relaunch the brand across all stakeholders (External &amp; Internal) at both National and International)</p>	<p>Level of automation</p> <p>Refresh the Magical Kenya Brand</p>	<ul style="list-style-type: none"> <li>Quarterly marketing Intelligence meeting conducted for staff in collaboration with intelligence companies Euromonitor and Forward Key.</li> <li>KTB implemented the Inanitsha Domestic Campaign, this contributed to the brand building at the domestic level</li> <li>KTB developed Collaterals for various</li> </ul>

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Strategic Focus Area (SFA)	Strategic Objective	Activities	KPIs	Achievement
	Improve competitive positioning of Magical Kenya Brand	Develop and implement Brand Communication campaigns	Effective Communication campaign	<p>events implemented in the year</p> <ul style="list-style-type: none"> <li>In support of the KQ livery branding, management in partnership with Ol Pejeta Conservancy, Kenya Airways and KWS have launched a three month joint digital campaign dubbed #flywild to story tell the destination's conservation efforts from March – May 2022</li> </ul>
SFA 3:	Build Brand Kenya affinity	Develop and implement	% Brand awareness	<ul style="list-style-type: none"> <li>The Magical Kenya's brand awareness levels stand at 86.5% for international and 93.5% for the domestic market</li> </ul>
		Drive an effective CRM program to build loyalty	Number of launched effective ambassador programs - Diaspora market (Unique 3 markets) Growth rate of conversion & retention against audiences (% of loyal data base)	<ul style="list-style-type: none"> <li>KTB launched the acquisition Campaign for the Domestic market</li> <li>KTB achieved 10,236 sign ups that will be part of the loyalty program</li> </ul>
			% of conversions	<ul style="list-style-type: none"> <li>KTB conducted a conversion campaigns</li> </ul>

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Strategic Focus Area (SFA)	Strategic Objective	Activities	KPIs	Achievement
Effective Sales System	with prospective visitors.	effective joint digital and co-marketing (online and offline) campaigns		<p>with niche tour operators this included partners such as African Travel Inc, Kensington Tours, Africa Answers and Goway Travel for the North America market ; the campaign was conducted Feb-May 2022</p> <ul style="list-style-type: none"> <li>• KTB conducted the adventure themed content marketing campaign with matador network and afar magazine in(March to May) 2022 for North America Market</li> <li>• KTB conducted conversion campaign with Lion World Travel (March - August 2022)</li> <li>• KTB conducted a joint marketing promotion with two (2) tour operators ;Trailfinders and Kuon in the Europe market for the Europe market</li> <li>• KTB conducted an online digital marketing campaign with Last minute.com. The campaign was conducted in UK, Ireland, USA, Germany, France, Italy, Spain, Austria and Switzerland</li> </ul>

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Strategic Focus Area (SFA)	Strategic Objective	Activities	KPIs	Achievement
	Grow market share with; Tour Operators and Online Travel Agencies/Travel Agencies	Develop and implement a Kenya specialist certification and e-learning platform	Develop and launch program Number of certified members	<ul style="list-style-type: none"> <li>Over 2200 agents have signed up for the E learning program</li> <li>Development of nine (9) main courses is complete.</li> <li>The learning course content has been translated into German, Italian, Spanish, French and Chinese languages. Review of the Translated platforms by MDRs is ongoing</li> <li>Promotion of the Platform during in-market webinars and trade newsletters is continuous.</li> <li>Promotion with Online Travel Training (OTT) is ongoing.</li> </ul>
SFA4: Effective partnering with private sector	Improve participation, ownership and marketing performance of the Kenyan Tourism Industry.	Develop platforms for engagement with the trade (industry microsite, briefing, e-newsletter, webinars on specific topics, educational and	Launched platforms % increment in participation levels by tourism stakeholders	<ul style="list-style-type: none"> <li>KTB acquired Sherpa tool ;this is an email marketing tool, the tool has been integrated with the Website, Canto (Digital Asset Management) and Mogul (E-learning platform)</li> <li>KTB continued to use the ELearning</li> </ul>

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Strategic Focus Area (SFA)	Strategic Objective	Activities	KPIs	Achievement
		training efforts)		platforms to increase the stakeholders engagement, the platform currently has 220o users  <ul style="list-style-type: none"> <li>• KTB continued to use the Tembea Kenya Microsite for the last phase of the Tembea Kenya domestic Campaign</li> </ul>
	Improve participation, ownership and marketing performance of other Stakeholders.	Engage non-tourism stakeholders in Strategic partnerships	Number of new partnerships	<ul style="list-style-type: none"> <li>• KTB held one-year Joint consumer campaigns held with Equity bank and Safaricom for the domestic market</li> </ul>
SFA5: Organization & Performance	Develop succession plans that are cognizant of the emerging workforce	Integrate sustainable tourism agenda into stakeholders forum	Number of stakeholders' forums where sustainable tourism agenda is integrated	<ul style="list-style-type: none"> <li>• 12 webinars held with Trade in the year with specific focus on sustainable Tourism</li> </ul>
	Identify skills and competency gaps	Gap analysis report		<ul style="list-style-type: none"> <li>• KTB continued to implement skills and competency gap analysis action plan that was developed in 2019/20 towards improving the employee satisfaction and competence</li> </ul>

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Strategic Focus Area (SFA)	Strategic Objective	Activities	KPIs	Achievement
		<p>Hold staff training and development to bridge skills gaps</p> <p>Mentoring and Coaching</p> <p>Implement career progression framework for core roles</p> <p>Implement the new organization structure</p>	<p>% of gap bridged</p> <p>No. of staff coached</p> <p>No. of mentees who complete a partnership</p> <p>Engagement level of core holders</p> <p>Retention rate</p> <p>% of positions filled</p> <p>% of staff holding new roles and trained on the new skill</p>	<ul style="list-style-type: none"> <li>• KTB staff Training Needs Assessment (TNA) developed and approved for the FY 2021/22</li> <li>• The 2021/22 TNA was finalized and training plan for the year implemented 100%</li> <li>• The mentorship program was relaunched. Staff from HR department attended trainings by public service on Mentorship and Coaching to further support the program</li> <li>• KTB had 92 % staff retention rate for the financial year 2021/22</li> <li>• KTB initiated the recruitment process for the vacant positions which was affected by the Merger process</li> </ul>
Establishing	Increase KTB is	Grow the total KTB budget		<ul style="list-style-type: none"> <li>• The approved budget for the FY 2021/22.</li> </ul>

**KENYA TOURISM BOARD  
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Strategic Focus Area (SFA)	Strategic Objective	Activities	KPIs	Achievement
Sustainable Tourism	marketing funds, sources and stakeholder products and services co-creations.		KTB annual budget (Billions)  Appoint funding mobilization resource	<p>was Kshs.597, 690,000. The target to grow the budget from the Kshs 1.46 B was not achieved</p> <ul style="list-style-type: none"> <li>Resource mobilization Committee appointed in 2021 and operationalised in 2022</li> </ul>
		Increase appropriation in aid	Percentage of A-in-A against the total budget	<ul style="list-style-type: none"> <li>The A in A for the FY 2021/22 was revised downwards to Kshs. 63 M from Kshs.153 M following the impact Covid-19 pandemic on the sector .The Industry contribution budget was revised downwards due to cancellation of MKTE which the key source of income for the organisation</li> </ul>
		Reduce % operational overhead costs	Percentage of marketing budget against total budget	<ul style="list-style-type: none"> <li>2021/22 budget allocation: Marketing- 76% Operations- 24%</li> <li>Target of having the marketing allocation above 70% achieved</li> </ul>

## **VII. CORPORATE GOVERNANCE STATEMENT**

### **Introduction**

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

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

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

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

### **The Board of Directors**

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

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

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

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

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

In line with its role to set and oversee the overall strategy of the organization, during the year the Board finalized the mid-term review of the KTB Corporate Strategic Plan 2018-23. This included a Board strategic planning retreat in the month of February 2022 as well as a stakeholder validation workshop in April 2022. During the financial year, the Board also saw the finalization and launch of the New Vision for Tourism in Kenya that was developed on behalf of the parent ministry by McKinsey consultants with input from KTB. Both these strategy documents took into account the new realities presented by the effects of the COVID-19 pandemic on Kenya's tourism sector as well as travel and hospitality in general.

**Board Size, Composition and Appointment**

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

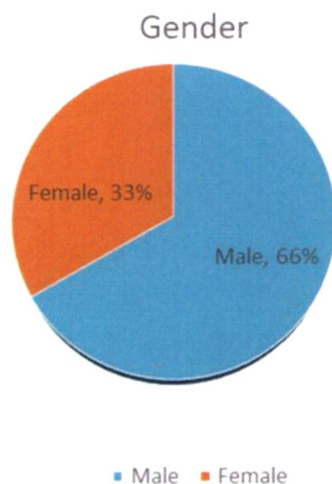
The public sector representatives are the permanent secretaries or their designated alternates from the National Treasury and also the parent ministry. The Chief Executive Officer of the Tourism Fund is also a member of the Board by virtue of the fact that KTB is partly funded by the tourism levy collected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

During the last quarter of the year, the board operated with some vacancies as a result of the terms of the Board Chairman and some of the independent directors having come to an end on various dates in the months of February and May 2022.

**Pie Chart 1: Board Competencies**



**Pie Chart 2: Board gender representation**



The position of the Chief Executive Officer is filled through public advertisement and competitive recruitment. The appointment is done by the Cabinet Secretary, Ministry of Tourism & Wildlife in consultation with the Board. The Chief Executive Officer is an ex-officio member of the Board but has no voting right at any meeting of the Board.

The Board Chairman is appointed by the President. The independent directors who are representatives from the private sector are appointed by the Cabinet Secretary in the Ministry of Tourism & Wildlife. These comprise of five members, not being public servants, appointed by the Cabinet Secretary taking into account regional balance and gender parity, of whom two are nominated by the registered national tourism associations and three are persons with knowledge or experience in matters relating to international tourism, finance, business administration, law, marketing or a related discipline.

The directors' abridged biographies appear on pages VII to XII of this Annual Report.

The Board membership is shown on page VI.

### **Independence, Separation of Roles and Responsibilities**

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

The roles and responsibilities of the Chairman of the Board, the Chief Executive Officer and non-executive directors remain distinct and separate which ensures a balance of power of authority

and provides for checks and balances such that no one individual has unfettered powers of decision making. Their roles have been documented and are expected to be independent and free from conflict upon appointment.

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

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

### **Oversight Role of the Board**

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

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

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

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

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**Board Meetings**

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

*Board Meeting Attendance from 1st July 2021 to 30th June 2022*

<b>Board Member</b>	<b>Position</b>	<b>26<sup>th</sup> Apr</b>	<b>1<sup>st</sup> Feb</b>	<b>9<sup>th</sup> Dec</b>	<b>12<sup>th</sup> Nov</b>	<b>30<sup>th</sup> Sept</b>	<b>26<sup>th</sup> August</b>	<b>22<sup>nd</sup> July</b>
Jimi Kariuki*	Chairman	✓	✓	✓	✓	✓	✓	✓
Dr. Betty Radier	Chief Executive Officer	✓	✓	✓	✓	✓	✓	✓
Adam Jillo**	Vice-Chairman	N/A	✓	✓	-	✓	✓	✓
Dr. Mohanjeet Brar**		N/A	✓	✓	✓	✓	✓	✓
Ken Waibochi**		N/A	✓	✓	✓	✓	✓	✓
Susan Maina*		✓	✓	✓	✓	✓	✓	✓
PS, Tourism	Alternate is Julius Musau	✓	-	-	✓	✓	✓	✓

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<b>Board Member</b>	<b>Position</b>	<b>26<sup>th</sup> Apr</b>	<b>1<sup>st</sup> Feb</b>	<b>9<sup>th</sup> Dec</b>	<b>12<sup>th</sup> Nov</b>	<b>30<sup>th</sup> Sept</b>	<b>26<sup>th</sup> August</b>	<b>22<sup>nd</sup> July</b>
PS, National Treasury	Alternate is Anthony Muriu	✓	✓	✓	-	✓	✓	✓
David Mwangi	Alternate is Charles Okeyo	✓	-	-	✓	-	✓	✓

\* Term expired 2<sup>nd</sup> May 2022

\*\*Term expired 6<sup>th</sup> February 2022

### **Board Committees and Responsibilities**

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

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

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

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

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**Board Marketing Committee**

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

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

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

*Board Marketing Committee Meeting Attendance from 1<sup>st</sup> July 2021 to 30<sup>th</sup> June 2022*

<b>Committee Member</b>	<b>Position</b>	<b>19<sup>th</sup> Jan</b>	<b>18<sup>th</sup> Nov</b>	<b>19<sup>th</sup> Oct</b>	<b>10<sup>th</sup> August</b>	<b>8<sup>th</sup> July</b>
Susan Maina*	Chairman	✓	✓	✓	✓	✓
Dr. Betty Radier	Chief Executive Officer	✓	✓	✓	✓	✓
Adam Jillo**		✓	✓	✓	✓	✓
PS, Tourism	Alternate is Julius Musau	-	-	✓	✓	✓

\* Term expired 2<sup>nd</sup> May 2022

\*\*Term expired 6<sup>th</sup> February 2022

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**Board Finance & Establishment Committee**

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

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

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

*Board Finance & Establishment Committee Meeting Attendance from 1<sup>st</sup> July 2021 to 30<sup>th</sup> June 2022*

<b>Committee Member</b>	<b>Position</b>	<b>20<sup>th</sup> Jan</b>	<b>19<sup>th</sup> Nov</b>	<b>21<sup>st</sup> Oct</b>	<b>16<sup>th</sup> Sep</b>	<b>12<sup>th</sup> Aug</b>	<b>9<sup>th</sup> July</b>
Adam Jillo*	Chairman	✓	✓	✓	✓	✓	✓
Dr. Betty Radier	Chief Executive Officer	✓	✓	✓	✓	✓	✓
David Mwangi	Alternate is Charles Okeyo	✓	✓	✓	✓	✓	✓

\* Term expired 6<sup>th</sup> February 2022

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**Board Audit & Risk Committee**

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

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

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

*Board Audit & Risk Committee Meeting Attendance from 1<sup>st</sup> July 2021 to 30<sup>th</sup> June 2022*

<b>Committee Member</b>	<b>Position</b>	<b>21st Jan</b>	<b>22<sup>nd</sup> Oct</b>	<b>6th Aug</b>
Dr. Mohanjeet Brar**	<i>Chairman</i>	✓	✓	✓
Susan Maina*		✓	✓	✓
Ken Waibochi**		✓	✓	✓
PS, National Treasury	Alternate is Anthony Muriu	✓	✓	✓

\* Term expired 2<sup>nd</sup> May 2022

\*\*Term expired 6<sup>th</sup> February 2022

### **Remuneration of the Board**

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

Transport expenses incurred by directors in respect of travel for Board business are reimbursed at the prevailing AA rates. The independent directors are also entitled to outpatient and inpatient medical cover and a personal accident cover as approved by the Government.

### **Directors Induction and Training**

The Board develops an induction program designed to introduce new directors to the operations of the Board and also organizes corporate governance trainings at different times during the year. The programs are aimed at deepening the boards' understanding of the changes in risks, laws and business and political environment in which the Board operates.

During the year, some members undertook "The 21st Century Boards Program" by The Leadership Group that ran from 4<sup>th</sup> to 5<sup>th</sup> October 2021 to sharpen their corporate governance knowledge.

### **Board Effectiveness and Evaluation**

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

During the FY, the Board undertook a self-evaluation exercise in respect of the FY 2020/21 that was facilitated by the State Corporations Advisory Committee and thereafter received findings from the same. The Board performed exceptionally well having attained a combined score of 92.43%. Meetings of the Board continued to be managed effectively and efficiently through the use of a 100% paperless electronic board management solution. During the financial year, the Board continued to conduct virtual meetings through the use of video-conferencing platforms in compliance with the prevailing COVID-19 protocols.

### **Code of Conduct and Ethics**

The directors and employees of the Board have a fiduciary duty to act honestly and in the best interest of the Board. Business transactions with all parties must be carried out at arm's length and with integrity. The Board provides effective leadership based on an ethical foundation and

ensures all deliberations, decisions and actions are based on the Boards' core values underpinning good governance.

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

### **Accountability & Audit**

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

#### **(i) External Auditors**

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

#### **(ii) Internal Auditors**

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

### **Internal Controls and Risk Management**

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

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

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

**Relationship with Stakeholders**

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

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

The main avenues through which the board communicates with stakeholders are through press statements, stakeholder forums, courtesy calls as well as annual reports and financial statements. In the mid-term review of the KTB Corporate Strategic Plan, the Board took deliberate effort to undertake stakeholder participation and consultation through a stakeholder validation forum that was held in the month of April 2022.

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

**VIII. MANAGEMENT DISCUSSION AND ANALYSIS**

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

**Overview**

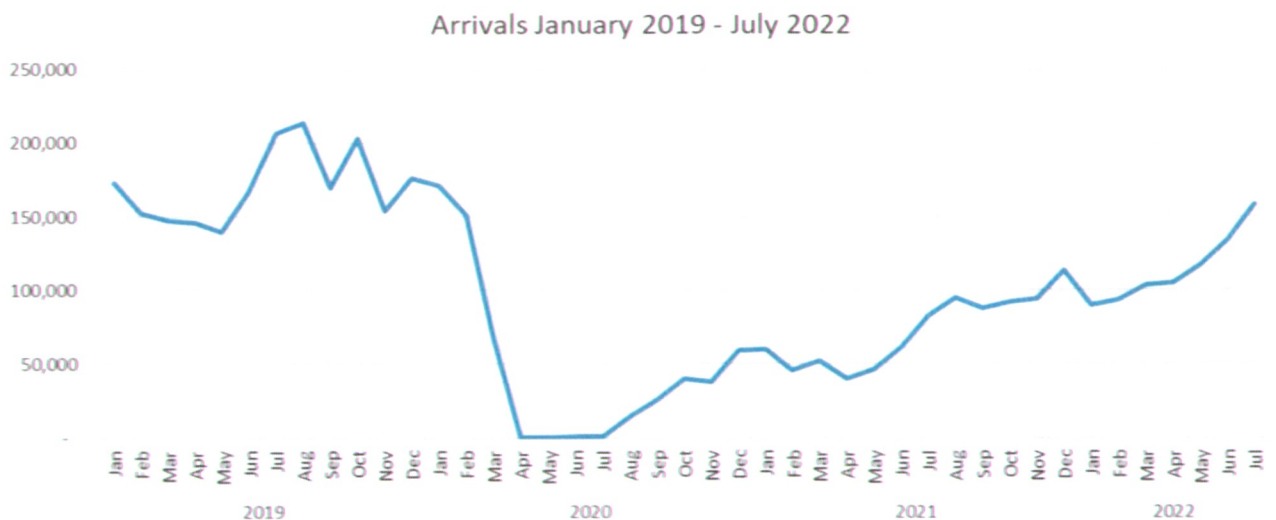
**a) Total Arrivals**

In the period FY 2021/22 July - June Kenya welcomed 1,207,691 visitors, compared to 483,257 in 2020/21, illustrating an increase of 149.9%.



**Tourism Arrival Performance Trend Analysis (January 2019 – 2022 July)**

From the trend analysis below, it is clear that the sector is on a recovery trajectory.



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**Tourism Performance Forecast**

The forecast table below is derived from the New Vision strategy report compiled by McKinsey. McKinsey provided predictions on revenue growth which was used to work out the estimates for tourism arrival and domestic bed night.

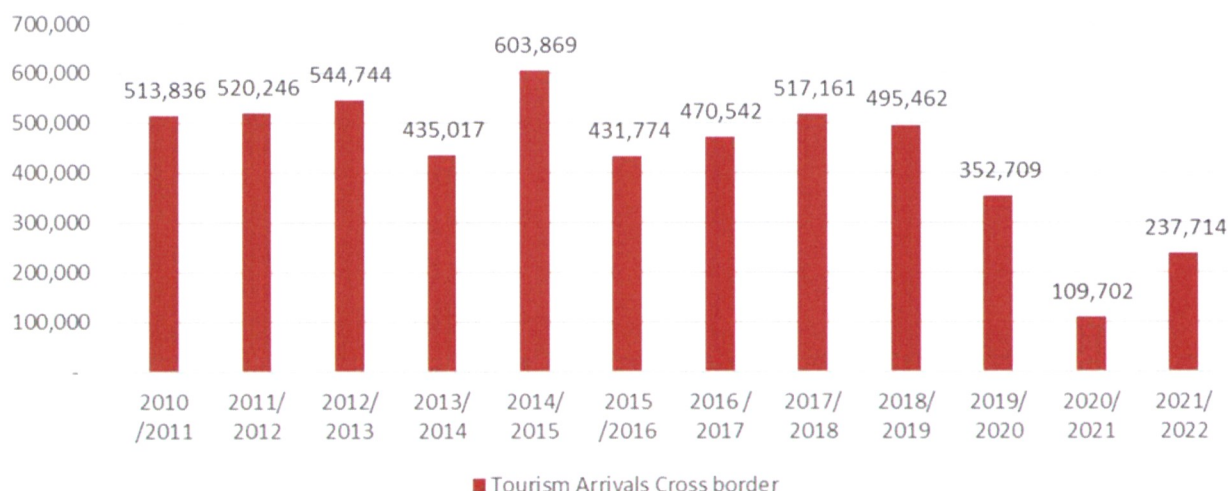
Year	Revenue US\$ Billions			Revenue Growth (%)		Actual	
	Domestic	International	Total	Domestic Growth	International Growth	Domestic Bed nights	International Arrivals
2020/21	0.05	0.71	0.76				
2021/22	0.07	0.99	1.06	40.0	39.4	3.00	0.529
2022/23	0.09	1.29	1.38	28.6	30.3	3.86	0.69
2023/24	0.12	1.67	1.79	33.3	29.5	5.14	0.89
2024/25	0.15	2.06	2.21	25.0	23.4	6.43	1.10

**Point of Entry**

During the period under review Jomo Kenyatta Intl' Airport (JKIA) contributed 74% of the total arrivals closing at 899,640 this is an increase of 158.3% when compared to 348,346 realized in FY2019/20. Moi International Airport Mombasa (MIAM) closed at 63,025 passengers contributing 5% of the total arrivals, this is an increase of 178.5% when compared to 22,633 attained in FY2019/20. Other Airports closed at 7,312 arrivals which is 1% of the total arrivals, this is an increase of 183.9% when compared to 2,576 in FY 2019/20. Cross-border arrivals closed at 237,714 a contribution of 20% to the total arrivals and an increase of 116.7% when compared to FY2019/20 results.



Tourism Arrivals Cross border



### Market Share

In terms of market share; the USA is the leading source market contributing 15.2% of the total arrivals in the period closing at 183,058. This is an increase of 152.1% when compared to 72,607 in FY2021/22. Uganda is 2nd contributing 9.4% of the total arrivals closing at 113,740, this an increase of 132.2% when compared to 48,913 in FY2020/21 same period. Tanzania is 3rd contributing 7.9% closing at 95,215 – an increase of 84.8% compared to 51,523 arrivals the same periods in FY2020/21. UK in 4th position, contributed 7.7% with 93,457 an increase of 187.3% compared to 32,526 arrivals same period in FY2020/21. India is 5th contributing 5.6% of the arrivals closing with 68,118 visitors, an increase of 222% when compared to 21,153 in FY2020/21.

### Purpose of Entry

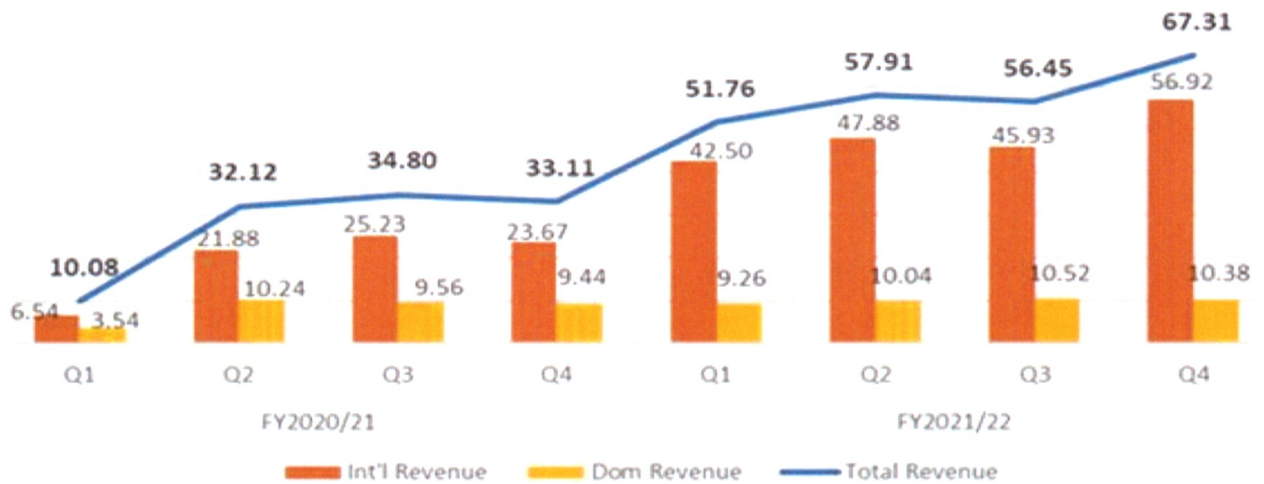
In terms of purpose of entry, Holiday was the leading purpose of entry contributing 36.4% of the total arrivals closing at 439,414, followed by VFR with a contribution of 29.1% of the total arrivals closing at 350,997 arrivals. Business and MICE is 3rd contributing 25.8% with 311,224. Transit passengers was 5.1% of the total arrival with 61,548 passengers. The remaining 3.7% was contributed by Education, Medical, Religion and Sports.

### b). Tourism Receipts

The tourism revenue figures for the period July – June FY2021/22 are estimated to have closed at Kshs. 224 Billion, this can be attributed to the positive performance from both the international and domestic tourism enjoyed in the period.

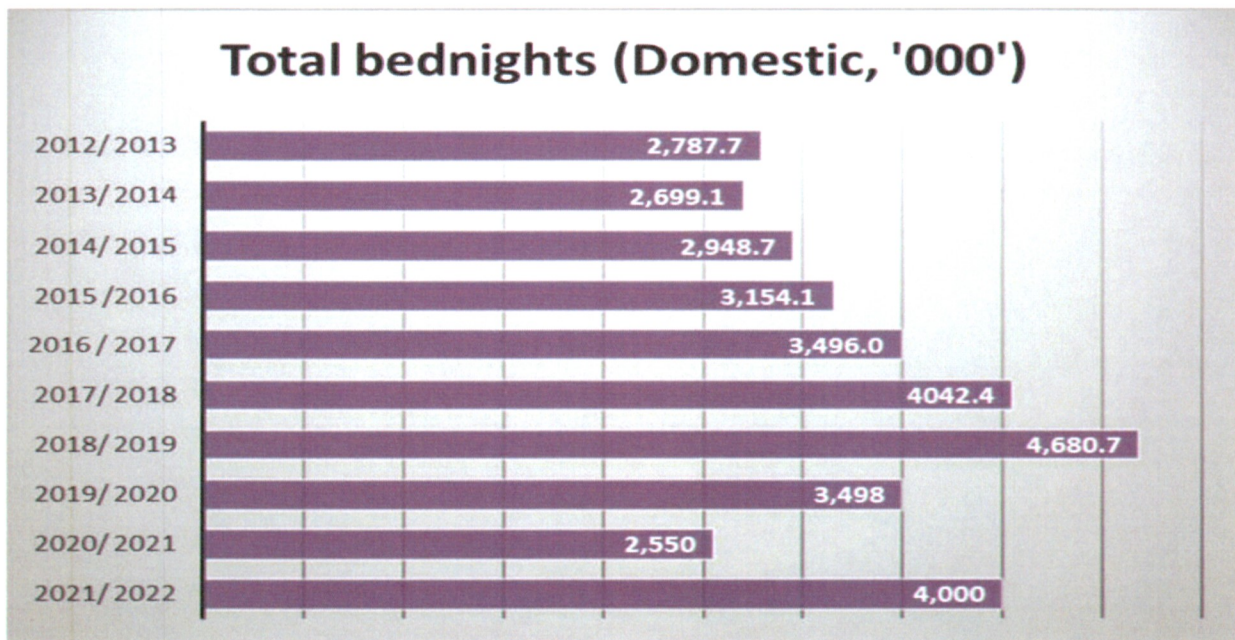
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Tourism Receipts FY2020/21 - 2021/22 (Kshs. B)



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

The domestic tourism bed occupancy for FY 2021/22 in the July – June period are estimated to have closed at 4.0 million. This is an increase estimate of 56.9% compared to 2.6 million the same period in FY 202/20.



**d) Financial performance**

KTB received Kshs 302.18 Million from GoK grants; Kshs 191 Million from Tourism Fund Ksh.100 Million from Tourism Promotion fund Kshs 4.84 from Tourism Research Institute and earned Kshs 56.88 Million from Appropriation in Aid Million in FY 2021/22. KTB accrued Government grants of Kshs 68.69 Million. This amount relates to the recurrent and development funds that had not been received at year end. These amounts were received subsequent to year end on 1<sup>st</sup> July 2022.

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

### **1. REVIEW OF THE ECONOMY**

The Kenyan economy is projected to increase its annual growth rate from 5.0% in 2021 to 5.9% in 2022 reflecting an increase of 18%. The resumption of normal economic activities and reopening of the economy in addition to implementation of the Economic Recovery Strategy are expected to improve in external liquidity thus increasing growth in the economy.

According to TRI 2021 report, the inflation is projected to remain within the Central Bank of Kenya's target range of 2.5% to 7.5%, whereas fiscal and current account deficits are expected to reduce due to increased revenue collection and improved exports. Among the negative effects are forecasted delay in the full reopening of the economy, a slowdown in global growth following the pandemic, and disruptive social conditions brought about by the run-up to the 2022 elections. (African Economic Outlook (AEO) 2021). Even in the face of these prevailing circumstances, the implementation of the New Vision Strategy for Kenya Tourism is expected to start bearing returns starting 2022, hence significantly supporting sector recovery.

According to Euromonitor, despite the perceived political instability from the elections Kenya is expected to recover quickly from the Coronavirus (COVID-19) pandemic, thanks to rising domestic demand, though unemployment will remain high slightly longer as the economy is expected to fully recover in 2024.

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

Travel and tourism is one of the largest and strongest pillars of the modern economy, globally. In Kenya, the sector is a major economic contributor to the country's Gross Domestic Product (GDP) at 10.4% and directly employs 990,000 jobs (KTSA2019). The sector is also instrumental in the social-economic wellbeing of the country's citizens, with multiplier effects in trade, agriculture, construction, manufacturing, and transport among others.

The advent of the Covid-19 pandemic in 2019 and subsequent declaration as a pandemic by WHO on 11th March 2020 has greatly affected the sector, (WHO 2020). The resurgence of the outbreak in waves as well as the emergence of different strains of the virus in 2021 resulted in continuous review of containment measures however the situation improved in 2022 with improved vaccinations levels globally and several countries easing the travel restrictions. FY 2021/22 saw the implementation of the New Vision Strategy for Kenya Tourism among others all geared towards increasing the sectors resilience and increasing capacity to bounce back to 2019 levels by 2024.

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

According to the forward-looking scenarios published in the May 2022 issue of the World Tourism Barometer point to international arrivals reaching 55% to 70% of pre-pandemic levels in 2022 (-45% to -30% compared to 2019) depending on evolving circumstances, mostly changing travel restrictions, the evolution of the pandemic and mounting economic challenges. These include persistently high inflation, especially in energy prices, which translates into more expensive transport and accommodation services.

The regional prospects show Europe and Americas recording the best tourism results in 2022, while Asia and the Pacific would lag behind due to more restrictive travel policies. International tourist arrivals in Europe could reach 65% to 80% of pre-pandemic levels in 2022 (-35% to -20% versus 2019). In Africa (-30% to -53% versus 2019) and the Middle East (-29% to -50%) arrivals could reach about 50% to 70% of pre-pandemic levels depending on the effect of the various adverse factors on travel. In Asia and the Pacific (-71% to -87%) arrivals would remain at roughly 30% of 2019 levels in the best-case scenario, due to stricter travel policies and restrictions related to the pandemic

Despite the currently strong pent-up demand, rising prices and weaker consumer confidence could dampen travel demand in the coming months. Major bottlenecks in air traffic and resulting flight delays and cancellations in some parts of the world could also impact international tourism numbers. The war in Ukraine might also disrupt international travel in parts of Eastern Europe.

Just like in countries around the world, travel in Kenya was hit hard by COVID-19 in 2020 and its impact is bound to be much longer. According to Tourism Research Institute, rebound is expected in 2022, mostly during the third quarter.

### **4. WHAT IS BEING DONE FOR TOURISM MARKET RECOVERY IN FY 2021/22**

The gradual recovery of international tourism was witnessed in the financial year 2021/22 as more destinations eased or lifted travel restrictions and consumer pent up demand was unleashed. In Kenya, domestic tourism peaked during this period with more Kenyans seeking opportunities to explore the destination through staycations and workcations. Whereas domestic travel peaked, international travel began its recovery journey at a much slower pace due to low consumer confidence, the uneven vaccination roll out across countries, uncertainty derived from the Russian offensive in Ukraine, concerns over an imminent global recession, travel restrictions and the lack of co-ordination among countries.

In the financial year 2021/22, the Marketing Strategy aims to profile Magical Kenya as a safe destination offering diverse, authentic, sustainable and all year round experiences. The key focus areas continue to be leveraging partnerships, increased investment in the promotion of domestic

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tourism, showcasing diverse experiences, branding and communication with emphasis on digital marketing. During the financial year, the marketing strategy will be anchored on four (4) main pillars namely creating an effective sales system within key source markets (local and international), increasing the level of association of the Magical Kenya brand, leveraging digital marketing and creating effective partnerships. Management will seek to drive awareness, consideration and conversion through joint marketing campaigns with the trade and partnerships with tourism and non-tourism stakeholders.

Sustainability has become a growing trend among consumers globally which provides an opportunity for Kenya to tell its conservation stories to targeted audiences across markets. Consequently, Public Relations will play a key role in sharing Kenya's authentic and compelling sustainability stories both online and offline. The Magical Kenya Signature Experience program will also be used to position Kenya as a destination offering memorable and diverse experiences for the global traveler. Digital marketing will play a key role in pushing consumers down the marketing funnel from awareness to conversion through joint campaigns with online travel agencies and the Always On Google search campaign.

KTB will continue to work with Trade, Airlines, Tourism Associations, Non-Tourism Partners, Embassies, Agencies in the Ministry of Tourism & Wildlife and Mainstream Government in promoting Kenya as the preferred tourist destination offering diverse, innovative and authentic experiences.

## **5. STRATEGY 2021/22**

The Kenya Tourism Board (KTB) is currently implementing the 2018-2023 strategic plan. KTB conducted a Midterm review of the strategic plan in 2022. The revised strategic plan was developed through broad consultations with both internal and external stakeholders who provided useful inputs to the process. The following opportunities emerged from the strategy review following the impact Covid19 on the sector;

- i. **Increasing Access to Information to boost traveller confidence:** Covid 19 presents an opportunity to increase the travellers' access to travel information by availing relevant and up-to-date information throughout the consumer journey as well as creating inspiration to the travellers on how simple and safe it is to travel.
- ii. **Extended Stay Visa:** Considering the demanding travel requirement over the Covid period, travellers would consider a longer stay as value for money and effort for the travel. The Government of Kenya should consider issuing a 12-months Visa for international travellers.
- iii. **Redefine MICE:** There is need to redefine MICE and the concept looked broadly to include events such as sports, destination weddings, concerts etc. There is also an opportunity to collaborate/ work closely with event planners to tap into various events for MICE.

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- iv. **Promotion of Workations:** Remote working is increasingly becoming a mainstay for many, to meet the growing trend to combine travel with remote working, it is paramount that trade develops friendly workations packages example is as observed in Malta which has been encouraging long stay.
- v. **Support to tourism stakeholders and trade:** KTB will play a key role in capacity building the industry in aligning tourism products with the new covid-19 environment. This can be achieved through the recently launched the Kenya Agents Travel Program (KATs) as well as webinars and stakeholder events and forums. In addition, KTB will be instrumental in inspiring traveller confidence in the destination.

Several lessons learnt emerged from the review of the strategy, these included amongst others

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

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

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

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

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	<b>CASE</b>	<b>CASE NO.</b>	<b>PLACE</b>	<b>CLAIM FOR:</b>	<b>AMOUNT-KSHS</b>	<b>STATUS</b>
1	Council of Governors – vs- KTB & Others	Petition No. 278 of 2017	Constitutional & Human Rights Division – NBI	Court to declare certain matters relating to tourism as devolved	N/A	The petition has been stayed pending the outcome of an appeal filed on a similar case.
2	Kenya Tourism Board- Appellant -vs- Commissioner of Domestic Taxes- Respondent	Income Tax Appeal No. E006 of 2020	High Court at Nairobi Commercial & Admiralty Division	Appeal against decision of the Tax Appeals Tribunal	182,456,743	KTB withdrew the appeal in favor of out of court settlement through mediation that is being facilitated by the Office of the Attorney General through Solicitor General's Office. The mediation meeting took place at the AG's office on 27 <sup>th</sup> April 2022 and advisory opinion awaited as at 30 <sup>th</sup> June 2022.

**SECTION D - KEY PROJECTS AND INVESTMENT THAT WERE IMPLEMENTED IN FY 2021/22**

**I. INTEGRATED CAMPAIGN WITH NATIONAL GEOGRAPHIC – UNITED KINGDOM**

KTB partnered with National Geographic (NatGeo) in the implementation of a consumer campaign aimed at ensuring that Kenya is top of mind and top of bucket list whether it is consumed as 'armchair travel' during uncertain times or providing inspirational and informational content to aid trip planning and drive active consideration. The campaign run on NatGeo's print, website and social media channels targeting an online audience of over 12 million consumers. The partnership run for 1 year from April 2021 - April 2022 with 6 article publications/issues & digital platforms updates featuring the destination products & offering.

**Campaign Objectives:**

- To provide inspirational and informational content to aid trip planning and drive active consideration.
- To ensure that destination Kenya remains top of mind for the British and Irish Market



**II. CONVERSION CAMPAIGNS WITH NICHE TOUR OPERATORS - UNITED STATES**

KTB implemented joint marketing campaigns with four (4) niche tour operators in the US market targeting adventure seekers. The campaign partners included African Travel Inc, Kensington Tours, Africa Answers and Goway Travel. The selection of partners was done through a Request for Proposals (RFP) process and was based on the potential of their digital campaign proposals to deliver high return on investment in line with KTB's overall business goals. The campaigns run between April and August 2022. Each tour operator partner used diverse digital campaign elements to push conversion.

**Campaign Objective:**

To push conversion through tour operator special offers on digital platforms

The Omicron variant outbreak also slowed down consumer bookings in Quarter 1 and Quarter 2 however each of the tour operator partners reported an average of 80% sales against the target of 300 sales per company.

**III. DOMESTIC TOURISM CONVERSION CAMPAIGN**

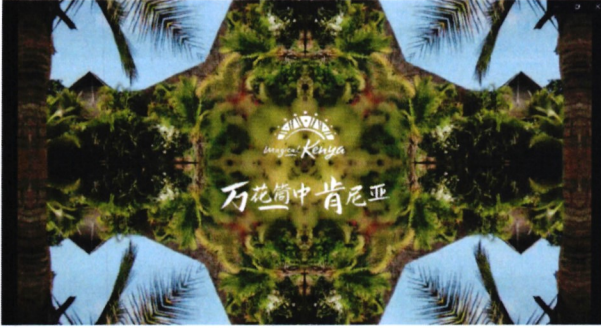
Kenya Tourism Board (KTB) commenced the launch of a six-month domestic tourism campaign to support the industry by rallying Kenyans to travel to various tourism destinations. The objective of the campaign was to address the challenges that the tourism industry faced as a result of the COVID-19 pandemic. The campaign was launched on 13<sup>th</sup> June 2022 and was a collaborative sales drive in partnership with 21 travel trade where both parties pushed travel through discounted offers under the campaign name titled #YouDeserveAHoliday. The campaign sought to grow travel trade business by 15% in domestic tourism during the campaign period through consumption of tourism experiences across the country.

**IV. JOINT MARKETING CAMPAIGN - INDIA**

Following the resumption of regular international flights in India on March 27<sup>th</sup>2022, Kenya Tourism Board (KTB) embarked on joint campaigns supporting recovery while seeking to build confidence around the safe resumption of travel. The joint promotion campaigns are centered on increasing and prioritizing travel from India to Kenya through co-funded partnerships with leading tour operator FCM Travel and online travel agency Yatra.

**V. SOCIAL MEDIA CAMPAIGN - CHINA**

International travel in China remains suspended since January 24<sup>th</sup> 2020. KTB continues to leverage on the digital platform to inspire travel and ensure Magical Kenya remains top of mind when China reopens. The Kaleidoscopic campaign entailed a series of short videos highlighting eight (8) of Magical Kenya's unique selling propositions (USP's) that appeal to China's outbound travel segment i.e. Wildlife, Beach, Luxury, Landscape, Music, Sports, Culture and Cuisine. These videos featured on the WeChat, Weibo and Mafengwo social media platforms and targeted potential travelers through boosted content.



#### **VI. PARTNERSHIP WITH THE COLORED GIRL ASSOCIATION – UNITED STATES**

KTB partnered with The Colored Girl Association, a global community of 82,000+ African American women, which aims to nurture women of color to thrive in the world today and transform the world tomorrow through dialogue. A group of fifty (50) TCG members visited Kenya for a 3-day retreat dubbed IMARA from 17<sup>th</sup> – 20<sup>th</sup> July 2022 whose focus was wellness, personal and professional development. The program elements included culture, networking/sisterhood, thought leadership, historical experiences, community service and entertainment. The attendees included corporate executives, consultants, influencers and content creators representing various industries such as technology, medical, travel and legal.

KTB hosted the group to a welcome dinner on 17<sup>th</sup> July 2022 at the Radisson Blu Hotel in Upperhill and to a gala dinner event at the Nairobi National Park on 18<sup>th</sup> July 2022. The objective of the gala event was to create a platform for the Colored Girl Association members to network and interact with Kenyan women in key leadership positions from both public and private sectors. The value of media coverage achieved from both events was over Ksh. 20 Million both locally and in the United States.



**JOINT MARKETING PROMOTIONS WITH TOUR OPERATORS – UNITED KINGDOM**

The campaign was developed for the UK & Ire markets to increase booking numbers to the destination by showcasing the variety of products and experiences to inspire year-round travel to the destination. The campaign has been designed for maximum exposure to reach as many customers as possible, whilst targeting those who are engaged with the Magical Kenya brand and likely to book travel to Kenya. The first phase of the campaign with Trailfinders was implemented in March and phase two with Kuoni kick off in September.



**VII. MEDIA & TRAVEL TRADE FAMILIARIZATION TRIPS - FRANCE & ITALY**

In order to increase interest and bookings into the country through the exposure of products and experiences to the media & trade as well as creating destination’s awareness for the

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European consumers, KTB hosted top tier media & trade fam trips from Italy & France between April & June 7 journalists were hosted from France & Italy and 8 tour operators from France in partnership with Pollmans.

**8 tour-opérateurs français à la découverte du Kenya**

L'OT du Kenya veut renforcer sa promotion sur le marché français

Envoyer à un ami Partager cet article

Début juin, 8 tour-opérateurs français se sont envoyés pour le Kenya. L'occasion de découvrir la réserve d'Oli Pejeta, les parcs des lacs Naivasha et Nakuru, avant de rejoindre le mythique parc du Masaï Mara.

Rédigé par Jean DA LUZ le Vendredi 24 Juin 2022



Parmi les TO participants, Namade Adventure, La Route des Voyages, Destino Mundo, Vie Sauvage, Safaris à la Carte, Ruban Bleu Voyages, Voyages Rive Gauche, Maison de l'Afrique - DR : Kenya Tourism Board



**VIII. CONVERSION CAMPAIGN WITH LASTMINUTE.COM**

Lastminute.com is an online travel and leisure retailer that helps travelers to plan their trips and access travel deals on hotels, flights and holidays. The campaign was implemented in UK, Ireland, USA, Germany, France, Italy, Spain, Austria, and Switzerland. The campaign had landing pages in various market languages. Traffic was acquired using banner ads that target in-market audiences. The acquired visitors engaged with content on the campaign pages and could book Kenya deals, book MKSE experiences directly with the suppliers, and download the pdf version of the "Always a Reason to Safari in Kenya" calendar and the "MKSE Collection" booklet. The collection of 44 Magical Kenya Signature Experiences (MKSE) were used to showcase and position Kenya as Africa's destination of choice, themed under Nature & Wildlife, Culture & Heritage, Coastal Kenya and Adventure. Lastminute.com agreed to keep campaign pages as the Kenya pages.

The campaign recorded a total of 28,184,310 impressions and a Return On Advertising Spend (ROAS) of 1:13.4 meaning that for every US\$ 1 there was a return of US\$ 13.4 in revenue as at 30<sup>th</sup> June 2022.

Campaign banners on lastminute.com:

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**IX. SALES PROMOTION CAMPAIGN WITH JAMBOJET**

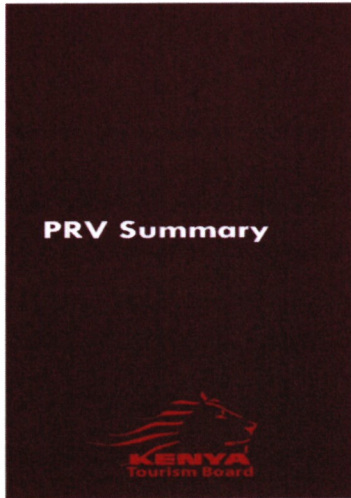
Jambojet collaborated with Kenya Tourism Board and launched a 3-month campaign to encourage more Kenyans to tour local attraction sites and destinations with the objective of growing the consumption of hotel bed-nights and ticket sales by 10% during the campaign period. Jambojet offered a concession of 8% off their average air fare rates while their 30 accommodation partners offered concessions of 8% off their average accommodation rack rates. The campaign flighted on TV, namely KTN, NTV and Citizen. Jambojet promoted the campaign on their digital platforms namely Instagram, Facebook, Twitter, YouTube and used influencers to push the campaign. The launch event was held on 13<sup>th</sup> May 2022 and media value of Ksh.9 Million was achieved on print, radio & television.

**X. UNVEILING OF MAGICAL KENYA BRAND AMBASSADOR – ELIUD KIPCHOGE**

The Board renewed the partnership with Eliud Kipchoge whose engagement started with a mock-run media event at the Karura Forest on 14<sup>th</sup> April 2022. The engagement allowed KTB to produce destination marketing content using Eliud Kipchoge, which was used across both mainstream and social media. The value of media coverage generated from the unveiling event was Ksh.10.5 Million as captured in the PR value summary below.

**Media Publicity and Value**





PLATFORM	STORY COUNT	PR VALUE (KSH)
Print Media	3	610,446
Electronic Media - TV	11	7,837,370
Electronic Media - Radio	12	2,118,060
Online Platforms	18	N/A
<b>Total</b>	<b>43</b>	<b>10,565,876</b>

## **XI. KENYA AIRWAYS LIVERY BRANDING**

Management partnered with KQ to brand 1 Dreamliner and 1 Embraer with impactful destination imagery in a 12 months asset branding campaign. Branded aircrafts were officially launched on 25<sup>th</sup> November 2021. The Dreamliner is used for long haul flights while the Embraer is used for short haul flights.

### **Campaign Objectives:**

- To build brand association between KQ and KTB to increase consumer demand for both domestic and international travel
- To enhance the destination brand visibility across KQ's network of 41 destinations targeting both domestic and international travellers.
- To highlight the destination's diverse experiences through the two platforms for purposes of igniting consumer desire for travel



**XII. THE 2022 WORLD RALLY CHAMPIONSHIP (WRC)**

Sports marketing has been one of the strongest pillars of ensuring destination visibility across the world. This is well illustrated by the impact that the sports events such as the Magical Kenya Open, Magical Kenya Ladies Open, World Athletics under 20, The East Africa Safari Classic Rally among others in highlighting Kenya as well as encouraging travel to the destination. KTB participated in the 2022 WRC- Safari Rally Championship that took place between the 23<sup>rd</sup> and 26<sup>th</sup> of June 2022 in Naivasha that brought together 45 rally drivers from across the globe. KTB focused on branding, merchandising & generating content for destination promotion.



**XIII. THE MAGICAL KENYA TRAVEL SPECIALIST PROGRAM**

The e-learning program titled the 'Magical Kenya Travel Specialist' is an online certification program that equips the travel agents/advisors/consultants in Kenya's priority source markets with destination knowledge so that they can package and sell Kenya more effectively to their clients. Promotion of the program in different markets is ongoing in collaboration with Online Travel Training (OTT). Link: [www.magicalkenyatravelspecialist.com](http://www.magicalkenyatravelspecialist.com)

The financial year performance is summarised as follows:

PERFORMANCE CRITERIA	Unit of Measure	Annual Target	Cum. 2020/21	Variance
Increased Tourism Arrivals	No. in Millions	0.204	0.483	0.279
Increased Tourism Earnings	Kshs. (B)	16.36	78.34	61.98
Increased Domestic Tourism Bed-nights	No. in Millions	0.964	2.55	1.586

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**PLANNED MARKETING ACTIVITIES FY 2022/23**

- Travel Trade Educational Familiarization trips
- Social Media Campaigns
- Themed Press Trips
- Travel Trade Exhibitions and Shows
- Niche Experiences Trade Shows (Adventure)
- Crisis Management
- Leveraging Influencer Marketing
- Magical Kenya Roadshows
- Implementation of the Adventure Tourism Strategy
- Virtual Trade Shows
- Leveraging Marathon Events in Key Markets
- Programmatic Digital Display Campaigns
- The Chinese Magical Kenya Travel Specialist Program
- Consumer Sentiment Research
- Joint Marketing Campaigns with Tourism and Non-Tourism Partners
- The Magical Kenya Signature Experiences Program Phase III Audits
- Consumer and Trade Acquisition Campaigns

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

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

**Investment decisions**

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

**SECTION F- MAJOR RISKS FACING KTB**

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

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

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

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

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<b>RISKS</b>	<b>LIKELIHOOD/ PROBABILITY</b>	<b>RISK IMPACT</b>	<b>MITIGATION STRATEGIES</b>
Inadequate engagement of tourism stakeholders in destination marketing	Low	Medium	<ul style="list-style-type: none"> <li>demand for Kenya and conversions</li> <li>Develop platforms for engagement with the trade (industry microsite, briefing, e-newsletter, webinars on specific topics, educational and training efforts)</li> <li>Engage with other stakeholder on Strategic Partnerships</li> </ul>
<p><b>Covid Related Risks</b></p> <p>1. Reduced business opportunities due to possible closure/scaling down of tour operators activities in the source market.</p>	High	High	<ul style="list-style-type: none"> <li>Increased awareness campaign both at international and domestic level to communicate the safety of the destination based on the available protocols on Covid 19.</li> <li>Hiring of MDR in key source markets with well outlined KPIS.</li> <li>There should be more collaboration with the trade.</li> <li>Consider the review of the current KTB strategic plan will need to be reviewed based on the current crisis.</li> </ul>
<p><b>Covid Related Risks – Travel Preference</b></p> <p>2. Consideration of Kenya as unsafe destination due to Covid –19 crisis</p> <p>3. Reduced disposable income due to Covid 19</p> <p>4. Reduced business travel</p>	High	High	<ul style="list-style-type: none"> <li>Increased awareness on safety practices of Covid-19 protocols.</li> <li>MDR's and other appointed marketing agents to proactively disseminate information on the destination Covid -19 safety procedures.</li> <li>Continuous consumer awareness campaign in source markets to keep Kenya top of mind as a destination.</li> <li>Embrace digital marketing in campaigns</li> <li>Encourage attractive offers/packages from the tourism industry to booster tourism &amp; business travel.</li> </ul>

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RISKS	LIKELIHOOD/ PROBABILITY	RISK IMPACT	MITIGATION STRATEGIES
<p><b>Covid Related Risks</b></p> <p><b>Financial/Budgetary Risks:</b></p> <p>5. Government prioritization of health thus budget allocation to other sectors such as tourism may be reduced.</p> <p>6. Reduced collection by Tourism Fund.</p> <p>7. Reduced travelers meaning less receipts for Tourism Promotion Fund (TPF)</p>	<p>High</p>	<p>High</p>	<ul style="list-style-type: none"> <li>• Lobby for stimulus funds from government.</li> <li>• Prioritization of key markets such as domestic and digital marketing.</li> </ul>

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

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

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

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

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

KTB received a copy of an agency notice issued by KRA to KTB's bankers, Kenya Commercial Bank, on 30<sup>th</sup> June 2020 declaring KCB as the payer of Kshs 182,456,743. KTB applied to the High Court and was granted a stay of the enforcement of the Agency Notice were issued on several dates: 24<sup>th</sup> July, 2020, then extended until 21<sup>st</sup> August 2020 and then to 28<sup>th</sup> December 2020 and then to 15<sup>th</sup> October 2020 and then to 21<sup>st</sup> January 2021 to allow mediation between KRA and KTB. The National Treasury was also appraised of the discussion and is participating in the mediation process.

- Kenya Commercial Bank lifted the agency notice in November 2020 (letter received in March 2021) while KTB withdrew the appeal case at the High Court in February 2021 in favor of out of court settlement. The mediation process continues and is being facilitated by the Office of Attorney General through Solicitor General's office. A mediation meeting to highlight understanding of the Tax matter and what needed to be resolved was held on 27<sup>th</sup> April 2022 at the office of solicitor general with both KTB and KRA in attendance. As at 30<sup>th</sup> June 2022 both parties were still waiting for AG's interpretation of the proviso/legal issues.

Management provided for the full amount FY 2019/20.

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

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

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

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

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

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

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

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

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

KTB developed the Kenya Tourism Sustainability Report focusing destination efforts towards addressing the Sustainable development goals 8, 11 and 12 as well as goal 17 where KTB works with various partners in sustainability projects such as Kenya Wildlife Service, Friends of Karura Forest, and Ecotourism Kenya among others. In the preceding financial year, KTB collaborated with KWS to host the Annual Magical Kenya Tembo Naming Festival under the banner #savethetembo and ran a consumer sustainability campaign dubbed #savetomorrow. KTB also focused on sustainability stories and events at global events such as the USTOA in North America and Dubai Expo 2020 in the UAE. Strategic partnerships with Kenya Airways, Jambojet, KWs and OI Pejeta also focused on showcasing endangered species through livery branding.

Adoption of market and product diversification strategies have also helped in sustaining the sector especially during the low season focusing on domestic and regional markets, in addition, to the international markets. On the product front, diversifying the offering beyond beach and safari and moving beyond the popular circuits to new and less known circuits ensures tourism benefits are spread across the country and throughout the year. This meets the basic requirement of sustainability which is that it must meet the needs of current and future generations but also benefit everyone across the country. Exposing international media and travel agents to ecotourism products and facilities and conservancies through media and trade familiarization trips also play a key role in shaping the products and experiences packaged and sold by agents in the source markets as well as shaping perceptions for the media audiences.

Capacity building amongst staff, and trade partners through the various forums has played a key role in enhancing appreciation for sustainability and mentoring the youth through partners such as Kenya Utalii College and the Global Tourism Resilience and Crisis Management Centre/ Kenyatta University among others.

On the product front, The Magical Kenya Signature Experiences program, not in its 3<sup>rd</sup> Phase, in particular has incorporated sustainability in its criteria thereby ensuring a Signature Collection of unique and diverse Kenyan travel experiences that are responsible with environment and communities.

The Covid-19 pandemic has refocused the sector on sustainability in terms of long term view of the sector and survival by adapting to the unfolding changes and getting ready to cater to the emerging travellers. KTB has partnered with the Global Tourism Resilience & Crisis Management Centre – East Africa to review the tourism product inventory and re-align based destination sustainability priorities such as spreading tourism across the country, diversify the product range and effective packaging of the products and experiences to ensure wider clientele is served which will contribute towards increased length of stay and spend in the destination.

## **2. Environmental Performance**

Tourism is a vital sector that is also very fragile as it is affected by local and global happenings such as terrorism. Measures taken by the Kenya Government with regards to environmental conservation such as laid down rules in the constitution, relevant institutions established to manage environmental matters, requirements on green building and projects such as wind farms, solar panels and geothermal power go a long way in conserving the environment.

KTB has been part of the Single Use Plastic Ban campaign and implementation of the Cop26 declarations through highlighting companies that are setting the pace such as Eco-world Watamu, provision of water bottles to staff to reduce on the use of plastic cups and creating awareness via digital platforms.; tree planting from time to time and promotion of tourism that feature enriching experiences in pristine environments such as Kereita Forest and Arabuko Sokoke Forest among others.

## **3. Employee welfare**

The HR Policy and procedure manual and the Gender Mainstreaming Policy guides on the hiring process and affirms on matters pertaining to gender ratio. Staff and other stakeholders' inputs/engagements (NGEC, NACADA, NCPWD and NACC) and the Board of Directors are involved in improving the Policies when reviewed from time to time.

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

## **4. Market place practices**

### **a) Responsible competition practice.**

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

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

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

Kenya Tourism Board undertakes its procurement processes in line with the requirements of the PPADA 2015 and PPADR 2020. Award of tenders is based on fairness, transparency and objectivity as per the requirements of the Act. KTB maintains open

communication line with all its suppliers via dedicated email and telephone. KTB also has set credit terms that is disclosed to all bidders before award of contracts and the same is duly maintained. KTB honours contracts and ensures that payments are made within the agreed timelines subject to satisfactory delivery of goods and services.

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

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

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

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

**5. Community Engagement**

As part of implementation of its sustainability agenda, KTB has undertaken a number of initiatives that are community engagement related. KTB continues to play its role in mentoring young people interested in Tourism and Hospitality through talks and support with collateral materials (Peer Educators program), Tree planting in various parts of the country, some in collaboration with NEMA, Clean-ups, donations. Last year, the Board donated a water tank to a community in Kwale and more recently members of staff, voluntarily, contributed to the COVID-19 Fund set-up by the Government as a way of supporting Kenyans most affected by the Pandemic. The Board has endeavoured to promote inclusivity ensuring youth, women and people with disability as well as the different tourism regions are involved either as suppliers, partners and beneficiaries of the various initiatives. Board also works closely with the County Governments and through the Ministry of Tourism and Wildlife engages with communities and get input in its strategy.

**KENYA TOURISM BOARD  
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**X. REPORT OF THE DIRECTORS**

The Board of the Directors submits their report together with the audited financial statements for the year ended June 30, 2022 which show the state of the KTB's affairs.

**i. Principal activities**

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

**Quality Policy**

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

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

**KTB Employees**

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

**Customer Focus**

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

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

**Communication**

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

**Service**

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

We offer reliable service delivery channels that provide a comfortable, secure and user-friendly environment for both customers and employees alike.

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We constantly seek ways to improve the delivery of service to our customers.

**ii. Results**

The results of the Kenya Tourism Board for the year ended June 30, 2022 are set out on page 1-37.

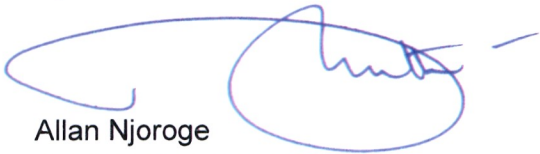
**iii. Directors**

The members of the Board of Directors who served during the year are shown on page VII. In FY 2021/22, the term of one of the independent directors came to an end as a result of which a vacancy on the board continued to exist as at the close of the financial year.

**iv. Auditors**

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

By Order of the Board



Allan Njoroge  
**COMPANY SECRETARY**

Date: **07.03.2023**

**XI. STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

The Directors are responsible for the preparation and presentation of KTB's financial statements, which give a true and fair view of the state of affairs of KTB for and as at the end of the financial year ended on June 30, 2021. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the entity; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for KTB's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (the State Corporations Act). The Directors are of the opinion that KTB's financial statements give a true and fair view of the state of KTB's transactions during the financial year ended June 30, 2022, and of KTB's financial position as at that date.

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

**KENYA TOURISM BOARD  
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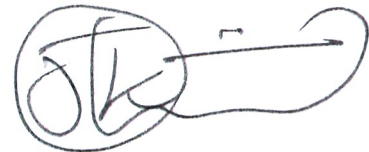
**STATEMENT OF DIRECTORS' RESPONSIBILITIES- Continued**

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

**Approval of the financial statements**

KTB's financial statements were approved by the Board on 12.09.2022.and signed on its behalf by:

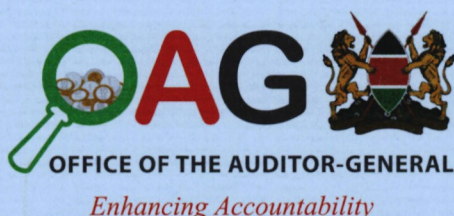
**Zeinab Hussein ,CBS  
PRINCIPAL SECRETARY**



**Mr. John Chirchir , HSC  
Ag. CHIEF EXECUTIVE OFFICER**

# REPUBLIC OF KENYA

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Website: www.oagkenya.go.ke



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

## REPORT OF THE AUDITOR-GENERAL ON KENYA TOURISM BOARD FOR THE YEAR ENDED 30 JUNE, 2022

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### PREAMBLE

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

- A. Report on the Financial Statements that 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 Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Opinion

I have audited the accompanying financial statements of Kenya Tourism Board set out on pages 1 to 38, which comprise of the statement of financial position as at

30 June, 2022, and the statement of financial performance, statement of changes in net assets, statement of cash flows, 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, the financial statements present fairly, in all material respects, the financial position of the Kenya Tourism Board as at 30 June, 2022, 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 Opinion**

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kenya Tourism Board Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing 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 opinion.

### **Key Audit Matters**

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

### **Other Matter**

#### **1. Unresolved Prior Year Issues**

In the audit report of the previous year, several paragraphs were raised under Report on the Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources. However, the Management has not resolved all the issues as required by the National Treasury Circular Ref. AG.3/88/Vol.VII (21) of 11 May, 2022.

#### **2. Financial Statements Not Signed by Chairperson**

The financial statements were not signed by the Chairperson of the Board as required by the Public Sector Accounting Standards Board Reporting Template.

In the circumstances, the Management was in breach of the Public Sector Accounting Standards Board guideline.

## 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, I confirm that, nothing 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**

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

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

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

### **Basis for Conclusion**

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 Management and the Board of Directors**

The 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 overall governance.

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

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

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

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

### **Auditor-General's Responsibilities for the Audit**

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal 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 controls 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 controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of

effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

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

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

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

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and 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

24 April, 2023

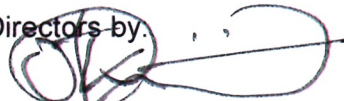
**KENYA TOURISM BOARD  
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**XIII. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022**

	Notes	2022 KShs	2021 KShs
<b>Revenue from non-exchange transactions</b>			
Industry contributions, Strategic Partnerships & Donations	3	23,384,359	15,751,492
Transfer from Government Grants & other Agencies	4	1,121,819,859	974,346,502
		<b>1,145,204,218</b>	<b>990,097,994</b>
<b>Revenue from exchange transactions</b>			
Other income	5	33,687,655	45,602,196
		<b>33,687,655</b>	<b>45,602,196</b>
<b>Total revenue</b>		<b>1,178,891,873</b>	<b>1,035,700,190</b>
<b>Expenses</b>			
Marketing Costs	6	897,806,156	678,246,012
Employee costs	7	268,074,806	269,181,195
Remuneration of Board	8	7,200,153	7,226,299
Depreciation and amortization expense	9	16,220,042	16,520,575
Repairs and maintenance	10	4,110,393	1,704,578
General expenses	11	82,009,343	69,003,008
Finance costs	12	783,696	474,024
<b>Total expenses</b>		<b>1,276,204,588</b>	<b>1,042,355,692</b>
<b>Other gains/(losses)</b>			
Net Gain/ (loss) on sale of assets	13	94,905	(180,535)
Gain/ (Loss) on foreign exchange transactions	14	(7,043,646)	9,663,767
<b>(Deficit)/ Surplus for the Year</b>		<b>(104,261,456)</b>	<b>2,827,730</b>

The notes set out on pages 8 to 37 form an integral part of these Financial Statements.

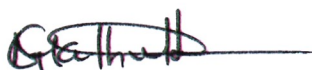
The Financial Statements set out on pages 1 to 37 were signed on behalf of the Board of Directors by:



Accounting Officer

Name: John Chirchir

Date: 7<sup>th</sup> March 2023



Director Finance & Admin

Name: Mary Maina

ICPAK Member Number: 4589

Date: 7<sup>th</sup> March 2023

Principal Secretary

Name: Zeinab Hussein

Date: 7<sup>th</sup> March 2023

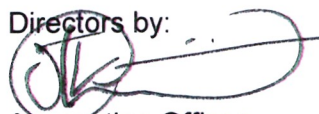
**KENYA TOURISM BOARD**  
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**XIV. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022**

		2022	2021
	Note	KShs	KShs
<b>Assets</b>			
<b>Current assets</b>			
Cash and Cash equivalents	15	485,280,038	574,230,969
Prepayments	16 (a)	7,178,106	69,877,823
Receivables from exchange transactions	16(b)	13,588,410	13,838,677
Receivables from non-exchange transactions	16(c)	70,306,441	601,196,424
Inventories	17	7,254,077	7,437,402
<b>Total Current Assets</b>		<b>583,607,071</b>	<b>1,266,581,295</b>
<b>Non-current assets</b>			
Property, plant and equipment	18	32,817,551	34,072,359
Intangible assets	19	4,556,952	4,052,390
<b>Total Non- Current Assets</b>		<b>37,374,503</b>	<b>38,124,749</b>
<b>Total Assets</b>		<b>620,981,575</b>	<b>1,304,706,044</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	20(a)	362,267,971	438,565,907
Provisions	22	42,860,198	32,049,617
Deferred income	21	99,477,958	628,928,733
Payments received in advance	20(b)	4,002,342	4,002,342
<b>Total Current Liabilities</b>		<b>508,608,469</b>	<b>1,103,546,599</b>
<b>Total liabilities</b>		<b>508,608,469</b>	<b>1,103,546,599</b>
<b>Net Assets</b>			
Accumulated surplus	24	63,676,988	153,718,400
Capital Fund	25	12,131,917	20,441,044
Sinking Fund	26	20,000,000	18,000,000
Revaluation Reserve	25	16,564,200	9,000,000
<b>Total Net Assets</b>		<b>112,373,105</b>	<b>201,159,444</b>
<b>Total Net Assets and Liabilities</b>		<b>620,981,575</b>	<b>1,304,706,044</b>

The Financial Statements set out on pages 1 to 37 were signed on behalf of the Board of

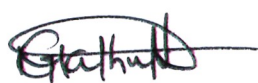
Directors by:



Accounting Officer

Name: John Chirchir

Date: 7<sup>th</sup> March 2023



Director Finance & Admin

Name: Mary Maina

ICPAK Member Number: 4589

Date: 7<sup>th</sup> March 2023

Principal Secretary

Name: Zeinab Hussein

Date: 7<sup>th</sup> March 2023

**KENYA TOURISM BOARD  
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**V. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2022**

Notes	Sinking Reserves Kshs	Accumulated Reserves Kshs	Capital Fund KShs	Revaluation Reserves Kshs	Total Kshs
<b>As at 1st July 2020</b>					
Surplus/(Deficit) for the period	16,000,000	136,370,094	27,025,841	-	179,395,935
Capital/Development grants received during the year	-	2,827,730	-	-	2,827,730
Transfer of depreciation/amortisation from capital fund to retained earnings	-	-	9,935,778	-	9,935,778
Revaluation gain	-	16,520,575	(16,520,575)	9,000,000	9,000,000
Transfer of depreciation on revaluation	-	-	-	-	-
Transfers to/from accumulated surplus/(Deficit)	2,000,000	(2,000,000)	-	-	-
<b>Balance as at 30 June 2021</b>	<b>18,000,000</b>	<b>153,718,400</b>	<b>20,441,044</b>	<b>9,000,000</b>	<b>201,159,444</b>
<b>As at 1st July 2021</b>					
Surplus/(Deficit) for the period	18,000,000	153,718,402	20,441,044	9,000,000	201,159,446
Capital/Development grants received during the year	-	(104,261,456)	-	-	(104,261,456)
Transfer of depreciation/amortisation from capital fund to retained earnings	-	-	5,660,915	-	5,660,915
Revaluation gain	-	13,970,042	(13,970,042)	9,814,200	9,814,200
Transfer of depreciation on revaluation	-	2,250,000	-	(2,250,000)	-
Transfers to/from accumulated surplus/(Deficit)	2,000,000	(2,000,000)	-	-	-
<b>Balance as at 30 June 2022</b>	<b>20,000,000</b>	<b>63,676,988</b>	<b>12,131,917</b>	<b>16,564,200</b>	<b>112,373,105</b>

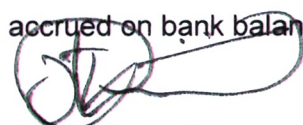
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**XVI. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022**

	Notes	2021-2022 Kshs	2020-2021 Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Exchequer Releases: Government grants and subsi	4	824,081,541	774,669,625
Transfer from other government entities- Tourism Fund	4	191,000,000	20,000,000
Transfer from other government entities- Tourism Research Institute		4,840,000	-
Transfer from other government entities- Tourism Promotion Fund		100,000,000	-
Sale of goods- Industry Contribution & Strategic Partnerships	3	5,562,907	901,492
Other income	5	31,633,167	45,656,933
<b>Total receipts</b>		<b>1,157,117,615</b>	<b>841,228,050</b>
<b>Payments</b>			
Goods and Services/ Marketing costs	6	907,697,925	468,200,844
Other Payments	11,12	63,839,630	42,389,811
Employee costs	7	257,659,755	244,632,021
Board Expenses	8	7,200,153	7,226,299
Repairs and maintenance	10	4,110,393	1,704,578
<b>Total payments</b>		<b>1,240,507,855</b>	<b>764,153,554</b>
<b>Net cash flows from/(used in) operating activities</b>	23	<b>(83,390,240)</b>	<b>77,074,497</b>
<b>Cash flows from investing activities</b>			
Purchase of PPE and Intangible assets	18/19	(5,660,915)	(9,935,779)
Proceeds from sale of PPE	13	100,224	1,273,420
<b>Net cash flows from/(used in) investing activities</b>		<b>(5,560,691)</b>	<b>(8,662,359)</b>
<b>Cash flows from financing activities</b>			
<b>Net cash flows from financing Activities</b>		-	-
<b>Net increase/(decrease) in cash &amp; Cash equivalents</b>		<b>(88,950,931)</b>	<b>68,412,138</b>
Cash and cash equivalents at 1 July 2021	28	574,230,969	505,818,832
<b>Cash and cash equivalents at 30 June 2022</b>	28	<b>485,280,038</b>	<b>574,230,970</b>

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

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



Accounting Officer  
Name: John Chirchir

Date: 7<sup>th</sup> March 2023



Director Finance & Admin  
Name: Mary Maina  
ICPAK Member Number: 4589

Date: 7<sup>th</sup> March 2023

Principal Secretary  
Name: Zeinab Hussein

Date: 7<sup>th</sup> March 2023

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**XVII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2022**

	Printed Estimates- 2021/2022		Final Adjusted Budget 2021/22		Actual on Comparable basis		Performance Difference		Variance Explanations
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Under/(Over)	% of utilization	
<b>Revenue</b>									
GOK - Recurrent	247,190,000	247,190,000	247,190,000	247,190,000	-	-	-	100%	The budgeted amount for FY 2021/22 was received in full.
GOK-Deferred income 2020/21		-	-	-	-	-	-	0%	The full amount of deferred income was transferred to income.Kshs 14.47 M has been deferred to be implemented in FY 2022/23 MKSE & Eliud Kipchoge activation costs. This is 0% less capital expenditure of Kshs 3.74M
GOK-Development	55,000,000	55,000,000	55,000,000	55,000,000	-	-	-	100%	The budgeted amount for FY 2021/22 was received in full.
Tourism Promotion Fund Grant	-	100,000,000	100,000,000	100,000,000	-	-	-	100%	Tourism Promotion fund disbursed Shs 100 Million as at June 2022.
Tourism Regulatory Authority		4,840,000	4,840,000	4,840,000	-	-	-	100%	Partial Contributions towards new Tourism strategy launch at the Nairobi National Park. TF contributed Kshs 5M and TRI 100% contributed Kshs 4.84M
Tourism Fund Grant	192,000,000	197,000,000	191,000,000	191,000,000	6,000,000	6,000,000	6,000,000	97%	Tourism Fund's actual disbursements for the year totalled Shs 191M. Part of which Kshs 5M is accounted for under other Sagas, this was granted as a partial contribution towards the New Tourism Strategy Launch.
Industry contribution/Strategic Partnerships	70,000,000	30,000,000	23,384,359	23,384,359	6,615,641	6,615,641	6,615,641	78%	Contributions received in cash relates to Magical Kenya Expo scheduled for October 2022, Africities Summit, WTM 2021. Strategic partnerships relates to FOCs, value adds and collaboration with Jambo jet and Kenya Airways.
Finance Income	30,000,000	30,000,000	28,617,126	28,617,126	1,382,874	1,382,874	1,382,874	95%	Interest earned in the current bank accounts as negotiated with the bank.
Other Income	3,000,000	3,000,000	3,016,041	3,016,041	(16,041)	(16,041)	(16,041)	101%	Income mainly from writeback of unutilized credits.
<b>Total Income</b>	<b>597,190,000</b>	<b>667,030,000</b>	<b>653,047,526</b>	<b>653,047,526</b>	<b>13,982,474</b>	<b>13,982,474</b>	<b>13,982,474</b>	<b>98%</b>	

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**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2022- Continued**

<b>Expenses</b>						
Marketing Expenditure	204,716,717	257,066,717	907,697,925	(650,631,208)		Variance in Expenditure and budget due to spending of 353% Deferred funds from FY 2020-21
Personnel Emolument	262,217,134	285,622,144	257,659,755	27,962,389		The savings were due to staff exits and cancelled 90% replacements.
Remuneration of Directors	10,000,000	10,000,000	7,200,153	2,799,847		72% The spend was within the budgeted limit
Depreciation and Amortization expense	16,439,720	16,439,720	16,220,042	219,678		99% The spend was within the budgeted limit
Repairs and Maintenance	4,029,433	4,029,433	4,110,393	(80,960)		The variace is due to unexpected repairs of motor vehicle 102% and office equipment.
Rent Paid	32,423,599	25,923,599	23,654,115	2,269,484		91% The savings were due to negotiated lower rent rates
Other Operational Expenses	65,863,397	66,448,387	65,398,874	1,049,513		98% Spend is within the budget
Capex	1,500,000	1,500,000	1,509,760	(9,760)		101% The spend was within the budgeted limit
<b>Total Expenditure</b>	<b>597,190,000</b>	<b>667,030,000</b>	<b>1,283,451,016</b>	<b>(616,421,017)</b>		<b>192%</b>
<b>Surplus/ (Deficit) for the Year</b>	<b>0</b>	<b>0</b>	<b>(630,403,490)</b>	<b>630,403,491</b>		

**Budget Variances (Performance difference)**

The material variances are explained above alongside each budget line category.

- i. Total revenue includes a net gain on sale of assets of KShs. 94,905, which has been reported under other gains/losses in the statement of financial performance.

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<b>Deficit as per Statement of Financial performance</b>	<b>(104,261,456)</b>
<b>ADD</b>	
Development Grant/Capex transferred 2021/22	3,832,023
Marketing expenses as reported between the cashflow statement and the P&L(Note 6)	9,891,769
Tourism Promotion Fund Grant-Deferred From FY2021/22 to FY2023	85,000,000
<b>DEDUCT</b>	
Development Grant-ESP Deferred- ESP from FY 2020/21 and Expensed in FY 2021/22	(507,385,512)
Development Grant-Deferred income FY-2021-22	(75,060,248)
GOK Recurrent Grant-Deferred income transferred in fy 2020/21	(32,005,015)
Employee cost -Gratuity addition Provision less utilised Gratuity	(10,415,051)
<b>Deficit as per Statement of Budget Comparison</b>	<b>(630,403,490)</b>

**XVIII. ACCOUNTING POLICY AND NOTES TO THE FINANCIAL STATEMENTS**

**6. GENERAL INFORMATION**

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

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

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the indirect method. The financial statements are prepared on accrual basis.

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 KTB's accounting policies.

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

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

**8. ADOPTION OF NEW AND REVISED STANDARDS**

- i. New and amended standards and interpretations in issue effective in the year ended 30 June 2022- **Not applicable**
- ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022- **Not applicable**
- iii. Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2021/2022.

**9. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a) Revenue Recognition**

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

**Transfers from other government entities**

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

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

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

**ii) Revenue from exchange transactions**

**Industry Contributions**

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

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

**Sale of goods**

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to KTB.

**Interest income**

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

**b) Budget information**

The original budget for FY 2021/22 was approved by the National Assembly and Ministry of Tourism & Wildlife on 12th August 2021. During the year there were no budget cuts and revisions. Tourism Fund increased the approved grant by KShs 58 Million due to improved Tourism levy collections. During the year Tourism Promotion Fund approved a budget of KShs. 603Million and disbursed Kshs 100Million. The net budget increase was KShs 158 Million.

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section XVII of these financial statements.

**c) Property, plant and equipment**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair

and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

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

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

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

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

**d) Intangible Assets**

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

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

The useful life of the intangible assets is assessed as either finite or indefinite. The SAP/ ERP system shall be classified as indefinite useful life. It shall not be amortized but tested for impairment on an annual basis

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

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

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

- No amortization is charged on work-in-progress.

**e) Work in Progress on Assets**

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

**f) Financial instruments**

**Financial assets**

**Initial recognition and measurement**

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables as appropriate. KTB determines the classification of its financial assets at initial recognition.

**Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

**Held-to-maturity**

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when KTB has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

**Impairment of financial assets**

KTB assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or an entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more

events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors or an entity of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

**g) Receivables from non-exchange transactions**

Where an item of revenue from non-exchange transactions is not received at year end, the same is recognised as a receivable from non-exchange transactions.

**h) Inventories**

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

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

The inventories are recognized as expenses in the period they are issued out from the stores for use in the marketing activities in the case of promotional materials or other operational use in the case of stationeries and office utilities.

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

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

Recognition of expense and/ or payable:

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

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

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

**j) Provisions**

Provisions are recognized when KTB has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where KTB expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

**k) Contingent liabilities**

KTB does not recognize a contingent liability, but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

**l) Nature and Purpose of Reserves**

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

The Sinking fund reserve is a fund set aside for future replacement of assets as required in the State Corporations Act; section 16(1) requires that state corporations shall make provision for the renewal of depreciating assets by the establishment of sinking funds and for contributions to such reserve and stabilization funds as may be required. KTB provides for Kshs. 2M annually for this fund. The amount is provided from the accumulated surplus reserves. The current balance as at June 2022 is Kshs 20 Million.

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

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

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

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

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

**n) Retirement benefit plans**

KTB provides retirement benefits for its pensionable employees at the rate of 15% of basic pay and to the National Social Security Fund (NSSF). Contributions to NSSF are determined by local statute and are currently limited to Kshs. 200.00 per employee per month. Defined contribution plans are post employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income and Expenditure in the year in which they become payable.

**o) Employee Entitlement**

The estimated monetary liability for employees accrued annual leave entitlement at the balance sheet date is recognized as an expense accrual/reversal. Employee entitlements to gratuity are

recognized when they accrue to employees. A provision is made for the liability for such entitlements as a result of services rendered by employees up to the Financial Position date.

**p) Foreign currency transactions**

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

**q) Related Parties**

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

Balances and transactions between Kenya Tourism Board and its related parties have been disclosed as per IPSAS 20 in note 28 of the accounts.

**r) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year.

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

**s) Comparative figures**

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

**t) 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, 2022.

#### **4. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY**

The preparation of KTB's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

##### **Estimates and assumptions**

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

##### **Useful lives and residual values**

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

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

##### **Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 16 and 22.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

KTB estimated the following provisions as 30<sup>th</sup> June 2022:

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

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<b>3. Sale of services</b>	<b>KShs</b>	<b>KShs</b>
<b>Industry Contributions, Strategic Partnerships &amp; Donations</b>		
Industry Contribution	5,562,907	901,492
Partnership and Donations	17,821,452	14,850,000
<b>Total Industry Contributions and Strategic Partnerships</b>	<b>23,384,359</b>	<b>15,751,492</b>

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

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

<b>4 (a). Transfer from Government &amp; other agencies**</b>	<b>2022</b>	<b>2021</b>
	<b>KShs</b>	<b>KShs</b>
<b>Unconditional grants</b>		
Recurrent Grant	277,282,153	444,580,136
Tourism Fund	191,000,000	20,000,000
Tourism Research Institute	4,840,000	-
	<b>473,122,153</b>	<b>464,580,136</b>
<b>Conditional grants</b>		
Development Grant	126,312,194	157,629,835
Development Grant-ESP	507,385,512	352,136,531
Development Grant-TPF	15,000,000	-
	<b>648,697,706</b>	<b>509,766,366</b>
<b>Total</b>	<b>1,121,819,859</b>	<b>974,346,502</b>

**4 (b): Grants Reconciliations**

**\*\*Transfers from Government & other Agencies FY 2021/22**

	<b>2022</b>	<b>2021</b>
	<b>Recurrent KShs</b>	<b>Recurrent KShs</b>
Government Grant in 2021/22	247,189,999	366,359,500
Deferred revenue from 2020/21	32,005,015	113,029,844
Deferred Revenue to 2022/23	-	(32,005,015)
Transfer to capital Grant	(1,912,861)	(2,804,193)
<b>Recognized Revenue</b>	<b>277,282,153</b>	<b>444,580,136</b>

**\*\*Transfers from Government & other Agencies FY 2021/22**

	<b>2022</b>	<b>2021</b>
	<b>Development KShs</b>	<b>Development KShs</b>
Government Grant in 2021/22	55,000,000	998,900,000
Deferred revenue from 2020/21	75,060,248	116,220,224
Deferred revenue from 2020/21- ESP	521,863,470	-
Deferred Revenue to 2022/23-Development grants	-	(75,060,248)
Deferred Revenue to 2022/23-TPF	(85,000,000)	-
Deferred Revenue to 2022/23-ESP	(14,477,958)	(521,863,470)
Transfer to capital Grant-Deferred	-	(1,298,556)
Transfer to capital Grant- 2021/22	(3,748,054)	(7,131,585)
<b>Recognized Revenue</b>	<b>548,697,706</b>	<b>509,766,366</b>

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

Name of the Entity Sending the Grant	Amount	Amount Deferred under deferred Income	Amount	Total Transfers 2021/22	Prior Year 2020/21
	Recognized in the statement of Financial Performance		Recognized in Capital Fund		
	KShs	KShs	KShs	KShs	KShs
Ministry of Tourism & Wildlife	910,979,859	14,477,958	5,660,915	910,979,859	954,346,501
Tourism Fund	191,000,000	-	-	191,000,000	20,000,000
Tourism Research Institute	4,840,000	-	-	4,840,000	-
Tourism Promotion Fund	15,000,000	85,000,000	-	100,000,000	-
<b>TOTAL</b>	<b>1,121,819,859</b>	<b>99,477,958</b>	<b>5,660,915</b>	<b>1,206,819,859</b>	<b>974,346,501</b>

The details of the reconciliation of the GOK grants is shown in 4(b) above.

**5. Other income**

	2022 KShs	2021 KShs
Website income		-
Miscellaneous Income-interest	30,766,519	44,761,906
Miscellaneous Income-other	2,921,136	840,291
<b>Total other income</b>	<b>33,687,655</b>	<b>45,602,196</b>

Miscellaneous income consists of website advertising income, tender fees, credit notes/ write backs of creditors' invoices and provisions write backs.

**6. MARKETING RELATED COSTS**

	2022 KShs	2021 KShs
<b>MARKETING COSTS</b>		
United States & Canada	109,657,731	42,833,146
United Kingdom	150,359,923	55,494,138
China	18,123,345	5,312,365
India	35,936,002	7,101,996
Kenya	42,970,715	39,349,440
Business Development	13,808,785	47,514,348
Special Projects	8,307,479	509,414
Public Relations & Communications	48,885,505	62,214,286
Online Marketing/ Global Online campaigns	150,748,408	118,957,229
Exhibitions & Events	73,436,060	21,831,948
Agency Management	134,643,647	135,804,631
Customer Relationship Managements	90,823,392	125,872,494
Research & Strategy	18,336,247	14,701,505
Tactical Marketing- General	1,768,918	749,072
<b>Total-Marketing Related Costs</b>	<b>897,806,156</b>	<b>678,246,012</b>

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

<b>7. Employee costs</b>	<b>2022</b>	<b>2021</b>
	<b>KShs</b>	<b>KShs</b>
Employee related costs - salaries and wages	163,184,879	166,121,260
Housing benefits and allowances	49,190,740	51,539,927
Employee related costs - contributions to Pensions and NSSF	17,075,123	17,343,329
Gratuity	15,220,845	12,636,822
Staff Group Life Policy	1,323,746	1,861,157
Staff Medical Insurance (In & Out Patient)	21,563,411	19,192,201
Group Personal Accident	516,062	486,499
<b>Employee costs</b>	<b>268,074,806</b>	<b>269,181,195</b>
<b>8. Remuneration of Board Members</b>	<b>2022</b>	<b>2021</b>
	<b>KShs</b>	<b>KShs</b>
Chairman Honorarium	805,333	960,000
Sitting Allowances	2,370,000	2,839,000
Induction & Training	393,115	1,745,880
Travel and Accommodation	2,977,756	1,163,745
Medical and other Insurances	653,949	517,675
<b>Total</b>	<b>7,200,153</b>	<b>7,226,299</b>
<b>9. Depreciation and amortization expense</b>	<b>2022</b>	<b>2021</b>
	<b>KShs</b>	<b>KShs</b>
Property, plant and equipment	13,175,004	13,634,395
Intangible assets	3,045,038	2,886,180
<b>Total Depreciation and Amortization</b>	<b>16,220,042</b>	<b>16,520,575</b>
<b>10. Repairs and maintenance</b>		
Motor Vehicle	2,742,804	551,599
Office Furniture and Equipment	484,600	322,224
Computers	882,989	830,755
<b>Total repairs and maintenance</b>	<b>4,110,393</b>	<b>1,704,578</b>

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	<b>2022</b>	<b>2021</b>
	<b>KShs</b>	<b>KShs</b>
<b>11. General expenses</b>		
Audit fees	700,000	700,000
Bad debts Expense- Industry Debtors	202,402	-
Staff welfare	2,515,805	1,168,144
Team Building	-	-
Hiv aids/Positive living	488,696	478,500
Subscription and Memberships	795,468	1,394,988
Staff Training	274,850	345,621
Recruitment	442,358	386,378
Merger Implementation Costs	13,922,944	-
Insurance for Motor Vehicle, Computers & Office Equip.	878,348	941,364
Rent	23,654,115	32,828,026
Telephone, Internet, Postal & Directories	5,635,784	5,325,653
Printing & Stationery	2,993,668	1,432,386
Entertainment	1,810,089	1,205,106
Committees, Conferences & Meetings	1,464,459	-
Local Traveling & Accomodotation for Product fam trips	3,758,467	3,955,232
Parking	2,600	1,720
Legal fees & Consultancies	989,795	8,649,173
ICT Software licences/ Support fees & ERP Programmes	15,373,218	5,559,705
Procurement Management	2,324,928	577,219
Motor vehicle fuel	839,510	760,065
Office general expenses	2,941,842	3,293,727
<b>Total General expenses</b>	<b>82,009,343</b>	<b>69,003,008</b>
<b>12. Finance Cost</b>		
	<b>2022</b>	<b>2021</b>
	<b>KShs</b>	<b>KShs</b>
Bank charges	783,696	474,024
	<b>783,696</b>	<b>474,024</b>
<b>13. Gain/ (Loss) on sale of assets</b>		
Property, plant and equipment	94,905	(180,535)
<b>Total gain/ (Loss) on sale of assets</b>	<b>94,905</b>	<b>(180,535)</b>
<b>14. Loss on foreign exchange transactions</b>		
	<b>2022</b>	<b>2021</b>
	<b>KShs</b>	<b>KShs</b>
Forex (Loses)/ Gain	(7,043,646)	9,663,767
	<b>(7,043,646)</b>	<b>9,663,767</b>

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<b>15. Cash and cash equivalents</b>	<b>2022</b>	<b>2021</b>
	<b>KShs</b>	<b>KShs</b>
Bank	483,514,727	572,278,475
Cash-on-hand and in transit	125,564	157,440
Accrued Interest Income on Current Account	1,639,747	1,795,054
<b>Total cash and cash equivalents</b>	<b>485,280,038</b>	<b>574,230,969</b>
<b>15(a) DETAILED ANALYSIS OF CASH &amp; CASH EQUIVALENTS</b>	<b>2021-2022</b>	<b>2020-2021</b>
<b>Bank and Account Number</b>	<b>KShs</b>	<b>KShs</b>
<b>a) Current Accounts</b>		
KCB Moi Avenue Branch EURO A/C 1101689846	8,837,806	21,387,279
KCB Moi Avenue Branch-USD A/C 1101660066	43,838,376	1,368,407
KCB Moi Avenue Branch GBP A/C 1101636912	12,965,724	39,877,283
KCB Moi Avenue Branch KES A/C 1108980457	392,872,822	484,645,506
<b>Sub- Total</b>	<b>458,514,727</b>	<b>547,278,475</b>
<b>b) Staff Mortgage</b>		
KCB- Haile Selassie Branch	25,000,000	25,000,000
<b>Sub- Total</b>	<b>25,000,000</b>	<b>25,000,000</b>
<b>Grand Total</b>	<b>483,514,727</b>	<b>572,278,475</b>
<b>16 a) Prepayments</b>	<b>2022</b>	<b>2021</b>
	<b>KShs</b>	<b>KShs</b>
Prepayments	7,178,106	6,146,595
Prepaid Media Buying	-	63,731,228
<b>Total Prepayments</b>	<b>7,178,106</b>	<b>69,877,823</b>
<b>16 b) Receivables from exchange transactions</b>		
	<b>2022</b>	<b>2021</b>
	<b>KShs</b>	<b>KShs</b>
<b>Current receivables</b>		
Exhibition debtors	3,110,157	3,681,404
Other deposits/receivables	13,588,410	13,588,410
	<b>16,698,567</b>	<b>17,269,814</b>
<b>Less Provisions:</b>		
Bad Debt- Industry	3,110,157	3,431,137
<b>Sub Total- Provisions</b>	<b>3,110,157</b>	<b>3,431,137</b>
<b>Total current receivables</b>	<b>13,588,410</b>	<b>13,838,677</b>
<b>Reconciliation for Impairment Allowance of Receivables from Exchange Transactions</b>	<b>2022</b>	<b>2021</b>
	<b>KShs</b>	<b>KShs</b>
At the beginning of the year	3,431,137	3,431,137
Additional provisions during the year	191,619	-
Recovered during the year	(376,876)	-
Written off during the year	-	-
At the end of the year	<b>3,245,880</b>	<b>3,431,137</b>

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**16 c) Receivables from non exchange transactions**

	<b>2022</b>	<b>2021</b>
	<b>KShs</b>	<b>KShs</b>
<b>Current receivables</b>		
Tourism Fund	4,000,000	4,000,000
Ministry of Tourism- Grants	68,698,333	590,589,875
Ministry of Tourism-Calenders	-	7,012,903
Tourism Research Institute	1,150,638	1,150,638
Staff Advances and Perdiem	2,647,844	4,586,216
Imprest	452,291	499,458
	<b>76,949,107</b>	<b>607,839,089</b>
<b>Less Provisions:</b>		
Bad Debt- TRI	1,150,638	1,150,638
Provision TF	4,000,000	4,000,000
Bad Debt- Staff	1,492,028	1,492,028
<b>Sub Total- Provisions</b>	<b>6,642,666</b>	<b>6,642,666</b>
<b>Total current receivables</b>	<b>70,306,441</b>	<b>601,196,424</b>

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

	<b>2022</b>	<b>2021</b>
	<b>KShs</b>	<b>KShs</b>
At the beginning of the year	6,642,666	6,874,484
Additional provisions during the year	-	-
Recovered during the year	-	(231,818)
Written off during the year	-	-
At the end of the year	<b>6,642,666</b>	<b>6,642,666</b>

**17. Inventories**

Consumable stores	7,254,077	7,437,402
<b>Total Inventories</b>	<b>7,254,077</b>	<b>7,437,402</b>

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

	Office		Computer		Furniture &		Motorvehicle		Capital Workin		Total	
	Equipment	Hardware	Fittings	Motorvehicle	Capital Progress	Total	Equipment	Hardware	Fittings	Motorvehicle	Capital Progress	Total
Cost	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs
As 30th June 2020	19,760,387	57,039,070	30,889,299	47,736,177	-	155,424,932						
Additions	767,700.00	2,228,919	6,939,160	-	-	9,935,779						
Revaluation	-	-	-	9,000,000	-	9,000,000						
Disposals	(1,973,196)	(3,306,552)	(7,309,732)	(7,226,789)	-	(19,816,269)						
<b>As 30th June 2021</b>	<b>18,554,891</b>	<b>55,961,437</b>	<b>30,518,727</b>	<b>49,509,388</b>	-	<b>154,544,442</b>						
Additions	290,755	1,584,560	236,000	-	-	2,111,315						
Revaluation	2,015,200	-	7,799,000	-	-	9,814,200						
Disposals	-	(944,870)	-	-	-	(944,870)						
<b>As 30th June 2022</b>	<b>20,860,846</b>	<b>56,601,126</b>	<b>38,553,726</b>	<b>49,509,388</b>	-	<b>165,525,087</b>						
<b>Depreciation and impairment</b>												
As at 1st July 2018	11,567,501	37,597,872	22,822,172	21,235,849	-	93,223,393						
Depreciation	1,224,902	7,137,929	1,262,656	8,108,956	-	17,734,443						
Disposals	-	-	-	-	-	-						
<b>At 30 June 2019</b>	<b>12,792,403</b>	<b>44,735,800</b>	<b>24,084,828</b>	<b>29,344,805</b>	-	<b>110,957,836</b>						
Depreciation	1,386,468	6,138,138	1,312,984	7,880,687	-	16,718,277						
Disposals	-	(2,476,111)	-	-	-	(2,476,111)						
<b>As At 30 June 2020</b>	<b>14,178,871</b>	<b>48,397,828</b>	<b>25,397,812</b>	<b>37,225,492</b>	-	<b>125,200,002</b>						
Depreciation	1,342,791	5,066,263	1,359,021	5,866,320	-	13,634,395						
Disposals	(1,973,196)	(3,306,552)	(5,855,777)	(7,226,789)	-	(18,362,314)						
<b>As At 30 June 2021</b>	<b>13,548,466</b>	<b>50,157,539</b>	<b>20,901,056</b>	<b>35,865,023</b>	-	<b>120,472,083</b>						
Depreciation	1,355,635	4,016,528	1,674,365	6,128,477	-	13,175,004						
Disposals	-	(939,551)	-	-	-	(939,551)						
<b>As At 30 June 2022</b>	<b>14,904,101</b>	<b>53,234,515</b>	<b>22,575,420</b>	<b>41,993,500</b>	-	<b>132,707,536</b>						
<b>Net book values</b>												
At 30 June 2022	5,956,746	3,366,611	15,978,306	7,515,888	-	32,817,551						
At 30 June 2021	5,006,425	5,803,898	9,617,671	13,644,365	-	34,072,359						

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**Valuation**

Furniture and fittings and Office equipment were valued during the year on cost basis of valuation. These amounts were adopted on 30<sup>th</sup> April 2022. Depreciation will commence in FY 2022/23 in line with the approved policy.

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

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

	<b>Cost or Valuation</b>	<b>Normal Annual Depreciation</b>
Motor vehicles	9,000,000	2,250,000
Office Equipment	2,015,200	-
Furniture & Fittings	7,799,000	-
<b>Total</b>	<b>18,814,200</b>	<b>2,250,000</b>

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

<b>18 (c). PROPERTY, PLANT &amp; EQUIPMENT AT COST</b>			
	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>NBV</b>
	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>
Motor vehicles	49,509,388	41,993,500	7,515,888
Furniture and Fittings	38,553,726	22,575,420	15,978,306
Computer Hardware	56,601,126	53,234,515	3,366,611
Office Equipment	20,860,846	14,904,101	5,956,746
<b>Total</b>	<b>165,525,087</b>	<b>132,707,536</b>	<b>32,817,551</b>

Furniture & fittings, and Office equipment were valued during the year on cost basis of valuation. These amounts were adopted on 30<sup>th</sup> April 2022. Depreciation will commence in FY 2022/23 in line with the approved policy.

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**19. Intangible assets - software**

<b>Cost</b>	<b>KShs</b>
<b>At 30 June 2020</b>	<b>42,745,014</b>
Additions – internal development	-
WIP	-
<b>At 30 June 2021</b>	<b>42,745,014</b>
Additions – internal development	3,549,600
WIP	-
<b>At 30 June 2022</b>	<b>46,294,614</b>
<b>Amortization and impairment</b>	
At 1st July 2018	33,781,629
Amortization	368,872
<b>At 30 June 2019</b>	<b>34,150,501</b>
Amortization	1,655,955
Impairment loss	-
<b>At 30 June 2020</b>	<b>35,806,456</b>
Amortization	2,886,168
<b>At 30 June 2021</b>	<b>38,692,624</b>
Amortization	3,045,038
<b>At 30 June 2022</b>	<b>41,737,662</b>
<b>Net book values</b>	
<b>At 30 June 2022</b>	<b>4,556,952</b>
<b>At 30 June 2021</b>	<b>4,052,390</b>

<b>20(a) Trade and other payables</b>	<b>2022</b>	<b>2021</b>
	<b>KShs</b>	<b>KShs</b>
Trade payables	139,771,047	242,005,986
Accruals	2,767,317	802,753
Other payables	219,729,607	195,757,167
<b>Total trade and other payables</b>	<b>362,267,971</b>	<b>438,565,907</b>

<b>20(b) Payments received in advance</b>	<b>2022</b>	<b>2021</b>
	<b>KShs</b>	<b>KShs</b>
Payments received in advance- Exhibitions	4,002,342	4,002,342
	<b>4,002,342</b>	<b>4,002,342</b>

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<b>21. I )Deferred Income</b>	<b>2022</b> <b>KShs</b>	<b>2021</b> <b>KShs</b>
GOK Grants	<b>14,477,958</b>	<b>628,928,733</b>
Tourism Promotion Fund	<b>85,000,000</b>	<b>-</b>
<b>Total</b>	<b>99,477,958</b>	<b>628,928,733</b>

The deferred income movement is as follows:

<b>ii) Deferred Income</b>	<b>2022</b> <b>KShs</b> <b>Recurrent</b>	<b>2022</b> <b>KShs</b> <b>Development</b>
Balance Brought Forward	32,005,015	75,060,248
Additions/ Deferred to 2022/23	-	99,477,958
Transfer to Income Statement	(32,005,015)	(75,060,248)
Transfer to Capital Grants		
Balance Carried Forward	<b>-</b>	<b>99,477,958</b>

The deferred income relates to funds transferred from the income statement under government grants to the deferred income accounts. These grants relate to funds received in the year or accrued at year end but for which the specific marketing projects had not been implemented and/or were ongoing. During the year, implementation of some of the activities were impacted by Covid-19 pandemic and were either cancelled or postponed.

<b>22. Current provisions</b>				
	Leave Liability KShs	Gratuity KShs	Audit Fees KShs	Total KShs
	KShs	KShs	KShs	KShs
<b>Balance as at 30 June 2021</b>	<b>6,355,887</b>	<b>23,593,730</b>	<b>2,100,000</b>	<b>32,049,617</b>
Additional provisions raised	1,095,530	15,220,845	700,000	17,016,375
Over provision reversed	-	-	-	-
Provision utilized	-	(4,805,794)	(1,400,000)	(6,205,794)
<b>Balance as at 30 June 2022</b>	<b>7,451,417</b>	<b>34,008,781</b>	<b>1,400,000</b>	<b>42,860,198</b>

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**23. Cash generated from operations**

	<b>2022</b>	<b>2021</b>
	<b>KShs</b>	<b>KShs</b>
<b>Surplus for the year before tax</b>	(104,261,456)	2,827,732
Adjusted for:		
Non cash industry contribution & Strategic Depreciation	(17,821,452)	(14,850,000)
Amortisation	13,175,004	13,634,395
Contribution to impairment allowance	3,045,038	2,886,180
Write backs	191,619	231,818
Finance costs	(2,006,174)	(739,511)
Contribution to Provisions	7,043,646	(9,663,767)
Gains and losses on disposal of assets	17,016,375	16,500,736
	(94,905)	180,535
<b>Working capital adjustments:</b>		
(Increase)Decrease in Prepayments	62,699,717	(7,367,587)
(Increase)Decrease in inventory	183,325	3,439,380
(Increase)/Decrease in receivables	531,343,875	(510,945,413)
(Increase)/Decrease in deferred income	(529,450,775)	400,977,221
(Increase)/Decrease in payables	(64,318,359)	181,685,002
(Increase)/ Decrease in payments received in advance	-	(1,722,227)
<b>Net cash flows from operating activities</b>	<b>(83,254,521)</b>	<b>77,074,496</b>

**24. Accumulated Surplus**

	<b>2022</b>	<b>2021</b>
	<b>KShs</b>	<b>KShs</b>
Balance b/f	153,718,399	136,370,094
Surplus/ (Deficit)	(104,261,456)	2,827,730
Transfer of depreciation/amortisation from capital fund	16,220,042	16,520,575
Transfers to Sinking Fund	(2,000,000)	(2,000,000)
<b>Total Accumulated Surplus</b>	<b>63,676,985</b>	<b>153,718,399</b>

**25. Capital Fund**

	<b>2022</b>	<b>2021</b>
	<b>KShs</b>	<b>KShs</b>
Balance b/f	20,441,044	27,025,841
Capital/Development grants	5,660,915	9,935,778
Transfer of depreciation/amortisation from capital fund to retained earnings	(13,970,042)	(16,520,575)
<b>Total Capital Fund</b>	<b>12,131,917</b>	<b>20,441,044</b>

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

**26. Sinking Fund**

	<b>2022</b>	<b>2021</b>
	<b>KShs</b>	<b>KShs</b>
Opening Balance	18,000,000	16,000,000
Sinking Fund Provision	2,000,000	2,000,000
<b>Balance as at 30 June</b>	<b>20,000,000</b>	<b>18,000,000</b>

**27. FINANCIAL RISK MANAGEMENT**

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

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

**i) Credit risk**

KTB has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors.

The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by management based on prior experience and their assessment of the current economic environment.

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

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**FINANCIAL RISK MANAGEMENT (Continued)**

	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2022</b>				
Receivables from exchange transactions	23,354,599	20,244,442	-	3,110,157
Receivables from non exchange transactions	76,949,107	70,306,441	-	6,642,666
Bank balances	483,514,727	483,514,727	-	-
<b>Total</b>	<b>583,818,433</b>	<b>574,065,610</b>	<b>-</b>	<b>9,752,823</b>
<b>At 30 June 2021</b>				
Receivables from exchange transactions	87,147,637	19,985,272	63,731,228	3,431,137
Receivables from non exchange transactions	607,839,089	594,183,521	-	6,642,666
Bank balances	572,278,475	572,278,475	-	-
<b>Total</b>	<b>1,267,265,202</b>	<b>1,186,447,268</b>	<b>63,731,228</b>	<b>10,073,803</b>

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

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

KTB requires that customers pay for their participation costs before the events thereby minimizing any risk of non-payment of industry contributions. KTB also makes provisions for all receivables outstanding over 365 days where recovery is doubtful. To avoid further loss, KTB does not allow subsequent engagement with a debtor until the previous outstanding amount is fully received.

**ii) Liquidity risk management**

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

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

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contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2022</b>				
Trade payables	83,435,104	(380,360)	58,674,303	141,729,047
Provisions	700,000	3,725,708	38,434,489	42,860,198
Deferred income	-	30,000,000	44,000,000	74,000,000
<b>Total</b>	<b>84,135,104</b>	<b>33,345,348</b>	<b>141,108,792</b>	<b>258,589,244</b>
<b>At 30 June 2021</b>				
Trade payables	155,294,279	1,039,644	85,609,645	241,943,567
Provisions	700,000	3,177,943	28,091,276	31,969,219
Deferred income	57,754,592	267,258,932	303,915,209	628,928,733
<b>Total</b>	<b>213,748,871</b>	<b>271,476,520</b>	<b>417,616,130</b>	<b>902,841,519</b>

**(iii) Market risk**

KTB has put in place an internal audit function to assist it in assessing the risk faced by the entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Board Audit and Risk Management Committee.

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

Risk management analysis is done for all major projects (above KShs 10M) at the onset of the projects. There has been no change to KTB's exposure to market risks or the manner in which it manages and measures the risk.

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**a) Foreign currency risk**

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

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

	Ksh Kshs	Other currencies Kshs	Total Kshs
<b>At 30 June 2022</b>			
<b>Financial assets</b>			
Investments	-	-	-
Cash	417,872,822	65,641,905	483,514,727
Debtors	98,258,621	2,552,436	100,811,057
<b>Total financial assets</b>	<b>516,131,443</b>	<b>68,194,341</b>	<b>584,325,784</b>
<b>Financial Liabilities</b>			
Trade and other payables	133,517,946	6,253,100	139,771,047
Borrowings	-	-	-
<b>Total financial liabilities</b>	<b>133,517,946</b>	<b>6,253,100</b>	<b>139,771,047</b>
<b>Net foreign currency asset/(liability)</b>	<b>382,613,496</b>	<b>61,941,241</b>	<b>444,554,738</b>
<b>At 30 June 2021</b>			
<b>Financial assets</b>			
Investments	-	-	-
Cash	509,645,506	62,632,969	572,278,475
Debtors	631,255,499	63,731,228	694,986,727
<b>Total financial assets</b>	<b>1,140,901,005</b>	<b>126,364,197</b>	<b>1,267,265,202</b>
<b>Financial Liabilities</b>			
Trade and other payables	345,262,994	93,383,197	438,646,191
Borrowings	-	-	-
<b>Total financial liabilities</b>	<b>345,262,994</b>	<b>93,383,197</b>	<b>438,646,191</b>
<b>Net foreign currency asset/(liability)</b>	<b>795,638,011</b>	<b>32,981,000</b>	<b>828,619,011</b>

**FINANCIAL RISK MANAGEMENT (Continued)**

**b) Interest rate risk**

Interest rate risk is the risk that KTB's financial condition may be adversely affected as a result of changes in interest rate levels. KTB's interest rate risk arises from bank deposits and balances. This exposes KTB to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the entity's deposits/ bank balances.

*Management of interest rate risk*

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

**iv) Capital Risk Management**

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

**Capital Risk Management**

	2021-2022	2020-2021
	Kshs	Kshs
Revaluation reserve	16,564,200	9,000,000
Sinking Fund	20,000,000	18,000,000
Retained earnings	63,662,266	153,718,400
Capital Fund	12,131,917	20,441,044
<b>Total Funds</b>	<b>112,358,383</b>	<b>201,159,444</b>
Total borrowings	-	-
Less: cash and bank balances	485,280,038	574,230,969
Net debt/(excess cash and cash equivalents)	(485,280,038)	(574,230,969)
<b>Gearing</b>	<b>-432%</b>	<b>-285%</b>

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**28. Related parties**

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

**Government of Kenya**

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

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

	<b>2022</b>	<b>2021</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>Transactions with related parties</b>		
<b>Sales to related parties</b>		
<b>Total</b>		
<b>b) Purchases from related parties</b>		
Rent Paid to govt. agencies (Kenya Reinsurance Corporation & Kenya Airport Authority)	23,654,115	32,828,026
Training and conference fees paid to govt. agencies	41,400	1,915,459
Others- Advertising, Telephone, Postage	1,292,045	2,063,477
<b>Total</b>	<b>24,987,559</b>	<b>36,806,962</b>
<b>b) Grants /Transfers from the Government</b>		
Grants from National Govt	302,189,999	866,259,500
Grants from Tourism Fund	191,000,000	20,000,000
Grants from Tourism Research Institute	4,840,000	-
Grants from Tourism Fund	100,000,000	-
<b>Total</b>	<b>598,029,999</b>	<b>886,259,500</b>
<b>c) Expenses incurred on behalf of related party</b>		
Payments of salaries and wages for National Convention Bureau employees	18,861,306	18,861,306
<b>Total</b>	<b>18,861,306</b>	<b>18,861,306</b>
<b>d) Key management compensation</b>		
Directors' emoluments	805,333	960,000
Compensation to the CEO	8,880,000	8,880,000
Compensation to key management	53,923,714	57,775,621
<b>Total</b>	<b>63,609,048</b>	<b>67,615,621</b>

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Government grants of Kshs 68.6 Million was received on 1<sup>st</sup> July 2022. The amount was accrued in KTB books and reported as due from GOK as at 30th June 2022.

**29. Contingent Liabilities**

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

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

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

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

KTB received a copy of an agency notice issued by KRA to KTB's bankers, Kenya Commercial Bank, on 30th June 2020 declaring KCB as the payer of Kshs 182,456,743. KTB applied to the High Court and was granted a stay of the enforcement of the Agency Notice were issued on several dates: 24th July, 2020, then extended until 21st August 2020 and then to 28<sup>th</sup> December 2020 and then to 15<sup>th</sup> October 2020 and then to 21<sup>st</sup> January 2021 to allow mediation between KRA and KTB. The National Treasury was also appraised of the discussion and is participating in the mediation process.

Kenya Commercial Bank lifted the agency notice in November 2020 (letter received in March 2021) while KTB withdrew the appeal case at the High Court in February 2021 in favor of out of court settlement. A mediation meeting took place at the AG's office on 27<sup>th</sup> April 2022 and advisory opinion awaited as at 30<sup>th</sup> June 2022.

Management provided for the full amount FY 2019/20.

**29. CONTINGENT LIABILITIES**

	<b>2021-22</b>	<b>2020-21</b>
	<b>KShs</b>	<b>KShs</b>
Statutory Obligations- Withholding tax assessment	182,456,743	182,456,743
<b>Total</b>	<b>182,456,743</b>	<b>182,456,743</b>

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

**30. CAPITAL COMMITMENTS**

	<b>2021-22</b>	<b>2020-21</b>
	<b>KShs</b>	<b>KShs</b>
Authorized for	5,660,915	6,653,814
Authorized & Contracted for		-
<b>TOTAL</b>	<b>5,660,915</b>	<b>6,653,814</b>

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

**31. EVENTS AFTER THE REPORTING PERIOD**

The Attorney General gave an advisory opinion on the disputed tax liability of KSh 182.4 Million through a letter dated 1<sup>st</sup> July 2022. KTB subsequently paid the principal tax amount of KShs. 120.13 Million. KTB is seeking waiver of penalties and interests amounting to KES 62.43 Million in accordance with section 89(6) of the Tax Procedures Act, 2015.

**32. ULTIMATE AND HOLDING ENTITY**

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

**33. CURRENCY**

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

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

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation )	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
<p><b>Basis for Opinion 1.1</b></p>	<p><b>Excess Payment on Kenya Coast Advertising Campaign</b></p> <p>The statement of financial performance and as disclosed in Note 6 to the financial statement reflects an amount of 678,246,012 for marketing related costs.</p> <p>(i) The schedule includes an amount of Kshs. 7,259,528 for media spending and Kshs. 2,177,858 for withholding tax calculated at 25% of the media costs. However, the withholding tax was calculated at rate of 25% (kshs. 2,177,858) instead of 20% (kshs. 1,451,905) as provided by section 3(a)</p>	<p>a) The invoices paid to the non-resident supplier who provide the media platforms for example Google or Facebook are paid on a net basis (The supplier is paid the amounts indicated on the invoices). Therefore, for KTB/Scanad to pay the correct amount to the KRA, the invoices are required to be grossed up. The grossing up formula for tax purposes is (Gross pay = Net pay (Media buying/1-tax rate) In the observations above, the formula is as follows (Gross pay=Net media buying amount/1-0.2) which gives a factor of 1.25. Therefore, it is important to distinguish the fact that the WHT charged is still at 20%, however, to arrive at the gross up amount, a factor of 1.25 is applied.</p> <p>b) KTB makes payments based on actual invoices and not the</p>	<p align="center"><b>CEO/DFA</b></p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation )	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>of the third schedule head B on the rates of tax of the income tax cap 470 and the Board was charged excess withholding tax of kshs. 752,952 by the vendor.</p> <p>(ii) As at 30 June, 2021, the Board had made payments totaling to Kshs. 9,167,900 (kshs. 8,960,223 to the vendor and kshs. 207,677 withheld for VAT and Income Tax). However, audit analysis of the payment documentation revealed the vendor was paid excess amount of kshs. 347, 687.</p> <p>(iii) Review of the invoices from third party providers supporting the payment Vouchers revealed excess payment to the vendor by Kshs. 1,420,338 and underpayment of withholding taxes of</p>	<p>media schedules/ quotations. In the observation above, there was an error in computation of the WHT in the quotation, however, the WHT as per the invoice was correctly computed. The computation in the quotation should not have included commission and the monitoring fees. The correct computation should therefore have been (7,279,528/0.8)-7,279,528= Kshs 1,814,882.03</p> <p>c) As for the payment of Kshs 9,167,900, the net payment was arrived at after deducting withholding tax on agency fees of 5% and withheld VAT of 2% (2%/14%).</p>			

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation )	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>kshs. 1,236,819.</p> <p>In the circumstances, the accuracy and completeness of the expenditure total of kshs. 39,349,440 relating to marketing cost- Kenya could not be confirmed</p>				
1.2	<p><b>Excess Payments on Taxes</b></p> <p>Included in the balance is an amount of kshs. 47,514,348 relating to business development. However, the amount includes excess payments amounting to approximately Kshs. 3,057,716 made to service providers for Magical Kenya e learning and trade Travel certification programme for reverse VAT and Withholding Income Tax.</p> <p>In the circumstances, the accuracy,</p>	<p>As explained in the management letter, the quote inclusive of VAT refers to the VAT in the resident country where the service is being provided in, in this case UK. Since UK considers this as an export, the VAT is zero for the supplier.</p> <p>The VAT inclusive as mentioned in the award and contract does not refer to reverse VAT as reverse VAT is payable by the person consuming the service, in this case KTB and not the supplier. Please refer to Section 5(6) of the VAT Act – see snapshot below. It is therefore inaccurate to contend that the amount as per the contract includes the VAT.</p>	<p align="center"><b>CEO/DFA</b></p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation )	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>propriety and value for money relating to business development totalling to KShs. 47,514,348 could not be confirmed.</p> <p>The audit was conducted in accordance with International Standard of Supreme Audit Institution (ISSAIs). I am independent of the Kenya Tourism Board Management in accordance with the 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 the 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.</p>				
<b>Basis for Qualified</b>	<b>Long Outstanding Receivables</b> As previously reported, the receivables	KTB engaged Aegis in to collect the amounts and the company is paid on commission based on collections. In 2018/19, collections	<b>DFA/CEO/ BOD</b>	Not Resolved	June 2023

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation )	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
<b>Opinion</b>	<p>from exchange transaction balance of Kshs 104,089,687 as at 30 June 2020 includes an amount of Kshs 4,581,775 in relation to bad debts- industry and KShs 1,723846 for former staff. In addition, a review of evidence of follow up on the debts and the effort taken to recover them were noted not to be fruitful since only one debtor has paid despite the entity engaging the services of a debt collector.</p>	<p>were made from KLM Royal Dutch Airlines of Euro 1,500. In 2019/20, there were no successful recoveries.</p> <p>As a means of recovering, the amounts owed by the Kenya Wildlife Service of KShs 788,937.36 negotiations were held with KWS where it was agreed that the amounts be recovered through park fees waivers provided to KTB by KWS for various marketing activities. However, the marketing activities in 2019/20 were affected by the Covid-19 pandemic which led to postponement of some of the activities. This was negotiated again in 2020/21 and the utilization on the balance is currently ongoing with the trade and media famtrips taking place upto 30<sup>th</sup> June 2021.</p> <p>KTB is in discussion with National Treasury on the request for approval to write off some of the old debtors amounting to Kshs 5,833,392. This includes amounts owing from TRI, TF, Kenya Wildlife Trails and Monaco Tours &amp; Safaris</p>			

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<b>Emphasis of Matter</b>	<b>Contingent Liability</b> I draw attention to Note 29 to the financial	<p><b>Ex-Staff Balances</b></p> <p>The amount due from ex-staff of Kshs 1,723,846 relates to imprest and advances amounts that were not paid by former staff members. These cases were forwarded to DCIO and EACC and have been on their follow up since 2007 but have not been successful.</p> <p>They were also forwarded to the debt collector for recovery but was unsuccessful. Management has not managed to trace these debtors to ascertain their ability to pay which would inform any legal action to be commenced. Further efforts in regards to debtor tracing are ongoing.</p> <p>Management will make fresh follow up with EACC and DCIO and if not successful, the same will be recommended for write off.</p> <p>In 2016/17, KRA undertook an assessment of KTB operations covering the period July 2012 to October 2016 and thereafter</p>	<b>PS/CEO/ CS(Legal)</b>	Partly Resolved	June 2023

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	<p>statements which discloses a tax assessment from the Kenya Revenue Authority (KRA) relating to the financial year 2016/2017. In August 2017 KRA gave a demand notice of Kshs.187,014,569. Of this amount, Kshs. 182,568,010 related to withholding tax on the marketing development agencies appointed to represent Kenya Tourism Board in various markets. Although the Board made an appeal on the tax assessment, the same was not provided for in the financial years 2016/2017, 2017/2018, 2018/2019, however, the amount has been provided for during the year 2019/2020.</p> <p>KTB received a copy of an agency notice by KRA to KTB's bankers, Kenya</p>	<p>raised a tax assessment of Kshs.182,568,010 relating to withholding tax on fees paid to the Market Development Representatives (MDRs).</p> <p>KTB raised an objection to the assessment on the grounds that KRA's assessment was based on a misapprehension of the nature of KTB's activities and a misinterpretation of the Income Tax Act. Accordingly, KTB filed an appeal at the Tax Appeals Tribunal (TAT) with a view to obtaining a legal interpretation of the applicable statute and quashing of the tax assessment.</p> <p>In its ruling, the Tribunal on 18<sup>th</sup> December 2019 disagreed with KRA's argument that the income from the marketing activity of KTB could be attributed to KTB even though received by the Government. Despite this, the TAT ruled in favour of KRA in the appeal filed by KTB.</p> <p>KTB, being dissatisfied with the decision of the Tax Appeals Tribunal filed an appeal to the High Court of Kenya after due</p>			

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	<p>Commercial Bank (KCB) on 30 June, 2020 declaring KCB as the payer of Kshs.182,456,743. KTB applied to the High court and was granted a stay of the enforcement of the Agency notice. My opinion is not modified in respect of this matter.</p>	<p>consultation with the Attorney General's office. The purpose of the appeal was to seek the Court's interpretation of the applicable law. At the same time, KTB commenced alternative dispute resolution (ADR) proceedings with KRA in line with recent circulars that directed Government agencies to withdraw court cases and use mediation frameworks facilitated by the AG's office.</p> <p>KTB received a copy of an agency notice issued by KRA to KTB's bankers, Kenya Commercial Bank, on 30th June 2020 declaring KCB as the payer of KShs 182,456,743. KTB applied to the High Court and was granted a stay of the enforcement of the Agency Notice.</p> <ul style="list-style-type: none"> <li>▪ In October 2020, KTB through the PS, State Department of Tourism wrote to AG to seek intervention in the matter by way of seeking a legal interpretation of the law as well as seeking suspension of the Agency Notice for a period of three (3) months to allow the parties to find an amicable solution to the dispute</li> </ul>			

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		<ul style="list-style-type: none"> <li>▪ SG through a letter to KRA and copied KTB gave guidance that the two institutions pursue an out of court settlement.</li> <li>▪ KTB wrote to KRA requesting their confirmation that KRA will stay any adverse action against KTB as guided By S</li> <li>▪ KRA wrote and confirmed that they will not take any adverse action</li> <li>▪ KTB engaged KRA with a view to commencing mediation proceedings under the auspices of the Nairobi Centre for International Arbitration as guided by the Office of the Solicitor General.</li> <li>▪ In the meantime, the of the Parties appeared in Court and recorded a consent withdrawing the appeal</li> <li>▪ KRA wrote to KTB and undertook to withhold any enforcement measures and also wrote to KCB withdrawing the agency notice</li> <li>▪ KRA lifted the agency notice</li> <li>▪ KRA and KTB are currently awaiting facilitation of the mediation</li> </ul>			

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		<p>through the Office of the Attorney General</p> <ul style="list-style-type: none"> <li>▪ A mediation meeting to highlight understanding of the Tax matter and what needed to be resolved was held on 27<sup>th</sup> April 2022 at the office of solicitor general with both KTB and KRA in attendance. As at 30<sup>th</sup> June 2022 both parties were still waiting for AG's interpretation of the proviso/legal issues</li> </ul> <p><b><u>Recognition Of Contingent Liability in The Financial Statements</u></b></p> <p>Based on the above facts, the contingent liability was disclosed by way of a note in the FY statements of 2017/18 and 2018/19.</p> <p>A full provision was made in 2019/20 following the judgement of the Tax Tribunal on 18<sup>th</sup> December 2019. The parties are pursuing mediation and KTB will implement the decision of the mediation proceedings</p>			
1	Trade and Other Payables from Exchange Transactions	KTB internal audit reviews the draft accounts and supporting schedules before these are presented to the Board Finance	DFA	Resolved	N/A

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	<p>Kenya Tourism Board had an outstanding Trade and other payables totalling Kshs. 226,018,472 as at 30 June 2020. List of the certified payables by the audit committee and /or the internal audit department was not provided thus it is not possible to confirm whether the said amount is genuine. In the absence of the list/schedule of the payables, it is not possible to confirm the propriety of the payables as presented in the financial statements.</p>	<p>Committee. In 2020, Internal Audit and Finance Department did a joint review of the draft accounts and financial schedules. We however note that this is not a requirement that Internal Audit and/or Audit Committee carries out this review.</p> <p>As is the practice, the KTB draft accounts and the supporting schedules were tabled to the Board Finance Committee in September 2020. The Committee then recommended these to Full Board for approval. The draft accounts and the supporting schedules were approved by the Full Board on 29<sup>th</sup> September 2020.</p> <p>We would appreciate to be guided by the Office of the Auditor General as to the guiding documents and/or provisions / regulations that require payables to be certified by the Internal Audit Department and/or Audit Committee. To our understanding, certification is required for pending bills as defined in the Performance Contract obligations. In KTB's case, these were</p>			

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		<p>normal trade and other payables and funds had already been set aside to make the payments. Most of these payments have since been paid in the new FY. In respect of the KRA liability, the parties continue to pursue mediation as explained above. KTB did not have any pending bills as at 30<sup>th</sup> June 2020 to require certification by Internal Audit Department and/or Audit Committee.</p>			
2	<p><b>Use of wrong procurement method</b> Kenya Tourism Board used request for quotation method to source for Media Buying Global online campaign that is way above the threshold matrix set (for goods/services Kshs.1,000,000) as per the first schedule on the Public Procurement and Disposal Regulations, 2006. Kenya Tourism Board (KTB) engaged Scanad Kenya Limited through request for quotation for Media buying online campaign at a total cost of Kshs.34,</p>	<p>As explained in the management letter, KTB has a contract with the mentioned supplier M/s Scanad Kenya. Included in the scope of the advertising services is media buying and placement on behalf of KTB as per clause 4.3 of the contract. The contract requires that Scanad gets approval of management prior to media placement and buying. Management therefore undertakes comparison of costed media schedules as an internal control measure to ensure that we get value for money. We wish to confirm that the agency services were competitively procured through an open tender process. The current process of comparing the media schedules through the RFQ is an internal management control to review and</p>	<p align="center"><b>CEO/PM</b></p>	<p align="center">Resolved</p>	

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	900,000 thus violating the threshold for the set matrix as set out in the first schedule of the Public procurement and Assets Disposal Regulations, 2006.	ensure value for money before funds for media buying can be committed. The contract document is provided for your reference- Integrated Agency Services KTB-Scanad Contract			
<b>3</b>	<b>Annual Procurement Plan</b> Kenya Tourism Board had an approved annual Procurement Plan for the financial year 2019/2020, However, the procurement plan has no itemized items and lacked the column for the items required. Failure to capture the items required under procurement plan, Kenya Tourism Board may procure Goods/services beyond a reasonable consumption of the Board. For instance, it is not clear how a supplier supplied 1000 pcs of branded Golf T-shirt and 40 pcs of	KTB itemizes procurement items where possible; however, in some cases this is not possible. This is because in most instances the specifics of the procurable items can only be known at a later stage of activity planning and quantifying the various items for each activity in the annual work plan is not possible because this information is not known at procurement planning stage. The information on the exact number of items is only known at a later date during the event planning stage of the project implementation. The management has put in a control measure for this by ensuring that all purchase requisitions have the itemized goods/services for procurement and are accompanied by a signed itemized budget drawn from the annual procurement plan. The itemized budget	<b>CEO/PM</b>	Resolved	Continuous

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	banners yet the number of T-shirt and banners were not specified in the procurement plan.	includes required quantities based on the confirmed event and participation. This therefore helps management to procure only what is necessary for the specific and confirmed events, thereby preventing procurement of items above the consumption requirements. Indeed, an audit of KTB operations will reveal that there have been no such instances of procurement of items beyond KTB's ability to consume.  We have however noted the observation and will continue improving the plan by indicating the specific number of items that are known at the procurement planning stage.			
<b>4</b>	<b>Outstanding Imprest/ Advances</b> It was observed that some former staff members who left the organization without being cleared by the Board still has an outstanding debt inform imprest and salary advance amounting to Kshs.1,723,845.97	The amount due form ex-staff relates to imprest and advances amounts that were not paid by former staff members. These cases were forwarded to DCI and EACC and have been on their follow up since 2007 but have not been successful.  These cases were also forwarded to the debt collector for recovery	<b>DFA/CEO</b>	Not Resolved	June 2023

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		<p>but was unsuccessful as well. Management has so far not managed to trace these debtors to ascertain their ability to pay after which legal action would be commenced.</p> <p>Management will make fresh follow up with EACC and DCIO and other private investigators and if not successful, the same will be recommended for write off as per the PFM Act/ Regulations.</p> <p>We also wish to confirm that management has strengthened controls relating to staff exits and all staff fill clearance forms before their terminal dues are processed.</p>			
5	<p><b>Fuel and Oil Expenses</b> The Board incurred a total expenditure of Kshs.955,346 for fuel and oil under Motor Vehicle Expenses. The management violated Government Directive Circular No. OP/CAB/10BA dated 30/4/2015 and</p>	<p>Management will seek exemption to allow KTB to fuel its vehicles at both at National Oil and at Total (K) Ltd since the latter has a higher regional distribution. This is because KTB carries out its activities in different localities and in some locations NOCK does not have fueling stations and /or do not use the fuel cards. Examples of such locations where KTB undertakes its activities and which do not</p>	<p align="center"><b>CEO</b></p>	<p align="center">Resolved</p>	

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	irregularly withdraw their fuel from Total Kenya instead of National Oil Corporation.	have NOCK fueling stations or do not accept fuel cards include Meru town, Maralal, Isinya, Kisumu, Athi River, Makueni, Meru, Naivasha, Mai Mahiu and Nanyuki.  Management has since written to our parent Ministry seeking the exemption so that KTB is allowed to fuel at other petrol stations			
<b>6</b>	<b>Failure to Implement IFMIS in Procurement</b> The Board management failed to implement IFMIS System and/or to link its Enterprise Resource Planning (ERP) with the IFMIS system and is therefore, not conforming to the Presidential Directive dated August 2014 and a repeated call in 2015, which required that all State Corporations like any other entities to employ full use of e-procurement by 1	As explained in the management letter, Kenya Tourism Board currently operates an SAP ERP system which has integrated Procurement, Budgeting and Finance modules. LPOs are linked to the defined budget lines in the ERP system.  KTB develops an annual procurement plan at the beginning of the Financial Year. The approved budget amounts are entered in the system at the beginning of the year and updated with revisions and reallocation as may be approved from time to time during the financial year. All procurements and commitments are linked to the budget module and the system does not allow	<b>CEO/IPM</b>	Resolved	

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	<p>January, 2019. This is in addition to the National Treasury Circular No.19/15, dated 18, August, 2015, Ref.DGIPE/A/1/10 Category 4 - Other Projects which states that "State Corporations are required to ensure that capital projects are captured in the Plan-to-Budget in IFMIS and e-PromIS as appropriate as to improve on the project database (record keeping) and enhance monitoring and evaluation.</p>	<p>procurement/commitments where the budgets are inadequate.</p> <p>In the Executive Order of June 2018, the National Treasury was to secure a seamless integration of all procurement entities to the e-procurement under the IFMIS. KTB participated in a survey carried out by the National Treasury for purposes of integrating the existing systems in all State parastatals with IFMIS but the National Treasury is yet to provide feedback on the same.</p> <p>As per the same Executive Order No. 2 of 2018 of June 2018, 'Procurement of Public goods, works and services by Public entities Presidential directive of 2018, KTB fully utilizes the Public Procurement Information Portal (PIIP) for tender advertisements and procurement reporting. We wish to confirm that KTB is in full compliance with the Executive Order No. 2 of 2018 and indeed was among the entities under State Department of Tourism that was published by PPRA as being compliant in the contract reporting- which recognized KTB as having complied to reporting</p>			

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		<p>requirements and Executive Order No. 2 of 2018.</p> <p>Management also wish to confirm that all capital projects are maintained in the e-ProMIS at the parent Ministry. New projects are recommended by the ministerial project committee to the National Treasury and once approved by the National Treasury, they are entered in the e-ProMIS by the Ministry of Tourism &amp; Wildlife. KTB and other State corporations send quarterly reports to our parent Ministry to update the e-ProMIS (for record keeping) as well enhancing monitoring and evaluation of the projects that are under implementation.</p>			
7	<p><b>Sponsorship Policy</b> During the audit, it was noted that the Kenya Tourism Board (KTB) sponsored various activities to the tune of Kshs.2,543,721 while relying on unsigned and un approved sponsorship policy. Further, such organization sponsored did</p>	<p>KTB receives a lot of sponsorship requests from various stakeholders both private and public institutions. It is for this reason that KTB developed a sponsorship policy to guide on the management and application of sponsorship criteria in line with the suitability of business to KTB.</p> <p>Management confirms that the policy was signed in September</p>	<p align="center"><b>CEO/DMD/ PRM</b></p>	<p align="center">Resolved</p>	

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	<p>not demonstrate the return on investment and other sources of income for their budget so as to cushion Kenya Tourism Board (KTB) on using significant resources on such activities as budgeted for by the beneficiaries/organizations thus going against the requirement of their own unsigned sponsorship policy.</p> <p>Kenya Tourism Board (KTB) has not demonstrated how each sponsorship has delivered a strong return on investment (ROI) for Kenya as a Tourism Destination and its products as a key principle of the sponsorship policy.</p> <p>The Board lacks framework and internal mechanism on monitoring on how the</p>	<p>2018.</p> <p>Management also confirms that the sponsorship policy was approved by the Board of directors on <b>21<sup>st</sup> September 2018</b>.</p> <p><b><u>Sponsorship Objectives &amp; Criteria</u></b></p> <p>Whereas other institutions sponsor activities and events for specific objectives including instant client/business conversions, KTB considers three main objectives while evaluating sponsorship requests. These are:</p> <ul style="list-style-type: none"> <li>• Destination brand visibility enhancement;</li> <li>• Stakeholder relation building; and</li> <li>• Top of mind destination awareness among travelers and visitors alike</li> </ul> <p>In some instances, KTB gives financial support to stakeholders undertaking activities that are directly beneficial to the promotion of tourism into and within Kenya. These events are sponsored under Corporate sponsorship budget line in the PR AWP. KTB evaluates</p>			

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	<p>sponsorship money granted to various organizations are being utilized, only in respect of such activities so as to ensure value for money and prudent use of public resources.</p>	<p>such requests as guided by the sponsorship policy. Each of the sponsorship request that is approved comes with specific benefits to KTB and the destination brand.</p> <p>The activities that were sponsored were analysed in terms of during the year and highlights the following:</p> <ul style="list-style-type: none"> <li>• sponsorship criteria;</li> <li>• requested amount;</li> <li>• approved amount;</li> <li>• responsibilities of the sponsored organization;</li> <li>• targets for the sponsorship (return on investment); and</li> <li>• Achieved Targets (return on investment);</li> </ul>			
<b>8</b>	<p><b>Marketing expenses</b> An examination of payment Voucher No. 27693 of 17/01/2020 paid to Scenic Air Safaris Limited for a one night Amboseli Air Safari Excursion for ladies LET Golf</p>	<p>Magical Kenya Ladies Open (MKLO) has become a major event in the calendar of golf sporting in Kenya, being a spin-off of the Magical Kenya Open (MKO) tournament sponsored by the Kenya government through the Ministry of Sports since 2018.</p>	<b>DMD/DFA/ PRM/IPM</b>	Resolved	

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	<p>Group 11 pax at a total cost of USD 7,160 approximately Kshs.716,000 reveals the following anomalies;</p> <ul style="list-style-type: none"> <li>It is not clear which procurement method was applied in identifying the Scenic Air Safaries Ltd limited to offer such services. No quotation, tender document nor framework contracting was availed for audit verification.</li> <li>Further, a memo dated 3/12/2020 from Public Relations Manager and addressed to the Chief Executive Officer states and reads in part "As part of our sponsorship support to the event, we are seeking your proposal of a familiarization trip by 11 golfers to Amboseli National Park on Saturday 7<sup>th</sup> September, 2019. No letter and</li> </ul>	<p>KTB through the Magical Kenya brand has supported the event in activation through various publicity opportunities to raise the awareness of the destination and thereby increase brand's visibility both locally and internationally. The event held in 2019 was executed in liaison with the Kenya Ladies Golf Union (KLGU) who were key in advising on participants for the pro – arm where the professionals get to interact with local players.</p> <p>On 2<sup>nd</sup> December 2019, the organizers of MKLO wrote to KTB requesting for sponsorship of <b>KShs 1Million</b> for the end of year party for the golfers and stakeholders (400 pax @KShs 2,500). In addition to this, there was also a 2<sup>nd</sup> request for safari for the players. This request for the sponsorship is as per attached email communication.</p> <p>Looking at benefits that would accrued from the KShs 1M dinner sponsorship, KTB did not pick on it since the benefits did not offer as much value to the destination as the safari for the participants.</p>			

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	<p>budget proposal from the said organizers was availed for audit verification. The identity of the 11 golfers who participated in the event have not been disclosed.</p> <ul style="list-style-type: none"> <li>The purported budget from the organizers for a budget of USD 7,700 (approximately Kshs.785,400) with some itemized budget activities as revealed in the memo has also not been provided for audit verification.</li> <li>A further review of correspondence from the procurement officer and addressed to one Ann Kanini and Kimutai Ngeno, Kenya Tourism Board (KTB) staff reads as follows; "This is not practical through a procurement process at this point. I suggest that you</li> </ul>	<p>KTB instead picked on the 2<sup>nd</sup> request of the safari/ familiarization trip for the golfers where they would get an opportunity to sample safari experience after their golf tournament.</p> <p>MKLO communicated back on the availability of 11 golfers for the one-day trip to Amboseli National Park. KTB assigned a videographer to accompany the team for the purposes of content generation which were activated on our magical Kenya social handles. The 11 golfers that participated were as per annex provided.</p> <p>Scenic Air was the only event partner on local air transfers as communicated by the organizers in their request for sponsorship. The organizers U.COM shared with KTB the brochure from Scenic Safaris for the excursions with a total cost of <b>USD 700</b> per person on single booking to cover the following items: Accommodation, ground transfers, park fees, sundowner cocktail bush walks and</p>			

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	<p>look for alternative methods to support the event this being a partnership instead of exposing the organization via an impossible procurement process". In disregard to the advice by their own procurement expert, the organization went ahead by engaging a service provider through an undisclosed process.</p>	<p>game drives. This formed basis for the budget of <b>USD 7,700</b> for the 11 golfers (Details captured in the attached Scenic Safari Excursion Package brochure)</p> <p>Management therefore wishes to clarify that this was not a procurement but a sponsorship of the safari/ famtrip through the official partner.</p> <p>The media value for local coverage of the safari/ famtrip on both print and electronic was <b>Kshs 49,350,609.00</b>. The media and branding reports were provided.</p> <p>Going forward, management will ensure that all relevant documents are attached to the payment vouchers for ease of reference.</p>			
<b>Prior year issues</b>	<b>1. Incomplete Contracts</b>				
	<b>1.1 Kenya Airways</b> The Board contravened the requirements of Public Procurement and Assets	As explained during the 2017/18 audit and 2019 audit report, KTB entered into a contract with Kenya Airways in respect of advertising and media opportunities on KQ-owned platforms for Ksh. 14M.	<b>CEO/CS/ DFA</b>	Resolved	

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	<p>Disposal Act, 2015 section 135(3) which provides contracts being entered into within the period specified in the notification but not before 14 days have elapsed. This requirement was contravened in the contract between the Board and Kenya Airways PLC at a contract price of Kshs.29,278,400 for advertisement and media opportunities on Kenya Airways (KQ) platforms (Phase II). The contract was not dated by both parties but the commencement as per the agreement was indicated as 1 September, 2017. Out of a total amount paid of Kshs.27,764,000, Kshs.17, 678,400 was invoiced on 21 June, 2017, three months before the contract commencement date.</p>	<p>Phase I of the same ran from <b>1<sup>st</sup> January 2017</b> for periods varying from 4 months to 12 months depending on the platforms. Payment was to be made to KQ within 30 days from <b>1<sup>st</sup> January 2017</b> (50%) and within 30 days from <b>1<sup>st</sup> June 2017</b> (50%).</p> <p>Upon expiry of the period and successful return on investment by KTB on the same, a Phase II campaign was negotiated with KQ. After a series of meeting and arriving at an agreement on the advertisement campaigns to be implemented, a contract was entered into for Ksh. 25.24M that ran from <b>1<sup>st</sup> September 2017</b> for periods varying from 4 months to 12 months depending on the platforms. The contract amount was accrued in 2016/17; the accrual was based on the fact that the partnership discussion had been done and an MOU was already in place. Payment was to be made to KQ at the end of January 2018 (50%) and end of February 2018 (50%).</p> <p>Payment to KQ was made as follows: Phase 1</p>			

**KENYA TOURISM BOARD  
ANNUAL REPORT & FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation )	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<ul style="list-style-type: none"> <li>• Ksh. 7,000,000 (50%) +VAT – March 2017</li> <li>• Ksh. 7,000,000 (50%) +VAT– July 2017</li> </ul> <p>Phase 2 payments were to be made as follows</p> <ul style="list-style-type: none"> <li>• Ksh. 12,620,000 (50%) +VAT – 30<sup>th</sup> Jan 2018</li> <li>• Ksh. 12,620,000 (50%) +VAT – 30<sup>th</sup> Feb 2018</li> </ul> <p>The payment for phase II was however made in May 2018 after receipt of the branding report in April 2018.</p> <p>We also confirm all payments were made to KQ based on deliverables that were supported by approvals from KTB after successful implementation of the advertising campaign.</p>			
	<p><b>1.2. Human Capital Synergies (HCS) Africa Limited</b> An agreement was signed between the Board and Human Capital Synergies</p>	<p>As explained during the 2017/18 audit and in the 2019 audit report, the supplier, Human Capital Synergies Ltd was awarded the tender for the provision of human resource outsourcing services. The professional opinion was submitted to the CEO and approved on</p>	<b>CEO/CS</b>	Resolved	

**KENYA TOURISM BOARD  
ANNUAL REPORT & FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation )	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>(HCS) Africa Ltd to provide management services for KTB Tourist Information Centers vide award letter Ref: KTB/9/1Vo/1 (195). Award notification was on 3 April, 2018 whereas contract commencement date was 1 April, 2018 to run for a year. This implies that the services were provided before the Company was notified of the award.</p>	<p>28<sup>th</sup> March 2018. The tender award thereafter issued on 3<sup>rd</sup> April 2018. In discussions with KTB, it was agreed that the supplier would take over the contracts of employment of existing KTB staff working as TIC Assistants and would meet their payroll costs w.e.f from the month of April 2018. The commencement date was thus captured as 1<sup>st</sup> April 2018 and the staff were taken off the KTB payroll and transferred to the outsourced service provider.</p> <p>Management have subsequently ensured that contracts are only entered into after 14 days following notification of awards.</p>			
	<p><b>1.3. Advance Payment to Exhibition Wise Ltd</b> An agreement was signed between the Board and Uganda Tourism Board, Rwanda Development Board and C. Liasides Exhibition Wise Limited Pissouri Cyprus for design, construction, storage</p>	<p>As explained during the 2017/18 audit and in the 2019 audit report, the supplier, Exhibition Wise Ltd was awarded the tender for the Design, Construction, Storage and Disposal of an Exhibition Stand for WTM 2016 and ITB 2017 with an option to renew for two more editions of WTM and ITB respectively. Payment was to be made to the supplier within 10 days of the end of each exhibition.</p>	<p align="center"><b>CEO/DFA/ CS</b></p>	<p align="center">Resolved</p>	

**KENYA TOURISM BOARD  
ANNUAL REPORT & FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation )	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>and disposal of an exhibition stand. This was in regard to the International Tourism Bourse (ITB) 2018 and the World Travel Market (WTM), London at a cost of Euros. 73,000 (Kshs.9,282,599.70) and Euros.89,000 (Kshs.11,317,142.10) respectively. The contract term stipulated payment to the contractor shall be made on receipt of an invoice by the project manager and to be made upon the complete removal of the stand at the end of the ITB and WTM and no later than 10 days after ITB and WTM. The Board went ahead and paid the amounts in full vide an invoice dated 15 February, 2018 before the event dates between 7 and 11 March, 2018 thus contravening Section 146 of the Public Procurement and Assets Disposals</p>	<p>In respect of the shows held in the 2017/18 FY, payment to the supplier was made as follows:</p> <p><b>Phase 1</b></p> <ul style="list-style-type: none"> <li>• WTM 2017 – 2/11/2017</li> <li>• ITB 2018 – 21/2/2018</li> </ul> <p>As explained in the management letter response, the payments were made earlier than stated in the contract following supplier's demand that an advance payment be made in view of the fact that the stand was already completed and in storage at the time. The supplier's demand was evaluated and it was found that indeed it was customary to make advance payment for such services and the Exhibition Constructor do not hand over the stand to the customer unless the amounts are fully paid. Management have subsequently ensured that contract terms are adhered to and/or amended via a formal addendum where/ when necessary.</p>			
		<p>The supplier demand letters were provided for reference.</p>			

**KENYA TOURISM BOARD  
ANNUAL REPORT & FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation )	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Act, 2015, as well as the contract agreement.				
	<p><b>1.4. Provision of Digital Strategy Execution Services by Seven Brands</b></p> <p>Tourism Board entered into a contract with Seven Brands on 4 May, 2018 for the provision of digital strategy execution services. The agreed amount for Media Buying was Kshs. 120,215,852 and was paid for in full vide cheque No.23462 dated 18 June, 2018 contrary to the provisions Section 147(1) of the Public Procurement and Asset Disposal Act, 2015.</p> <ul style="list-style-type: none"> <li>The trade and other receivables of Kshs.112,101,249 includes a balance of Kshs. 56,233,489 which relates to services still outstanding as at 30</li> </ul>	<p>As explained during the 2018/19 audit and in the management letter, we respond to the matter as follows:</p> <p><b>Payment of Ksh. 120,215,852</b></p> <p>The contract provided that, as part of the supplier obligations, Seven Brands would undertake media buying on behalf of KTB from time to time during the term of contract. The sums involved in the media buying would vary depending on KTB annual budgets as well as work plans and thus were not determinable in advance. For providing this service, Seven Brands were entitled to earn a 20% agency commission</p> <p>Once a need to undertake a media buying campaign arose at any time during the contract, the media buying funds were to be remitted to Seven Brands in advance as per industry practice, to enable them pay the 3<sup>rd</sup> party service providers such as Facebook &amp; Youtube. The supplier had clearly indicated this expectation in</p>	<p><b>CEO/CS/ Ag. DMD/ DFA</b></p> <p>Resolved</p>		

**KENYA TOURISM BOARD  
ANNUAL REPORT & FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation )	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>June, 2020 in relation to the Seven Brand contract. As at the time of audit in April 2020, the completion of the Website Redesign and the Media Buying Projects could not be ascertained.</p> <ul style="list-style-type: none"> <li>The contract between the Board and Seven Brands was terminated as per the correspondence dated 14 December, 2018. It was noted that the management had invoked Section 11.3 of the contract terms. The explanation given for the termination was that there were several agencies that deliver communication services to the organization hence the Board wished to combine all these communication agencies so as to</li> </ul>	<p>their financial proposal as well.</p> <p>In FY 2017/18, KTB determined the need to undertake a media buying campaign on various digital platforms. A detailed plan as well as media buying schedule was developed and approved. Accordingly, to enable the agency book and purchase media on these platforms on KTB's behalf, a payment was made on 18<sup>th</sup> June 2018 in respect of media buying in the sum of GBP 892,139.91 (KShs 120,215,852)</p> <p>These funds were NOT A PAYMENT TO SEVEN BRANDS in the sense envisaged by S.147(1) of the Act but were KTB funds to be used for making media space purchases on digital platforms such as Face book and Youtube which require upfront payment. These payments were transferred to Seven Brands solely for this purpose.</p> <p>If KTB has media buying funds for which it intends to run a campaign on Facebook, there are two options to proceed. Either by KTB buying the media directly from Facebook or contract an agency to do the same on KTB's behalf. The agency method</p>			

**KENYA TOURISM BOARD  
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation )	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>increase efficiency in messaging output and value.</p> <p>The Board went on further to issue correspondence to Seven Brands on 27 March, 2019 informing them that the termination letter dated 14 December, 2018 only related to the provision of digital, maintenance and hosting thus Seven Brands was still expected to carry out the contracted services in relation to Website Development and hosting up to project completion as provided for in the contract.</p> <p>As a result of the termination of the contract prematurely, the recoverability of Kshs. 56,233,489 paid to Seven Brands is doubtful.</p>	<p>affords KTB the benefit of the agency's expertise which KTB may not have internal capacity.</p> <p>This second method is more advantageous to KTB as the digital agency is able to provide much needed strategy, research, planning, execution, analysis and reporting capabilities which KTB does not possess. Both methods however entail payment in advance to Facebook as this is the established media buying policy by these online platforms.</p> <p>Digital media buying on online platforms such as Facebook require upfront payment. In the case of large campaigns such as those by tourism destinations, the agency contracting with Facebook will be required to connect their bank account or debit/credit card to the media buying campaign. Thereafter, Facebook will automatically debit the campaign costs from the designated bank account or bank card.</p>			
		<b>The termination of the contract</b>			

**KENYA TOURISM BOARD  
ANNUAL REPORT & FINANCIAL STATEMENTS  
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation )	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>As at the time of KTB reaching the decision to terminate the contract with Seven Brands, the supplier was providing three distinct services to KTB, that is:</p> <p>Digital strategy execution services including design and development services for online creatives, social media management as well and channel and partner campaigns. For this service, the supplier was earning a monthly retainer</p> <p>Website development services. This was a one-off project for which the supplier was to earn Ksh. 21M</p> <p>Media Buying services – As at the time of the decision to terminate the contract, the agency was implementing one project which was ongoing. For this, they were to earn a 20% commission.</p> <p>The decision to terminate therefore was intended to bring to a close the digital strategy execution services which would be amalgamated with offline advertising services and offered by an integrated advertising agency.</p>			

**KENYA TOURISM BOARD  
ANNUAL REPORT & FINANCIAL STATEMENTS  
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation )	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>However, it was not the intention to transfer midway the development of the website which was already briefed to Seven Brands. In addition, the media buying project that was already ongoing was to be completed by Seven Brands.</p> <p>The termination of the contract was aimed at stopping recurring expenditure (payment of monthly retainer) whilst at the same time requiring the agency to complete one-off projects that were already under implementation.</p>			

**CHIEF EXECUTIVE OFFICER**  
**7<sup>th</sup> March 2023**

**KENYA TOURISM BOARD  
ANNUAL REPORT & FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022  
APPENDIX II- PROJECTS IMPLEMENTED BY KTB**

Status of Project Completion	Project costs				Source of funds: Gok,A.I.A, dev. Actual Partners, Borrowings
	Project	Total project cost	Total Expended to date	Completion %age to date	
<b>i Ongoing Projects</b>					
Developing new and sustaining markets and sitting booths in Tourism					
1 Target Markets	6,424,090,000	1,900,883,889	30%	55,000,000	55,000,000 GOK
<b>Other Capital Items</b>					
Purchase of Furniture, Refurbishment of offices, office equipment & Motor vehicles	144,020,000	131,011,987	91%	-	- GOK
2 Computer Hardware & Softwares	100,890,000	81,304,124	81%	-	- GOK
<b>Total Capital Cost/ Budget</b>	<b>244,910,000</b>	<b>212,316,111</b>	<b>87%</b>	<b>55,000,000</b>	<b>55,000,000</b>
<b>Source of funds for the capital project</b>	-	-			
<b>Government Grants-Development</b>	<b>6,669,000,000</b>	<b>2,113,200,000</b>	<b>32%</b>	<b>55,000,000</b>	<b>55,000,000 GOK</b>

KShs 27.5M (being Developing new and sustaining markets) was received on 1st July 2022

**KENYA TOURISM BOARD**  
**ANNUAL REPORT & FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**  
**APPENDIX III: INTER-ENTITY TRANSFERS- MINISTRY OF TOURISM & WILDLIFE/ STATE**  
**DEPARTMENT OF TOURISM**



**MINISTRY OF TOURISM AND WILDLIFE**  
**STATE DEPARTMENT FOR TOURISM**  
**OFFICE OF THE PRINCIPAL SECRETARY**

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

NSSF Building, Block A 15<sup>th</sup> Floor  
 Bishops Rd  
 P.O. BOX 30027-00100  
 NAIROBI



When replying please quote;

REF: MOT/ACCTS/5/21/VOL.III/(26)

Date: 9<sup>th</sup> September, 2022

**The Chief Executive Officer**  
 Kenya Tourism Board  
 P.O. Box 30630-00100  
**NAIROBI**

**INTER-ENTITY CONFIRMATION LETTER**

The State Department for Tourism wishes to confirm the amounts disbursed to you as at 30<sup>th</sup> June 2022 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate them in column 'E' in the table below. Then please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by (Kenya Tourism Board) as at 30 <sup>th</sup> June, 2022								
Reference Number	Date Disbursed	Amounts disbursed by State Department for Tourism As at 30 <sup>th</sup> June, 2022				Total (KShs.) (D)=(A+B+C)	Amount Received By (SACA/SC/ Fund/project) as at 30/6/2022 (Kshs.)(E)	Difference (Kshs.) (F)=(D-E)
		Recurrent (Kshs) (A)	Development (Kshs) (B)	Inter-ministerial (Kshs.) (C)				
FT21243C351Y	31.08.2021	20,599,166.60	-	-	20,599,166.60	20,599,166.60	-	
FT2244Y8M85	04.10.2021	41,198,333.30	-	-	41,198,333.30	41,198,333.30	-	
FT2130185190	28.10.2021	41,198,333.30	-	-	41,198,333.30	41,198,333.30	-	
FT213519M4CN4	17.12.2021	20,599,166.60	-	-	20,599,166.60	20,599,166.60	-	
FT22062629LH	03.03.2022	41,198,333.30	-	-	41,198,333.30	41,198,333.30	-	
FT22110MVHSY	20.04.2022	20,599,166.60	-	-	20,599,166.60	20,599,166.60	-	
FT2213139RHP	11.05.2022	20,599,166.60	-	-	20,599,166.60	20,599,166.60	-	
FT2218261W5L	01.07.2022	20,599,166.60	-	-	20,599,166.60	20,599,166.60	-	
FT221820KBF5	01.07.2022	20,599,166.60	-	-	20,599,166.60	20,599,166.60	-	
FT21258Y79Q6	15.09.2021	-	13,750,000.00	-	13,750,000.00	13,750,000.00	-	
FT2200652P4G	06.01.2022	-	13,750,000.00	-	13,750,000.00	13,750,000.00	-	
FT22182TV0XS	01.07.2022	-	27,500,000.00	-	27,500,000.00	27,500,000.00	-	
<b>TOTAL</b>		<b>247,189,999.50</b>	<b>55,000,000.00</b>		<b>302,189,999.50</b>	<b>302,189,999.50</b>	<b>-</b>	

I confirm that the amount shown above are correct as of the date indicated

Head of Accounts Department  
 NAME: Frank Kirusi Signature: [Signature]  
 Date: 12.09.2022

**ZEINAB A. HUSSEIN, CBS**  
**PRINCIPAL SECRETARY**

Copy to:- Director General Accounting Services and Quality Assurance,  
 The National Treasury

**KENYA TOURISM BOARD  
ANNUAL REPORT & FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022  
APPENDIX IV- RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

ENTITY NAME: KENYA TOURISM BOARD

ENTITY NAME: KENYA TOURISM BOARD				Where Recorded/recognized				Others - must be specific	Total Transfers during the Year
Name of the MDA/ Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/ Development/ Others	Total Amount - KES	Statement of Financial Performance	Capital Fund	Deferred Income	Receivables		
Tourism Research Institute	19.05.2022	Others	4,840,000	4,840,000	-	-	-	4,840,000	4,840,000
<b>Total</b>			<b>4,840,000</b>	<b>4,840,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,840,000</b>	<b>4,840,000</b>


**Notes:**

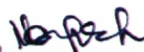
1. The amount of KShs. 4,840,000 was specifically granted as partial contribution towards the New Tourism Strategy Launch at the Nairobi National Park.

The above amounts have been communicated to and reconciled with the Tourism Research Institute.

Director Finance & Admin  
Kenya Tourism Board

Head of Accounting Unit  
Tourism Research Institute

Sign.....

Sign.....

**KENYA TOURISM BOARD  
ANNUAL REPORT & FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**



Ref : TF/CONF/1/125 VOL.II (74)

Date: 27<sup>th</sup> July, 2022

Dr. Betty Radier  
Chief Executive Officer  
Kenya Tourism Board  
P. O. Box 30630-00100  
**NAIROBI**



Dear *Dr. Betty*

**RE : KENYA TOURISM BOARD (KTB) FINANCIAL YEAR 2021/22  
GRANTS CONFIRMATION**

Tourism Fund wishes to confirm the amounts disbursed to you as at 30<sup>th</sup> June 2022 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below. Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by Kenya Tourism Board as at 30 <sup>th</sup> June 2022							
Reference No.	Date Disbursed	Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D) = (A+B+C)	Amount Received by KTB (Kshs.) as at 30 <sup>th</sup> June 2022	Differences (Kshs) (F)=(D-E)
1500004406	29 <sup>th</sup> July 2021	20,000,000	-	-	20,000,000		
1500004759	24 <sup>th</sup> August 2021	16,000,000	-	-	16,000,000		
1500005012	22 <sup>nd</sup> September 2021	20,000,000	-	-	20,000,000		
1500005363	14 <sup>th</sup> October 2021	20,000,000	-	-	20,000,000		
1500005797	16 <sup>th</sup> November 2021	20,000,000	-	-	20,000,000		
1500006177	16 <sup>th</sup> December 2021	20,000,000	-	-	20,000,000		
1500006352	14 <sup>th</sup> January 2022	30,000,000	-	-	30,000,000		
1500006664	18 <sup>th</sup> February 2022	20,000,000	-	-	20,000,000		
1500006805	16 <sup>th</sup> March 2022	20,000,000	-	-	20,000,000		
1500007075	17 <sup>th</sup> May 2022	5,000,000	-	-	5,000,000		
<b>Total</b>		<b>191,000,000</b>	-	-	<b>191,000,000</b>		

I confirm that the amounts shown above are correct as of the date indicated.  
Head of Finance of KTB

Name KIRUI FRED Sign *Kirui Fred* Date 01.08.2022

HEAD OFFICE, Tourism Fund Building, Valley Road, 5th Floor access from Bishops Road  
NAIROBI REGIONAL OFFICES: North 3rd & South 4th Floor.  
P.O. Box 46987-00100 Nairobi, Kenya Tel: +254 020 2714900/1/2, Mobile: 0717 363411 / 0780 400114, Fax: +254 020 2714901  
Toll Free: 08002210915, Email: info@tourismfund.co.ke, Website: http://www.tourismfund.co.ke **Page 1 of 2**

COAST REGION, Perera Building 3rd Flr, Next to Jubilee Building, Machakos Road, (Off Moi Avenue) P.O. Box 99832 - 80107 Kilindini Mombasa. Tel: 041 2259829 Mobile: 0703 287808 / 0780 400115

NORTH RIFT REGION, KVDA Plaza, 4th Flr, Oloo Street P.O. Box 8560 - 30100 Eldoret, Tel. 053 2063433 Tel. 053 2063433 Mobile: 0703 289367 / 0753 058744

WESTERN REGION, Re-insurance Plaza, 7th Floor, Oginga Odinga Road, P.O. Box 1406-40100, Kisumu, Tel: 057 - 2022247, Mobile: 0703 288464 / 0753 058836

SOUTH RIFT REGION, AFC Building, Mezzanine Floor, P.O. Box 2812 - 20100 Nakuru, Tel: 051 - 2215660, Mobile: 0717 359988 / 0780 400117

CENTRAL KENYA REGION, Sohan Plaza, 4th Floor, Moi/Nyayo Road P.O. Box 348 - 10100 Nyeri, Tel: 061 2030 139 Mobile: 0705 395118 / 0780 400118

Yours Faithfully,

**David K. Mwangi  
Ag. Chief Executive Officer**

Cc: Director General Accounting Services and Quality Assurance  
National Treasury  
**NAIROBI**

**KENYA TOURISM BOARD  
ANNUAL REPORT & FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

ENTITY NAME: KENYA TOURISM BOARD

ENTITY NAME: KENYA TOURISM BOARD				Where Recorded/recognized					
Name of the MDA/ Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/ Development/ Others	Total Amount - KES	Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	Total Transfers during the Year
Tourism Promotion Fund	19.04.2022	Development	100,000,000	100,000,000	-	-	-	-	100,000,000
<b>Total</b>			<b>100,000,000</b>	<b>100,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>100,000,000</b>

**Notes:**

1. The amount of Kshs. 100,000,000 was granted to finance the domestic marketing for the FY 2021/22.

The above amounts have been communicated to and reconciled with the Tourism Promotion Fund.

Director Finance & Admin  
**Kenya Tourism Board**

Head of Accounting Unit  
**Tourism Promotion Fund**

Sign.....  


Sign.....