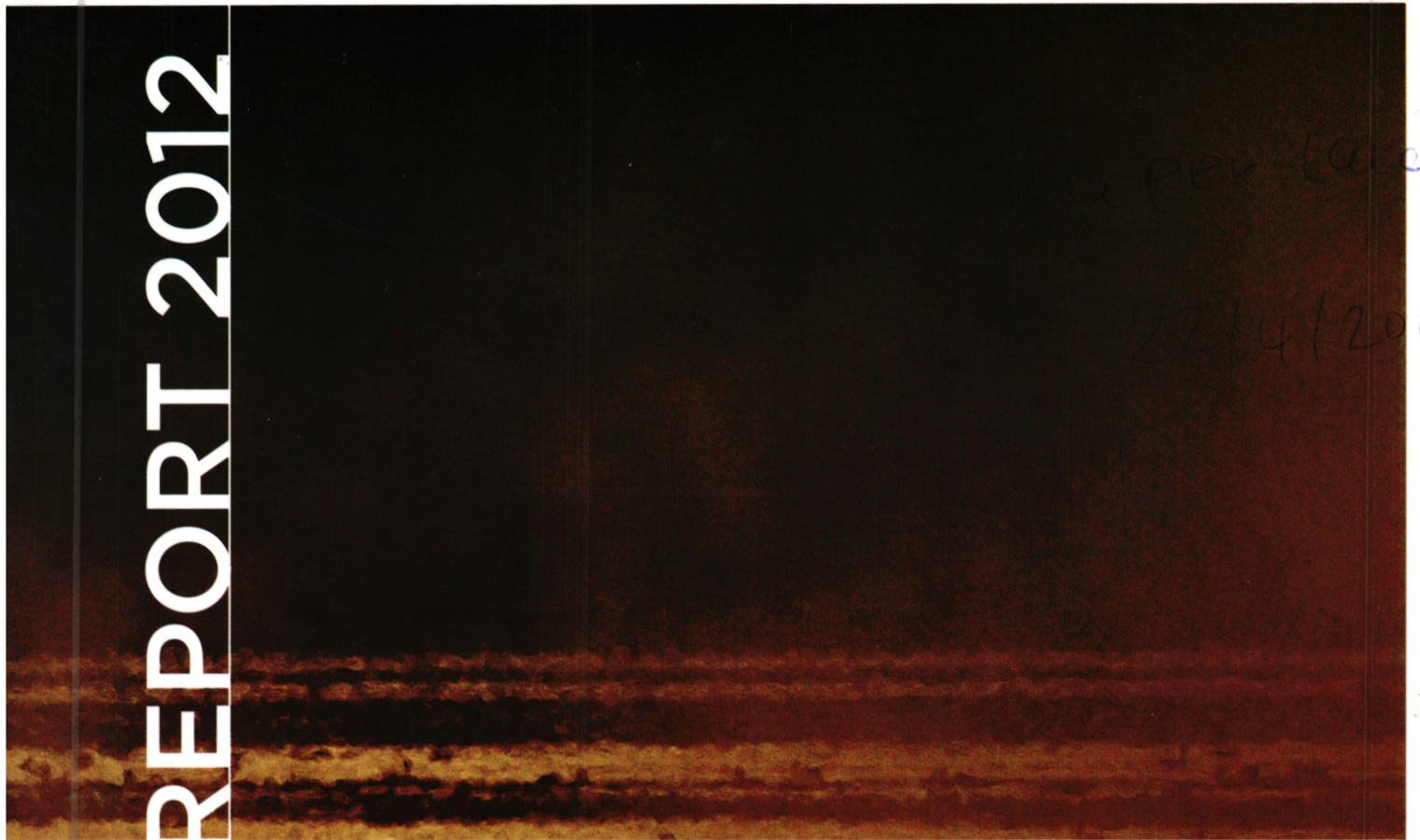
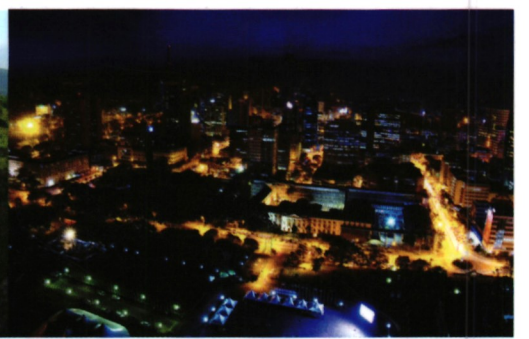
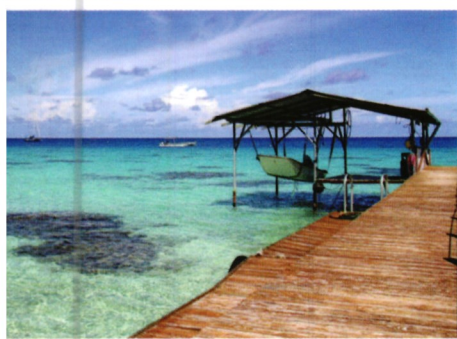


REPORT 2012

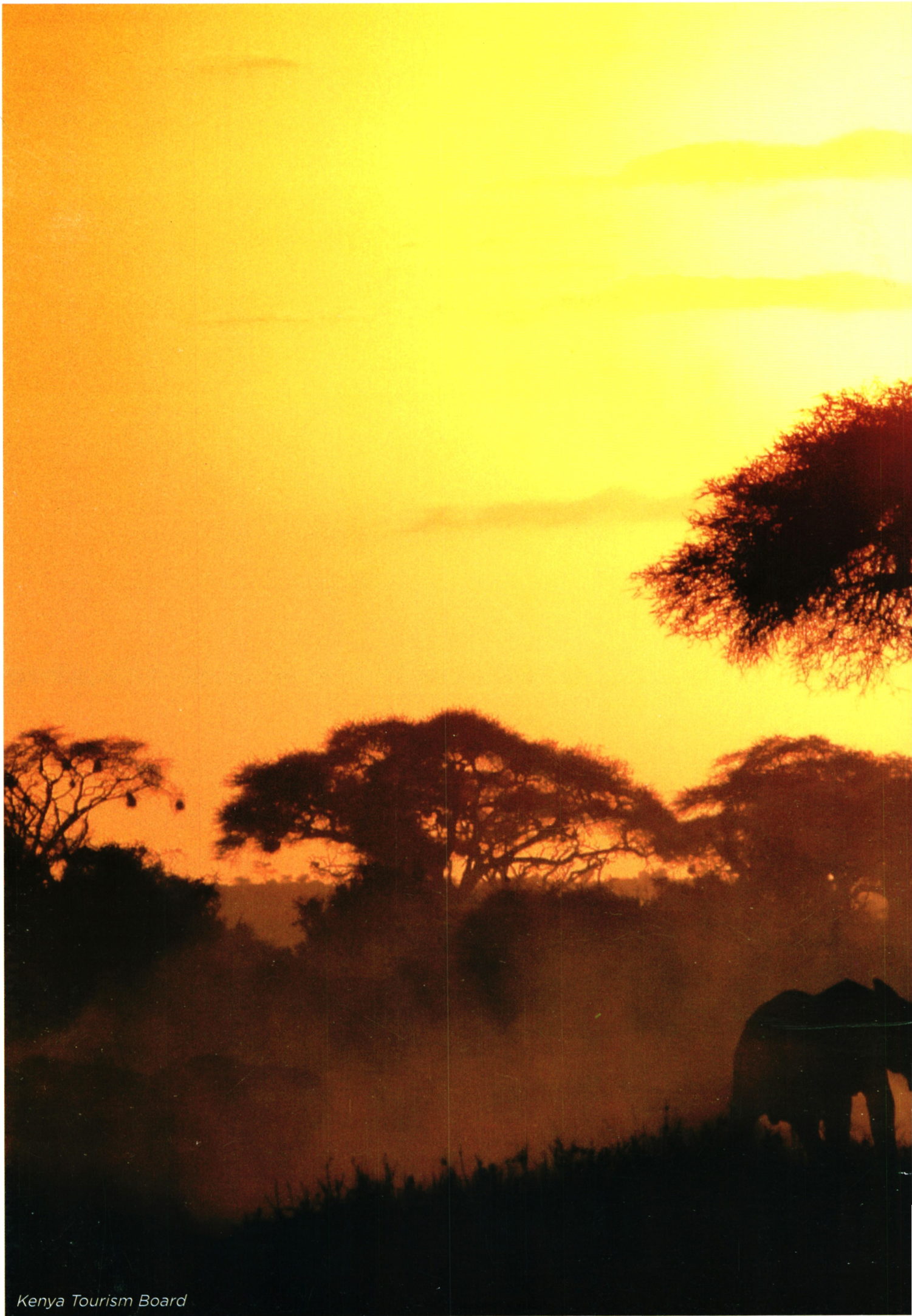


2012/14/2014



ANNUAL





Protecting our natural assets

paper land

22/4/2014

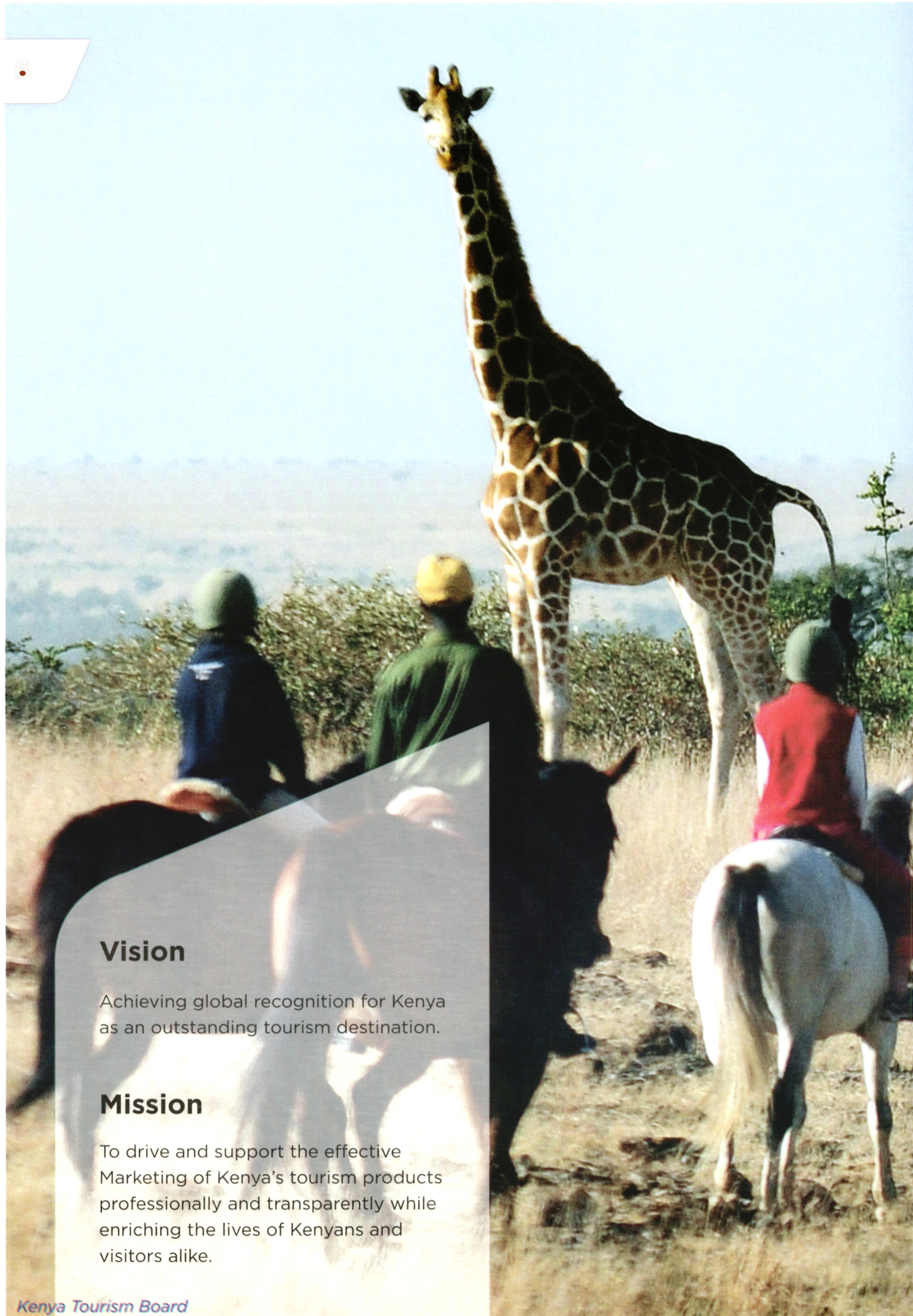
PARLIAMENT
OF KENYA
LIBRARY

Soaring beyond expectations



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Vision

Achieving global recognition for Kenya as an outstanding tourism destination.

Mission

To drive and support the effective Marketing of Kenya's tourism products professionally and transparently while enriching the lives of Kenyans and visitors alike.

Proud to stand tall



Connecting deeper with nature



KTB

Service Charter

The Kenya Tourism Board is a State Corporation established through legal notice No. 14 of the 7th February 1997 Presidential Order, namely: THE KENYA TOURIST BOARD ORDER, 1997, under the legal provision of the State Corporations Act Cap. 446, Laws of Kenya and subsequent review of the Legal Notices.

MANDATE

The Mandate of the Board is to promote and market Kenya as a tourist destination both locally and internationally.

OUR CUSTOMERS

Local

- Employees
- Government
- The Tourism Private Sector
- Suppliers
- The General Public
- Media
- Domestic Tourists

International

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

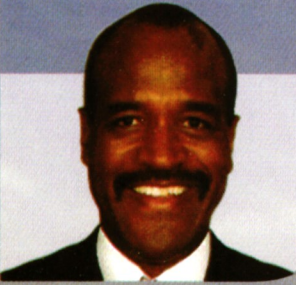
OUR SERVICES

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

Board of Directors

BOARD INFORMATION



Mr. Kitili Mbathi
 • Chairman
 • Appointed 28th September 2011



Ms. Patricia Ithau
 • Appointed 19th July 2011



Mr. Muriithi Ndegwa
 • Managing Director



Ms. Ann Wanyoike
 • Appointed 19th July 2011



Mr. Joseph K. Kinyua, CBS
 • PS, Treasury
 • Alternate Mr. James Tuamwari



Mr. Mohan Chandra



Mrs. Leah Gwiyo, CBS
 • PS, Ministry of Tourism



Dr. Julius Kipng'etich
 • Director, Kenya Wildlife Service
 • Appointed 19th July 2011



Mr. Mutea Iringo, CBS
 • PS, Internal Security
 • Alternate Mr. Shadrack Mwadime



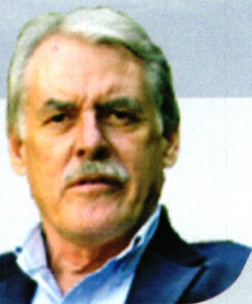
Mr. Mahmoud Jan Mohamed
 • Appointed 19th July 2011



Mr. Abdul Samji
 • Appointed 19th July 2011



Mr. John Cleave
 • Appointed 19th July 2011



◀ Mr. David Stogdale
• Appointed 19th January 2012



Ms. Tasneem Adamji, HSC ▶
• Retired 17 July 2011



◀ Mr. Michael Joseph
• Retired Chairman
• Retired 8th August 2011



Ms. Betty Radier ▶
• Retired 17th July 2011



◀ Mr. Khalid Shapi, HSC
• Retired 17th July 2011



Mr. Adam Jillo ▶
• Retired 7th January 2012



◀ Ms. Lucy Karume
• Retired 17th July 2011

Company Secretary and Legal Counsel

- Mr. Allan Njoroge

Principal Officers

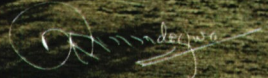
- Ms. Jennifer Opondo
- Director of Marketing
- Mr. M.C. Voi Chiuli
- Head of Human Capital & Administration
- Mrs. Mary Maina
- Head of Internal Audit
- Mr. Orumoi T. Jonah
- Head of Finance



◀ Mr. Jaideep S. Vohra
• Retired 17th July 2011

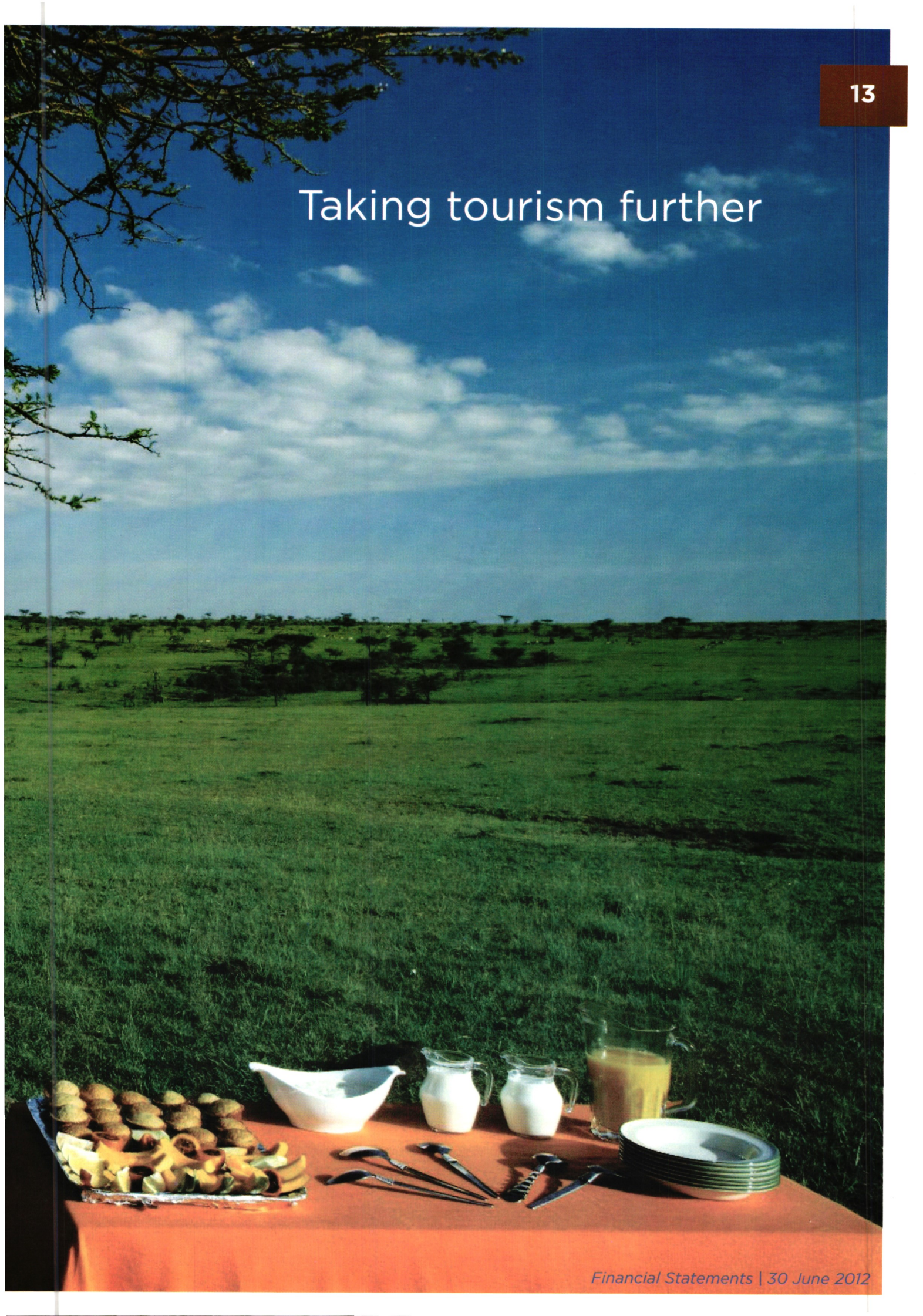


◀ Mr. Wilfred ole Kina
• Retired 17th July 2011


**By order of the Board
Managing Director**



Taking tourism further



PRINCIPAL PLACE OF BUSINESS

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

SERVICE DELIVERY CENTRES

NAIROBI

Jomo Kenyatta International Airport
Nairobi
Phone: 822111 - Ext. 5299/341728

MOMBASA

Mombasa International Airport
Mombasa
Phone: 020 204 73 70

Market Development Representatives (MDRs)

GERMANY

Ms. Gabi Romberg
Travel Marketing Romberg
Schwarzbachstrasse 32 40822
Mettmann Near Dusseldorf
Germany
Phone: 49 0 2104 832919
Fax: 49 02104 912673
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 Fax: +27 (0) 11 7838135
 Email: cthome@aviareps.com

Bankers

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Moi Avenue Branch
P. O. Box 484 - 00100
Nairobi

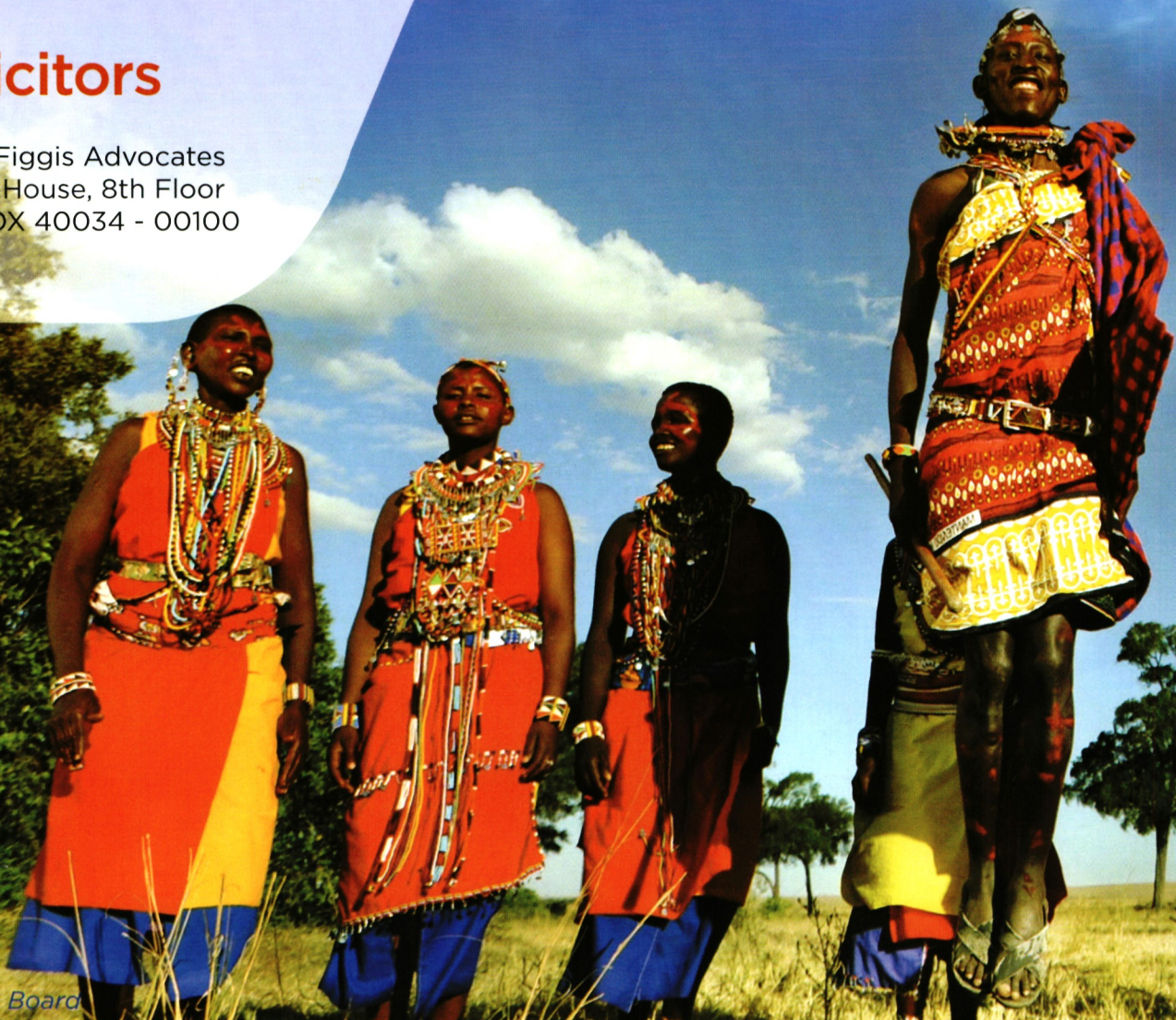
Commercial Bank of Africa
Wabera Street
P. O. Box 30437 - 00100
Nairobi

Auditors

Auditor General
Kenya National Audit Office
Anniversary Towers
P. O. Box 30084 - 00100
Nairobi

Solicitors

Daly & Figgis Advocates
Lonrho House, 8th Floor
P. O. BOX 40034 - 00100
Nairobi



Creating a culture of excellence



Corporate Governance

Introduction

Corporate governance is the process by which companies are directed and controlled. The concept of corporate governance has gained prominence and is enshrined in codes of best practice developed by Organization for Economic Co-operation and Development (OECD), Commonwealth Association of Corporate Governance (CACG) and the Centre for Corporate Governance in Kenya.

The directors recognize the need to conduct the business and operations of the Board with integrity and in accordance with generally accepted corporate practice and endorse internationally developed principles of corporate governance. The directors will continue to focus their attention on maintaining the highest standards of corporate governance and business ethics in the Board's operations

Board of Directors

The members of the board are shown on Page 10 & 11. The Board is chaired by a non executive chairman Mr. Kitili Mbathi appointed by the President. All members of the board have extensive business and administrative experience in private and/or public sectors that is applied in the management of the Board. Directors' allowances, honoraria and related transactions are disclosed in note 13 to these financial statements. Board meetings are held regularly to review the Board's performance against set targets and business plans as well as to formulate and implement strategy. Various committees whose chairpersons report to the Board supplement the functions of the Board.

Board Finance and Establishment Committee

The Board Finance and Establishment committee is chaired by non executive director (Mr. Abdul Samji) and meets on a quarterly basis. The other members are Director-KWS, PS-Treasury, PS-Ministry of Tourism, PS-Office of the President, Mr. John Cleave and the Managing Director. The committee's responsibilities include ensuring overall sound financial reporting, internal system of controls, review of business plans and budgets, establishment and staff affairs.

Board Audit Committee

The Board Audit Committee is chaired by a non executive director (Ms Anne Wanyoike) and meets on a quarterly basis. Other members who are non executive directors are the PS-Treasury, PS-Tourism, Mr. Mohan Chandra, Mr. David Stogdale and an independent Head of Internal Audit (Mrs. Mary Maina). The responsibilities of the committee are to review the financial information of the board, monitoring the effectiveness of management information and internal control systems, deliberate on significant findings arising from both internal and external audits and review the overall risks facing the board.

Board Marketing Committee

The Board Marketing Committee is chaired by a non executive director Ms Patricia Ithau and meets on a quarterly basis. Other Members are, Mr. John Cleave, Mr. Mahmoud Jan Mohamed, Mr. Mohan Chandra, Mr. David Stogdale, Anne Wanyoike, Director-KWS, PS-Ministry of Tourism and the Managing Director. 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.

Delegation of Responsibilities

The preparation of KTB's financial statements is a role that has been delegated to management. These financial statements have been prepared in accordance with internationally accepted accounting practice based on appropriate accounting policies which have been consistently applied and supported by reasonable judgment and estimates.

Management ensures that adequate internal financial control systems are developed to provide reasonable certainty in respect of:-

- The completeness and accuracy of accounting records
- The integrity and reliability of the board's annual financial statements
- The safeguarding of the Board's assets

The responsibility for the integrity, reliability and objectivity of the Board's financial statement lies with the Board of Directors.

The external auditors are responsible for independently examining and expressing an opinion on the reasonableness of the financial statements based on their audit. The auditors' report is set out on page 33.

Corporate Social Responsibility

Amongst the initiatives and endeavors that we participate in includes the support of charities.

Chairman's Report

The year under review has been characterized by sustained growth, exceeding the performance of previous years both in terms of revenue earned and visitor numbers. According to UNWTO, global international tourist arrivals grew by 4.4% in 2011 to a total of 980 million, up from 939 million in 2010, in a year characterized by a stalled global economic recovery, major political changes in the Middle East and North Africa and natural disasters in Japan.

In Kenya, international tourist arrivals by air and sea for the year 2011 closed at 1,265,136 with KShs 97.9 billion being generated in revenue representing the best results ever for the destination and a clear indication of full recovery from the crisis precipitated by post election violence in 2008. This represents remarkable growth given the fact that during the year under review, the global economy had still not fully recovered from the economic slump and the euro zone crisis.

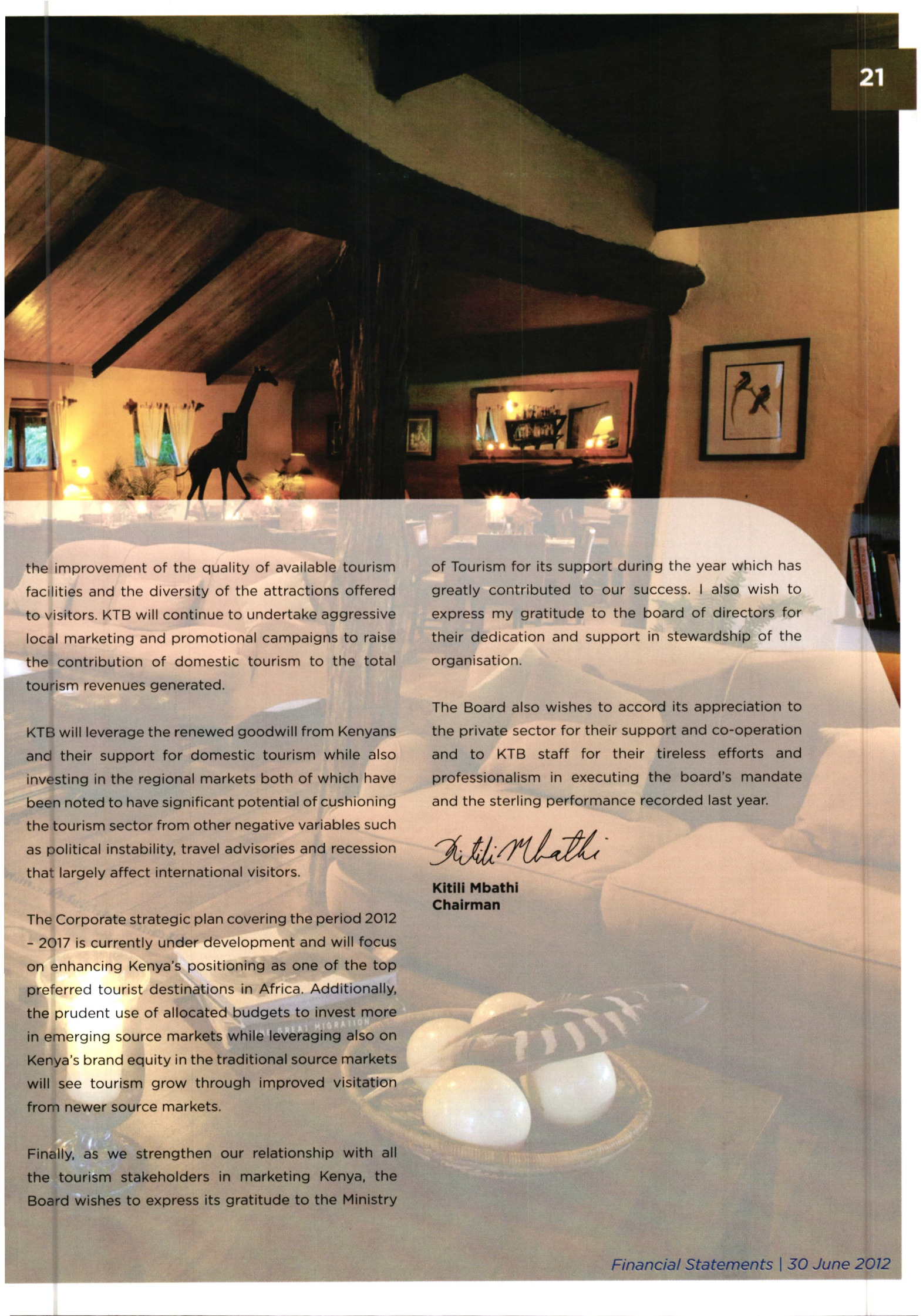
This growth is mainly attributed to market and product diversification strategies employed by the Kenya Tourism Board (KTB), as well as an increase in visitor numbers as a result of entry of new airlines to the market during the year. We anticipate to maintain this growth and the performance in the half year are encouraging. Total international arrivals for the first half of 2012 by air and sea closed at 564,835

compared to 549,083 in the same period in 2011, representing a 2.9% growth. Further diversification of products and opening up of new circuits as well as introduction of niche products is envisaged to add on to the already popular safari and beach products. Improved infrastructure and enhanced focus on ecotourism that benefits the communities in areas where tourism thrives will ensure preservation of delicate eco systems.

KTB will continue to lobby airlines to introduce direct flights from key source markets into Kenya in order to ease air access into the destination and increase the number of visitors to Kenya. The expansion of JKIA and upgrading of the Kisumu Airport to international standards will directly contribute to growth in tourism numbers. Improvement of roads leading to key tourist areas will also boost growth.

Future Outlook

The broad sector goals for 2012 as envisioned in the Vision 2030 economic blue print include increasing international visitor numbers and revenue, exploiting the under-utilized parks and marketing niche products while increasing bed capacity to accommodate the expected increase in arrivals. In order to achieve the goal of increasing the average spending per visitor, KTB will market the up-market safari and niche products to raise the yield per visitor and continue to lobby for



the improvement of the quality of available tourism facilities and the diversity of the attractions offered to visitors. KTB will continue to undertake aggressive local marketing and promotional campaigns to raise the contribution of domestic tourism to the total tourism revenues generated.

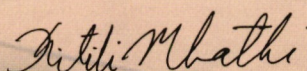
KTB will leverage the renewed goodwill from Kenyans and their support for domestic tourism while also investing in the regional markets both of which have been noted to have significant potential of cushioning the tourism sector from other negative variables such as political instability, travel advisories and recession that largely affect international visitors.

The Corporate strategic plan covering the period 2012 - 2017 is currently under development and will focus on enhancing Kenya's positioning as one of the top preferred tourist destinations in Africa. Additionally, the prudent use of allocated budgets to invest more in emerging source markets while leveraging also on Kenya's brand equity in the traditional source markets will see tourism grow through improved visitation from newer source markets.

Finally, as we strengthen our relationship with all the tourism stakeholders in marketing Kenya, the Board wishes to express its gratitude to the Ministry

of Tourism for its support during the year which has greatly contributed to our success. I also wish to express my gratitude to the board of directors for their dedication and support in stewardship of the organisation.

The Board also wishes to accord its appreciation to the private sector for their support and co-operation and to KTB staff for their tireless efforts and professionalism in executing the board's mandate and the sterling performance recorded last year.



Kitili Mbathi
Chairman

Managing Director's Report

The year 2011, recorded the best performance in revenue and tourist arrivals witnessed so far in the history of Kenya's tourism. Arrivals by air and sea closed at 1,265,136 compared to 1,095,842 in the same period in 2010, showing a 15.4% growth. Cross border arrivals estimates amounted to 520,246, bringing total arrivals for the year to 1,785,382. The year 2011 raked in KShs 97.9 billion in revenue thus the best results ever.

During the period under review, Jomo Kenyatta International Airport (JKIA) grew by 19.5% to record 1,030,436 arrivals, compared to 2010 that registered 862,586 visitors. Moi International Airport Mombasa received 233,844 visitors, compared to 232,699 in 2010. The minimal growth in arrivals through the Mombasa airport has been attributed to the euro zone crisis and the withdrawal and suspension of charters. Mombasa was also affected in the earlier part of the year as a result of negative publicity occasioned with the few isolated cases of the kidnapping of tourists within the coastal region.

Source Market Performance

The year 2011 showed a positive growth from all source markets. By the close of 2011, more than 87% of the source markets had recovered fully and surpassed 2010 levels. Out of the traditional source

markets, only France (-3.6%), Netherlands (-9.8%) and Austria (-10.5%) are yet to match 2010 arrivals. Amongst the key source markets, the top five markets performance is as follows ; UK posted 203,290 arrivals up from 174,051 in 2010 showing a 16.8% growth, USA recorded 10.9% growth posting 119,615 arrivals up from 107,842 in 2010.

Italy recorded 9.9% growth with 87,694 arrivals up from 58,986 in 2010 while Germany rose from 63,011 in 2010 to 68,737 posting a 9.1% in growth. India recorded the highest growth of 23.9% with 58,986 arrivals up from 47,611 in 2010. It is noted that India replaced France to become the number five source market in the month of June 2011 and this trend was sustained in the rest of the year. Other markets that have illustrated impressive growth (above 40%) include Hungary (47.7%), Poland (42.1%), UAE (42%) and the Czech Republic (40.2%). Improving performance from these markets is envisioned in the years to come.

Regional and Emerging Markets Performance

Uganda has maintained its lead in the arrivals from the African region, recording 42,674 inbound visitors, 25.9% growth compared to the same period in 2010.



Following closely was South Africa that recorded 38,354 arrivals a 16% growth compared to the same period in 2010. Tanzania came in third place with 34,322 arrivals, a 13.4% growth from 2010. From the Asian markets, China recorded 37,432 visitors, a 31.4% growth compared to the same period in 2010 and from the Middle East, UAE grew by 42% to 21,128 arrivals compared to 2010. Going by these performances, there is a clear picture on the need to invest on emerging, regional and African markets. This is so because of their resilience during turbulences such as economic recession affecting other source markets.

As the country's tourism marketing agency, we shall continue to intensify our marketing campaigns and public relations activities in our source markets as per the changing needs and trends among tourists.

Diversification of tourism products will go a long way in meeting the varied needs of our clientele and we are pushing this strategy during our marketing campaigns. The unexplored areas such South Eastern circuit and the northern part of the country which is rich in culture, scenery, the lake regions, adventure, sports and conferencing are among products we are marketing in line with our strategy.

Domestic Market

With regards to the contribution from the domestic market, we have renewed our efforts in aggressive marketing so as to raise the current contribution from this segment which is about a 37% bed occupancy. By raising the contribution from domestic market, the industry will be cushioned from other negative variables such as political instability, travel advisories or recession that largely affect our international visitors.

Finally, we recognize and appreciate the support we continue to get from our parent ministry on policy guidance and our stakeholders who continue to support us in our endeavors.

A handwritten signature in black ink, appearing to read 'Muriithi Ndegwa', is written over a light-colored, textured background.

Muriithi Ndegwa
Managing Director

Report Of The Directors For The Year Ended 30th June 2012

The Board submits their report together with the draft financial statements for the year ended 30th June 2012, which show the state of the KTB's affairs.

PRINCIPAL ACTIVITIES

Kenya Tourist Board was formed as a State Corporation, through Legal Notice No. 14 (Kenya Tourist Board Order, 1997) published in the Kenya Gazette on 7th February 1997.

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

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

QUALITY POLICY

The 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. Furthermore, they shall be reviewed regularly in compliance with ISO 9001:2008 while continuously seeking to understand the needs and requirements of our customers, business stakeholders and partners.

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

RESULTS

The results together with the notes for the year are shown from page 36 to 55.

Five Year Financial Summary

	2011/12	2010/11	2009/10	2008/09	2007/08
INCOME	Kshs	Kshs	Kshs	Kshs	Kshs
Government grant	688,750,000	650,000,000	750,000,000	783,098,220	667,202,048
EU grant - refund	25,458,432	346,744,966	63,679,095	126,332,819	66,525,698
CTDLT grant	340,000,000	150,000,300	150,000,000	144,605,829	144,028,542
Industry contribution	51,960,174	36,808,175	40,948,499	23,206,325	31,698,104
Miscellaneous income	31,934,286	18,237,574	77,079,587	23,356,135	13,439,377
Total Income	1,138,102,892	1,201,791,014	1,081,707,181	1,100,599,328	922,893,769
EXPENDITURE					
Marketing	889,248,252	1,133,594,177	978,082,579	805,537,108	644,973,783
Personnel emolument	194,953,163	185,047,825	152,477,508	115,649,079	88,247,787
Operation & maintenance	76,475,145	91,299,560	106,550,616	100,512,600	84,260,078
Total Expenditure	1,160,676,561	1,409,941,563	1,237,110,703	1,021,698,787	817,481,648
	(22,573,668)	(208,150,548)	(155,403,522)	78,900,541	105,412,121



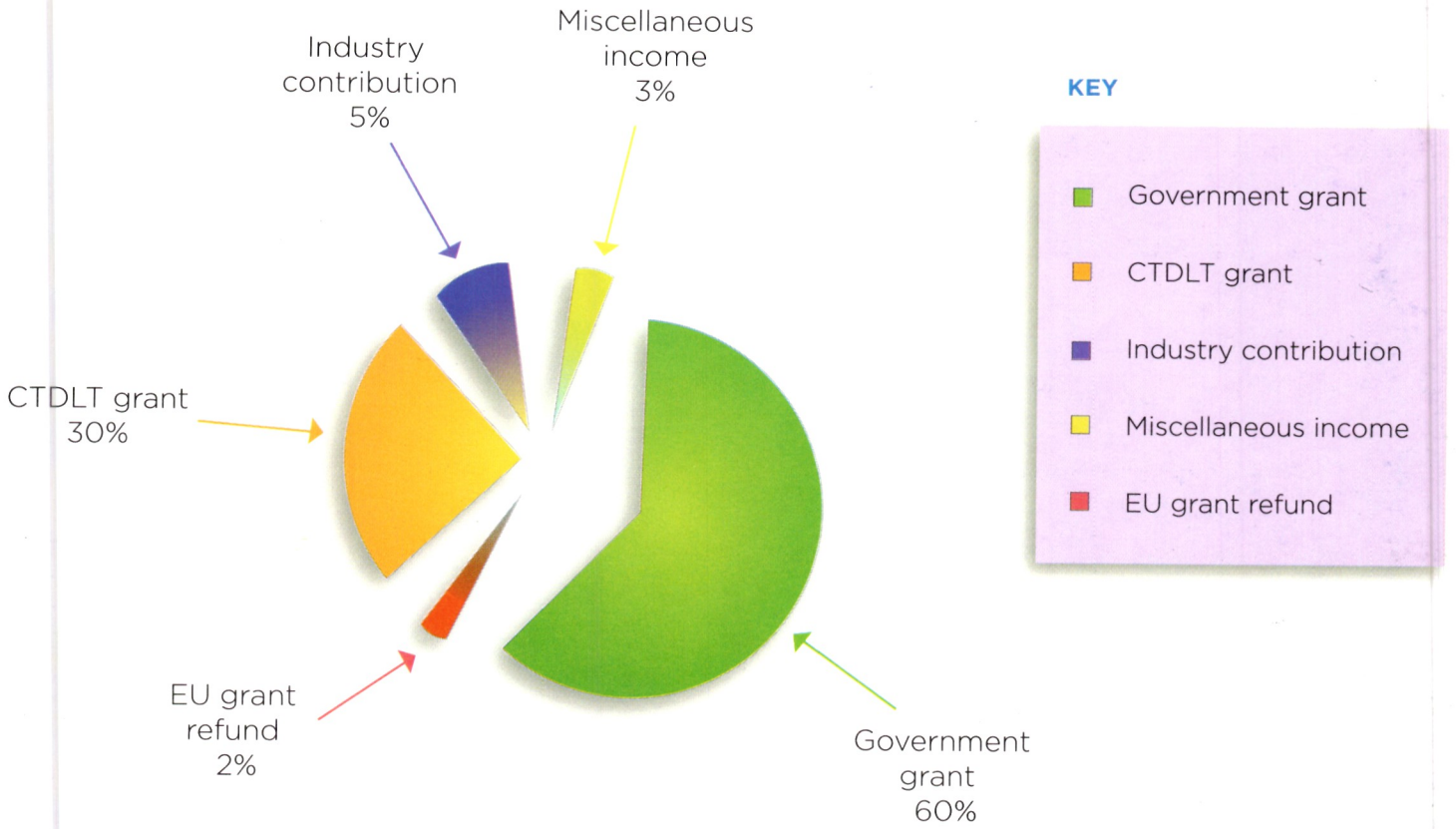
Embarking on a great journey
onwards

Looking forward to a greater future

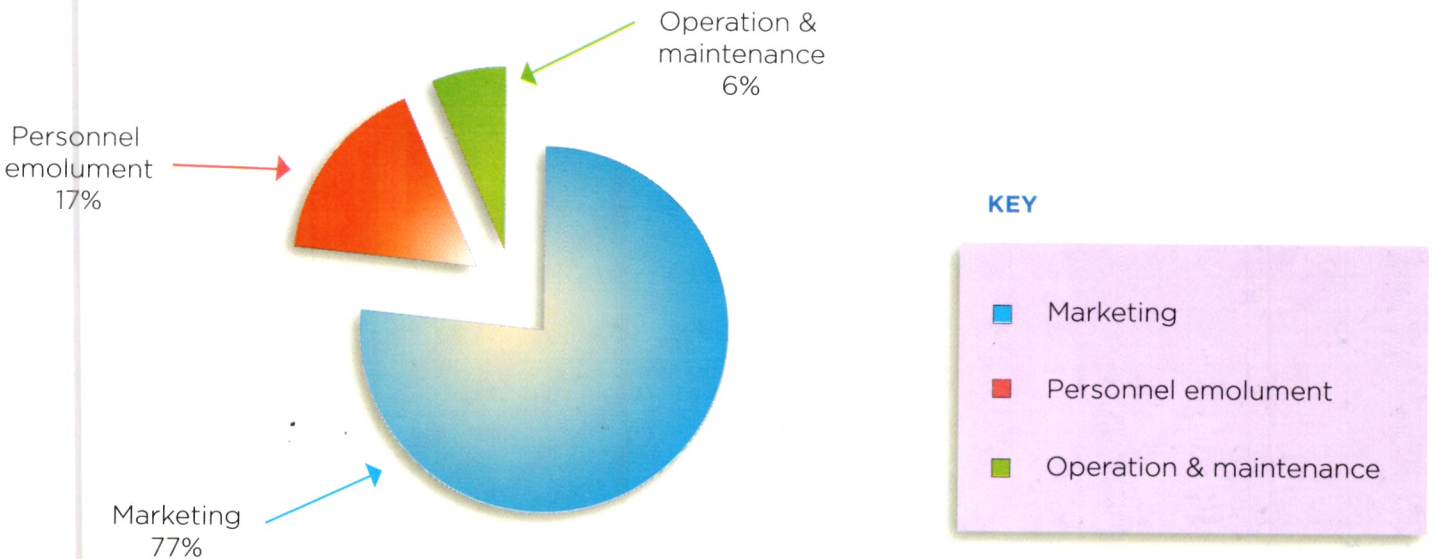


Financial Graphs: Five Year Average

Income Source



Expenditure





Promoting the world's best safaris



Statement Of Directors' Responsibilities

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

The Board accepts responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards.

The Board is of the opinion that the financial statements give a true and fair view of the state of the financial affairs of KTB and of its operating results. The Board further accepts responsibility for the maintenance of accounting records, which may be relied upon in the preparation of financial statements, as well as designing, implementing and maintaining adequate internal control systems relevant to the preparation and fair presentation of financial statements that are free from material misstatement.

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



Mr. Muriithi Ndegwa
Managing Director



Mr. Kitili Mbathi
Chairman

Report Of The Auditor General On Financial Statements For The Year Ended 30 June 2012

I have audited the accompanying financial statements of the Kenya Tourism Board set out on pages 36 to 55, which comprise the statement of financial position as at June 30, 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flow 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 14 of the Public Audit Act, 2003. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 13 of the Public Audit Act, 2003.

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 15 of the Public Audit Act, 2003. The audit was conducted in accordance with International Standards on Auditing. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

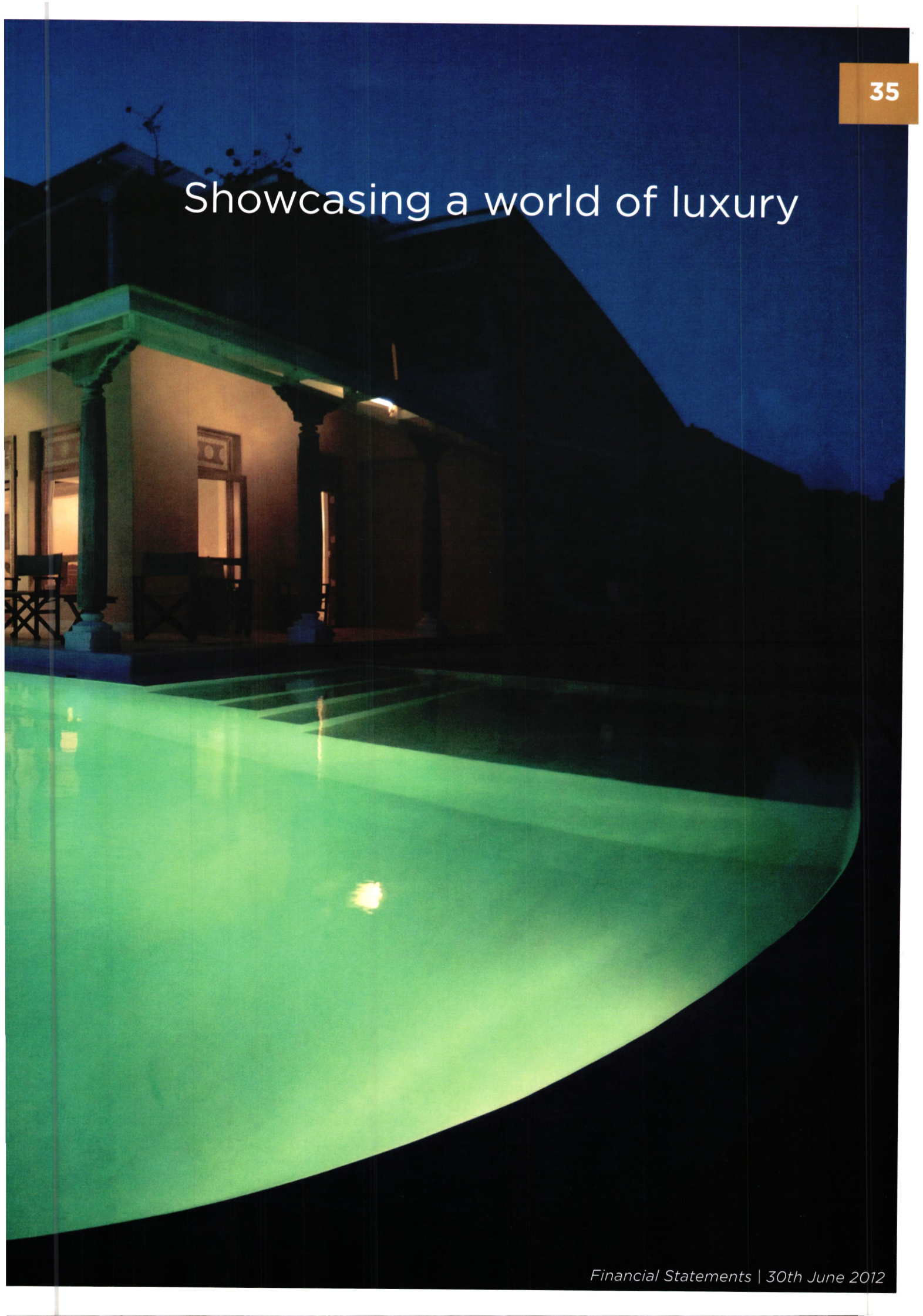
In my opinion, the financial statements present fairly, in all material respects the financial position of the Board as at 30 June, 2012 and of its financial performance and of its cash flow for the year then ended, in accordance with International Financial Reporting Standards and comply with the Kenya Tourist Board Order, 1997.



Edward R. O. Ouko, CBS
Auditor-General



Showcasing a world of luxury



Statement Of Financial Position as at 30th June 2012

	Note	30th June 2012	Restated 30th June 2011	Restated 30th June 2010
		KShs	KShs	KShs
Assets				
Non-Current Assets				
Property, Plant & Equipment	3(I)	7,323,208	11,748,280	17,100,484
Intangible Assets	3(II)	1,403,163	4,886,745	10,050,150
Total		8,726,372	16,635,025	27,150,634
Current Assets				
Inventory	4	5,942,083	4,395,158	9,957,618
Trade & Other Receivables	5	11,036,737	14,961,190*	8,538,860*
Short Term Investments	6	-	100,000,000	350,000,000
Cash and Bank Balances	7	256,806,312	122,518,756	109,275,316
Total		273,785,132	241,875,103*	477,771,794*
Total Assets		282,511,504	258,510,128*	504,922,428*
Equities and liabilities				
Capital and Reserves				
General Fund	9	49,241,592	71,815,261*	230,952,729*
Revaluation Reserve	10	-		397,604
Total		49,241,592	71,815,261*	231,350,333*
Current Liabilities				
Trade & Other Payables	8	233,269,912	186,694,868*	256,946,092*
Unearned Revenue	16			16,626,003
Bank Overdraft				-
Total		233,269,912	186,694,868*	273,572,095*
Total Equity and Liabilities		282,511,504	258,510,128*	504,922,428*

The Financial Statement was signed on behalf of the Board on 26th September 2012 by:

Managing Director



Mr. Muriithi Ndegwa

Chairman



Mr Kitili Mbathi

Statement Of Comprehensive Income For Year Ended 30th June 2012

	Note	30th June 2012	30th June 2011
		KShs	KShs
Income			
Government Grant - Annual	11	688,750,000	650,000,000
Catering Tourism & Development Training Levy	17	340,000,000	150,000,300
Others	12	109,352,892	401,790,716
Total		1,138,102,892	1,201,791,016
Expenditure			
Marketing Expenses	13(I)	889,248,252	1,133,594,177
Personnel Expenses	13(II)	194,953,163	185,047,825
Operation and Maintenance	13(III)	56,725,483	64,861,711
Directors Expenses	14	8,704,070	10,487,414
Depreciation	3(I)	6,924,011	7,085,847
Amortization	3(II)	3,483,582	8,399,051
Audit Fees	8(II)	638,000	465,536
Total		1,160,676,561	1,409,941,563
Surplus/Deficit		(22,573,668)	(208,150,548)

Statement Of Changes In Equity For Year Ended 30th June 2012

Restated					
As at 1st July 2009			831,354	296,782,081	297,613,435
Restatements	15			89,574,170*	89,574,170*
Amortization of Revaluation			(433,750)		(433,750)
Surplus/(Deficit) for the year				(155,403,522)	(155,403,522)
As at 30th June 2010			397,604	230,952,729*	231,350,333*
	Note	Revaluation Reserve		General	Total
Restated		KShs		KShs	KShs
As at 1st July 2010		397,604		230,952,729	231,350,333
Restatements	15			23,694,996*	23,694,996*
Revaluation of Surplus on Disposal	3(I)			318,083	318,083
KQ write back				25,000,000	25,000,000
Amortization of Revaluation		(397,604)			(397,604)
Surplus/(Deficit) for the year				(208,150,548)	(208,150,548)
As at 30th June 2011		0		71,815,261*	71,815,261*
	Note	Revaluation Reserve		General	Total
		KShs		KShs	KShs
As at 1st July 2011		0		71,815,261*	71,815,261*
Restatements	15				0
Amortization of Revaluation					
Surplus/(Deficit) for the year				(22,573,668)	(22,573,668)
As at 30th June 2012		0		49,241,592*	49,241,592*

A scuba diver in a blue and yellow suit is swimming in clear blue water above a diverse coral reef. The reef features various types of coral, including white branching corals and reddish-brown soft corals. Numerous small, bright orange fish are swimming around the reef. The diver is wearing a mask and has a regulator in their mouth. The overall scene is a clear and vibrant underwater environment.

Having the clearest vision

Statement Of Cash flow For The Year Ended 30th June 2012

	30th June 2012	Restated 30th June 2011	Restated 30th June 2010
	Kshs	Kshs	Kshs
Net Cash Flow from Operating Activities			
Operating Surplus/(Deficit)	(22,573,668)	(208,150,548)	(155,403,522)
Adjustment			
Depreciation	6,924,011	7,085,848	11,050,763
Amortization	3,483,582	8,399,051	7,525,456
(Un)realized Foreign Currency loss	17,841,656	(8,162,332)	(26,795,517)
Gain/Loss On Disposal Of Assets		636,916	
Interest Income	(25,175,674)	(12,827,736)	(39,446,719)
Changes in Working Capital			
Unrealised Revenue	0	(16,626,003)	(68,670,913)
(Increase)/Decrease In Receivables	3,924,453	(6,422,330)*	61,972,528*
(Increase)/Decrease In Inventories	(1,546,926)	5,562,460	(801,407)
Increase/(Decrease) In Payables	46,575,044	(70,251,224)*	(105,724,147)*
Net Cash Flow from Operating Activities	29,452,477	(300,755,897)*	(316,293,478)*
Investing Activities			
Purchase of Intangible Assets	0	(3,235,646)	(54,029)
Purchase of Fixed Assets	(2,498,939)	(2,131,246)	(7,489,539)
Interest Income	25,175,674	12,827,736	39,446,719
Net Cash Flow from Investing Activities	22,676,735	7,460,844	31,903,151
Net Increase/In Cash & Cash Equivalent	52,129,212	(293,295,054)	(284,390,327)
Net Foreign Exchange Adjustment	(17,841,656)	8,162,332	26,795,517
Restatements		23,694,996*	89,574,170*
Adjustment on Reserves		24,681,164	
Net Increase/In Cash & Cash Equivalent			
Cash & Cash Equivalent 30th June 2012	222,518,756*	459,275,317	627,295,956
	256,806,312	222,518,756*	459,275,317*
Analysis of Balances of Cash & Cash Equivalents			
Petty Cash	123,548	118,204	64,417
Bank Balance	256,682,764	122,400,553	109,210,900
Overdraft			
Deposit on Call	0	100,000,000	350,000,000
Cash & Cash Equivalent 30th June 2012	256,806,312	222,518,756	459,275,317

Notes To The Financial Statements For Year Ended 30th June 2012

1. Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated. The financial statements are prepared in compliance with International Financial Reporting standards (IFRS). The financial statements are presented in Kenya shillings (Kshs).

a) Basis of Accounting

The financial statements are prepared under the accrual basis of accounting.

b) Depreciation

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

i. Motor vehicles	25%
ii. Office equipment	12.5%
iii. Furniture	12.5 %
iv. Computers	30 % (10% in the final year)
v. Intangible assets	30% (10% in the final year)

c) Foreign Currency Transactions

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

d) Inventories

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

e) Revenue Recognition

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

f) Retirement Benefit Costs

The Board contributes to a defined contribution pension scheme at the rate of 15% of basic pay and to the National Social Security Fund (NSSF). Contributions are determined by local statute and are currently limited to Kshs. 200.00 per employee per month. The Board's contributions to the above scheme are charged to the income and expenditure account in the period to which they relate.

g) Employee entitlements

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

h) Cash and Cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, bank balances, treasury bills and deposits held at call with the banks with less than 91 days of maturity from the balance sheet date.

2. General Information

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

3. i) Fixed Assets Schedule

Details	Office Equipment	Computers	Furniture	Motor Vehicles	Total
	KShs	KShs	KShs	KShs	KShs
Cost / Valuation					
As at 1st July 2011	10,375,834	26,117,217	21,151,557	20,084,013	77,728,621
Addition for Year	186,900	2,161,524	150,515	0	2,498,939
Revaluation	0	0	0		
Disposals	0	(4,013,864)	0		(4,013,864)
Total as at 30th June 2012	10,562,734	24,264,877	21,302,072	20,084,013	76,213,696
Depreciation					
As at 1st July 2011	6,883,532	22,935,038	17,220,158	18,941,613	65,980,341
Charge for the Year	921,329	4,222,067	927,383	853,232	6,924,011
Disposals	0	(4,013,864)	0		(4,013,864)
Total as at 30th June 2012	7,804,861	23,143,241	18,147,541	19,794,845	68,890,488
NBV - 30th June 2012	2,757,873	1,121,636	3,154,531	289,168	7,323,208
NBV - 30th June 2011	3,492,302	3,182,179	3,931,399	1,142,400	11,748,280
NBV - 30th June 2010	4,000,855	5,559,797	4,611,545	2,928,287	17,100,484

ii) Intangible Assets

The intangible assets are in respect of computer software and licenses costs. These are amortized at the rate of 30%.

Details	Kshs
	Software Licences
Cost as at 1st July 2011	28,320,500
Additions	
Total	28,320,500
Amortization as at 1st July 2011	23,433,755
Amortization for the year	3,483,582
Total	26,917,337
NBV as at 30th JUNE 2012	1,403,163
NBV as at 30th JUNE 2011	4,886,745
NBV as at 30th JUNE 2010	10,050,150

4. Inventory

The inventory comprises of stationery and promotional giveaways.

5. Trade And Other Receivables

i) Receivables

	Restated 30th June 2012	30th June 2011	Restated 30th June 2010
	KShs	KShs	KShs
Exhibition Debtors	1,874,515	4,795,528*	12,482,842*
GOK & CTDLT	0	0	
Unearned Revenue		2,075,678	
Staff Advances (Including Perdiem)	4,621,433	3,131,436	2,511,479
Jim Flannery			
Imprest	1,260,562	776,569	1,934,799
MediPlus			
Interest Receivable and other			
Deposits/Receivables	0	671,233	3,057,204
Subtotal	7,756,510	11,450,443	19,986,324
Provision for bad debts-Industry	(813,501)	(662,843)	(11,032,136)
Provision for bad debts-Staff	(1,723,846)	(1,723,846)	(1,628,185)
Unknown Credits			0
Subtotal	(2,537,347)	(2,386,689)	(12,660,321)
Total (Net Debtors)	5,219,163	9,063,754*	7,326,003*

ii) Prepayments & Deposits

	30th June 2012	Restated 30th June 2011	Restated 30th June 2010
	KShs	KShs	KShs
Insurances	2,634,441	2,714,303	1,155,357
Rent Deposit	2,612,362	2,612,362	
Others	570,772	570,772	57,500
CNN			
Total	5,817,574	5,897,436	1,212,857
Total Trade and Other Receivables	11,036,737	14,961,190*	8,538,860*

* Exhibition Debtors balance of 2010 were restated by Kshs. 235,717



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greatest ornithological spectacle



6. Short Term Investments

	30th June 2012	30th June 2011
	KShs	KShs
KCB		
CFC Fixed Deposit		
HFCK - Fixed deposit		100,000,000
HFCK - Call Deposit		
Total	0	100,000,000

7. Cash And Bank Balances

i) Bank Accounts

	30th June 2012	30th June 2011
	KShs	KShs
Kenya Shillings Accounts	214,840,508	35,236,400
Euro Accounts	18,454,078	40,802,145
USD Accounts	13,897,327	18,506,515
GB Pounds Account	9,490,851	27,855,493
Total	256,682,764	122,400,553

Note

Currency	Ex. Rate	Amount
Euro	105.960	174,161
USD	84.233	164,986
GBP	131.418	72,219

ii) Petty Cash

Petty cash is held to enable the Board pay for minor expenses of less than Kshs. 8,000.00 and where such expenses cannot be well planned for in advance.

	30th June 2012	30th June 2011
	KShs	KShs
Head Office	103,457	108,174
Mombasa Office	20,091	10,030
Total	123,548	118,204
TOTAL CASH AND BANK BALANCES (I+II)	256,806,312	122,518,756

8. Trade And Other Payables

i) Payables

	30th June 2012	Restated 30th June 2011	Restated 30th June 2010
	KShs	KShs	KShs
Creditors	119,238,812	144,553,774*	217,258,590*
GRN Suspense			
Exhibition Customer Deposits	5,530,558	4,739,724	
Accruals	88,633,414	16,857,105	34,578,157
VAT	0	2,891,549	2,455,746
Payroll Deductions	45,057	327,325	360,333
Provision for Staff Leave Balances	5,986,677	6,253,739	
Provision for Staff Salaries	6,011,430	6,011,430	
Provison for Staff Gratuity	7,157,099	3,952,807	1,729,800
Provision Audit Fees	638,000	440,536	365,535
Staff Creditors (Imprest & Per Diem)	28,865	666,879	197,931
Total	233,269,912	186,694,868*	256,946,092*

* Creditors balance of 2010 & 2011 were restated by 6,778,650 and 10,072,889 respectively.

ii) Audit Fees

A provision has been made for Kshs. 638,000 (inclusive of VAT) payable to Kenya National Audit office.

9. General Fund

This is composed of the accumulated surplus over the period of Kenya Tourism Board's existence.

10. Revaluation Reserve

The revaluation surplus presents solely the surplus on revaluation of property, plant and equipment (motor vehicles) and is non-distributable.

11. Government Grant-Annual

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

	30th June 2012	30th June 2011
	KShs	KShs
GOK-Revenue	678,750,000	650,000,000
GOK-Development	10,000,000	
GOK Grant	688,750,000	650,000,000

12. Other Income - Kshs

	30th June 2012	30th June 2011
	KShs	KShs
Industry Contribution	51,960,174	36,808,175
Interest Income	25,175,674	12,827,736
Tourism Sustainability Programme-(TISMPP)	25,458,432	346,744,966
Miscellaneous Income	5,646,246	3,893,968
Website Income & Tender Fees	1,112,366	1,515,870
Exchange Gain		
Total	109,352,892	401,790,714

TOURISM SUSTAINABILITY PROGRAMME (TSP)/ RECOVERY

This represents the component of the GoK under TSP. The TSP Programme which was expected to end in March, 2008, was converted to recovery after the disruption of the tourism sector during the post-election violence that occurred early in the year. Upon conversion to recovery, the funds were extended for use to 31 December 2010. The above relates to the release of the 10% retention to advertising agencies.

13. Recurrent Expenditure - Kshs

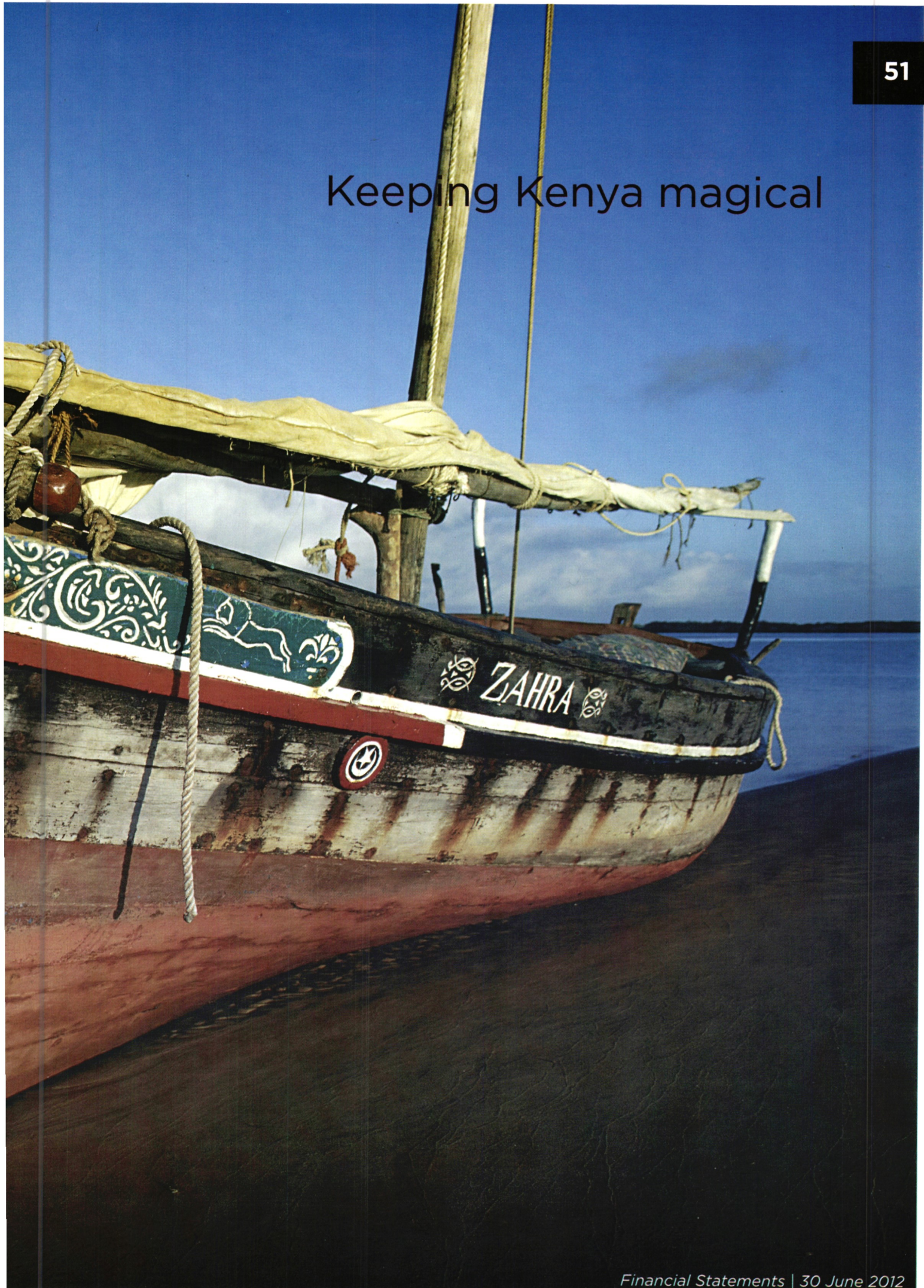
	30th June 2012	30th June 2011
	KShs	KShs
13 (i) Marketing Expenses		
Marketing and Promotion	889,248,252	1,133,594,177
Subtotal (i)	889,248,252	1,133,594,177
13 (ii) Personnel Expenses		
Salaries and Wages	162,417,571	155,858,781
Pension and NSSF Contribution	14,498,693	12,647,118
Provision for Gratuity	3,204,293	2,374,032
Staff Group Life Policy	4,222,471	3,495,271
Staff Medical Insurance (In & Out patient)	9,649,549	9,766,597
Group Personal Accident	960,587	906,026
Subtotal (ii)	194,953,163	185,047,825

13 (iii) Operation And Maintenance

	30th June 2012	30th June 2011
	KShs	KShs
Bank Charges	1,394,579	1,392,427
Staff Welfare, Professional Memberships, Club Membership	2,187,723	4,789,063
Staff Training & Recruitment	9,902,092	5,983,668
Staff Uniform	49,612	242,362
R&M for Motor Vehicle, Insurance for Motor Vehicle,	2,002,617	3,609,460
Computers & Office Equipment	1,062,748	741,337
Rent	18,330,545	14,217,999
Telephone, Postal & Directories	5,033,401	6,169,757
Printing & Stationery	2,099,662	2,300,659
Entertainment	1,994,630	1,956,383
Committees, Conferences & Meetings		746,702
Local Traveling & Accommodation	3,499,276	4,010,286
Legal & Consultancies	2,939,502	3,914,107
ICT Software licences/Support Fees & ERP Programmes	3,429,800	2,708,344
Exchange Loss	(17,841,656)	8,162,332
Office General Expenses	20,424,295	3,821,166
Bad Debts W/O	216,657	
Increase in Provision Bad Debts Ex-staff		95,661
Subtotal (iii)	56,725,483	64,861,711
Total (i+ii+iii)	1,140,926,898	1,383,503,714



Keeping Kenya magical



14. Directors Expenses

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

ITEM	30th June 2012	30th June 2011
	KShs	KShs
Allowances	5,760,394	5,120,000
Honorarium/Arrears	826,667	960,000
Travel & Accommodation	1,994,991	3,519,540
Others	122,018	887,874
Total	8,704,070	10,487,414

15. Restatement *

During the year, the Board passed entries to correct numerous accounting errors made in the prior years. The Board has restated the financial statements. Below please find the adjustment on creditors and Exhibition Debtors balances over 2 years.

Year	Creditors	Debtors	
	Write Back	Write Off	
2010	6,778,650.38	(235,717.06)	
2011	10,072,889.24		
Net Total	16,851,539.62	(235,717.06)	16,615,822.56

	Year	Audited Amount	Restated Amount	Difference	Explanation
Balance sheet					
Trade and Other Receivables					
Exhibitors Debtor	2011	5,031,245	4,795,528	235,717	Balance sheet adjusted as a result of the restated figure in 2010
	2010	12,718,558	12,482,842	235,716	Board approved writeoff relating to prior year
Current Liabilities					
Creditors	2011	161,405,314	144,553,774	16,851,540	Board approved writeback of Ksh 6,778,650 in 2010 and 10,072,890 in 2011
	2010	224,037,239	217,258,590	6,778,650	Board approved writeback of Ksh 6,778,650
Statement of Changes in Equity					
Restatements	2011	13,622,107	23,694,996	(10,072,889)	Board approved writeback of Ksh 6,778,650
	2010	83,031,237	89,574,170	(6,542,933)	Board approved writeback of Ksh 6,778,650 and write of Ksh 235,716
Cashflow					
Increase/Decrease in Receivables	2011	(6,422,330)	(6,422,330)	0	
	2010	61,736,811	61,972,528	(235,717)	Board approved writeoff relating to prior year
Increase/Decrease in Payables	2011	(60,178,334)	(70,251,224)	10,072,889	Board approved writeback of Ksh 10,072,889
	2010	(98,945,496)	(105,724,147)	6,778,650	Board approved writeback of Ksh 6,778,651
Restatements	2011	13,622,107	23,694,996	(10,072,889)	Board approved writeback of Ksh 10,072,889
	2010	83,031,237	89,574,170	(6,542,933)	Net Board approved writeback & writeoff

16. European Union Grant – Recovery

The European Union grant is meant to supplement Government budgetary allocations to the Board to support the marketing programmes. Grants from EU are recorded as current liabilities in the unearned revenue account until it is recognized as revenue when the related costs are incurred.

The programme closed on 31st December 2010. The amount presented as income and expenditure was the recognition of the 10% approved grant which was released once final audit was accepted.

17. Catering Tourism And Development Training Levy

The revenue from the Catering Levy Trustees is a share of the hotel catering levy they collect from hotel establishments.

	30th June 2012	30th June 2011
	KShs	KShs
CTDLT	340,000,000	150,000,300

18. Contingent Liabilities

As at 30th June 2012, there was a contingent liability arising from a claim by a former employee (now deceased) representing damage for alleged wrongful dismissal (the subject of a court case). The Board has been advised by its lawyers that it is possible but not probable that the decision will succeed and accordingly no provision for any liability has been made in this financial statement. The estimated amount is Kshs. 27,685,923.40

19. Capital Grants (EU)

There were no capital grants received during the financial year.

20. Comparatives

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

21. Tax Exemption

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

22. Employees

The average number of employees for the Board during the period was seventy four (June 2010 - 74 Employees).

23. Currency Risk

The Board operates within Kenya and internationally and its assets and liabilities are reported in the local currency. It held no significant foreign currency exposure as at 30th June 2012.

24. Currency

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

