

REPUBLIC OF KENYA



Enhancing Accountability

DL 80
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THE NATIONAL ASSEMBLY PAPERS LAID	
REPORT	
DATE: 21 MAR 2023	DAY: TUESDAY
TABLED BY: OF	HON. SILVANUS WABU MAJORITY PARTY WHIP
CLERK-AT-THE-TABLE:	INZOPU MWALE

THE AUDITOR-GENERAL

ON

TOURISM RESEARCH INSTITUTE

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



OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
REGISTRY

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TOURISM RESEARCH INSTITUTE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDING

30TH JUNE 2022

Tourism Research Institute
Annual Report and Financial Statements
For the year ended June 30, 2022.

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1. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

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

(b) Principal Activities

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

(c) Key Management

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

- Board of Directors
- Chief Executive Officer
- Management

(d) Fiduciary Management

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

No.	Designation	Name
1.	Ag. Chief Executive Officer	David Githui Gitonga
2.	Head of Finance	Susan M. Mbugua
3.	Head of Planning	Jeniffer M. Musango
4.	Head of Procurement	Japheth Ndambuki
5.	Tourism Officer	Betty Wanjiku Maranga

(e) Fiduciary Oversight Arrangements

Name of the Committee	Members
Finance and Establishment Committee	<ol style="list-style-type: none"> 1. Kenneth Kiprono – Chair 2. Richard Mwarema 3. Casear Handa 4. David Gichuhi 5. Beth Ndungu 6. David G. Gitonga – Ag. CEO
Technical and Strategy Committee	<ol style="list-style-type: none"> 1. Caesar Handa – Chairman 2. Nahashon Mwongera 3. Richard Mwarema 4. Janet Mbete 5. Zahra Moi 6. David Gichuhi 7. David G. Gitonga – Ag. CEO
Audit and Risk Committee	<ol style="list-style-type: none"> 1. Janet Mbete – Chair 2. Beth Ndungu 3. Macdonald George Obudho 4. Nahashon Mwongera 5. David Gichuhi

(f) Entity Headquarters

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

(g) Entity Contacts

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

(h) Entity Bankers

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

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(i) Independent Auditors

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

(j) Principal Legal Adviser

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

2. THE BOARD OF DIRECTORS

 <p>1. Mr. Richard K. Lang'at Master's Degree</p>	<p>He was born on 23rd October 1966; Mr. Richard K. Langat is a graduate of the University of Nairobi with Bachelor of Commerce degree in accounting and a Master of Business Administration degree in Strategic Management from the University of Nairobi. He is a Certified Public Accountant and a member of ICPAK. A finance professional with budgeting, cost control, investment analysis and financial reporting as key competencies, he rose through the ranks at the NSSF over a period of more than 20 years to become the Managing Trustee. He has served in various boards including Britam Holdings (K) Ltd, National Bank of Kenya, East Africa Portland Cement and Consolidated Bank. He is an independent director and the Chairman of the Board</p>
 <p>2. Zeinab A. Hussein (Mrs.) CBS Master's Degree</p>	<p>Zeinab A. Hussein (Mrs.), CBS, she was born in 1973, she 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, management consulting firm that focuses exclusively on serving the growth, expansion and 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 cofounded. She also worked as Head of Recruitment and Administration as well as a Consultant at McKinsey & Company and as a Regional Sales and Marketing manager – West Africa, for Shell Company. Her key capabilities are in Organizational Transformation, Systems and Process Alignments, Big Data Management, Recruitment and Governance. 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>3. Macdonald George Obudho, MBS Master's Degree</p>	<p>He was born on 28th November 1967; Mr. Macdonald G. Obudho is a holder of a Master of Science degree in Statistics from Jomo Kenyatta University of Agriculture and Technology and Bachelor of Science degree in Mathematics and Computer Science from the same university. He has risen through the ranks from Economist/Statistician II to the current position of Director General, Kenya National Bureau of Statistics. He has experience in top management spanning over 13 years and has a number of certificates to his name from short and long courses, workshops, conferences and seminars attended both locally and abroad. As a result of exemplary work in design and execution of the 2019 Kenya Population and Housing Census, Mr. Obudho was honoured with a State Award; The Moran of the Order of the Burning Spear (MBS).</p>
 <p>4. Mr. Nahashon Mwongera Master's Degree</p>	<p>He was born on 6th November 1972, is a holder of a Bachelor of Arts Economics and Mathematics from Egerton University, Masters of Arts from Botswana University and currently a PhD student in Kenyatta University. He is a Research and Development professional with over 12 years' experience both in public and private sectors. He possesses hands on experience in public policy research and analysis; implementing market research methodologies for product and innovative ideas development; training of trainers; preparation of technical and financial proposals; developing strategic plans; results-based project monitoring and evaluation; and writing of technical reports. Mr. Mwongera is currently a Policy Analyst at the Kenya Institute for Public Policy Research and Analysis (KIPPRA) focussing on Tourism, Environment and Natural Resource Management, Macroeconomic and Financial sector analysis.</p>
 <p>5. Mr. Kenneth Kiprono Master's Degree</p>	<p>He was born on 13th September 1964, Kenneth has an MBA (Management Information System) and Bachelor of Commerce Finance option from the University of Nairobi He is also a Certified Information Systems Auditor (CISA) and has vast IT and audit experience in the banking industry. He has vast IT and audit experience in the banking industry having worked in several capacities at Kenya Commercial Bank including ICT Security Manager, ICT Audit & Risk Manager, Country Manager, Internal Audit & Risk(KCB Sudan) before becoming the Lead IT & Audit consultant involved in researching, evaluating, designing and implementing training and consultancy services at Jacca Consulting & TE Ltd. He is an independent director and Chair of the Finance and Establishment Committee.</p>



6. Ms. Zahra Bahlewa Moi
Master's Degree

She was born on 19th June 1969, Zahra holds a Masters of Business Administration and BSc. In International Business Administration from United State International University-Africa. She has attended an executive course on innovation from the IMD Business School – Switzerland. Zahra holds several Directorships covering various sectors where her key mandate is managing the most important assets of the organizations in a professional manner with an intention to maximize productivity and efficiency. She is a director of firms in various sectors including being Managing Director Chesiki Farm limited and director of Migotyo Plantation Ltd, Sicham Aviation Ltd, Sweeny Estate Ltd, The Lord Errol Restaurant and Hotel Torit. She is an independent director.



7. Mr. Caesar Handa
Master's Degree

He was born on 17th October 1964; Caesar Handa is a highly trained and experienced communications professional. He has a Bachelors in Anthropology and a Masters in Communications. He has led several communications and research consultancies with 20 years' experience spanning several countries in Africa and beyond in research and communication, project management, report writing and in market and social research.








8. Ms. Janet Mbete
Bachelors Degree

She was born on 11th October 1962, Janet Ndago Ekumbo Mbete holds a Bsc. in Public Relations and Communication from Moi University. She did a course in Good Governance with different counties in the USA, namely Maryland, Virginia, Washington and Winshita County in Kansas. While in America, she volunteered her free time working for women Safe houses and feeding centres for the poor. She has served as a Board member for several schools and as the coordinator, Kwale County for National Council of Women of Kenya. Janet has also served as a Nominated Councillor, Mombasa County and is actively involved in women empowerment in politics and women groups. She is an independent director and chair of Audit and Risk committee.

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 <p>9. Beth Ndungu Master's Degree</p>	<p>She was born on 5th November 1966, Beth Njeri Ndungu holds an MBA in Strategic Management from Kenyatta University and a BA in Economics & Business Studies from Kenyatta University. She works at the National Treasury, Kenya in the Financial and Sectoral Affairs Department. She previously worked in the UN Agencies and Americas UK & IFAD Divisions of the Resource Mobilization Department. She previously also worked as a Competition Analyst in the Competition Authority of Kenya and as a Monopolies officer in the Ministry of Finance, Kenya. She has Certificates in International Trade and Development, Project Planning and Implementation, Economic Policy Analysis, Best Practices in Financial Processes and Controls, Results Based Management among others.</p>
 <p>10. David Gitonga, Ag. CEO Master's Degree</p>	<p>He was born in Nakuru County on 7th June 1972, holds a Master's degree in Tourism Management and a Bachelor's degree in Tourism. He has 24 years' experience in the Tourism Public Sector mainly in tourism policy and product development as well as sector regulation. He was the National Co-ordinator in the development of National Tourism Blueprint 2030 and was involved in setting up of Tourism Regulatory Authority. He is the Ag. CEO of Tourism Research Institute and the Secretary to the Board.</p>

3. MANAGEMENT TEAM

	Management	Details
1.	 David Gitonga, Ag. CEO	Mr. David Gitonga has 23 years' experience in Tourism Management in the Public Sector, National Co-ordinator in the development of National Tourism Blueprint 2030 involved in setting up of Tourism Regulatory Authority and he is the Ag Chief Executive Officer.
2.	 Ms. Susan M Mbugua Accountant	Ms. Susan M. Mbugua has 30 years' experience in Public Service. She is a member of Institute of Certified Public Accountant of Kenya (ICPAK). Her area of responsibility is Finance in Tourism Research Institute.
3.	 Mr. Japheth Ndambuki Procurement Officer	Mr. Japheth Ndambuki has 33-year experience in the public service his area of responsibility is Procurement in Tourism Research Institute
4.	 Jennifer Mwende Musango Economist	Ms. Jennifer Musango has 12 years of experience in Public Service, a member of Economic Society of Kenya (ESK) her area of responsibility is Planning in Tourism Research Institute
5.	 Ms. Betty M. Maranga Tourism Officer	Ms. Betty Maranga has 13 years' experience in the Public Service. Her area of responsibility is Tourism in Tourism Research Institute

4. CHAIRMAN'S STATEMENT

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

Key Highlights of the Year

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

1. Tourism Sector Performance Reporting

During the year under review, sector performance reporting was enhanced to ensure performance reports on a quarterly, half-yearly and annual basis. The performance reports provide information including international tourism arrivals, tourism receipts and domestic bed-nights. The reports further highlight on flights landings and the wildlife sector performance as well as future projections of the sector.

2. Sensitization of immigration officers at border points

This office in collaboration with Directorate of Immigration Services has been collecting data on tourist arrivals since 2018 for reporting on the Sector's performance till date. On the immigration portal, the purpose of visit data had many data entry fields with some of them duplicating each other hence posing a challenge during analysis. The two entities agreed on reducing the fields to enhance quality of the data collected and ease analysis.

Therefore, a sensitization of Immigration Officers was conducted at major entry points on the importance of capturing this data correctly and its importance to the sector.

Research Works

The Institute conducted research works to answer to the identified needs of the sector with 3 major research projects undertaken. These are:

1. World Rally Championship (WRC) Safari Rally Kenya on Country's Economy Report

In the months of June and July 2021, the Institute undertook an Economic Impact Survey of World Rally Championship (WRC) Safari Rally Kenya, 2021 on Kenya's Tourism Sector. The survey was administered digitally, whereby an online survey platform was employed to target and acquire feedback from the spectators and participants of the rally. The main purpose of this survey was to

assess and document the impact of the World Rally Championship (WRC) Safari Rally Kenya 2021 on Kenya's tourism and the economy and assess visitor satisfaction. Specific objectives are;

- To establish expenditure patterns for both visitors and participants
- To establish extent of levels of satisfaction for both visitors and participants.

The data was analysed and the report disseminated to the various stakeholders.

2. Impact of The 9th Edition of Africities Summit on The Sector and the Country's Economy

The Institute undertook a study in May 2022 on the impact of the 9th Edition of Africities Summit on the sector and the country's economy. The analysis will be useful in informing the government and private sector on the economic value of holding such events and diversify tourism products in particular business tourism commonly referred to as Meetings Incentives, Conferences and Exhibitions (MICE). The study was digitally administered through questionnaires to domestic and international tourists, participants, exhibitors, sponsors among others. The objective of the study was to assess and document the impact of the 9th Edition of Africities Summit Kenya 2022 on Kenya's tourism sector and the economy. Analysis and report writing will be finalized in 2022/23 FY

3. Assessing the Potential of (Green) Tourism Value Chains in Kenya in the Context of the AfCFTA

The AU Protocol on Trade in Services of the African Continental Free Trade Area (AfCFTA) which seeks to establish *a single liberalized market for trade in services* identifies the tourism industry as one of the five priority in Kenya's AfCFTA national strategy. Hence, in line with the AU Protocol on Trade in Services, it is envisioned that tourism provides an additional pathway for improving the Kenya's competitiveness by tapping into the regional value chains. This would result from enhanced regional market access, increased commercial presence of Kenya's tourism industry brands, enhanced price-competitiveness owing to cheaper regional supplies, and increased market for Kenya's tourism labour and professional services. However, regional tourism value chains, and in particular, green regional value chains, are grossly underdeveloped and somewhat non-existent, despite the fact that Kenya's tourism industry is predominantly nature-based, and the abundant opportunities brought about by the AfCFTA. The study sought to assess the potential of tourism value chains in Kenya in the context of the AfCFTA and in line with the National AfCFTA Implementation Strategy.

4. Assessing the Impact of Covid-19 on Kenya's Tourism and the Multiplier Effects on the Country's Economy, March 2020-September, 2021

This study estimated and quantified the overall effects of Covid-19 since it was reported in the country on Kenya's tourism industry and the resultant impacts on the country's economy. The common multipliers computed were associated with output, income, value addition and employment in the economy for the entire period.

5. Improving Business Competitiveness in Kenya's Tourism Industry

The Institute developed a policy paper on improving the country's competitiveness for tourism businesses. This involved looking at the various regulations, licences and processes that are required to establish a tourism business in Kenya. The policy paper aimed at establishing the sector's level of competitiveness, bottlenecks, benchmarks and best practices.

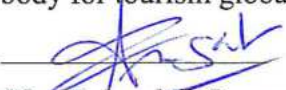
Challenges Faced

The Board has endeavoured to always provide strategic leadership and management continues to employ tremendous efforts in its work. However, the Institute faces some challenges that undermine its performance. The key challenge is non-categorization. Tourism Research Institute has not been categorized by the State Corporations Advisory Committee (SCAC). Categorization is the first step in getting a State Corporation to operationalize and the current state of affairs leads to the following problems:

- Tourism Research Institute cannot recruit staff both at professional/technical and support cadres.
- The few staff designated to support from the parent ministry are overworked and they are not freed of responsibilities at their primary posts at the Ministry.
- Lack of relevant skills undermines engagement with potential partners in research.

Way Forward

As the country and the world recover from Covid-19 pandemic, there is need to undertake tourism research to understand the new trends brought about by the pandemic. There is therefore need to strengthen TRI to ensure it delivers on the mandate. TRI endeavours to take a leading role in this. The challenge of non-categorisation needs to be unlocked and the growth of TRI as a leading research body for tourism globally will be unlimited.


Mr. Richard K. Langat
Board Chairperson

5. REPORT OF THE CHIEF EXECUTIVE OFFICER

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

The institute was established to ensure that the research, knowledge and data gaps that have always existed in Kenya's tourism sector are adequately addressed. TRI is thus the platform for cohesive, credible and coordinated tourism statistics and research spanning market, product and social research in line with the needs of the sector. In 2021/22, TRI was allocated Kshs.113, 700,000 for recurrent expenditure. There was no allocation for development expenditure.

Key Highlights of the Year

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

1. Tourism Sector Performance Reporting

During the year under review, sector performance reporting was enhanced to ensure performance reports on a quarterly, half-yearly and annual basis. The performance reports provide information including international tourism arrivals, tourism receipts and domestic bed-nights. The reports further highlighted the flights landings and the wildlife sector performance as well as future projections of the sector.

2. Sensitization of immigration officers at border points

This office in collaboration with Directorate of Immigration Services has been collecting data on tourist arrivals since 2018 for reporting on Sector performance till date. On the Immigration portal, the purpose of visit data has many data entry fields with some of them duplicating each other hence posing a challenge during analysis. The two entities agreed on reducing the fields to enhance quality of the data collected and ease analysis.

Therefore, there was need to sensitize Immigration Officers at major entry points on the importance of capturing this data correctly and its importance to the sector.

This sensitization was conducted covering the following topics: -

1. Who is a tourist?
2. Importance of collecting purpose of visit data to the sector
3. The new data collection template

4. Discussion on challenges faced at entry points and possible solutions
5. Emerging issues
6. Recommendations

The selected entry points were as follows;

- Jomo Kenyatta International Airport (JKIA),
- Mombasa International Airport (MIA),
- Wilson Airport
- Namanga, Busia, Malaba, Isebania, Lwakhakha, Lungalunga, Loitoktok and Taveta border points.

Research Works

The Institute conducted research works to answer to the identified needs of the sector with three (3) major research projects undertaken. These are:

1. World Rally Championship (WRC) Safari Rally Kenya on Country's Economy Report

In the months of June and July 2021, the Institute undertook an Economic Impact Survey of World Rally Championship (WRC) Safari Rally Kenya, 2021 on Kenya's Tourism Sector. The survey was administered digitally, whereby an online survey platform was employed to target and acquire feedback from the spectators and participants of the rally. The main purpose of this survey was to assess and document the impact of the World Rally Championship (WRC) Safari Rally Kenya 2021 on Kenya's tourism and the economy as well as assess visitor satisfaction. Specific objectives were;

- To establish expenditure patterns for both visitors and participants
- To establish extent of levels of satisfaction for both visitors and participants.

The data was analysed and the report was disseminated to the various stakeholders.

2. Impact of the 9th Edition of Africities Summit on The Sector and the Country's Economy

The Institute undertook a study on the impact of the 9th Edition of Africities Summit Kenya on the sector and the country's economy. The study will inform the government and private sector on the economic value of holding such events and diversify tourism products in particular business tourism commonly referred to as Meetings Incentives, Conferences and Exhibitions (MICE). The study was digitally administered through questionnaires to domestic and international tourists, participants, exhibitors, sponsors among others. The objective of the study was to assess and document the impact

of the 9th Edition of Africities Summit Kenya 2022 on Kenya's tourism sector and the economy. Analysis and report writing will be finalized in 2022/23 FY.

3. Assessing the Potential of (Green) Tourism Value Chains in Kenya in the Context of the AfCFTA

The AU Protocol on Trade in Services of the African Continental Free Trade Area (AfCFTA) which seeks to establish a single liberalized market for trade in services identifies the tourism industry as one of the five priority in Kenya's AfCFTA national strategy. Hence, in line with the AU Protocol on Trade in Services, it is envisioned that tourism provides an additional pathway for improving the Kenya's competitiveness by tapping into the regional value chains. This would result from enhanced regional market access, increased commercial presence of Kenya's tourism industry brands, enhanced price-competitiveness owing to cheaper regional supplies, and increased market for Kenya's tourism labour and professional services. Underlying such capacity is the need to undertake mapping and development of the country's tourism value chains to bring out the opportunities, bottlenecks, and interventions needed to deepen such value chains. Noteworthy, however, regional tourism value chains, and in particular, green regional value chains, are grossly underdeveloped and somewhat non-existent, despite the fact that Kenya's tourism industry is predominantly nature-based, and the abundant opportunities brought about by the AfCFTA. The study sought to;

- Explore the best practice approaches in the development of regional tourism value chains
- Map out extant tourism value chains in Kenya within the context of the AfCFTA and identify their strengths and weaknesses.
- Provide a framework for enhancing tourism value chains in Kenya within the context of AfCFTA
- Gain stakeholders' consensus on the best approaches to the development of the tourism value chains in Kenya.

The scope of the study:

- Nature and level of employment in the hotel industry
- Level of economic linkage in particular, supplies of goods and services to the tourism industry by other sectors of the economy both locally and from the African region and any key constraints.
- Hotel industry support for the establishment of SMEs
- Extent of and opportunities for Kenya's hotel sector linkage with the regional supply chain.

- Suggestions for interventions to deepen local and regional tourism value chain in line with the AfCFTA.

4. Assessing the Impact of Covid-19 on Kenya's Tourism and the Multiplier Effects on the Country's Economy, March 2020-September, 2021

This study estimated and quantified the overall effects of Covid-19 since it was reported in the country on Kenya's tourism industry and the resultant impacts on the country's economy. The common multipliers computed were associated with output, income, value addition and employment in the economy for the entire period.

5. Improving Business Competitiveness in Kenya's Tourism Industry

The Institute developed a policy paper on improving the country's competitiveness for tourism businesses. This involved looking at the various regulations and licences that are required to establish a business in Kenya. This policy papers aim at establishing the sector's level of competitiveness, bottlenecks, benchmarks and best practices. Objectives of the study were;

- To establish the levels of business competitiveness in Kenya tourism sector
- To identify all bottlenecks with aim of recommending best solutions
- To find out what needs to be done with benchmarks and best practices

Challenges Faced

Despite the tremendous efforts to undertake the research and analysis in the tourism sector, the Institute faces a myriad of challenges that undermines delivery on its mandate. The key and overarching challenge is Non-categorization.

Tourism Research Institute has not been categorized by the State Corporations Advisory Committee. Categorization is actually the first step in getting a State Corporation to operationalize and the current state of affairs therefore presents the following persistent problems:

- TRI cannot recruit staff both at professional/technical and support cadres. This occasion a lack of necessary expertise and undermines performance against great expectations by the sector and the public.
- TRI continues to rely on a few staff designated to support from the parent ministry and they are overworked. The situation is worsened by the fact that they are not paid any allowances for the extra work load and responsibilities and it is hence not easy to motivate them.

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- Most of the designated staff are not freed of responsibilities at their primary posts, and are unavailable fully for TRI work.
- Lack of a properly established organizational structure with relevant skills deployed undermines engagement with potential partners in research that is mutually beneficial.

**6. STATEMENT OF TOURISM RESEARCH INSTITUTE PERFORMANCE AGAINST
PREDETERMINED OBJECTIVES FOR FY 2021/2022**

Review of Tourism Research Institute annual report and financial statements performance for financial year 2021/2022

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 Tourism Research Institute's performance against predetermined objectives.

Tourism Research Institute has three strategic pillars and objectives within its Strategic Plan for the FY 2018/2019- 2022/2023. These strategic pillars are as follows:

Pillar 1: Undertake Research

Pillar 2: Tourism Data Management

Pillar 3: Disseminate Research Findings

Tourism Research Institute develops its annual work plans based on the above three pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. Tourism Research Institute achieved its performance targets set for the FY 2021/2022 period for its three strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1: Undertake Research	To conduct tourism sector	3 research topics identified.	-Craft research topics	3 research topics crafted and approved by board

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Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
	research needs 3 research projects undertaken	% level of completion	<ol style="list-style-type: none"> 1. Assess the Impact of The 9th Edition of Africities Summit on The Sector and the Country's Economy 2. Assess the Potential of (Green) Tourism Value Chains in Kenya in the Context of the AfCFTA Report 3. Develop a policy paper on Improving Business Competitiveness in Kenya's Tourism Industry 	<p>Data collected analysis and report writing to be finalized.</p> <p>Report in place</p> <p>Policy paper in place</p>

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Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
			4. Assess and document The Impact of the World Rally Championship (WRC) Safari Rally Kenya on Country's Economy	
			5. Assess the Impact of Covid-19 on Kenya's Tourism and the Multiplier Effects on the Country's Economy, March 2020-September, 2021	Report in place
				Report in place

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Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Pillar 2: Tourism Data Management	To strengthen quality of research	Number of tourism performance reports prepared	Prepare 4no. Quarterly and 1no. annual reports	4 quarterly reports and an annual tourism performance reports prepared
Pillar 3: Disseminate Research Findings	To validate research process and reports	-Number of the meetings held	-Organize 3 stakeholders 'dissemination forums	2021 Annual tourism performance report disseminated. Remodelling Kenya's tourism strategy report launched. WRC 2021 Report disseminated.

7. CORPORATE GOVERNANCE STATEMENT

Board Meetings

During the year under review, the Board held four (4) regular full board meetings and two (2) special meetings.

Numbers of Board Meetings Held and Attendance to those meeting by the members During the Year

No	Board Member	Classification	Designation	Finance and Establishment Committee (BFEC): Total No. of meetings 5 (4 scheduled, 1 special)	Technical and Strategy Committee (BTSC): Total No. of meetings 6 (4 scheduled, 2 special)	Audit and Risk Committee (BARC): Total No. of meetings 4 (4 scheduled, 0 special)	Main Board Meetings: Total 6 (4 scheduled, 2 special)
1.	Mr. Richard K. Langat	Independent	Board Chairperson	-	-	-	6/6
2.	Zeinab Hussein	Principal Secretary, Ministry of Tourism		2/5	-		3/6
3.	Richard Mwarema	Alt Principal Secretary, Ministry of Tourism		3/5	3/6	-	3/6
4.	Janet Mbete	Independent	Chairperson BARC	-	6/6	4/4	6/6
5.	Caesar Handa	Independent	Chairperson BTSC	5/5	6/6	-	6/6
6.	Kenneth Kiprono	Independent	Chairperson BFEC	5/5	-	4/4	6/6
7.	Zahra Bahlewa Moi	Independent		-	5/6	-	5/6
8.	Mac Donald George /	Director General, KNBS		-	-	4/4	6/6

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For the year ended June 30, 2022.

No	Board Member	Classification	Designation	Finance and Establishment Committee (BFEC): Total No. of meetings 5 (4 scheduled, 1 special)	Technical and Strategy Committee (BTSC): Total No. of meetings 6 (4 scheduled, 2 special)	Audit and Risk Committee (BARC): Total No. of meetings 4 (4 scheduled, 0 special)	Main Board Meetings: Total 6 (4 scheduled, 2 special)
9.	Beth Ndungu	Representing Principal Secretary, The National Treasury		5/5	6/6	4/4	6/6
10	Nahashon Mwongera	Representing Executive Director, KIPPRA		3/5	-	4/4	6/6
11	Edwin Murimi	Inspectorate of State Corporations		-	-	-	3/6
12	David Gichuhi	Inspectorate of State Corporations		2/5	2/6	2/4	3/6
13	David Gitonga	Ag. CEO		5/5	6/6	-	6/6

Succession Plan

The independent Directors were appointed in a staggered manner hence the policy on phased transition is addressed.

Board Charter

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

Appointment and Removal of Directors.

The board has a fair mix of skills and competencies.

Roles and Function of the Board

Roles and Functions of the Board

Corporate Governance Statement (Continued)

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

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

Induction and Training of the Board

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

Board and Member Performance

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

Conflict of Interest

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

Board Remuneration

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

Ethics and Conduct

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

Governance Audit

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

8. MANAGEMENT DISCUSSION AND ANALYSIS

Tourism Research Institute operational and financial performance

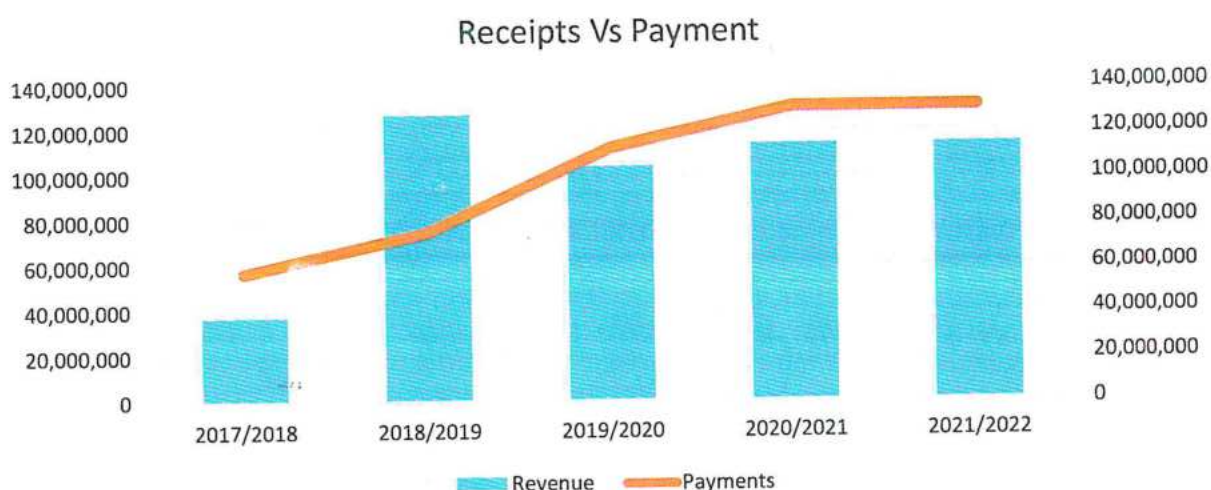
Tourism Research Institute had budgeted to receive Kshs.113,700,000 during Financial Year 2021/2022 of which the Ministry was able to remit in full..

During the same financial year, Tourism Research Institute transferred Kshs.4,840,000 to Kenya Tourism Board in support of the Launch for the New Tourism Strategy plan held at the Nairobi National Park.

Receipts and Payments analysis over the years

Tourism Research Institute has continued to exhibit growth in terms of receipts and payments because of increase in activities over the years. The chart below shows the growth in both receipts and payments from the time Tourism Research Institute started operations in the financial year 2017/2018 to FY2021/2022.

Table 1: Growth of Receipts and Payments over the years



From the above table, the revenue from the financial year 2017/2018 to the financial year 2021/2022 has grown by 205% to reach Kshs.113, 700,000 from Kshs.37, 240,000. The expenditure has also grown by 128% from Kshs.52, 121,445 in the FY2017/2018 to Kshs. 130,408,611 in the reported financial year. This is a sign of growth of the institution, which is anticipated to continue as the Tourism Research Institute continues to undertake its core mandate.

Key Projects

i) Tourism Sector Performance Reporting

During the year under review, sector performance reporting was enhanced to ensure performance reports on a quarterly, half-yearly and annual basis. The performance reports provide information including international tourism arrivals, tourism receipts and domestic bed-nights. The reports

further highlight on flights landings and the wildlife sector performance as well as future projections of the sector.

ii) World Rally Championship (WRC) Safari Rally Kenya on Country's Economy Report

In the months of June and July 2021, the Institute undertook an Economic Impact Survey of World Rally Championship (WRC) Safari Rally Kenya, 2021 on Kenya's Tourism Sector. The survey was administered digitally, whereby an online survey platform was employed to target and acquire feedback from the spectators and participants of the rally. The main purpose of this survey was to assess and document the impact of the World Rally Championship (WRC) Safari Rally Kenya 2021 on Kenya's tourism and the economy as well as assess visitor satisfaction. Specific objectives were;

- To establish expenditure patterns for both visitors and participants
- To establish extent of levels of satisfaction for both visitors and participants.

The data was analysed and the report was disseminated to the various stakeholders.

iii) Impact of the 9th Edition of Africities Summit on The Sector and the Country's Economy

The Institute undertook a study on the impact of the 9th Edition of Africities Summit Kenya on the sector and the country's economy. The study will inform the government and private sector on the economic value of holding such events and diversify tourism products in particular business tourism commonly referred to as Meetings Incentives, Conferences and Exhibitions (MICE). The study was digitally administered through questionnaires to domestic and international tourists, participants, exhibitors, sponsors among others. The objective of the study was to assess and document the impact of the 9th Edition of Africities Summit Kenya 2022 on Kenya's tourism sector and the economy. Analysis and report writing will be finalized in 2022/23 FY.

iv) Assessing the Potential of (Green) Tourism Value Chains in Kenya in the Context of the AfCFTA

The AU Protocol on Trade in Services of the African Continental Free Trade Area (AfCFTA) which seeks to establish *a single liberalized market for trade in services* identifies the tourism industry as one of the five priority in Kenya's AfCFTA national strategy. Hence, in line with the AU Protocol on Trade in Services, it is envisioned that tourism provides an additional pathway for improving the Kenya's competitiveness by tapping into the regional value chains. This would result from enhanced regional market access, increased commercial presence of Kenya's tourism industry brands, enhanced price-

competitiveness owing to cheaper regional supplies, and increased market for Kenya's tourism labour and professional services. Underlying such capacity is the need to undertake mapping and development of the country's tourism value chains to bring out the opportunities, bottlenecks, and interventions needed to deepen such value chains. Noteworthy, however, regional tourism value chains, and in particular, green regional value chains, are grossly underdeveloped and somewhat non-existent, despite the fact that Kenya's tourism industry is predominantly nature-based, and the abundant opportunities brought about by the AfCFTA. The study sought to;

- Explore the best practice approaches in the development of regional tourism value chains
- Map out extant tourism value chains in Kenya within the context of the AfCFTA and identify their strengths and weaknesses.
- Provide a framework for enhancing tourism value chains in Kenya within the context of AfCFTA
- Gain stakeholders' consensus on the best approaches to the development of the tourism value chains in Kenya.

The scope of the study:

- Nature and level of employment in the hotel industry
- Level of economic linkage in particular, supplies of goods and services to the tourism industry by other sectors of the economy both locally and from the African region and any key constraints.
- Hotel industry support for the establishment of SMEs
- Extent of and opportunities for Kenya's hotel sector linkage with the regional supply chain.
- Suggestions for interventions to deepen local and regional tourism value chain in line with the AfCFTA.

v) Assessing the Impact of Covid-19 on Kenya's Tourism and the Multiplier Effects on the Country's Economy, March 2020-September, 2021

This study estimated and quantified the overall effects of Covid-19 since it was reported in the country on Kenya's tourism industry and the resultant impacts on the country's economy. The common multipliers computed were associated with output, income, value addition and employment in the economy for the entire period.

vi) Improving Business Competitiveness in Kenya's Tourism Industry

The Institute developed a policy paper on improving the country's competitiveness for tourism businesses. This involved looking at the various regulations and licenses that are required to establish a

business in Kenya. This policy papers aim at establishing the sector's level of competitiveness, bottlenecks, benchmarks and best practices. Objectives of the study were;

- To establish the levels of business competitiveness in Kenya tourism sector
- To identify all bottlenecks with aim of recommending best solutions
- To find out what needs to be done with benchmarks and best practices

Entity's compliance with statutory requirement

Tourism Research Institute as complied with the following statutory requirements

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

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

2. Major risks facing the entity

Operational risk

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

Credit risk

During the financial year under review, Tourism Research Institute did not experience hurdles in the receipt of funds from the National Treasury and hence mitigation of the credit risk.

Material arrears in statutory/financial obligations

There are no material arrears nor material obligations facing Tourism Research Institute

Tourism Research Institute financial probity and serious governance issues

There is no serious governance issue to declare.

9. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

TRI 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 three pillars: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar

1. Environment performance

TRI is in the process of developing an environmental policy that will guide the Institute in maintaining a sustainable environment at the work place .The policy will entail economical use of photocopying papers to avoid wastage and use of un-disposable water bottles. The Institute participated in planting of trees at Ngulia Safari Lodge.

2. Employee welfare

In our strategy plan, one of our aims is to come up with policies that guide our operations, We are in the process of developing the policies that will guiding the hiring process and maintain staff, the appraisal of performance career progression path and reward systems. We are in the process of complying with the Occupational Safety and Health Act of 2007.

3. Market place practices

Being a public entity, there is the perception that there is a lot of resources to be utilised. The reality is far from that and the resources we have are carefully managed to have the most impact. To this end, we carry out the following exercises to get the best partners for continued provision of goods and services.

a) Supplier prequalification

We are guided by the PPOA 2015 and the PPRA guidelines on how to identify suppliers. This is an open and public process that invites all interested parties and has protections built within the process to carve out opportunities for youth, women and people with disabilities.

b) With our prequalified suppliers, we endeavour to meet our obligations on time so that we may be able to sustain relations for future partnerships.

c) Our resources limit us from advertising far and wide and we use the local administration notice boards, social media and our website to market opportunities in the institution.

d)To enhance our presence and be able to demand from our suppliers the best products, we settle our bills on time hence reporting no pending bills that enhanced our relationship with our creditors.

4. Community Engagements

In our community, we work a lot with members of the public. This is essential as our mandate come from far and wide and interact a lot with the community outside. The following arrangements stand out as our efforts in working with the community.

We have partnerships with local entrepreneurs Kenya Tourism Federation which is apex body of the tourism sector to deliberate on current issues and exchange views, networking and share experience. We also participated in this by sponsoring some events.

We too work in collaboration with government entities in data collection and sharing.

Tourism Research Institute
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REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2022, which show the state of the Tourism Research Institute affairs.

i) Principal activities

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

ii) Results

The results of the Tourism Research Institute for the year ended June 30, 2022, are set out on page 1

iii) Directors

The members of the Board of Directors who served during the year are shown on page v to viii. During the year 2021/2022, the table below summarizes the directors' who retired/ resigned as well as those appointed during the same financial year.

No	Name of the director	Classification	Date	Remarks
1	Zahra Bahlewa Moi	Independent	02/05/2022	Retired
2	Janet Mbete	Independent	07/02/2022	Retired
3	Kenneth Kiprono	Independent	07/02/2022	Retired
4	Ceaser Handa	Independent	07/02/2022	Retired

iv) Surplus Remission

In accordance with Regulation 219 (2) of the Public Financial Management (National Government) Regulations, regulatory entities shall remit into Consolidated Fund, ninety percent of its surplus funds reported in the audited financial statements after the end of each financial year.

Tourism Research Institute did not submit any surplus since it is not a regulatory.

v) Auditors

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

By Order of the Board

.....
Name **David G. Gitonga**

Secretary to the Board

10. STATEMENT OF DIRECTORS RESPONSIBILITIES

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

The Directors are responsible for the preparation and presentation of the Tourism Research Institute financial statements, which give a true and fair view of the state of affairs of the Tourism Research Institute for and as at the end of the financial year ended on June 30, 2022. 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 Tourism Research Institute; (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 ; (v) Tourism Research Institute Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

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

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

The Tourism Research Institute was slotted for merger threatening a going concern of Tourism Research Institute

Approval of the financial statements

Tourism Research Institute financial statements were approved by the Board on 10th January 2023 and signed on its behalf by:



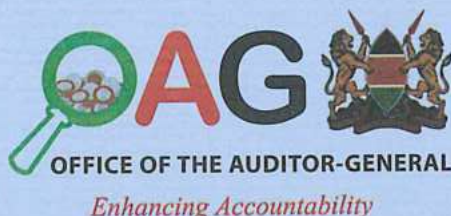
**Name; Richard K. Langat
Chairperson of the Board**



**Name; David G. Gitonga
Ag. Chief Executive Officer**

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON TOURISM RESEARCH INSTITUTE FOR THE YEAR ENDED 30 JUNE, 2022

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 Tourism Research Institute set out on pages 1 to 23 which comprise of the statement of financial position as at

Report of the Auditor-General on Tourism Research Institute for the year ended 30 June, 2022

30 June, 2022, statement of financial performance, statement of changes in net assets, statement of cash flows and the 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 Tourism Research Institute 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 (Accruals 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 Tourism Research Institute 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 judgement, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

Other Matter

1. Budgetary Control and Performance

The statement of comparison of budget and actual amount reflects final receipts budget and actual on comparable basis of Kshs.180,700,000 and Kshs.127,700,000 respectively resulting to an under-funding of Kshs.53,000,000 or 29% of the budget. Similarly, the Institute spent Kshs.130,408,611 against an approved budget of Kshs.180,700,000 resulting to an under-expenditure of Kshs.50,291,389 or 28% of the budget.

The under-funding and under-performance affected the planned activities of the Institute and may have impacted negatively on service delivery to the stakeholders.

2. Unresolved Prior Year Issues

In the audit report of the previous year, several paragraphs were raised under the Report on Financial Statements and Report on Lawfulness and Effectiveness in Use of Public

Resources. However, Management has not resolved the issues as required or given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board template.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Over Expenditure on Board Expenses

The statement of financial performance and Note 9 to the financial statements reflects board expenses amount of Kshs.12,832,073. However, the expenditure is 7% of the Institutes total budget of Kshs.180,700,000. This is contrary to Part D of the Office of the Head of Public Service Circular reference number OP/CAB.9/1A dated 11 March, 2020 which capped Board expenses of State Corporations at Kshs.30,000,000 or 5% of the operations and maintenance budget whichever is less.

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

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the review so as to obtain limited assurance as to 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 procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis of Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit so as to obtain limited assurance as to 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 those Charged with Governance

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

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.

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

Auditor-General's Responsibilities for the Audit

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied

in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls 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 controls 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 ability of the Institute 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 Institute to cease 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 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

22 February, 2023

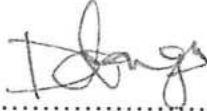
Tourism Research Institute
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for the year ended June 30, 2022.

12. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2021-2022	2020-2021
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from Ministry of Tourism	6	113,700,000	103,851,768
Transfers from other governments entities	6	-	21,000,000
Deferred Income recognized	18	14,000,000	-
Total revenue		127,700,000	124,851,768
Expenses			
Use of goods and services	7	105,379,002	90,002,304
Employee costs	8	2,516,699	1,307,676
Board of Expenses	9	12,832,073	14,779,013
Depreciation and amortization expense	10	3,489,019	4,475,003
Repairs and maintenance	11	1,333,772	1,786,991
Finance costs	12	18,046	24,700
Total expenses		125,568,611	112,375,687
Surplus/(deficit) for the period/year		2,131,389	12,476,081
Inter-Entity transfer (Launch of new Tourism strategy-KTB)		4,840,000	-
Net Deficit for the year		(2,708,611)	12,476,081

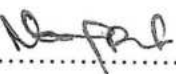
The notes set out on pages 7 to 26 form an integral part of these Financial Statements.

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


.....

Ag.Chief Executive Officer **Head of Finance**

Name: David Gitonga


.....

Name: CPA Susan Mbugua
ICPAK M/NO. 14685


.....

Chairman of the Board

Name: CPA Richard K.Langat
ICPAK M/NO. 5186

Date: 11/1/2023
.....

Date: 11-01-2023
.....


Date: 11-01-2023
.....

Tourism Research Institute
Annual Report and Financial Statements
for the year ended June 30, 2022.

14. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	Notes	2021-2022	2020-2021
		Kshs	Kshs
Assets			
Current Assets			
Cash and cash equivalents	13	72,338,026	60,198,093
Receivables from non-exchange transactions	14	(4,440)	18,575,001
Total Current Assets		72,333,586	78,773,094
Non-Current Assets			
Property, Plant and Equipment	15	9,870,337	12,326,428
Intangible assets	16	-	653,334
Total Non- Current Assets		9,870,337	12,979,762
Total Assets		82,203,923	91,752,856
Liabilities			
Current Liabilities			
Trade and other payables	17	14,353,848	7,194,170
Deferred Income	18	-	14,000,000
Total Current Liabilities		14,353,848	21,194,170
Net assets		67,850,075	70,588,686
Accumulated surplus		58,048,557	58,082,605
Capital Fund		9,801,518	12,476,081
Total Net Assets		67,850,075	70,558,686
Total Net Assets and Liabilities		82,203,923	91,752,856

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


.....


.....


.....

Name; David G.Gitonga
Ag.Chief Executive Officer

Name; Susan M,Mbugua
Head of Finance

Name; Richard K.Langat
Chairman of the Board

Date. 11/1/2023
.....

ICPAK MNo: 14685
Date. 11-01-2023
.....

ICPAK MNo.5186
Date. 11-01-2023
.....

Tourism Research Institute
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15 STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2022

	Accumulated Surplus	Capital/ Development Grants/Fund	Total
As at July 1, 2020	42,701,159	15,381,446	58,082,605
Surplus for the year	12,476,081	-	12,476,081
Capital/Development grants received during the year	(2,004,500)	2,004,500	-
Transfer of depreciation/amortisation from capital fund to retained earnings	4,475,003	(4,475,003)	-
As at June 30, 2021	57,647,742	12,910,943	70,558,686
As at July 1, 2021	57,647,742	12,910,943	70,558,686
Deficit for the year	(2,708,611)	-	(2,708,611)
Capital/Development grants received during the year	(379,593)	379,593	-
Transfer of depreciation/amortisation from capital fund to retained earnings	3,489,019	(3,489,019)	-
As at June 30, 2022	58,048,557	9,801,518	67,850,075

**Tourism Research Institute
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16. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022

		2021-2022	2020-2021
	Notes	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from Ministry of Tourism	6	113,700,000	85,275,000
Transfers from other governments entities		-	35,000,000
Other receipts		-	10,592,150
Total Receipts		132,276,768	130,867,150
Payments			
Use of goods and services	7	100,345,793	85,421,487
Employee costs	8	2,516,699	1,307,676
Board Expenses	9	15,710,473	13,247,467
Repairs and maintenance	11	1,166,230	1,780,248
Finance Costs	12	18,046	24,700
Total Payments		119,757,241	101,781,578
Net cash flows from/(used in) operating activities		12,519,527	29,085,572
Cash flows from investing activities			
Purchase of property, plant, equipment	15	(379,593)	(2,004,500)
Purchase of intangible assets		-	-
Net cash flows from/(used in) investing activities		(379,593)	(2,004,500)
Cash flows from financing activities			
Increase in capital funds		-	-
Net cash flows from/(used in) financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		12,139,934	27,081,072
Cash and cash equivalents at 1 JULY		60,198,093	33,117,021
Cash and cash equivalents at 30 JUNE		72,338,026	60,198,093

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



Name: David G. Gitonga
Accounting Officer

Date: 11/1/2023



Name: Susan M. Mbugua
Head of Finance

ICPAK M/No: 14685
Date: 11-01-2023



Name: Richard K. Langat
Chairman of the Board

ICPAK MNo 5186
Date: 11-01-2023

**Tourism Research Institute
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17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2022

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	Kshs A	Kshs b	Kshs C=(a+b)	Kshs d	Kshs e=(c-d)	F=d/c
Revenue						
Transfers from governments ministries	113,700,000	-	113,700,000	113,700,000	-	100%
Unutilized budget brought forward	-	53,000,000	53,000,000	-	53,000,000	0%
Deferred Income Recognized	-	14,000,000	14,000,000	14,000,000		100%
Total income	113,700,000	67,000,000	180,700,000	127,700,000	53,000,000	
Expenses						
Use of goods and services	74,064,000	53,000,000	127,064,000	91,379,002	35,684,998	72%
COVID-19 Recovery (War Room)	-	14,000,000	14,000,000	14,000,000	-	100%
Employee costs	20,400,000	-	20,400,000	2,516,699	17,883,301	12%
Board of directors	12,926,000	-	12,926,000	12,832,073	93,927	99%
Depreciation and amortization expense	-	-	-	3,489,019	(3,489,019)	-100%
Repairs and maintenance	1,470,000	-	1,470,000	1,333,772	136,228	91%
Finance cost	-	-	-	18,046	(18,046)	-100%
New Tourism Strategy Launch (KTB)	4,840,000	-	4,840,000	4,840,000	-	100%
Total expenditure	113,700,000	67,000,000	180,700,000	130,408,611	50,291,389	
Surplus for the period	-	-	-	(2,708,611)	2,708,611	

Budget notes

1. Employee cost – Tourism Research Institute is yet to be categorized hence unable to employ and pay salaries. It is also awaiting approval to pay arrears for the acting and seconded staff
2. Depreciation – Being an adjustment book entry, it was not budgeted for since it does not involve movement of cash.
3. Use of goods and services – 50% of the disbursement of the funds from the Ministry for the financial year were released during the 4 quarter, of which detailed implementation of the planned activities for the reported financial year.

18. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

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

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Institute's accounting policies.

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

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

3. Adoption of New and Revised Standards

- i. New and amended standards and interpretations in issue effective in the year ended 30 June 2022.*
IPSASB deferred the application date of standards from 1st January 2022 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2023.

Notes to the Financial Statements (Continued)

- ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022.*

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	Applicable: 1st January 2023: <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Institute's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <p><i>(The Institute is yet to adapt the new standard)</i></p>
IPSAS 42: Social Benefits	Applicable: 1st January 2023 <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the Institute.</p>

Standard	Effective date and impact:
	<p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</p> <p><i>(The Institute is yet to adapt the new standard)</i></p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs, which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS, which were inadvertently omitted when IPSAS 41 was issued.</p> <p><i>(The Institute is yet to adapt the new standard)</i></p>
<p>Other improvements to IPSAS</p>	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits, as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41, which is applicable from 1st January 2023.</p> <p><i>The Institute is yet to adapt the new standard</i></p>
<p>IPSAS 43</p>	<p>Applicable 1st January 2025</p>

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Standard	Effective date and impact:
	<p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>The Institute is yet to adapt the new standard</i></p>
<p>IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations</p>	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>The Institute is yet to adapt the new standard</i></p>

iii. Early adoption of standards

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

Notes to the Financial Statements (Continued)

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Entity and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

b) Budget information

The original budget for FY 2021-2022 was approved by the National Assembly on 12/08/2021. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Entity upon receiving the respective approvals in order to conclude the final budget.

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

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies

Budget information

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 17 of these financial statements.

c) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

d) Intangible assets

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

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

e) Nature and purpose of reserves

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

f) Changes in accounting policies and estimates

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

g) Related parties

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies

h) Cash and cash equivalents

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

i) Comparative figures

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

j) Subsequent events

There have been no events subsequent to the financial year-end with a significant impact on the financial statements for the year ended June 30, 2022.

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions

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

Notes to the Financial Statements (Continued)

Significant Judgments and Sources of Estimation Uncertainty

Useful lives and residual value

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

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

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Notes to the Financial Statements (Continued)

6. Transfers from Other Government entities

Description	2021-2022	2020-2021
	Kshs	Kshs
Unconditional grants		
Operational grant	113,700,000	103,851,768
Grant from other entities		21,000,000
Total government grants	113,700,000	124,851,768

The funding was for the running operational of the Institute

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

Name of the Entity sending the grant	Amount recognized to Statement of Financial performance	Amount deferred under deferred income	Amount recognised in capital fund.	Total transfers	Prior year
				2021/2022	2020/2021
	Kshs	Kshs	Kshs	Kshs	Kshs
Tourism promotion fund	-	-	-	-	35,000,000
Ministry of Tourism	113,320,407	-	379,593	113,700,000	85,275,000
Total	113,320,407	-	379,593	113,700,000	120,275,000

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Notes to the Financial Statements (Continued)

7. Use of Goods and Services

Description	2021-2022	2020-2021
	Kshs	Kshs
Advertising, Marketing and Promotion	237,900	1,168,900
Audit fees	250,000	250,000
Cleaning services	708,132	1,327,702
Conferences and delegations	11,288,720	6,553,000
Consumables	4,026,521	2,782,475
Corporate social responsibility	-	500,000
Data Analysis, Research and Survey	36,729,005	34,105,655
Data Management Platform	8,539,238	1,395,000
Fuel and oil	1,325,200	1,613,872
Government Advertising Agency	293,771	968,374
Internet	1,364,921	4,000
Licenses and permits	279,638	3,050
Membership and Subscription	61,940	136,167
Motor Insurance	567,514	970,569
Motor vehicle running expenses	550,595	1,282,328
Office supplies	163,673	514,019
Official Entertainment	3,286,444	2,131,912
Other general expenses(Logo design)	473,000	-
Postage and delivery	52,872	-
Printing and stationery	798,500	1,680,364
Staff Skills development	707,387	754,635
Telecommunication	571,566	1,014,350
Tender evaluation	-	490,000
Travel, accommodation, subsistence and other allowances	19,102,465	9,355,932
subtotal	91,379,002	69,002,304
COVID-19 Recovery strategy (War Room)	14,000,000	21,000,000
Total	105,379,002	90,002,304

8. Employee Costs

Description	2021-2022	2020-2021
	Kshs	Kshs
Salaries and wages	991,583	232,676
Internship allowances	905,116	1,075,000
Travel, motor car, accommodation, subsistence, and other allowances	104,000	-
Other employee related costs	516,000	-
Employee costs	2,516,699	1,307,676

Notes to the Financial Statements (Continued)

9. Board Expenses

Description	2021-2022	2020-2021
	Kshs	Kshs
Chairman/Directors' Honoraria	1,044,000	1,044,000
Sitting allowances	2,896,670	5,514,070
Other allowances	8,891,403	8,220,943
Total	12,832,073	14,779,013

10. Depreciation and Amortization Expense

Description	2021-2022	2020-2021
	Kshs	Kshs
Property, plant and equipment	2,835,685	3,601,734
Intangible assets	653,334	873,269
Total depreciation and amortization	3,489,019	4,475,003

11. Repairs and Maintenance

Description	2021-2022	2020-2021
	Kshs	Kshs
Equipment and machinery	779,300	269,950
Vehicles	529,472	400,814
Computers and accessories	25,000	1,116,227
Total repairs and maintenance	1,333,772	1,786,991

12. Finance Costs

Description	2021-2022	2020-2021
	Kshs	Kshs
Bank service charges	18,046	24,700
Total finance costs	18,046	24,700

**Tourism Research Institute
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Notes to the Financial Statements (Continued)

13. Cash and Cash Equivalents

Description	2021-2022	2020-2021
	Kshs	Kshs
Current Account	72,338,026	60,198,093
Total Cash And Cash Equivalents	72,338,026	60,198,093

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

		2021-2022	2020-2021
Financial Institution	Account number	Kshs	Kshs
Current Account			
Kenya Commercial bank - Recurrent	1220888613	72,322,477	60,182,543
Kenya Commercial bank - Development	1220901636	15,550	15,550
Grand total		72,338,026	60,198,093

14. Receivables from Non-Exchange Transactions

Description	2021-2022	2020-2021
	Kshs	Kshs
GOK grant receivable	-	18,576,768
Deposits and prepayments	560	560
Staff Imprests	(5,000)	(2,327)
Total current receivables	(4,440)	18,575,001

15. Property, Plant and Equipment

	Motor vehicles	Furniture and fittings	Computers and Accessories	Office Equipment's	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs
At 30 th June 2021	11,414,199	1,251,600	5,897,840	4,307,739	22,871,378
Additions	-	-	379,593	-	379,593
At 30 th June 2022	11,414,199	1,251,600	6,277,433	4,307,739	23,250,971
Depreciation and impairment					
At 30 th June 2021	4,993,712	310,485	3,735,311	1,505,441	10,544,950
Depreciation	1,605,122	117,639	762,637	350,287	2,835,685
At 30 th June 2022	6,598,834	428,124	4,497,948	1,855,728	13,380,634
Net book values					
At 30 th June 2022	4,815,365	823,476	1,779,485	2,452,011	9,870,337
At 30 th June 2021	6,420,487	941,115	2,162,529	2,802,298	12,326,428

Notes to the Financial Statements (Continued)

16. Intangible Assets

Description	2021-2022	2020-2021
	Kshs	Kshs
Cost		
At beginning of the year	5,617,808	5,617,808
Additions	-	-
At end of the year	5,617,808	5,617,808
Amortization and impairment		
At beginning of the year	4,964,474	4,091,205
Amortization	653,334	873,269
At end of the year	5,617,808	4,964,474
NBV	-	653,334

17. Trade and Other Payables

Description	2021-2022	2020-2021
	Kshs	Kshs
Trade payables	14,353,848	7,060,070
Payroll liabilities	-	134,100
Total trade and other payables	14,353,848	7,194,170

18. Deferred Income

Description	2021-2022	2020-2021
	Kshs	Kshs
National Government (Tourism Fund)	-	14,000,000
Total Deferred Income	-	14,000,000

The deferred income movement is as follows:

	National government	Total
	Kshs	Kshs
Balance Brought Forward	14,000,000	14,000,000
Additions	-	-
Transfers To Capital Fund	-	-
Transfers To Income Statement	(14,000,000)	(14,000,000)
Balance Carried Forward	-	-

Notes to the Financial Statements (Continued)

19. Cash Generated from Operations

	2021-2022	2020-2021
	Kshs	Kshs
Surplus for the year before tax	(2,708,611)	12,476,081
Adjusted for:		
Depreciation	3,489,019	4,475,003
Working Capital adjustments		
Increase in receivables	18,579,441	(7,579,063)
Increase in deferred income	(14,000,000)	14,000,000
Increase in payables	7,159,678	5,713,550
Net cash flow from operating activities	12,519,527	29,085,571

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

20. Financial Risk Management

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

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

i) Credit risk

The Entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Institute's management based on prior experience and their assessment of the current economic environment.

Notes to the Financial Statements (Continued)

Financial Risk Management

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

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2022				
Receivables from non-exchange transactions	(4,440)	(4,440)	-	-
Bank balances	72,338,026	72,338,026	-	-
Total	72,333,586	72,333,586	-	-
At 30 June 2021				
Receivables from non-exchange transactions	18,575,001	18,575,001	-	-
Bank balances	60,198,093	60,198,093	-	-
Total	78,773,094	78,773,094	-	-

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 Institute has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Institute has significant concentration of credit risk on amounts due from 30 June 2022. The board of directors sets the Institute's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

ii) Liquidity risk management

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

The table below represents cash flows payable by the Institute under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

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Notes to the Financial Statements (Continued)

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2022				
Trade payables	8,219,272	4,749,638	1,384,938	14,353,848
Total	8,219,272	4,749,638	1,384,938	14,353,848
At 30 June 2021				
Trade payables	5,579,450	159,150	1,321,470	7,060,070
Total	5,579,450	159,150	1,321,470	7,060,070

21. Related Party Disclosures

Nature of related party relationships

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

Government of Kenya

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

Other related parties include:

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

	2021-2022	2020-2021
	Kshs	Kshs
Transactions with related parties		
a) Grants from the Government		
Grants from Ministry of Tourism	113,700,000	103,851,768
Grants from other Entities	-	21,000,000
Total	113,700,000	124,851,768
b) Key management compensation		
Board Expenses	11,788,073	15,945,343
Compensation to the Board Chair	1,044,000	1,044,000
Total	12,832,073	16,989,343

Notes to the Financial Statements (Continued)

22. Events after the Reporting Period

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

23. Ultimate And Holding Entity

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

24. Currency

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

19. APPENDIX

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

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.1	Shortage of Staff	Awaiting Ministry to second the staff fully as well as deploy new staff.	<ul style="list-style-type: none"> • David G. Gitonga- Acting CEO • Mrs. Zeinab Hussein, CBS - Principal Secretary, Tourism • Hon. Najib Balala- Cabinet Secretary, Tourism 	Partially resolved
1.2	Acting Staff	Current CEO has been acting for over 12 months without being confirmed contrary to Human resource best practice	<ul style="list-style-type: none"> • Hon. Najib Balala- Cabinet Secretary, Tourism TRI Board 	Not resolved


.....
Ag. Chief Executive Officer

Date

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Appendix II: Transfers from Other Government Entities

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	Where Recorded/recognized				Total Transfers during the Year
					Capital Fund	Deferred Income	Receivables	Others - must be specific	
Ministry of Tourism and Wildlife	05/07/2021	Recurrent	18,576,768	-	-	-	18,576,768	-	-
Ministry of Tourism and Wildlife	25/08/2021	Recurrent	9,475,000	9,475,000	-	-	-	-	-
Ministry of Tourism and Wildlife	01/10/2021	Recurrent	18,950,000	18,950,000	-	-	-	-	-
Ministry of Tourism and Wildlife	28/10/2021	Recurrent	18,950,000	18,950,000	-	-	-	-	-
Ministry of Tourism and Wildlife	10/12/2021	Recurrent	9,475,000	9,475,000	-	-	-	-	-
Ministry of Tourism and Wildlife	04/04/2022	Recurrent	9,475,000	9,475,000	-	-	-	-	-

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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	Where Recorded/recognized				Total Transfers during the Year
					Capital Fund	Deferred Income	Receivables	Others - must be specific	
Ministry of Tourism and Wildlife	25/04/2022	Recurrent	18,950,000	18,950,000	-	-	-	-	-
Ministry of Tourism and Wildlife	11/05/2022	Recurrent	9,475,000	9,475,000	-	-	-	-	-
Ministry of Tourism and Wildlife	27/06/2022	Recurrent	9,475,000	9,475,000	-	-	-	-	-
Ministry of Tourism and Wildlife	27/06/2022	Recurrent	9,475,000	9,475,000	-	-	-	-	-
Total			132,276,768	113,700,000	-	-	18,576,768	-	-

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Appendix III: Inter-Entity Confirmation Letter

*Kenya Tourism Board – Head Office
Kenya-Re Towers, Ragati Road
P.O. BOX 30630 – 00100 Nairobi, Kenya*

The Tourism Research Institute wishes to confirm the amounts disbursed to you as at 30th 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 th June 2022						
Reference Number	Date Disbursed	Amounts Disbursed by Tourism Research Institute(Kshs) as at 30 th June 2022			Amount Received by Kenya Tourism Board (Kshs) as at 30 th June 2022 (E)	Differences (Kshs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)		
002288	19/05/2022	-	-	4,840,000	4,840,000	-
Total				4,840,000	4,840,000	-

In confirm that the amounts shown above are correct as of the date indicated.

Head of Accountants department of beneficiary Entity:

Name Mary Munda..... Sign Mary Munda..... Date 11/01/2023



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