

Library

PAPERS LAID No 117	
Speaker N. A.	Clerk - ssis
Dispeaker	C. H. Editor
Clerk N A	Reporters
D/Clerk	Library
P. C. A	Press

# **CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES**



## **ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2006**



# **CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES**

## **VISION**

**To be a reliable source of funding for training, marketing, promotion, provision of quality services and development making Kenya the most preferred tourist destination.**

## **MISSION STATEMENT**

**To ensure effective collection of Levy and to efficiently disburse the funds for training, marketing, promotion, provision of quality services and development through a highly motivated staff making Kenya a preferred tourist destination.**

# **CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS**

**For the year ended 30th June, 2006**

### **CONTENTS**

	Page
Organization Information	3-5
Board of Trustees	6
Management Staff	7
Chairman's Statement	8
Chief Executive's Statement	9
Corporate Governance Statement	10-12
Statement of Board of Trustees' Responsibilities	13
Report of the Controller & Auditor general	14-16
<b>Financial Statements:</b>	
Income & Expenditure Statement	17-19
Balance Sheet	20
Schedule of Fixed Assets	27
Statement of Changes in Accumulated Funds	28
Cash Flow Statement	21
Accounting Policies	22
Notes to the Financial Statements	23-32

# **CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES**

## **ORGANIZATION INFORMATION**

Catering and Tourism Development Levy Trustees (CTDLT) was established in 1972 as a body corporate under Section 18 of the Hotels and Restaurants Act Cap. 494 of the Laws of Kenya.

### **REGISTERED OFFICE**

Head Office - Nairobi

Shell/BP House

4<sup>th</sup> Floor

Harambee Avenue

P.O. Box 46987-00100, Tel: 020-227719

### **NAIROBI**

Website: [ctdlit.co.ke](http://ctdlit.co.ke), E-mail: [info@ctdlit.co.ke](mailto:info@ctdlit.co.ke)

### **REGIONAL OFFICES:-**

#### **Nairobi Branch,**

Valley Road,

CLT House,

Valley Road,

P.O. Box 46987-00100, Tel: 020-2730708

### **NAIROBI**

#### **Coast Region,**

Re-Insurance Plaza,

2<sup>nd</sup> Floor,

Aga Khan Road,

P.O. Box 99832, Tel: 041-220493

### **MOMBASA**

## **CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES**

### **West Kenya Region,**

Re-Insurance Plaza,  
7<sup>th</sup> Floor,  
Off Oginga Odinga Road,  
P.O. Box 1406, Tel: 057-2022247

### **KISUMU**

### **Rift Valley Region,**

AFC Building,  
Mezzanine Floor,  
Kijabe Lane, Off Kenyatta Avenue  
P.O. Box 2812, Tel: 051-2215660

### **NAKURU**

### **Mt. Kenya Region,**

Sohan Plaza,  
4<sup>th</sup> Floor,  
Moi/Nyayo Road,  
P.O. Box 348, Tel: 061-2030778

### **NYERI**

# **CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES**

## **MAIN BANKERS**

Kenya Commercial Bank  
K.I.C.C. Branch  
Harambee Avenue  
P.O. Box 48400-00100  
**NAIROBI**

National Bank of Kenya  
NBK Building  
Harambee Avenue  
P.O. Box 73866-00100  
**NAIROBI**

## **AUDITORS**

Controller & Auditor General  
Kenya National Audit Office  
Anniversary Towers – University Way  
P.O. Box 30084-00100  
**NAIROBI**

# CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES **BOARD OF TRUSTEES**



Mr. Joseph Kipsanai-Chairman



M/s. Rebecca Nabutola  
PS Tourism & Wildlife



Mr. Joseph Kinyua PS Treasury



Mr. Daniel Ole Kiptunen



Mr. Michael A. K'ombugoh



M/s. Amina J. Kassim



M/s. Kanario Miriti



Mr. Lawrence M. Ndeeri



Mrs. Margaret W. Onyimbo  
Alternate. to PS-Treasury



Mrs. Rosemary Njonge  
Alternate to PS-Tourism  
& Wildlife



Mr. Philemon Mwaisaka  
Principal - KUC



Mr. Allan W. Chenane,  
Secretary/Chief Executive



**CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES  
MANAGEMENT STAFF**



**Mr. Allan W. Chenane,  
Chief Executive**



**Mr. Orsborne O.A.M. Kilasi,  
Chief Manager Fin. HR & Admin.**



**Mr. George M. Nganga,  
Finance Manager**



**Mrs. Ruth W. Sande ,  
Standards Dvp Manager**



**Mr. Eden R. Odhiambo  
Ag. Levy manager**



**Mr. Julius S.K. Masivo  
Deputy Finance Manager**



**Mr. Willis Ondiek  
Deputy Standards Dvp Manager**



**M/s. Jane K. Aganyoh,  
Head of Internal Audit**



**Mr. Fredrick Orego  
Snr. Legal Officer**



# **CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES**

## **CHAIRMAN'S STATEMENT**

The year under review registered a tremendous improvement compared to the past years.

### **CATERING TRAINING LEVY FUND**

During the year under review the organization achieved and in fact surpassed its levy collection targets. In this financial year 2005/2006 levy collection was Kshs 712,583,950 compared to Kshs. 602,662,590 collected in the previous fiscal year. CTDLT also received kshs.9,051,590 from investments compared to Kshs. 3,661,669 received the previous year. The year's results raised accumulated fund to Kshs.339,150,031 and property, plants and equipment to Kshs.98,186,596, from Kshs.182,378,488 and 67,279,338 respectively. The Tourism Industry has recorded an impressive improvement in all areas during this financial year compared to the previous year. This was due to the performance improvement of the tourism industry, staff dedication and positive response by hoteliers.


The Board of Trustees, over the period under review, enhanced its impact and contribution by continuously educating and advocating its mandate through exchange and interaction with staff and stakeholders. This for a further set conducive environment to exchange views that contributed to better performance.

### **WAY-FORWARD**

The Board of Trustees is committed to achieving the goals contained in the CTDLT Strategic Plan for the years 2004 – 2009. The Strategic Plan clearly sets ways and means of future development, improvement of Staff Welfare, work environment and social responsibilities among others. This will ultimately assist in the achievement of set strategic objectives and goals of the organization.

### **APPRECIATION**

Finally, I wish to take this opportunity to thank my fellow Board of Trustees for their continued dedication and co-operation to serve the organization. Gratitude is also extended to the Chief Executive, Management and all members of staff for their devotion and commitment to work which contributed to CTDLT success. Further, my appreciation goes to the Government of Kenya through the parent Ministry of Tourism and Wildlife, the Industry and other stakeholders for their continued support.

SIGNED:  JOSEPH KIPSANAI  
Chairman, CTDLT.

Date .....10/01/2007.....

**CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES  
CHIEF EXECUTIVE'S STATEMENT**

Catering and Tourism Development Levy Trustees (CTDLT) registered improved performance in the concluded financial year 2005/2006 notwithstanding the high cost of commodities, limited resources especially motor vehicles and, lack of fully developed information technology amongst other operational tools.

**PERFORMANCE REPORT**

During the year under review, the emphasis was put on operational processes and systems to ensure efficiency, and effectiveness. The control measures enhanced levy collection, reduced cost leading to quality service delivery to our customers and stakeholders. The organization has also recorded a tremendous improvement in all areas of operation. This included replacement of some of the old and un economical vehicles, furniture and obsolete equipment and embarked on information technology development which will be completed in the following financial year.

The improved performance, especially in finance collection, has enabled the organization to undertake her mandates of levy collection and initiatives in development and regulation of training standards, curricula and testing of skills for the tourism and hospitality sector. Equally, CTDLT has effectively granted finances to Kenya Utalii College and Kenya Tourist Board for supporting training and, marketing and promotion respectively.

**STAFF DEVELOPMENT AND MOTIVATION**

CTDLT has embarked on staff training and development and team building sessions to achieve professionalism, multi-skilling and team work. This is a deliberate effort to enhance staff performance and motivation. CTDLT has improved on the staff salaries and allowances and other staff welfare activities resulting in enhanced work performance.

**WAY-FORWARD**

The organization through the able guidance of the Board of Trustees looks forward to realizing better performance in future and is committed to - Upholding all the organizational core values; Maximizing service delivery to our customers and other stakeholders; Completing Capital development to enhance productivity; Ensure maintenance of working tools and Assets and; Improving staff motivation and other general staff welfare.

Finally I wish to thank the Board of Trustees for their support and able guidance. Equally I thank the management and the entire members of staff for their devotion to hard work. Lastly, my special regards and gratitude goes to all the institutions that contributed to the excellent achievement during the financial year.

SIGNED:  ALLAN W. CHENANE

Chief Executive, CTDLT

Date: 04/01/07.....

# **CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES**

## **CORPORATE GOVERNANCE STATEMENT**

### **INTRODUCTION**

Corporate governance is the process by which organizations are directed, controlled and held accountable. This encompasses authority, accountability, leadership and control of activities in an organization.

### **CTDLT BOARD OF TRUSTEES**

The Board of Trustees consists of six members with diversified skills and experience in hospitality industry all appointed by the Minister for Tourism and Wildlife for a three year period. The mandate of the Trustees is clearly defined in Hotels and Restaurants authority Act Cap. 494 of the laws of Kenya as follows: -

- i. Collect, control and administer the Catering Training & Tourism Development Fund.
- ii. Establish, equip and control such establishments for the training of persons for employment in the hotels and restaurants as the Minister may approve.
- iii. Establish and develop national standards for testing skills required by the tourism industry.
- iv. Make such payments out of the fund as may be necessary to enable the Kenya Tourist Board promote Kenya as a preferred tourist destination both locally and internationally.

The Board of Trustees has properly laid down workplans to ensure strict control of its operations and the execution delegated to the Chief Executive of the Organization.

## **COMMITTEES OF THE BOARD OF TRUSTEES**

The Board of Trustees has in place four standing committees as appended here below: -

➤ **Finance Committee**

Mr. Michael A. K'ombugoh	-	Chairman
Mr. Lawrence M. Ndeeri	-	Member
Mrs. Rosemary Njonge	-	Ministry of Tourism & Wildlife
Mrs. Margaret W. Onyimbo	-	Ministry of Finance
Mr. Gerald Mwangi	-	Inspectorate of State Corporation

➤ **Staff and Technical Committee**

M/s. Kanario Miriti	-	Chairperson
Mr. Daniel Ole Kiptunen	-	Member
Mrs. Rosemary Njonge	-	Ministry of Tourism & Wildlife
Mrs. Margaret W. Onyimbo	-	Ministry of Finance
Mr. Philemon Mwaisaka	-	Kenya Utalii College
Mr. Gerald Mwangi	-	Inspectorate of State Corporation

➤ **Tender Committee**

Mr. Daniel Ole Kiptunen	-	Chairman
M/s. Amina S. Kassim	-	Member
Mrs. Margaret W. Onyimbo	-	Ministry of Finance
Mr. Philemon Mwaisaka	-	Kenya Utalii College

➤ **Audit Committee**

Mr. Lawrence M. Ndeeri	-	Chairman
M/s. Amina S. Kassim	-	Member
Mrs. Rosemary Njonge	-	Ministry of Tourism & Wildlife
Mrs. Ruth W. Sande	-	Standards Dvp Manager
M/s. Jane K. Aganyoh	-	Head of Internal Audit
Mr. Fredrick Orego	-	Legal Officer

The Committee members are supposed to draw schedule of the meetings as may be necessary during a financial year.

## **RISK MANAGEMENT AND CONTROL**

The Board of Trustees has collective responsibilities to establish and implement systems to ensure: -

- Maintenance of ethical standards.
- Staff Health, Safety and Welfare.
- Adoption of technology and skills.
- Staff Social Responsibilities and Interaction.
- Control efficiency, effectiveness and reporting of the performance of the organization to the responsible authorities.
- Recognition and utilization of professional skills and competencies.
- Corporate compliance with all relevant laws, regulations, governance practices, accounting and auditing standards.
- Adherence to performance contract signed between the Government and CTDLT.

Finally, the Board of Trustees is committed to accomplish an already laid down organizational strategic plan for future Development of the organization.

# CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES



## STATEMENT OF BOARD OF TRUSTEES RESPONSIBILITIES

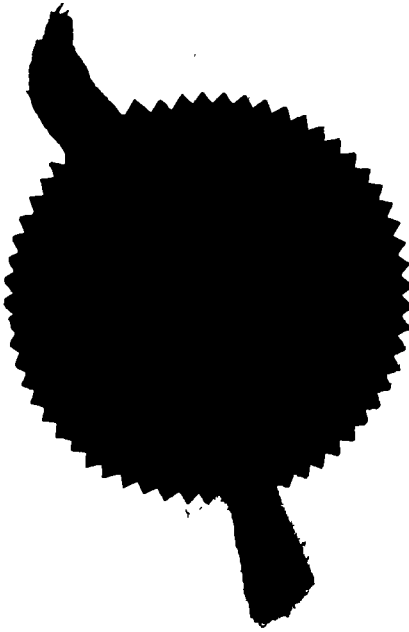
The Board of Trustees is required to prepare financial statements for each financial year that gives a true and fair view of the state of affairs of Trustees as at the end of the financial year and of its operating results. The Board should also ensure that the organization keeps proper accounting records that disclose with reasonable accuracy the financial position of CTDLT. It is also responsible for safeguarding the assets of the Organization.

The Board of Trustees accepts responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and the requirements of the enabling Act. The Board is of the opinion that the financial statements for the year ended 30th June 2006 give a true and fair view of the state of financial affairs of CTDLT and of its operating results. The Board further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial controls.

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

SIGNED: Joseph Kipsanai JOSEPH KIPSANAI  
Chairman, Catering & Tourism Development  
DATE 10/01/2007 Levy Trustees

SIGNED: Allan W. Chenane ALLAN W. CHENANE  
Chief Executive, Catering & Tourism Development  
DATE 04/01/07 Levy Trustees



REPUBLIC OF KENYA



**KENYA NATIONAL AUDIT OFFICE**

**REPORT  
OF  
THE CONTROLLER  
AND AUDITOR-GENERAL**

**ON THE FINANCIAL STATEMENTS OF  
CATERING AND TOURISM DEVELOPMENT  
LEVY TRUSTEES FOR THE YEAR ENDED 30  
JUNE 2006**





## **KENYA NATIONAL AUDIT OFFICE**

### **REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES FOR THE YEAR ENDED 30 JUNE 2006**

I have audited the financial statements of Catering and Tourism Development Levy Trustees for the year ended 30 June 2006 in accordance with the provisions of Section 14 of the Public Audit Act, 2003. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit. The financial statements are in agreement with the books of account.

#### **Respective Responsibilities of the Trustees and the Controller and Auditor General**

The Trustees are responsible for the preparation of financial statements which give a true and fair view of the state of affairs of the Trustees and its operating results. My responsibility is to express an independent opinion on the financial statements based on my audit.

#### **Basis of Opinion**

The audit was conducted in accordance with International Standards on Auditing. Those standards require that the audit be planned and performed with a view to obtaining reasonable assurance that the financial statements are free from material misstatement. An audit includes an examination, on a test basis, of evidence supporting the amounts and disclosures in the financial statements. It also includes an assessment of the accounting policies used and significant estimates made by the Trustees, as well as an evaluation of the overall presentation of the financial statements. I believe the audit provides a reasonable basis for my opinion.

#### **1. Property, Plant and Equipment**

The Property, Plant and Equipment balance of Kshs.95,086,596 as at 30 June 2006 includes land and buildings valued at Kshs.30,304,344. The leasehold land has not been amortized neither have buildings been depreciated contrary to International Accounting Standards No's 16 and 17 respectively. Also included in the balance sheet Property, Plant and Equipment of Kshs.95,086,596 as at 30 June 2006 is an amount of Kshs.4,579,424 described as curriculum development and which, according to the information seen, is yet to be patented. This intangible asset is yet to be determined and consequently it has not been

amortized in line with IAS 16. Consequently, it is not possible to confirm the value of Property Plant and Equipment amounting to Kshs.95,086,596 as at 30 June 2006.

## **2 Dishonoured Cheques**

As disclosed in note 20 to the financial statements dishonoured cheques from various hotels and restaurants amounted to Kshs.10,164,588 out of which bad and doubtful debts of Kshs.7,753,335 has been provided. However, no evidence was seen on efforts made by the management to have cheques replaced by the various hotels and restaurants and the basis on which the provision for bad debts was made.

## **3 Advances**

Included in the advances figure of Kshs.12,596,511 are medical advances totaling to Kshs.12,070,803 (2004/2005 – Kshs.10,278,522) which have been on increase over the years with no recoveries being made. Further the figure of Kshs.12,070,803 includes Kshs.1,856,218 owing from former employees. No efforts appear to have been made to recover the advances from former employees. Moreover no provision has been made in these financial statements in relation to the uncertainties posed by non-recovery of these advances.

## **Opinion**

Except for the foregoing reservations, in my opinion proper books of account have been kept and the financial statements give a true and fair view of the state of the affairs of Catering and Tourism Development Levy Trustees, as at 30 June, 2006 and of its surplus and cash flows for the year then ended and comply with the Hotels and Restaurants Act Cap 494.



**P.N. KOMORA  
CONTROLLER AND AUDITOR GENERAL**

Nairobi

04 January 2007

**CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
For the year ended 30th June, 2006

**INCOME AND EXPENDITURE ACCOUNT**

ITEMS	Notes	2005/2006 KSH	2004/2005 KSH
<b>A: INCOME:</b>			
Catering Training Levy & Penalty	2	712,583,950	602,662,590
Interest on Investments/Loan	3	9,051,590	3,661,669
Interest on Staff Loans	4	31,447	130,184
Disposal of Assets	5	400,224	305,600
Standards Development Levy		18,000	0
Grants from TTF		2,440,000	0
Miscellaneous Revenue		<u>756,000</u>	<u>287,200</u>
<b>TOTAL INCOME</b>		<b><u>725,281,211</u></b>	<b><u>607,047,243</u></b>
<b>B: EXPENDITURE</b>			
<b>ADMINISTRATIVE EXPENSES</b>			
	7		
Chairman's Hon. & Trustees sitting Allowance		2,685,000	2,287,400
Trustees Travelling Allowance		1,323,633	2,133,925
Subsistence & Travelling Allowance		6,492,121	4,716,114
Transport Operating & Maintenance		5,799,508	4,954,501
Insurances		1,507,943	2,772,198
Electricity, Water & Conservancy		182,237	147,234
Postage & Telephone Expenses		3,805,488	3,698,568
Printing & Stationery		5,616,530	3,895,376
Newspaper & Periodicals		536,305	518,289
Audit Fees		240,000	240,000
Office Equipment – Maintenance		1,212,975	909,917
Office Equipment – Service Contract		5,316,442	0
Miscellaneous Expenses		759,012	1,217,997
Bank Charges		715,688	1,126,531
<b>TOTAL ADMINISTRATIVE EXPENSES</b>		<b><u>36,192,882</u></b>	<b><u>28,618,050</u></b>

**CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
For the year ended 30th June, 2006

**INCOME AND EXPENDITURE ACCOUNT (Continued)**

	Notes	2005/2006	2004/2005
<b>STAFF EXPENSES</b>	7		
Salaries & House Allowance		94,751,490	88,774,671
Special Duty Allowance		700,485	783,306
Leave Travelling Allowance		1,539,601	1,084,570
Transfer Allowance		30,000	3,025,060
Medical Allowance		2,076,613	2,434,394
Staff Welfare Expenses		2,715,828	1,314,130
Kilometer Allowance (Mileage)		96,981	15,490
Other Remunerative Allowance		—	—
Staff Uniforms		34,782	167,781
Staff Development (Training)		3,978,077	1,672,003
<b>TOTAL STAFF EXPENSES</b>		<b>105,923,860</b>	<b>99,271,405</b>
<b>ESTABLISHMENT EXPENSES</b>	7		
Office Rent		6,568,400	6,413,639
Land Rent & Rates		400,000	387,650
Licences & Legal Fees		307,945	262,465
Repair & Maintenance of Buildings		380,562	438,852
<b>TOTAL ESTABLISHMENT EXPENSES</b>		<b>7,656,908</b>	<b>7,502,606</b>
<b>PROMOTION EXPENSES</b>	7		
Entertainment & Public Relations		2,318,228	2,534,397
Subscription		—	—
Shows & Exhibitions		290,105	180,590
Advertising & Publicity		523,462	351,505
Tourism Promotion		1,416,670	3,051,296
<b>TOTAL PROMOTION EXPENSES</b>		<b>4,554,465</b>	<b>6,117,788</b>
<b>TOTAL CTDLT EXPENSES</b>		<b>154,328,115</b>	<b>141,509,849</b>

# **CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS**

**For the year ended 30th June, 2006**

### **INCOME AND EXPENDITURE ACCOUNT (Continued)**

<b>ITEMS</b>	<b>Notes</b>	<b>2005/2006</b>	<b>2004/2005</b>
		<b>KSH</b>	<b>KSH</b>
<b>GRANTS:-</b>	<b>7</b>		
Grants to Utalii College		300,000,000	277,050,362
Grants to Kenya Tourist Board		100,000,000	71,124,000
<b>TOTAL GRANTS</b>		<b>400,000,000</b>	<b>348,174,362</b>
<b>GRAND TOTAL</b>		<b>554,328,115</b>	<b>489,684,211</b>
<b>Surplus before Depreciation</b>		<b>170,953,096</b>	<b>117,363,032</b>
Depreciation- Motor Vehicles		3,435,057	848,235
- Furniture & Equipment		10,746,495	3,114,765
<b>TOTAL DEPRECIATION</b>		<b>14,181,553</b>	<b>3,963,000</b>
<b>NET SURPLUS</b>		<b>156,771,543</b>	<b>113,400,032</b>

# CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES

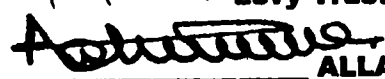
## ANNUAL REPORT AND FINANCIAL STATEMENTS

**For the year ended 30th June, 2006**

### BALANCE SHEET

	Notes			2004/2005
		2005/2006		
		KSH	KSH	KSH
<b>(A) NON CURRENT ASSETS</b>				
Plant, Properties and Equipment	13		95,086,596	64,179,338
Long term Investments	22		3,100,000	3,100,000
<b>SUB TOTAL</b>			<b>98,186,596</b>	<b>67,279,338</b>
<b>(B) CURRENT ASSETS</b>				
CLT Loan Scheme	15	906,923		1,296,407
Deposits & Prepayments	16	10,101,651		1,415,922
Closing Inventory Stocks	17	1,132,237		985,255
Advances	18	12,596,511		11,710,554
Receivables	19 & 20	3,880,489		3,372,387
Loans (KTDC)	21	257,172		642,927
Investments	22	124,000,000		30,000,000
Cash & Cash Equivalent	23	<u>91,997,224</u>		<u>70,547,517</u>
<b>SUB TOTAL</b>		<b>244,872,207</b>		<b>119,970,969</b>
<b>GRAND TOTAL</b>		<b>244,872,207</b>		<b>187,250,305</b>
<b>(C) Less: CURRENT LIABILITIES</b>				
Payables	24	<u>3,908,772</u>	<u>240,963,435</u>	<u>4,871,819</u>
			<b>339,150,031</b>	<b>182,378,488</b>
<b>(D) FINANCED BY:</b>				
Accumulated Funds	14		<u>339,150,031</u>	<u>182,378,488</u>
			<b>339,150,031</b>	<b>182,378,488</b>

**SIGNED:**  **JOSEPH KIPSANAI**  
 10/01/2007 **Chairman, Catering & Tourism Development**  
**Levy Trustees.**

**SIGNED:**  **ALLAN W. CHENANE**  
 04/01/07 **Chief Executive, Catering & Tourism Development**  
**Levy Trustees.**

# CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES

## ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 30th June, 2006

### CASH FLOW STATEMENT

	Notes	2005/2006 KSH	2004/2005 KSH
<b>Adjustment:</b> Surplus per Income Statement		156,771,542	113,400,032
Less: Indirect Income		(12,697,261)	(4,079,053)
Prior year Adjustments		—	—
Depreciation	19	14,181,553	3,963,000
<b>Total before Working Capital Change</b>		<b>158,255,835</b>	<b>113,283,979</b>
<b>Working capital changes:-</b>			
Receivable	20	(103,290,830)	(29,990,054)
Inventory		146,982	(54,403)
Payable	20	(963,047)	(28,257,880)
Finance: Interest on Investments/Loans		9,498,994	4,079,053
<b>Total generated from operations</b>		<b>63,647,934</b>	<b>59,060,695</b>
<b>Investing Activities:-</b>			
Petty Cash Float		—	140,000
Purchase of Assets	12	(45,215,288)	(19,436,961)
Proceeds from sale of Assets	17	3,045,671	305,600
<b>Net cash Generated after financing</b>		<b>21,478,316</b>	<b>39,928,334</b>
<b>Changes in cash and cash equivalent</b>		<b>21,478,316</b>	<b>39,928,334</b>
<b>Opening Cash Balance</b>		<b>70,157,517</b>	<b>28,909,958</b>
		<b>91,997,224</b>	<b>70,157,517</b>



**CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**For the year ended 30th June, 2006**

**NOTES TO THE ACCOUNTS**

**I. ACCOUNTING POLICIES**

**(a) Basis of preparation:**

The Report and Financial Statements are prepared in accordance and comply with International Financial reporting Standards. The statement are expressed in Kenya Shillings (Kshs) and done on the basis of Historical cost convention as modified when applicable by valuation of assets.

**(b) Property and Equipment:**

The property and Equipment are stated at cost less depreciation except Land and Building. Depreciation is calculated on reducing value to write off the cost of each asset to its residual value over estimated useful life, as shown here below:-

1. Computers	-	25.0%
2. Fixtures, Fittings, Furniture & Equipment	-	12.5
3. Motor Vehicles		25.0%

**(c) Bad and Doubtful Debts:**

Specific provision is made in respect of Bad and Doubtful Debts.

**(d) Closing Inventory:**

The closing Inventory stock is stated at lower cost or net realizable value using LIFO Method.

# **CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS**

**For the year ended 30th June, 2006**

### **NOTES TO THE ACCOUNTS (Continued)**

#### **2. INCOME**

The main source of Income is 2% Training Levy fund charged on accommodation, food and other services charged by Hotels, Restaurants and Lodges in accordance with Hotels and Restaurants Act Cap. 494- 1971 of Laws of Kenya.

#### **3. INTEREST ON INVESTMENTS**

The income is realised from the surplus fund invested in government Treasury Bills. It is slated and recognized net of necessary charges.

#### **4. INTEREST ON STAFF LOAN**

The Income is interest charges on outstanding loans granted to members of staff.

#### **5. DISPOSAL OF ASSETS**

The disposal of assets is at times over the above residual value which amount is recognized and posted as income at the period it is received.

#### **6. MISCELLANEOUS INCOME**

The amount was realised from the sale of Tender documents for purchase of Motor vehicles and J.C.T. Development.

# **CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS**

**For the year ended 30th June, 2006**

### **NOTES TO THE ACCOUNTS (Continued)**

#### **7. EXPENDITURE**

(i) The organization to maximize on its operations has a budget for utilization on its expected expenditure in the areas of: -

- Administrative expenses  
The cost in this expenditure increased due to escalation of maintenance costs and service contract due to acquisition of additional office equipment and ICT development.
- Staff costs  
The costs increased due to annual salary increment and team building training programs conducted for all members of staff.
- Establishment costs  
The increase in cost catered for revision in lease agreement.
- Promotion expenses  
The cost reduced during the year.
- Grants to KUC and KTB  
The increase in grants is as per the approved budget.

# CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES

## **ANNUAL REPORT AND FINANCIAL STATEMENTS**

**For the year ended 30th June, 2006**

### **NOTES TO THE ACCOUNTS (Continued)**

#### **8. STANDING IMPREST**

The standing imprest is issued to all regional offices to cater for Office day to day payments as follows.

<b>STANDING IMPRESTS</b>	<b>Kshs</b>
- Nairobi Hqts	100,000
- Nairobi Branch	80,000
- Mombasa	80,000
- Kisumu	50,000
- Nakuru	40,000
- Nyeri	<u>40,000</u>
	<b><u>390,000</u></b>

The amount is accounted for and banked on or before 30<sup>th</sup> June of each year.

#### **9. STAFF BENEFITS COSTS**

The organization has a workforce of 136 employees. It operates a defined benefit retirement scheme. National Social Security Fund (NSSF) and in addition, Group Personal Accident cover. The Pension Scheme and NSSF is funded by employer's and employees contributions and payable in accordance with scheme rules. The management of the funds is vested in independent institutions.

**CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
For the year ended 30th June, 2006**

**NOTES TO THE ACCOUNTS (Continued)**

Staff members who retire or are terminated from employment before attaining the mandatory retirement age for reasons other than gross misconduct are compensated as per Terms and Conditions of Service.

**10. STAFF ENTITLEMENTS**

Members of staff are entitled to: -

- Leave allowance - once in a calendar year
- Transfer allowance (special accommodation)
- Medical allowance

Staff members who retire or terminated before attaining the mandatory retirement age for reasons other than gross misconduct are compensated as per Terms and Conditions of Service.

**11. SURPLUS**

The organization realized an excess levy fund of Kshs. 161,790,928/- an increase of 42.67% above the previous year which is earmarked for Capital projects to be undertaken by CTDLT, KUC and KTB.

**12. TAXATION**

CTDLT is wholly government owned organization established in 1972 under Section 18 of the HRA Act Cap. 494 of the laws of Kenya hence not subject to tax.

## CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES

### 13. SCHEDULE OF PROPERTY, PLANTS AND EQUIPMENT - 2005/2006

COST /VALUATION	Furniture and Fittings	Safe	Cookers, Fridges, Beds & Mattresses	Calculators	Typewriters	Duplicators, Photocopiers and Copiers	Minor Equipment	Computers/ Switchboard	Land and Building	Curriculum Dept	Meter Vehicles	TOTAL
1st July, 2005	11,868,628	361,075	513,536	585,091	1,343,309	2,260,599	2,400,612	32,869,118	30,304,344	0	35,020,743	117,527,055
Additions/Adjustments	2,145,798	0	4,200	0	0	200,123	229,590	22,067,685	0	4,579,424	15,968,468	45,215,288
Disposals	0	0	0	0	0	0	0	0	0	0	(3,094,160)	(3,094,160)
	14,014,426	361,075	517,736	585,091	1,343,309	2,460,722	2,630,202	54,936,803	30,304,344	4,579,424	47,916,051	159,648,183
DEPRECIATION:												
1st July, 2005	9,157,134	298,729	351,826	392,724	1,081,092	1,392,487	1,315,222	15,349,466	0	0	24,008,737	53,347,417
Disposals/Debtors	0	0	0	0	0	0	0	0	0	0	(2,967,383)	(2,967,383)
Charge for year	607,162	7,793	20,213	24,045	32,777	108,514	135,636	9,810,356	0	0	3,435,057	14,181,553
	9,764,296	306,522	372,039	416,769	1,113,869	1,501,001	1,450,858	25,159,822	0	0	24,476,411	64,561,587
Net Book Value 30th June 2006	4,259,130	54,553	145,697	168,322	229,440	959,721	1,179,344	29,776,981	30,304,344	4,579,424	23,438,640	89,986,588
30th June, 2005	2,711,494	62,346	161,718	192,367	262,217	868,112	1,085,090	17,173,749	30,304,344	0	11,012,006	64,179,338

**CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**For the year ended 30th June, 2006**

**NOTES TO THE ACCOUNTS (Continued)**

NOTE	DESCRIPTION	2005/2006 KSH	2004/2005 KSH
<b>14</b>	<b>ACCUMULATED FUND</b>		
	Accumulated Fund B/F	182,378,488	68,978,456
	Prior Year Adjustment	0	—
	Excess of Income Over/Under Expenditure	<u>156,771,543</u>	<u>113,400,032</u>
		<b><u>339,150,031</u></b>	<b><u>182,378,488</u></b>
<b>15</b>	<b>STAFF LOAN SCHEMES</b>		
	Car Loans	0	130,000
	Housing Loans	786,867	947,405
	Other Loans (Motor Insurance/Overhaul)	21,110	120,056
	Furniture/Fridge Loans	<u>98,946</u>	<u>98,946</u>
		<b><u>806,923</u></b>	<b><u>1,296,407</u></b>
<b>16</b>	<b>DEPOSITS AND PREPAYMENTS</b>		
	Kenya Power & Lighting Co.	2,360	2,360
	Water Deposits (Nairobi & Kisumu)	17,054	17,054
	Petrol & Fuel	114,870	114,870
	Hospitals Deposits	272,105	272,105
	Other Deposits	415,332	415,332
	Office Rent	363,868	594,201
	Other Prepayments	<u>298,241</u>	—
	Office Equipment-Computers	<u>8,617,821</u>	—
		<b><u>10,101,851</u></b>	<b><u>1,415,922</u></b>



**CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES  
ANNUAL REPORT AND FINANCIAL STATEMENTS**

**For the year ended 30th June, 2006**

**NOTES TO THE ACCOUNTS (Continued)**

NOTE	DESCRIPTION	2005/2006 KSH	2004/2005 KSH
<b>17</b>	<b>CLOSING INVENTORY</b>		
	Printing & Stationery		
	- Nairobi	464,470	321,699
	- Mombasa	152,716	226,521
	- Kisumu	107,774	121,402
	- Nakuru	173,732	100,420
	- Nyeri	233,545	215,213
		<u>1,132,237</u>	<u>985,255</u>
<b>18</b>	<b>ADVANCES</b>		
	- Salary Advances	514,482	1,420,806
	- Other Advances – Medical	12,070,803	10,278,522
	- Surcharge	11,226	11,226
		<u>12,596,511</u>	<u>11,710,554</u>
<b>19</b>	<b>RECEIVABLES (SUNDRY DEBTORS)</b>		
	- Kenya National Ass. Co. – Provision	649,958	649,958
	- Safari & Other Imprests	1,255,406	737,551
	- Pension (I.C.E.A)	116,501	116,501
	- Consolidated Bank	441	441
	- N.H.I.F.	2,060	1,860
	- Other debtors	94,828	94,828
	- Other debtors – Nyeri & Nakuru	0	9,953
		<u>2,119,194</u>	<u>1,611,092</u>
	Less: Provision for Doubtful Debts	<u>649,958</u>	<u>649,958</u>
		<u>1,469,236</u>	<u>961,134</u>

**NB: There is a provision for Doubtful Debts of Ksh. 649,958 on claims held by Kenya National Assurance Company (in liquidation).**

## CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES

### ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 30th June, 2006

#### NOTES TO THE ACCOUNTS (Continued)

NOTE	DESCRIPTION	2005/2006 KSH	2004/2005 KSH
20	<b>DISHONoured CHEQUES</b>		
	- Nairobi	4,362,536	4,362,536
	- Mombasa	4,303,123	4,303,123
	- Kisumu	1,186,045	1,186,045
	- Nakuru	115,224	115,224
	- Nyeri	197,660	197,660
		<b>10,164,588</b>	<b>10,164,588</b>
	Less: Provision for Doubtful Recoverable Debts	<u>(7,753,335)</u>	<u>(7,753,335)</u>
		<b>2,411,253</b>	<b>2,411,253</b>
21	<b>LOANS GENERAL</b>		
	Kenya Tourist Dev. Corporation	<u>257,172</u>	<u>642,927</u>
		<b>257,172</b>	<b>642,927</b>
22	<b>INVESTMENTS</b>		
	Long Term – (Shares – Consolidated Bank)	3,100,000	3,100,000
	Short Term –(Treasury Bills)	124,000,000	30,000,000
	Short Term -Institutions Under liquidation	62,600,000	62,600,000
		<b>189,700,000</b>	<b>95,700,000</b>
	Less Provision for Doubtful Recoverable Debts	<u>(62,600,000)</u>	<u>(62,600,000)</u>
		<b>127,100,000</b>	<b>33,100,000</b>

**NB: There is a provision for Doubtful Debts of Ksh. 62.6 million on Investments and Ksh. 7,753,335 on Dishonoured Cheques.**

**CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**For the year ended 30th June, 2006**

**NOTES TO THE ACCOUNTS (Continued)**

NOTE	DESCRIPTION	2005/2006 KSH	2004/2005 KSH
<b>23</b>	<b>CASH AND BANK BALANCES</b>		
	<b>Current Accounts:</b>		
	- Nairobi, NBK	632,404	318,872
	- Nairobi, KCB	77,612,713	4,987,307
	- Mombasa, KCB/NBK	53,996	15,979
	- Kisumu, KCB	254,220	210,395
	- Nakuru, KCB	105,585	11,237
	- Nyeri, KCB	13,551	1,126,929
	Staff Loans A/c } Investments } Project Account Standards Dvpt Retrenchment Account Standing Imprest Operations)	1,812,366 0 138,366 42,161 863,818 390,000	3,742,426 50,000,000 1,098,746 0 945,352 390,000
	<b>Cash on Transfer:</b>		
	- Mombasa	6,451,308	4,878,066
	- Kisumu	1,290,548	1,100,643
	- Nakuru	768,040	569,976
	- Nyeri	1,527,645	1,107,083
	<b>Cash in Hand:</b>		
	- Mombasa	40,506	40,506
	- Kisumu	0	4,000
	- Nakuru	0	—
	- Nyeri	0	—
		<b>91,997,224</b>	<b>70,547,517</b>

**CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**For the year ended 30th June, 2006**

**NOTES TO THE ACCOUNTS (Continued)**

NOTE	DESCRIPTION	2005/2006	2004/2005
24	<b>PAYABLES (SUNDRY CREDITORS)</b>		
	P.A.Y.E	0	1,111,092
	Commissioner of VAT	180,415	21,392
	Kenya Post Office Savings Bank	0	5,000
	Insurance	88,847	60,983
	H.E.L.B.	0	8,622
	Ministry of Public Works	0	10,500
	Leave Allowance	17,921	0
	Entertainment & Public Relations	60,908	—
	Maintenance & Running of Motor Vehicles	303,756	116,932
	Medical Accrued Expenses	80,683	555,040
	Subsistence Allowance	1,500	—
	Electricity, Water & Conservancy	6,785	2,592
	Postage & Telephone Expenses	76,550	2,403
	Printing & Stationery	824,253	27,608
	Newspapers & Periodicals	35,880	0
	Staff Uniforms	0	14,152
	Land Rent & Rates	400,000	250,000
	Miscellaneous Expenses	37,370	—
	Tourism Dvpt	40,000	—
	Salary and Wages	78,575	0
	Staff Welfare	5,158	—
	Shows and Exhibition	200	0
	Maintenance and repair of Furniture	799	0
	Staff Creditors	1,189,172	1,186,645
	Pension - I.C.E.A.	0	1,018,858
	Controller and Auditor General	<u>480,000</u>	<u>480,000</u>
		<b>3,908,772</b>	<b>4,871,819</b>