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REPORT
OF
THE CONTROLLER
AND AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
KENYA UTALII COLLEGE FOR THE
YEAR ENDED 30 JUNE 2006



Kenya Utalii College

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Annual Report and Financial Statements FOR THE YEAR ENDED 30TH JUNE 2006

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COLLEGE INFORMATION

Principal place of business

Kenya Utalii College Premises
Thika Road, Ruaraka
P.O.BOX 31052 - 00600
Nairobi.

Bankers

Co-operative Bank of Kenya Limited
Stima Plaza Branch
P.O.Box 38764 - 00600
Nairobi

Barclays Bank of Kenya Limited
Queensway House Branch
P.O.Box 30011 - 00200
Nairobi.

Secretary

Philemon Mwaisaka, EBS, SS
Principal, Kenya Utalii College
P.O.Box 31052 - 00600
Nairobi.

Independent Auditors

Controller and Auditor General
Kenya National Audit Office
P.O. Box 30084 - 00100
Nairobi.

Chief Officers

Mr. Philemon Mwaisaka, EBS, SS	:	Principal/Chief Executive
Mr. Thomas Dudah	:	Deputy Principal
Mr. Daniel Mwangi	:	Financial Controller
Mr. Wilson Osoro	:	Director of Studies
Mr. Walter Otieno	:	Director of Research & Corporate Planning.

Kenya Utalii College,

Annual Report and Financial Statements for the year ended 30th June 2006.

Board of Governors

The members who served in the Board of Governors during the 2005/2006 financial year were:

Prof. Samuel K. Katia	:	Chairman
Mr. Andrew F.B.Ogott	:	Member
Mr. Leonard Mudachi	:	Member
Ms. Rose Muya	:	Member
Mr. Steven J. Kamuyu	:	Member
Mrs. Rose J. Boit	:	Member, Chief Executive, Catering & Tourism Development Levy Trustees
Mrs. Phyllis Makau	:	Member, Alternate to PS, Ministry of Finance
Mr. James M. O'Maroro	:	Member, Alternate to PS, Ministry of Tourism & Wildlife
Mr. Philemon Mwalsaka, EBS, SS:		Secretary

Board Committees:

Finance and General Purposes Committee

Mr. Steven J. Kamuyu	:	Chairman
Mr. Leonard Mudachi	:	Member
Mr. James M .O'Maroro	:	Member, Alternate to PS Ministry of Tourism & Wildlife
Mrs. Rose J. Boit	:	Member, Chief Executive, Catering & Tourism Development Trustees
Mr. Philemon Mwalsaka, EBS, SS :		Secretary

Tender Committee

Mr. Andrew F.B.Ogott	:	Chairman
Mr. Steven J. Kamuyu	:	Member
Ms. Rose Muya	:	Member
Mrs. Phyllis Makau	:	Member, Alternate to PS Ministry of Finance

Audit Committee

Mr. Leonard Mudachi	:	Chairman
Mr. Andrew F.B.Ogott	:	Member
Ms. Rose Muya	:	Member
Mr. James M. O'Maroro	:	Member, Alternate to PS Ministry of Tourism & Wildlife

REPORT OF THE BOARD OF GOVERNORS

The Board submits its report and the financial statements for the year ended 30th June 2006, which shows the state of the College's affairs as at that time.

1. PRINCIPAL ACTIVITY

The College offers tuition in Hotel and Tourism courses for both academic and professional qualifications. It offers regular courses in Hotel Management, Travel and Tourism Management, Front Office Operations, Food Production, Tour Guide, Travel Operations, Housekeeping & laundry, Food & Beverage Service & Sales Basic and Advanced.

2. RESULTS

The results for the year are set out on page 8.

3. BOARD OF GOVERNORS

The members who served in the Board of Governors during the 2005/2006 financial year were:

Prof. Samuel K. Katia	:	Chairman
Mr. Andrew F.B.Ogott	:	Member
Mr. Leonard Mudachi	:	Member
Ms. Rose Muya	:	Member
Mr. Steven J. Kamuyu	:	Member
Mrs. Rose J. Boit	:	Member, Chief Executive, Catering & Tourism Development Trustees
Mrs. Phyllis Makau	:	Member, alternate to PS, Ministry of Finance
Mr. James M. O'Maroro	:	Member, alternate to PS Ministry of Tourism & Wildlife
Mr. Philemon Mwaisaka, EBS, SS	:	Secretary

4. AUDITORS

The Controller and Auditor General will continue in office as the auditor of the College in compliance with the state corporations Act (Cap 446) and the Public Audit Act 2003.

By Order of the Board



Philemon Mwaisaka, EBS, SS
Secretary

Corporate Governance Statement

INTRODUCTION

Corporate governance is the manner in which the power over and the power of a corporation is exercised in the stewardship of its total portfolio of assets and resources with the primary objective of increasing and sustaining shareholders value while satisfying the needs of other stakeholders in the context of the mission and vision of that corporation.

COLLEGE VISION

To be the world's leading Centre of Excellence in hospitality training.

MISSION STATEMENT

To develop a highly qualified human resource base for the Hospitality Industry through Training, Research and Consultancy.

THE BOARD

The Board manages the business of the College. The Board is keen on reviewing the overall framework of internal controls, assessment of risk management process and the adoption of appropriate codes of ethical standards. It is also responsible for ensuring that the College complies with the law and the highest standards of corporate and business ethics.

The Board currently comprises of 9 members drawn from the public and private sectors.

BOARD COMMITTEES

There are three committees of the Board:

1. Finance and General Purposes Committee
2. Tender Committee
3. Audit Committee

RISK MANAGEMENT

The College will continue to employ risk management as an integral part of internal control. The College will therefore continue to logically and systematically engage in the process of establishing, identifying, analyzing, evaluating and communicating risks associated with any activity, function or process in a way that will enable the College to minimize losses and maximize opportunities.

CORPORATE SOCIAL RESPONSIBILITY

The College acknowledges its responsibility to the society by playing an active role in public matters.

During the period under review, the College made a donation of Kshs.200,000 towards the National Famine Relief Fund which was established by the Government in response to the severe famine affecting most parts of the country in 2005. The College also provided hostessing and protocol services to the African Tourism Association and Inter Parliamentary Union Conferences held in Nairobi.

BOARD EVALUATION

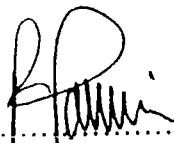
In line with corporate governance principles, there is need for the Board to periodically review its performance. The Board has put in place measures for evaluation of the College's operations in the context of performance contracting recently introduced by the Government. The Board and the College have undergone several evaluations in keeping with the demands of the signed performance contracts and the results have been encouraging.

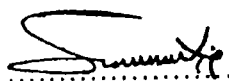
STATEMENT OF BOARD OF GOVERNORS' RESPONSIBILITIES

The Board is required to prepare financial statements for each financial year, which give a true and fair view of the state of the College as at the end of the financial year and of its Surplus or deficit for that year. The Board is required to ensure that the College keeps proper accounting records which disclose, with reasonable accuracy, the financial position of the College. The Board is also responsible for safeguarding the assets of the College.

The Board accepts responsibility for the annual financial statements which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and the requirements of the Hotel & Restaurants and State Corporations Acts. The Board is of the opinion that the financial statements give a true and fair view of the state of financial affairs of the College as at 30th June 2006 and of its Surplus for the year then ended. The Board further accepts responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial controls.

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


.....
Secretary

 15/12/06
.....
Chairman

Date 15/12/2006
.....



KENYA NATIONAL AUDIT OFFICE

REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF KENYA UTALII COLLEGE FOR THE YEAR ENDED 30 JUNE 2006

I have audited the financial statements of Kenya Utalii College for the year ended 30 June 2006 in accordance with the provisions of section 14 of the Public Audit 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 Board of Governors and the Controller and Auditor General

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

Basis of Opinion

The audit was conducted in accordance with the 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 Board, 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. Non Current Assets

The non current assets figure of Kshs.1,036,093,580.00 as at 30 June 2006 excludes value of a piece of land located in Kilifi District L.R NO. 5025/4 measuring approximately 23.97 hectares. The land, according to leasehold title, was granted to the college on 6 July 1998 and its exclusion from the financial statements has not been explained. It is therefore not possible to confirm the correctness of the non current assets figure of Kshs.1,036,093,580.00 as at the balance sheet date.

2. Loan from Government of Kenya

In the previous years reports, concern was expressed on the college's failure to honour an agreement with the Government of Kenya to repay a loan of Kshs.140,000,000.00 advanced to it in February 1996 for refurbishment of Kenya Utalii Hotel. A review of the position during the year under audit indicates that the college has still not serviced the loan together with the accrued interest. Further accrued interest has not been recognized in the books of account of the college. This has resulted in overstating the profits and accumulated funds and understating the liabilities over the years. Failure to accrue interest in the financial statements in accordance with the International Financial Reporting Standards (IAS 1) on accrual basis has not been explained.

3. Receivables

The Current Assets balance of Kshs.253,962,035.00 as at 30 June 2006 includes a net receivables amount of Kshs.114,509,654.00 which includes college accounts receivables and Hotel accounts receivables amounting to Kshs.46,058,229.00 and Kshs.23,240,422.00 respectively. Similarly, the current assets include special accounts amount of Kshs.53,907,539.00 out of which Kshs.3,116,184.00 is in respect of Warwick International which has continued to be reflected in the books for many years. Although management has indicated that the credit control unit has been strengthened and that a decision has been made to engage the services of a debt collector to hasten recovery of these debts, the outcome of such action cannot be gauged.

4. Current Liabilities

Included in the Current Liabilities balance of Kshs.92,697,618.00 as at 30 June 2006 are special creditors figure of Kshs.41,443,895.00 out of which Kshs.17,164,051.00 is described as Contra account. However, the schedule produced in support of the contra account does not give the necessary details. In the absence of such details to support the schedule of contra account, it has not been possible to confirm the correctness of the current liabilities balance of Kshs.92,697,618.00 as at 30 June 2006.

Opinion

Except for the above 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 financial affairs of the college as at 30 June 2006 and of its surplus and cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Hotels and Restaurants Act (Cap 494).


P.N.KOMORA
CONTROLLER AND AUDITOR GENERAL

Nairobi

23 January 2007

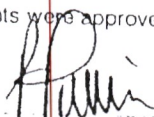
Kenya Utalii College,

Annual Report and Financial Statements for the year ended 30th June 2006.

BALANCE SHEET AS AT 30TH JUNE 2006

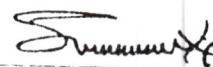
	NOTE	2005/2006 KShs.	2004/2005 KShs.
ASSETS			
NON-CURRENT ASSETS			
	36	1,036,093,580	1,060,600,642
CURRENT ASSETS			
Staff Loans Scheme	22	14,861,187	14,612,486
Accounts Receivable	29	114,509,654	79,540,901
Deposits	30	3,320,427	4,612,353
Special Accounts	31	53,907,539	24,591,808
Inventories	32	17,372,227	15,188,517
Floats	33	333,200	263,800
Cash and Bank Balances	34	49,657,802	73,657,147
		253,962,035	212,467,011
TOTAL ASSETS		1,290,055,615	1,273,067,653
GENERAL FUNDS AND LIABILITIES			
GENERAL FUNDS			
Staff Loans Fund	22	14,861,187	14,612,486
Accumulated Fund	35	529,592,243	505,866,593
Deferred Capital Grants	6	20,744,616	28,489,233
Revaluation Reserve	7	384,647,989	384,647,989
Capital Reserve - Refurbishment of Utalii Hotel	8	107,511,962	110,341,224
		1,057,357,997	1,041,957,525
NON-CURRENT LIABILITIES			
Loan from Government of Kenya	19	140,000,000	140,000,000
CURRENT LIABILITIES			
Accounts Payable	26	34,757,183	33,022,259
Short-term Liabilities	27	16,496,540	9,290,131
Special Accounts	28	41,443,895	48,797,739
		92,697,618	91,110,128
TOTAL GENERAL FUNDS AND LIABILITIES		1,290,055,615	1,273,067,653

The financial statements were approved by the Board of Governors on 27th September 06 and signed on its behalf by:



Philimon Mwaisaka

PRINCIPAL
KENYA UTALII COLLEGE



Prof. Samuel K. Katia

CHAIRMAN
BOARD OF GOVERNORS - KENYA UTALII COLLEGE

Kenya Utalii College,

Annual Report and Financial Statements for the year ended 30th June 2006.

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 30TH JUNE 2006

	NOTE	2005/2006	2004/2005
		KShs.	KShs.
INCOME			
Fees From Students	10	46,205,968	48,297,761
Revenue From Catering & Tourism Development Training Levy	11	300,000,000	276,861,000
Other Income			
Rent Income from staff housing units	12	16,316,619	12,897,495
Miscellaneous Receipts	20	1,816,880	1,940,794
Revenue from Outside catering & Special Functions	13	28,196,395	4,070,228
Grants from Government of Kenya	14	17,000,000	20,000,000
Revenue from Commercial Activities	15	26,854,937	22,293,303
Revenue from Consultancy Services	16	1,491,852	488,000
Japanese Government Bilateral Assistance	17	5,744,616	5,744,616
Grants from Government of Kenya - amortization	18	2,829,262	2,829,262
		446,456,530	395,422,459
Utalii Hotel Gross Profit	23	65,379,017	49,779,163
KSMS Hospitality Centre Gross Profit	24	40,604,110	39,124,896
		552,439,656	484,326,518
Recurrent expenditure	25	481,612,622	407,020,137
Surplus before provision for Depreciation		70,827,034	77,306,381
Depreciation Charge for the year	36	49,376,669	45,872,426
Surplus for the Year		21,450,365	31,433,955

Kenya Utalii College,

Annual Report and Financial Statements for the year ended 30th June 2006.

CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH JUNE 2006

	NOTE	2005/2006	2004/2005
		KShs.	KShs.
Cash Flows from operating activities			
Net Surplus		21,450,365	31,433,955
Adjustments for :			
Depreciation		49,376,669	45,872,426
Prior year adjustments		2,275,285	(643,002)
Deferred Income - Grants from Japanese Govt		(5,744,617)	9,255,384
Amortized Reserves		(2,829,262)	(2,829,262)
Adjustment due to re-classification of Assets/Prior year armolization		-	12,079,703
Operating surplus before working capital changes		64,528,440	95,169,204
Decrease/Increase in trade and other Accounts Receivables		(62,992,558)	10,894,724
Increase in inventories		(2,183,710)	(1,165,112)
Decrease/Increase in trade and other Payables		1,587,490	(39,966,670)
Net Cash from Operating activities		939,662	64,932,146
Net cash flow from operating activities		939,662	64,932,146
Cash flows from investing activities			
Acquisition of Property, plant and Equipment		(24,869,607)	(19,415,571)
Net Increase/ (Decrease) in cash and cash equivalents		(23,929,945)	45,516,575
Cash and cash equivalents at beginning of the year		73,920,946	28,395,525
Cash and cash equivalents at end of the year	21	49,991,001	73,912,100

During the year 2004/2005 financial year, the increase in trade and other accounts receivable were understated by Kshs.8,846. The cash and cash equivalents at the beginning of the year has been adjusted to reflect the difference.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Kenya Utalii College is a body Corporate established under the Hotels and Restaurants Act CAP.494, Laws of Kenya, through legal Notice No.317 of November 1987.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below.

a) Basis of Preparation

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements are presented in Kenya Shillings (Kshs.) and are prepared under the historical cost basis of accounting modified by the revaluation of certain assets, where specified.

b) Revenue Recognition

Students' fees are recognized at the beginning of the term and cover the whole term. Fees paid in advance are treated as liabilities to the College whereas fees in arrears are treated as receivables.

c) Property, Plant and Equipment

Property, plant and equipment are stated at cost/valuation less accumulated depreciation.

Depreciation is calculated on straight line basis, at annual rates estimated to write-off carrying values of the assets over their expected useful lives.

The annual depreciation rates in use are:-

	Rate	Estimated Useful Life
Freehold Land	Nil	
Leasehold Land	1.0%	99 Years
Buildings	2.5%	40 Years
10 th Anniversary Monument	2.5%	40 Years
Plant and Machinery	10%	10 Years
Technical and Teaching Equipment	20%	5 Years
Furniture and other Teaching Equipment	20%	5 Years
Computers	20%	5 Years
Motor Vehicles	25%	4 Years

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. A parcel of land number L.R 31271 situated in Kilifi district was not revalued.

d) Grants and Donations

i). Capital

Grants and donations related to property, equipment and other assets are presented in the reserves as deferred income and utilized in the reduction of the carrying amounts of the related assets during their estimated useful lives.

ii). Income

Any grants or donations received to compensate expenses, losses or for the purpose of giving immediate operational support is dealt with in the income and expenditure account in the year it is received.

e) Inventories

Inventories comprising of food and beverage merchandise together with returnable containers and drugs have been valued at cost calculated on average basis.

f) Retirement Benefit Obligations

The College operates a defined contribution benefit scheme for its permanent employees. The assets of the scheme are held in a separate trustee administered fund that is funded by both the College and employees.

The College also contributes to a statutory defined contribution pension scheme, the National Social Security Fund (NSSF). Contributions are determined by local statute and are currently limited to Kshs.200 per employee per month. The College's contributions to the above schemes are charged to the income and expenditure account in the year to which they relate.

3. Provision for Bad and Doubtful Debts.

A 5% general provision for bad and doubtful debts has been created in the financial statements to cater for College and Hotel debtors that are considered doubtful.

4. Taxation

The College's income is tax exempt in view of the fact that the College is a government training institution.

5. Employees

The average number of full time staff for the College during the year was 505 (2004/2005-505).

6. Deferred Capital Grants

The College received a capital grant from the Government of Japan in the form of equipment whose value is being recognized over the expected useful life. The balance has been arrived at as follows:

In addition the College received Kshs.15,000,000 from the Government of Kenya for Capital expenditure which has not been finalized due to some logistic problems.

	2005/2006 Kshs.	2004/2005 Kshs.
Balance at beginning of year	26,489,233	17,233,849
Grants Received	-	15,000,000
	-----	-----
	26,489,233	32,233,849
Less: Amortization	5,744,616	5,744,616
	-----	-----
Balance at end of year	20,744,617	26,489,233
	=====	=====

7. Revaluation Reserve

The College's assets were revalued in January 2005 by an independent valuer, Pinnacle Valuers Ltd. The revaluation exercise was carried out in order to establish the fair carrying value of the assets. This resulted in a revaluation surplus of Kshs.384,647,989.

8. Capital Reserve – Refurbishment of Utalii Hotel

During the financial year 2003/2004, the college received a capital Grant to refurbish Utalii Hotel amounting to Kshs.113,170,486. The Capital Grant is recognized over the expected useful life of the building on a straight line basis.

The balance has been arrived at as follows:

	2005/2006 Kshs.	2004/2005 Kshs.
Balance at beginning of year	110,341,224	113,170,486
Less: Amortization	2,829,262	2,829,262
	-----	-----
Balance at end of year	107,511,962	110,341,224
	=====	=====

9. Translation of Foreign Currencies

Transactions in foreign currencies during the year are converted into Kenya Shillings at rates ruling at the transaction dates. Assets and liabilities at the balance sheet date which are expressed in foreign currencies are translated into Kenya Shillings at rates ruling at that date. The resulting differences from conversion and translation are dealt with in the income and expenditure account in the year in which they arise.

10. Fees from Students

This represents fees invoiced to both Local and Foreign Students, together with application fees.

	2005/2006	2004/2005
	Kshs	Kshs
Fees from Foreign Students	9,604,822	12,395,146
Fees From Local Students	35,780,020	34,863,729
Application Fees	821,126	1,038,886
Total	46,205,968	48,297,761

11. Revenue from Catering & Tourism Development Levy

This is the revenue collected by Catering and Tourism Development Levy Trustees from hotels and restaurants to cater for both training and marketing needs in the hotel and tourism sector. It is shared between Kenya Utalii College, Kenya Tourist Board and Catering & Tourism Development Levy Trustees in accordance with approved budgets.

12. Rent Income from Staff Housing Units

This is the income arising from rent charged to members of staff occupying the College's housing units.

13. Revenue from Outside Catering & Special Functions

This refers to revenue from catering services rendered outside the College's premises through the Banqueting department. This amount is shown as income net of direct expenses.

14. Grants from Government of Kenya

This is in respect of assistance from the Government of Kenya, through the Ministry of Tourism and Wildlife. This is recognized as revenue when received.

15. Revenue from Commercial Activities

This represents revenue generated from part-time courses and other revenue generating activities by various departments. This amount is shown net of direct expenses, and is summarized as follows;

	2005/2006 Kshs	2004/2005 Kshs
Part-time Courses – Computer Packages	179,792	161,400
Part-time Courses – Customer Care	2,073,306	614,600
Part-time Courses – Travel Techniques	2,816,019.9	1,280,500
Part-time Courses – Reception Techniques	3,447,498	1,459,577
Part-time Courses – F& B Service	9,896,304	8,211,850
Part-time Courses – Housekeeping	961,350	641,683
Part-time Courses – Food production	214,000	150,527
Part-time Courses – Business Administration	1,088,224	-
Management Development Programmes & Refresher Courses	1,270,404	2,981,334
Bakery Sales	1,402,373	1,531,835
Laundry Services	4,156,814	7,044,783
Typing Services	835	7,768
Sports Club Bar	238,698	-20,858
Library Membership Fees	120,000	96,172
Cyber café	31,038	-
Total	27,500,093	24,161,171
Less: Direct Expenses	1,041,717	1,867,870
Net Income	26,854,937	22,293,301

16. Revenue from Consultancy Services

This is in respect of consultancy services to institutions locally and in the region.

17. Japanese Government Bilateral Assistance

This represents the amortized amount of the capital grants received from the Government of Japan.

18. Grants from Government of Kenya – amortization

This represents the amortized amount of the capital grants received from the Government of Kenya in respect of refurbishment of Utalii Hotel.

19. Borrowings

As at 30th June 2006 the College had an outstanding Loan from the Government of Kenya amounting to Kshs. 140,000,000. The College has entered into negotiations with the Government to write off this loan.

20. Miscellaneous Revenue

This comprises of:

	2005/2006 Kshs.	2004/2005 Kshs.
Jifunze Bar Sales	262,719	-64,920
Foreign Currency transactions gains/(losses)	-1,328,964	116,696
Sale of Staff Meal Vouchers	163,440	-
Other Miscellaneous revenue	2,719,685	1,889,019
Total	1,816,880	1,940,795

21. Cash and Cash Equivalents

For purposes of the cash flow statement, cash and cash equivalents comprise of cash in hand, cash at bank and floats. This is broken down as follows:

	2005/2006 Kshs	2004/2005 Kshs
Cash in hand	6,057,502	2,870,953
Cash at Bank	43,600,299	70,786,193
Floats	333,200	263,800
Total	49,991,001	73,920,946

STAFF LOANS SCHEME

INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 30TH JUNE 2006

	Page Number	2005/2006 KShs.	2004/2005 KShs.
<u>INCOME</u>			
Interest earned - Car Loan Scheme		204,862	156,101
Interest earned - Housing Loan Scheme		55,529	35,719
Bank interest earned		312	591
		260,704	192,411
<u>LESS: EXPENDITURE</u>			
Bank charges		12,003	13,101
Surplus		248,701	179,310

STAFF LOANS SCHEME FUND AS AT 30TH JUNE 2006

	Page Number	2005/2006 KShs.	2004/2005 KShs.
Staff Loans Scheme Fund		14,612,486	14,433,176
Surplus		248,701	179,310
		14,861,187	14,612,486
<u>REPRESENTED BY:</u>			
Staff Car Loan Principal advances	1	4,278,601	3,816,316
Staff Housing Loan Principal advances	1	1,571,158	1,729,769
Staff Insurance Loan advances	1	100,350	155,915
Bank Account balance		275,663	364,592
Amount with Kenya Utalii College		8,635,415	8,545,893
		14,861,187	14,612,486

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UTALII HOTEL TRADING ACCOUNT FOR THE YEAR ENDED 30TH JUNE 2006

	Page Number	2005/2006 KShs.	2004/2005 KShs.
Sales:			
Room Sales		30,504,288	27,278,101
Beverage Sales		12,773,544	8,734,951
Food Sales		39,507,816	25,723,081
Swimming Pool Receipts		662,775	648,095
Supplementary Commercial Activities		13,040,537	5,544,127
		96,488,960	67,928,355
Less Cost of Sales		31,109,944	18,149,192
Gross Profit		65,379,017	49,779,163

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KENYA SCHOOL OF MONETARY STUDIES HOSPITALITY CENTRE TRADING ACCOUNT FOR THE YEAR ENDED 30TH JUNE 2006

	Page Number	2005/2006 KShs.	2004/2005 KShs.
Sales:			
Room Sales		20,933,751	19,098,624
Beverage Sales		4,651,299	5,039,070
Food Sales		30,395,497	25,989,547
Miscellaneous Receipts		866,417	470,749
		56,846,964	50,597,989
Less Cost of Sales		16,242,854	11,473,094
Gross Profit		40,604,110	39,124,896

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EXPENDITURE FOR THE YEAR ENDED 30TH JUNE 2006

	Page Number	2005/2006 KShs.	2004/2005 KShs.
Salaries - Expatriate Staff		638,020	609,600
Salaries - Permanent Academic Staff		72,076,734	53,148,344
Salaries - Part-time Academic Staff		2,278,304	2,577,518
Salaries - Administrative Staff		170,130,735	131,144,084
Industrial Training Expenses		3,800,663	4,107,021
Professional Clothes and Uniforms		4,051,988	1,528,360
Food and Beverages		37,355,582	41,083,501
Inservice Students' Accomodation and Travel		5,971,658	3,011,478
Students' Allowances		1,894,078	1,743,549
Special Courses		882,312	1,805,463
Printing and Stationery		9,492,754	7,952,462
Medical Expenses		13,008,225	17,810,465
Class Text Books, Library Books & Periodicals		8,163,347	7,243,045
Heat, Light and Power		45,297,742	33,577,014
Water, Sewerage, Dustbins and Land Rates		2,947,318	3,263,222
Cleaning Materials		8,736,783	11,008,547
Maintenance and Repair of Buildings		5,987,413	6,689,878
Maintenance and Repair of Equipment		6,206,478	4,764,165
Maintenance and Repair of Vehicles		11,336,914	13,286,485
Travelling and Subsistence Expenses		5,643,523	3,595,095
Entertainment and Public Relations		4,409,476	4,590,359
Postage and Telephone		5,120,954	4,377,572
Licences, Audit Fees and Professional Services		1,340,649	2,203,898
Advertising and Promotion		4,107,198	2,765,671
Insurances		5,977,257	9,182,104
Staff Development		11,039,541	4,258,616
Renewal and Replacement of Equipment		6,448,201	9,334,731
External Examination Expenses		760,872	920,754
Board of Governors Expenses		3,036,083	2,214,535
Clearing, Forwarding & Other Miscellaneous Expenses		3,199,595	3,680,468
Research Expenses		836,066	90,141
Staff and Students' Welfare Expenses		1,182,122	1,674,725
Bank Charges		1,556,189	1,585,342
Extra Ordinary Expenses - Severance pay		1,735,314	1,757,959
Contracted Services		9,931,827	6,676,715
Bad Debts Written-off		5,030,707	1,757,251
		481,612,622	407,020,137

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ACCOUNTS PAYABLE AS AT 30TH JUNE 2006

	Page Number	2005/2006 KShs.	2004/2005 KShs.
Accrued Expenses	90	11,052,294	17,382,893
Suppliers' Account	91	23,704,889	15,639,366
		34,757,183	33,022,259

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SHORT TERM LIABILITIES AS AT JUNE 2006

	Page Number	2005/2006 KShs.	2004/2005 KShs.
NHIF	92	135,660	104,180
P. A. Y. E	92	2,813,764	1,802,455
N.S.S.F	92	215,600	200,800
V.A.T	92	2,054,444	503,358
Training Levy	92	277,908	121,462
Amedo Centres (K) Ltd.	92	38,830	49,610
Woodventure (K) Ltd.	92	31,151	28,501
HFCK Deductions	92	75,764	2,000
Kenyuco Sacco	92	1,260,548	418,966
Kenyuco Housing Sacco	92	596,930	256,350
Other Staff Co-operative Societies	92	738,489	682,103
Staff Service Charge Account	92	3,114,167	1,134,078
Personal Insurances Account	92	242,475	196,512
Pension Deductions - unremitted	92	1,704,630	1,149,484
Hotel Deductions	92	518,649	425,943
Students' Caution Money	92	1,917,640	1,457,693
Class Funds	92	200,551	111,444
Students' Council Account	92	35,416	56,945
Kitchen Pride Ltd.	92	9,099	9,099
Secretariate Welfare Account	92	23,210	33,560
KSMS Deductions Account	92	282,542	287,089
Salaries Control Account	92	198,572	177,192
Students Allowances Control Account	92	-	72,490
Higher Education Loans Board	92	10,502	8,817
		16,496,540	9,290,131

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SPECIAL CREDITORS AS AT JUNE 2006

	Page Number	2005/2006 KShs.	2004/2005 KShs.
Contra Account	93	17,164,051	16,446,506
Hotel Deposits Account	94	302,400	933,442
KUC Alumni	95 - 96	168,000	-
Fund Raising Walk Account	94	198,427	198,427
Staff Pension Receipts	97 - 106	5,909,085	6,880,165
Unpaid Pension Account	97 - 106	1,584,012	2,895,141
Staff Loans Scheme	94	4,994,623	4,905,102
Staff Welfare Fund Account	94	279,233	152,093
Pension Scheme Refunds Account	107 - 109	6,307,219	11,510,196
Deceased Special Fund Account	110	3,684,629	4,209,837
Unclaimed Salaries Account	111	342,609	345,459
Unclaimed Students Allowances	112 - 118	134,980	119,770
Prepaid Fees	119	374,625	201,600
		41,443,895	48,797,739

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ACCOUNTS RECEIVABLE AS AT 30TH JUNE 2006

	Page Number	2005/2006 KShs.	2004/2005
College Accounts Receivable	2 - 6	46,058,229	40,977,949
Hotel Accounts Receivable	7 - 10	47,967,753	23,295,820
KSMS Accounts Receivable	11 - 12	33,897,601	25,304,349
Students' Accounts Receivable	13 - 16	7,711,242	6,057,248
		135,634,826	95,635,366
LESS : Bad and Doubtful Debts		21,125,172	16,094,465
		114,509,654	79,540,901

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DEPOSITS AS AT 30TH JUNE 2006

	Page Number	2005/2006 KShs.	2004/2005
Deposits Account	17	3,320,427	4,612,353
		3,320,427	4,612,353

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SPECIAL ACCOUNTS RECEIVABLE AS AT 30TH JUNE 2006

	Page Number	2005/2006 KShs.	2004/2005
Staff Advances Account	18 - 19	2,578,939	2,821,251
Pension Advances	20	400,450	355,572
Imprest Account	21	1,350,166	1,448,681
Medical Advances Account	22	33,377	275,966
Salary in Advance	23	630,206	819,296
Overdrawn students allowances	24	15,274	9,040
Overdrawn salaries	25	42,538	28,393
Pledges Account	26	10,700	95,341
Warwick International	27	3,116,184	3,116,184
AHSSA	28	115,079	53,063
Prepayments	29	13,981,369	-
VAT Recoverable	30	31,653,259	15,569,021
		53,907,539	24,591,808

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INVENTORIES AS AT 30TH JUNE 2006

	Page Number	2005/2006 KShs.	2004/2005 KShs.
Food Stores	31	2,862,701	2,590,950
Beverage Stores	31	2,463,296	2,707,473
General Stores	31	10,293,043	8,721,701
Containers Stores	31	892,587	556,566
Drugs	32 - 50	860,600	611,828
		17,372,227	15,188,517

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FLOATS AS AT 30TH JUNE 2006

	Page Number	2005/2006 KShs.	2004/2005 KShs.
Dining Room	51	200	200
Stamp and Postage		-	600
Hotel	52 - 54	217,000	157,000
Purchasing	55	10,000	10,000
Petty Cash	56	75,000	75,000
Transport	57	1,000	1,000
Principal's Office	58	10,000	-
Kenya School of Monetary Studies	59	20,000	20,000
		333,200	263,800

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CASH AND BANK BALANCES AS AT 30TH JUNE 2006

	Page Number	2005/2006 KShs.	2004/2005 KShs.
Cash on Hand	60 - 65	6,057,503	2,870,954
Cash at Bank	66 - 89	43,600,299	70,786,193
		49,657,802	73,657,147

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ACCUMULATED FUND AS AT 30TH JUNE 2006

	Page Number	2005/2006 KShs.	2004/2005 KShs.
Balance Brought Forward		505,866,593	475,075,639
Prior Year Adjustments		2,275,285	(643,001)
		508,141,878	474,432,638
Surplus for the Year		21,450,365	31,433,955
Balance carried Forward		529,592,243	505,866,593

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FIXED ASSETS AS AT 30TH JUNE 2006

ITEM	LAND	BUILDINGS	MONUMENT FOR 10TH ANNIV- ERSARY	PLANT AND MACHINERY	TECHNICAL AND TEACHING EQUIPMENT	FURNITURE AND OTHER TEACHING EQUIPMENT	MOTOR VEHICLES	TOTAL
COST / VALUATION	KSHS	KSHS	KSHS	KSHS	KSHS	KSHS	KSHS	KSHS
Balance as at 1st July 2005	311,700,000	648,710,000	252,000	74,576,476	34,685,164	24,512,831	24,210,800	1,118,647,271
Additions	-	-	-	7,588,953	7,361,690	1,135,743	8,783,221	24,869,607
Revaluations for the year	-	-	-	-	-	-	-	-
Disposals/Write-offs	-	-	-	-	-	-	-	-
TOTAL	311,700,000	648,710,000	252,000	82,165,429	42,046,854	25,648,574	32,994,021	1,143,516,878
DEPRECIATION/AMORTIZATION								
Balance as at 1st July 2005	16,378,133	16,217,750	100,800	7,457,648	6,937,032	4,902,566	6,052,700	58,046,629
Charge for the year	3,148,485	16,217,750	6,300	8,216,543	8,409,371	5,129,715	8,248,505	49,376,669
Accumulated Depreciation before Write-offs	19,526,618	32,435,500	107,100	15,674,191	15,346,403	10,032,281	14,301,205	107,423,298
Less: Write-offs	-	-	-	-	-	-	-	-
Accumulated Depreciation as at 30th June 2006	19,526,618	32,435,500	107,100	15,674,191	15,346,403	10,032,281	14,301,205	107,423,298
Net Book Value as at 30.6.2006	292,173,382	616,274,500	144,900	66,491,238	26,700,451	15,616,293	18,692,816	1,036,093,580
Net Book Value as at 30.6.2005	295,321,867	632,492,250	151,200	67,118,828	27,748,132	19,610,265	18,158,100	1,060,600,642