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KENYA NATIONAL AUDIT OFFICE

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

ON

**FINANCIAL STATEMENTS OF
KENYA UTALII COLLEGE
FOR THE YEAR ENDED
30 JUNE 2009**



Kenya Utalii College,

Annual Report and Financial Statements for the year ended 30th June 2009.

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

Dr.Kenneth S. Ombongi
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

Dr.Kenneth S. Ombongi	:	Principal/Chief Executive - w.e.f 12/05/2009
Thomas S. Dudah	:	Principal/Chief Executive - up to 04/11/2008
Beatrice Makawiti (Mrs)	:	Deputy Principal
Daniel Mwangi	:	Financial Controller
Joseph Lenku	:	General Manager
Rodah Musyoki(Ms.)	:	Head of Audit
Charles Gitonga	:	Director of studies
Benrodgers Milaih	:	Ag. Human Resources Manager
Robert Kuloba	:	Ag.Director of Research & Corporate Planning - w.e.f 01/04/09

Kenya Utalii College,
Annual Report and Financial Statements for the year ended 30th June 2009.

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Board of Governors

The following members served in the Board of Governors

Basil T. Ngoma	:	Chairman
Allan W. Chenane	:	Chief Executive, Catering & Tourism Development Levy Trustees
Elizabeth M. Nzyoka(Ms.)	:	Alternate to PS, Ministry of Finance
Sylvester O. Bolo	:	Alternate to PS, Ministry of Tourism– w.e.f 15/09/2008
Saada M. Khamis(Mrs.)	:	
Geoffrey Ndambuki	:	
Ezekiel H. Minabo	:	
Dr.Kenneth S. Ombongi	:	Secretary

Board Committees:

Finance and General Purposes Committee

The following members served in the Committee:

Ezekiel H. Minabo	:	Chairman
Elizabeth M. Nzyoka	:	Alternate to PS, Ministry of Finance
Allan W. Chenane	:	Chief Executive, Catering & Tourism Development Levy Trustees
Sylvester O. Bolo	:	Alternate to PS, Ministry of Tourism– w.e.f 15/09/2008
Geoffrey Ndambuki	:	
Dr.Kenneth S. Ombongi	:	Secretary

Audit Committee

The members who served in the committee are:

Saada M. Khamis(Mrs.)	:	Chairman
Elizabeth M. Nzyoka	:	Alternate to PS, Ministry of Finance
Geoffrey M. Ndambuki	:	
Ezekiel H. Minabo	:	

Kenya Utalii College,

Annual Report and Financial Statements for the year ended 30th June 2009.

REPORT OF THE BOARD OF GOVERNORS

The Board submits its report and financial statements for the year ended 30th June 2009, which show the state of the College's affairs.

1. PRINCIPAL ACTIVITY

The College offers training 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 level and Food & Beverage Service and Sales Advanced level.

2. RESULTS

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

3. BOARD OF GOVERNORS

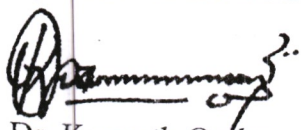
The following members served in the board of Governors for the year ended 30th June 2009

Basil T. Ngoma	:	Chairman
Allan Chenane	:	Chief Executive, Catering & Tourism Development Levy Trustees
Elizabeth M. Nzyoka (Ms.)	:	Alternate to PS, Ministry of Finance
Sylvester O. Bolo	:	Alternate to PS, Ministry of Tourism – w.e.f 15/09/2009
Ezekiel H. Minabo	:	
Saada M. Khamis (Mrs.)	:	
Geoffrey Ndambuki	:	
Dr. Kenneth S. Ombongi	:	Secretary

4. AUDITORS

The Controller and Auditor General continues in office in line with the state Corporations Act (Cap 446) and the Public Audit Act 2003.

By Order of the Board



Dr. Kenneth Ombongi
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 all stakeholders in the context of the mission and vision of that corporation.

COLLEGE VISION

To be a world class institution in hospitality and Tourism training.

MISSION STATEMENT

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

THE BOARD

The Board of Kenya Utalii College is responsible for ensuring that the College complies with the law and practices good corporate governance. The Board is charged with providing strategic guidance and effective oversight of management.

The Board currently comprises of 8 members drawn from the public and private sectors.

BOARD COMMITTEES

There are two committees of the Board namely:-

1. Finance and General Purposes Committee
2. Audit Committee

RISK MANAGEMENT

The College will continue to recognize risk management as an integral part of internal control. In this regard, the college will 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 it to minimize losses and maximize opportunities.

CORPORATE SOCIAL RESPONSIBILITY

For many years the College has contributed to calamities that befall the country. During the year under review the College contributed funds towards the Sachangwan and Nakumatt fire tragedies. In addition, our students participated in the clean-up of the Mathare Valley as part of our efforts to maintain a clean environment and ensure good neighbouriness.

BOARD EVALUATION

In line with corporate governance principles, the Board periodically reviews its performance. The Board has put in place measures for evaluation of the College's operations in the context of performance contracting. The Board and the College have undergone several evaluations in keeping with the demands of the signed performance contracts and the results have so far been satisfactory.

Kenya Utalii College,

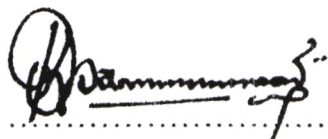
Annual Report and Financial Statements for the year ended 30th June 2009.

STATEMENT OF BOARD OF GOVERNORS' RESPONSIBILITIES

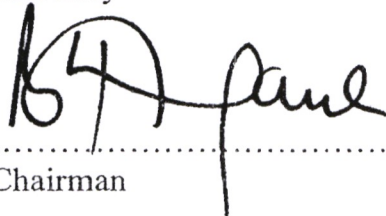
The Board is required to prepare financial statements for each financial year, which give a true and fair view of the state of the College as at the end of the financial year and of its Surplus or deficit for that year. The Board is required to ensure that the College keeps proper accounting records 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 Hotels & 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 2009 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



Chairman

Date 26.02.2010



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 2009

I have audited the accompanying financial statements of Kenya Utalii College set out at pages 9 to page 28 which comprise the Balance Sheet as at 30 June 2009, the Income and Expenditure Account, the Statement of Changes in General Funds and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information 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.

Management's Responsibility for the Financial Statements

The Management is responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standards and for such 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.

Responsibility of the Controller and Auditor General

My responsibility is to express an independent opinion on the financial statements based on the audit. The audit was conducted in accordance with the International Standards on Auditing. Those standards require compliance with ethical requirements and 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the College's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of

accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

I believe the audit evidence obtained is sufficient and appropriate to provide a basis for my opinion.

1. Loan from the Government of Kenya

In the report for 2007/2008, concern was expressed over the College's failure to comply with the loan agreement signed between the College and the Government of Kenya for a loan of Kshs.140,000,000 advanced to the Institution in February 1996 to refurbish the Kenya Utalii Hotel. A review of the loan records indicates that the College had not started servicing the loan as at 30 June 2009, while interest amounting to Kshs.412,816,000 had been excluded in the financial statements.

Further, and although Note 14 to the financial statements indicates that the College had entered into negotiations with the Government to have the loan written off, subsequent events show that the College has since requested the Government to convert the loan into a grant.

In view of the two diverse proposals regarding the loan, it has not been possible to ascertain the validity and actual status of the loan as at 30 June 2009.

2. Receivables

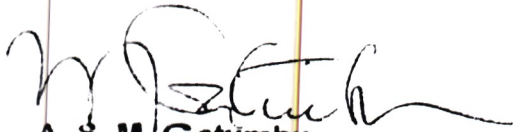
2.1 Special Accounts Receivables

Note 7 includes grants receivable from the Catering Tourism Development Levy Trustees (CTDLT) of Kshs.46,177,936 as at 30 June 2009. However, records maintained at the CTDLT do not reflect the amount under payables, due to an apparent dispute between the College and CTDLT over how the grants are to be accounted for.

Consequently the validity and accuracy of special accounts receivable of Kshs.159,636,458 could not be confirmed as at 30 June 2009.

Opinion

Except for the foregoing reservations, in my opinion, the financial statements present fairly in all material aspects, the financial position of the College as at 30 June 2009, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards and comply with the Hotels and Restaurants Act, Cap 494 of the Laws of Kenya.

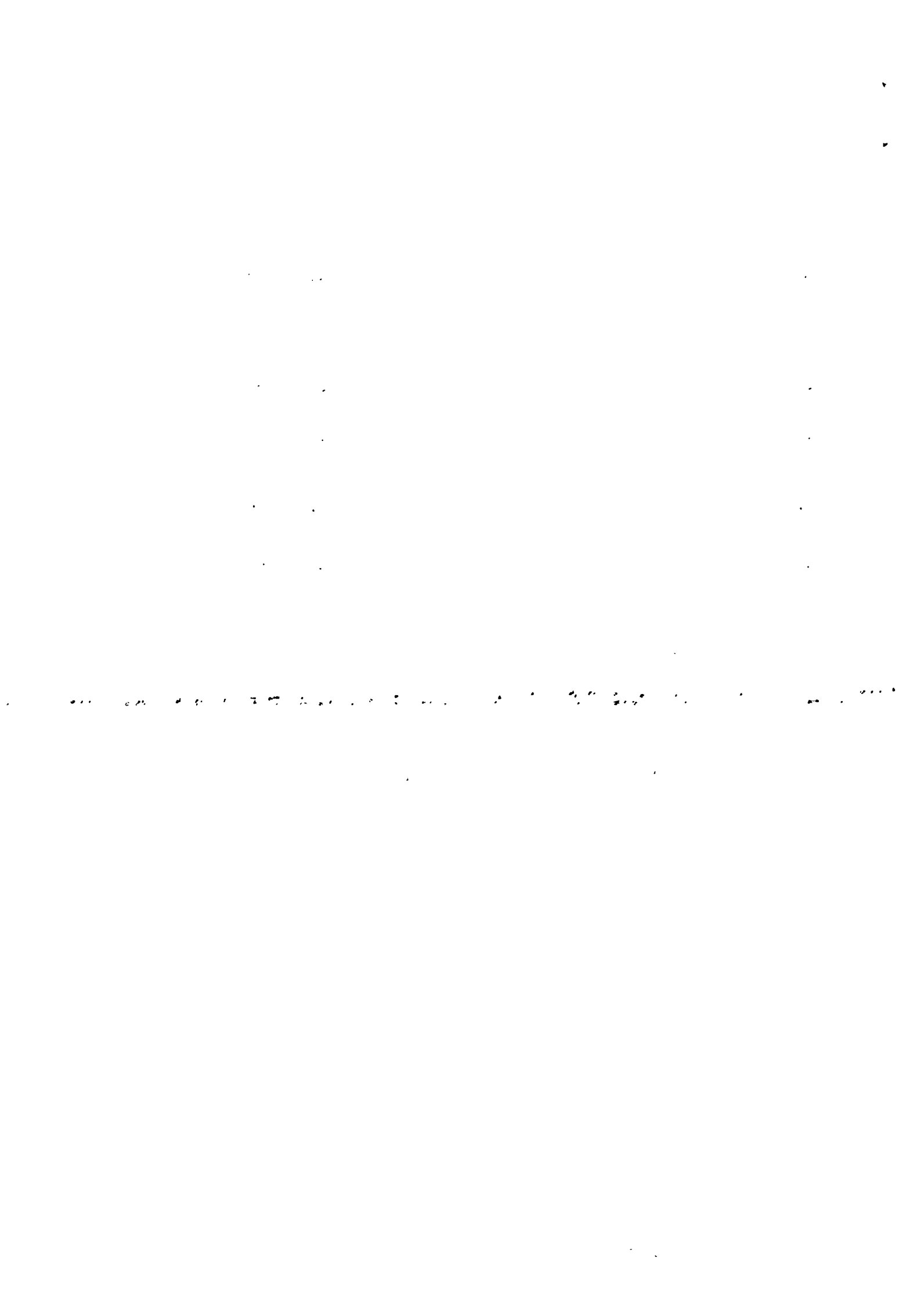


A. S. M. Gatumbu

CONTROLLER AND AUDITOR GENERAL

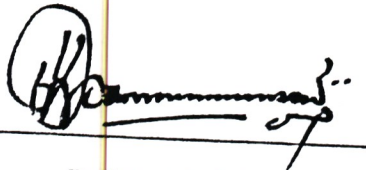
Nairobi

15 March 2010



BALANCE SHEET AS AT 30TH JUNE 2009

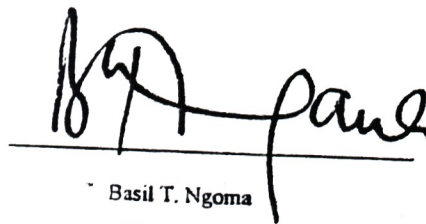
	NOTE	2008/2009	2007/2008
		KShs.	KShs.
ASSETS			
NON-CURRENT ASSETS			
	3	2,385,421,364	1,031,550,235
CURRENT ASSETS			
Staff Loans Scheme			
Accounts Receivable	4	15,753,039	15,428,759
Deposits	5	156,460,923	101,012,867
Special Accounts	6	1,260,755	2,290,755
Inventories	7	159,636,458	106,737,536
Cash and Bank Balances	8	18,665,229	16,422,823
	9	61,154,887	91,563,890
TOTAL ASSETS		412,931,290	333,456,629
GENERAL FUNDS AND LIABILITIES			
		2,498,352,654	1,365,006,864
GENERAL FUNDS			
Staff Loans Fund			
Accumulated Fund	4	15,753,039	15,428,759
Deferred Capital Grants	10	947,283,632	552,296,859
Revaluation Reserve	11	39,750,000	42,000,000
Capital Reserve - Refurbishment of Utalii Hotel	12	1,142,377,781	418,667,989
	13	99,024,176	101,853,438
		2,244,188,628	1,130,247,045
NON-CURRENT LIABILITIES			
Loan from Government of Kenya	14	140,000,000	140,000,000
CURRENT LIABILITIES			
Short-term Liabilities			
Accounts Payable	15	21,883,113	20,710,759
Special Creditors	16	64,233,420	14,697,901
	17	28,047,494	29,351,159
		114,164,027	94,759,819
TOTAL GENERAL FUNDS AND LIABILITIES		2,498,352,654	1,365,006,864



Dr. Kenneth S. Ombongi

SECRETARY

BOARD OF GOVERNORS - KENYA UTALII COLLEGE



Basil T. Ngoma

CHAIRMAN

BOARD OF GOVERNORS - KENYA UTALII COLLEGE

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 30TH JUNE 2009

	NOTE	2008/2009 KShs.	2007/2008 KShs.
INCOME			
Fees From Students	18	65,188,393	65,490,677
Revenue From Catering & Tourism Development Levy	19	370,000,000	347,750,000
Other Income			
Rent Income from staff housing units	20	16,346,406	16,618,247
Miscellaneous Receipts	21	11,089,021	6,066,244
Grants from Government of Kenya - Recurrent	22	50,000,000	37,500,000
Grants from Government of Kenya Development	22	15,000,000	-
Revenue from Commercial Activities & Consultancy Services	23	33,100,251	32,043,396
Capital Grants from Government of Kenya - amortization	24	5,079,262	4,329,262
		565,803,333	509,797,825
Utalii Hotel Net Profit	25	(12,935,684)	7,961,323
KSMS Hospitality Centre Net Profit	26	10,942,731	7,143,391
KCB Hospitality Centre Net Profit	27	11,318,538	7,936,586
Masinga Project Net Profit	28	(132,326)	1,354,465
Gain on Disposal of Motor Vehicles		788,999	-
Decrease in Provision for Bad and Doubtful debts		242,296	-
		576,027,888	534,193,590
EXPENDITURE			
Academic Expenses	29	29,002,818	25,992,833
Administrative Expenses	30	208,236,188	132,909,588
Staff Costs	31	234,477,140	243,202,636
Establishment Costs	32	56,463,796	52,602,743
Finance Costs	33	1,081,639	2,146,207
Total Recurrent Expenditure		529,261,581	456,854,007
Surplus before provision for Depreciation		46,766,306	77,339,583
Depreciation Charge for the year	3	63,061,253	66,071,730
Surplus for the Year		(16,294,947)	11,267,853

CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH JUNE 2009

	NOTE	2008/2009 KShs.	2007/2008 KShs.
Cash Flows from operating activities			
Net Surplus for the year		(16,294,947)	11,267,853
Adjustments for :			
Depreciation		63,061,253	66,071,730
Prior year adjustments		(3,419,690)	(16,908,378)
Deferred Income		-	30,000,000
Arnotised Reserves		(5,079,262)	(4,329,262)
Accumulated depreciation on disposed off Motor vehicle		(1,700,000)	(550,000)
Revaluation Reserves on Disposed Motor Vehicle		(1,750,000)	(550,000)
Loss/Gain on Disposal of Motor Vehicle		(788,999)	165,000
Decrease in Provision for Bad Debts		(242,296)	
Revaluations		67,388,197	-
Surplus before working capital changes		101,174,256	85,166,943
Increase in trade and other Accounts Receivables		(107,641,259)	(19,810,027)
Increase/Decrease in Inventories		(2,242,406)	874,000
Increase/Decrease in Trade and other Payables		19,404,208	(10,441,494)
Net Cash used in Operating activities		(90,479,457)	(29,377,521)
Net cash flow from operating activities		10,694,799	55,789,422
Cash flows from investing activities			
Acquisition of Property, plant and Equipment	3	(41,942,803)	(34,395,726)
Disposal of Motor Vehicles		839,000	385,000
Net Increase/ (Decrease) in cash and cash equivalents		(30,409,004)	21,778,696
Cash and cash equivalents at beginning of the year		91,563,890	69,785,194
Cash and cash equivalents at end of the year	9	61,154,887	91,563,890

Kenya Utalii College,

Annual Report and Financial Statements for the year ended 30th June 2009.

STATEMENT OF CHANGES IN GENERAL FUNDS FOR THE YEAR ENDED 30TH JUNE 2009.**Year ended 30th June 2008**

	Staff Loan	Accumulated	Deffered Capital	Revaluation	Capital	Total General
	Fund	Fund	Grant	Reserve	Reserve	Funds
At start of Year	15,101,217	557,937,384	13,500,000.00	419,769,989	104,682,700	1,110,991,290
Funds received during the year	327,542		28,500,000.00			28,827,542
Funds used during the year		16,908,378		1,102,000	2,829,262	20,839,640
Surplus for the year		11,267,853				11,267,853
At end of Year 2008	15,428,759	552,296,859	42,000,000	418,667,989	101,853,438	1,130,247,045

Year ended 30th June 2009

At start of Year	15,428,759	552,296,859	42,000,000.00	418,667,989	101,853,438	1,130,247,045
Funds received during the year	324,280	411,281,720		723,709,792		1,135,315,792
Funds used during the year			2,250,000.00		2,829,262	5,079,262
Deficit for the year		- 16,294,947				- 16,294,947
At end of Year 2009	15,753,039	947,283,632	39,750,000	1,142,377,781	99,024,176	2,244,188,628

Kenya Utalii College,

Notes to the Financial Statements for the year ended 30th June 2009.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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 to offer training in Hospitality and Tourism.

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. Other revenues are recognized in the period they are earned net of VAT and discounts.

c) 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.

d) Property, Plant and Equipment

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

Kenya Utalii College,

Notes to the Financial Statements for the year ended 30th June 2009.

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
Plant and Machinery	10%	10 Years
Furniture, Technical & Teaching Equipment	20%	5 Years
Motor Vehicles	25%	4 Years
Computers	30%	3 ¹ / ₃ Years

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

e) Inventories

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

f) Provision for Bad and Doubtful Debts

A Specific provision amounting to Kshs.34,823,447.71 has been recognized. In addition a 5% general provision and for bad and doubtful debts has been created in the financial statements.

g) Retirement Benefit Obligations

The College operates a defined contribution benefits 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.

Kenya Utalii College,

Notes to the Financial Statements for the year ended 30th June 2009(Continued).

3

FIXED ASSETS AS AT 30TH JUNE 2009

ITEM	LAND	BUILDINGS	W.I.P REFURBISHMENT UTALII	PLANT AND MACHINERY	FURNITURE TECHNICAL AND TEACHING EQUIPMENT	MOTOR VEHICLES ACCESSORIES	COMPUTERS AND ACCESSORIES	TOTAL
COST / VALUATION	KSHS	KSHS	KSHS	KSHS	KSHS	KSHS	KSHS	KSHS
Balance as at 1st July 2008	346,950,000	649,763,710	-	125,505,420	65,484,776	46,372,613	30,288,133	1,264,344,652
Additions			5,623,247	5,257,341	6,529,253	12,125,927	12,407,035	41,942,803
Revaluation	367,594,231	757,764,874	-	(58,997,454)	2,802,276	14,216,400	(8,390,743)	1,074,989,585
Disposals/Write-offs	26,544,231	65,028,584	-	39,435,306	43,363,736	35,124,940	23,297,625	232,794,422
TOTAL	688,000,000	1,342,500,000	5,623,247	32,330,001	31,432,569	37,590,000	11,006,800	2,148,482,617
DEPRECIATION/AMORTIZATION								
Balance as at 1st July 2008	26,544,231	65,028,584	-	39,435,306	43,363,732	35,124,940	23,297,625	232,794,418
Charge for the Year	6,949,495	33,562,500	-	3,233,000	6,286,514	9,397,500	3,632,244	63,061,253
Accumulated Depreciation before Write-offs	33,493,726	98,591,084	-	42,668,306	49,650,246	44,522,440	26,929,869	295,855,671
Less: Write-offs	26,544,231	65,028,584	-	39,435,306	43,363,732	35,124,940	23,297,625	232,794,418
Accumulated Depreciation as at 30th June 2009	6,949,495	33,562,500	-	3,233,000	6,286,514	9,397,500	3,632,244	63,061,253
Net Book Value as at 30.6.2009	681,050,505	1,308,937,500	5,623,247	29,097,001	25,146,055	28,192,500	7,374,556	2,085,421,364
Net Book Value as at 30.6.2008	320,405,769	584,735,126	-	88,070,114	22,101,044	11,247,674	6,990,508	1,031,550,235

- WIP Represents Refurbishment of Utalii Hotel rooms and roof at an estimated cost of Kshs. 101,089,134.30

- 10th Anniversary Monument was merged with buildings, since the two are similar and had been revalued together.

Kenya Utalii College,

Notes to the Financial Statements for the year ended 30th June 2009(Continued).

4

STAFF LOANS SCHEME

	2008/2009	2007/2008
	KShs.	KShs.
<u>INCOME</u>		
Interest earned from staff loans scheme	331,222	338,779
Bank interest earned	2,658	763
	333,880	339,542
<u>LESS: EXPENDITURE</u>		
Bank charges	9,600	12,000
Surplus	324,280	327,542

STAFF LOANS SCHEME FUND AS AT 30TH JUNE 2009

	2008/2009	2007/2008
	KShs.	KShs.
Staff Loans Scheme Fund	15,428,759	15,101,217
Surplus	324,280	327,542
	15,753,039	15,428,759
<u>REPRESENTED BY:</u>		
Staff Loans	8,834,904	6,902,765
Bank Account balance	1,902,595	1,172,767
Amount with Kenya Utalii College	5,015,540	7,353,226
	15,753,039	15,428,759

Kenya Utalii College,

Notes to the Financial Statements for the year ended 30th June 2009(Continued).

5 ACCOUNTS RECEIVABLE AS AT 30TH JUNE 2009

	2008/2009 KShs.	2007/2008 KShs.
College Accounts Receivable	37,962,378	33,430,701
Hotel Accounts Receivable	56,894,977	78,474,029
KSMS Accounts Receivable	71,281,710	34,084,818
KCB Accounts Receivable	21,851,497	3,874,770
Students' Accounts Receivable	8,220,790	2,659,379
	196,211,352	152,523,695
LESS : Provision for Bad & Doubtful Debts	39,750,429	51,510,829
	156,460,923	101,012,867

6 DEPOSITS AS AT 30TH JUNE 2009

	2008/2009 KShs.	2007/2008 KShs.
Deposits Account	1,260,755	2,290,755

7 SPECIAL ACCOUNTS RECEIVABLE AS AT 30TH JUNE 2009

	2008/2009 KShs.	2007/2008 KShs.
Staff Advances Account	778,243	2,154,627
Imprests Account	3,520,548	794,249
Medical Advances Account	539,346	254,314
Salary in Advance Account	432,393	391,321
Curtain & Furniture Advances	3,379,326	292,611
Overdrawn students allowances	41,580	-
Overdrawn salaries	571,983	787,903
Pledges Account	82,630	39,690
Warwick International	3,116,184	3,116,184
AHSA Account	-	145,973
Kenya Revenue Authority	111,464,141	73,541,951
Prepayments	921,064	5,808,113
Catering & Tourism Development Levy Trustees	46,177,936	19,406,892
Staff Shortages	-	3,710
Unclaimed student allowances	129,186	-
	171,154,561	106,737,536
Less: Provision for bad and doubtful debts	11,518,103	-
	159,636,458	106,737,536

Kenya Utalii College,

Notes to the Financial Statements for the year ended 30th June 2009(Continued).

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INVENTORIES AS AT 30TH JUNE 2009

	2008/2009 KShs.	2007/2008 KShs.
Food Stores		
Beverage Stores	3,036,513	4,386,175
General stores	2,521,641	2,905,220
Containers Stores	11,495,089	7,961,925
Drugs	1,188,712	600,166
	423,274	569,337
Total	18,665,229	16,422,823

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CASH AND BANK BALANCES AS AT 30TH JUNE 2009

	2008/2009 KShs.	2007/2008 KShs.
Cash in Hand		
Cash at Bank	164,739	10,333,739
Floats	60,458,226	80,782,951
	531,922	447,201
	61,154,887	91,563,890

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ACCUMULATED FUND AS AT 30TH JUNE 2009

	2008/2009 KShs.	2007/2008 KShs.
Balance Brought Foward	552,296,860	557,937,384
Prior Year Adjustments*	411,281,719	(16,908,378)
	963,578,579	541,029,006
Surplus for the Year	(16,294,947)	11,267,854
Balance carried Foward	947,283,632	552,296,860

* Prior Year Adjustment

The figure has been arrived at as follows;

- Accumulated Revaluation Reserves w/o		418,667,989
- Fund Raising Walk Receipts w/o		198,427
		<u>418,866,416</u>
Less:		
- Supplies for 2007/2008 received after Accounts	5,680,836.00	
- Accounting for C.O.D's extended in Prior Years	543,847.55	
- Unclaimable VAT for year 2007/2008	1,360,012.61	
		<u>7,584,696</u>
		<u>411,281,720</u>

Kenya Utalii College,Notes to the Financial Statements for the year ended 30th June 2009(Continued).**11. Deferred Capital Grants**

The College received Kshs.15,000,000 during the 2005/06 financial year from the Government of Kenya for the refurbishment of Individual Training Kitchen. This Capital grant is amortized over the expected useful life of the equipment on a straight line basis. In the year 2007/2008 the College received a Special Capital grant of Kshs.30,000,000 from Catering Development Training Levy Trustees towards the refurbishment of the Utalii Hotel which has been deferred since it has not been utilized.

The balance has been arrived at as follows:

	2008/2009 Kshs.	2007/2008 Kshs.
Balance at beginning of year	42,000,000	13,500,000
Additional Grant		30,000,000
	-----	-----
	42,000,000	43,500,000
Less: Amortization	2,250,000	1,500,000
	-----	-----
Balance at end of year	39,750,000	42,000,000

12. Revaluation Reserve

The College's assets were revalued in June 2009 by an independent valuer, Landmark Realtors 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.1,074,989,585 .

13. Capital Reserve – Refurbishment of Utalii Hotel

During the 2003/2004 financial year, the College received a capital grant from the Government of Kenya to refurbish Utalii Hotel amounting to Kshs.113,170,486, This grant is recognized over the expected useful life of the building on a straight line basis.

The balance has been arrived at as follows:

	2008/2009 Kshs.	2007/2008 Kshs.
Balance at beginning of year	101,853,438	104,682,700
Less: Amortization	2,829,262	2,829,262
	-----	-----
Balance at end of year	99,024,176	101,853,438

14 LOAN FROM GOVERNMENT OF KENYA

As at 30th June the College had an outstanding Loan from the Government of Kenya amounting to Kshs.140,000,000. Interest amounting to Kshs.412,816,000.has not been accrued on this loan and no repayment has been made due to inability to pay. The College is negotiating with the Government to write off this loan

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SHORT TERM LIABILITIES AS AT 30TH JUNE 2009

	2008/2009 KShs.	2007/2008 KShs.
NHIF	280,500.00	220,400
P. A. Y. E	4,039,654.00	3,193,635
N.S.S.F	213,780.00	285,600
V.A.T	1,299,099.86	779,272
Training Levy	162,710.36	220,969
Amedo Centres (K) Ltd.	29,421.52	113,362
Woodventure (K) Ltd.	4,550.05	26,562
HFCK Deductions	3,500.00	4,000
Kenyuco Sacco	1,325,323.50	1,185,910
Kenyuco Housing Sacco	471,428.75	298,875
Higher Education Loans Board	41,787.00	28,178
Co-operative Bank Staff Loans Deductions	1,663,564.99	1,649,090
Barclays Bank Staff Loans Deductions	742,436.60	762,912
KCB Staff Loan deductions	134,500.00	-
Kitchen Pride Ltd.	11,709.00	11,709
Other Staff Co-operative Societies	847,691.00	1,205,424
Staff Service Charge Account	4,444,597.89	4,420,964
Personal Insurances Account	194,639.08	326,578
Pension Deductions	2,197,973.92	1,743,934
Hotel Deductions Account	490,272.06	490,050
Students' Caution Money	2,343,815.98	2,172,640
Class Funds Accounts	88,707.88	80,544
Students' Council Account	108,554.20	66,064
Secretariat Welfare Account	4,800.00	54,850
KSMS Deductions Account	11,361.68	450
Salaries Control Account	645,484.79	1,348,286
Club 20 Fund Account	19,364.00	20,000
Staff Shortages	8,860.80	-
City Council Rates staff deductions	500.00	500
Education Levy	52,524.00	-
	21,883,112.91	20,710,759

18. Fees from Students

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

	2008/2009 Kshs	2007/2008 Kshs
Fees from Foreign Students	44,037,856	26,184,408
Fees From Local Students	19,971,231	38,175,950
Application Fees	1,233,325	1,129,319
Total	<u><u>65,188,393</u></u>	<u><u>65,490,677</u></u>

19. 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. During the financial year an amount not received amounting to Kshs.46,177,936 have been accrued to be received in the next financial year.

20. Rent Income from Staff Housing Units

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

21. Miscellaneous Revenue

This comprises of:

	2008/2009 Kshs.	2007/2008 Kshs.
Interest on fixed deposit account	2,006,531	
Sale of Tender Documents	933,000	
Gain on foreign currency	2,286,720	
Jifunze Bar Sales	90,538	59,640
Suplus from Food fair	688,278	
Sale of Staff Meal Vouchers		562,336
Hire of facilities & other miscellaneous revenue	6,083,954	5,444,268
Total	<u><u>12,089,021</u></u>	<u><u>6,066,244</u></u>

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ACCOUNTS PAYABLE AS AT 30TH JUNE 2009

	2008/2009 KShs.	2007/2008 KShs.
Accrued Expenses	7,606,570.72	8,991,562
Suppliers' Accounts	56,626,849.22	35,706,339
	64,233,419.94	44,697,901

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SPECIAL CREDITORS ACCOUNTS AS AT 30TH JUNE 2009

	2008/2009 KShs.	2008/2008 KShs.
Contra Account	60,000.00	7,347,159
Hotel Deposits Account	185,230.15	-
KUC Alumni Account	-	54,697
Fund Raising Walk Account	-	198,427
Staff Pension Receipts	5,427,180.16	5,673,189
Unpaid Pension Account	1,025,452.04	1,455,929
Staff Loans Scheme	5,015,540.17	3,712,424
Staff Welfare Fund Account	981,453.30	851,813
Pension Scheme Refunds Account	4,204,650.68	6,138,290
Deceased Special Fund Account	4,061,167.50	2,731,752
Unclaimed Students Allowances	191,010.00	171,040
Prepaid Fees	1,464,085.45	656,274
Bursaries Account	218,257.67	126,646
Imprests	-	194,448
Pledges	34,750.00	39,070
Medical Advances	95,870.95	-
Bank Overdraft	5,082,846.18	-
	28,047,494.25	29,351,159

Kenya Utalii College,Notes to the Financial Statements for the year ended 30th June 2009(Continued).**22. Grants from Government of Kenya**

This is in respect of assistance from the Government of Kenya, through the Ministry of Tourism and Wildlife. It is recognized as revenue when received. Any grant for capital projects is amortized over the useful life of the asset.

23. Revenue from Commercial Activities

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

	2008/2009 Kshs	2007/2008 Kshs
Part-time Courses – F& B Service	10,298,550	9,725,184
Pioneer Courses	19,827,776	14,671,539
Management Development Programmes & Refresher Courses	1,745,848	4,560,972
Bakery Sales	2,387,855	4,103,793
Laundry Services	8,141,890	5,513,734
Sports Club Bar Sales	757,458	198,982
Library Membership Fees	11,206	46,447
Cyber café services	137,598	110,092
Sub-Total	43,365,160	38,930,744
Less: Direct Expenses	10,314,875	6,887,348
Total	33,097,357	32,043,396

24. 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, in the 2003/2004 financial year.

UTALII HOTEL TRADING ACCOUNT FOR THE YEAR ENDED 30TH JUNE 2009

	2008/2009	2007/2008
	KShs.	KShs.
Sales:		
Rooms	40,188,057	40,307,385
Beverages	11,536,878	17,670,713
Food	71,853,925	64,014,834
Swimming Pool	897,486	582,700
Miscellaneous Receipts	9,429,869	18,125,712
	133,906,215	140,701,344
Less: Cost of Sales	36,755,871	30,828,269
	97,150,344	109,873,075
Gross Profit		
Expenses		
Salaries and Wages	52,046,429	51,708,078
Medical Expenses	5,621,509	4,869,414
Professional Clothes and Uniforms	558,099	765,318
Staff Development	1,398,115	884,464
Heat, Light and Power	16,107,246	13,209,616
Water, Sewerage and Land Rates	2,176,212	2,838,721
Maintenance and Repair of Buildings	2,787,960	2,932,762
Maintenance and Repair of Equipment	1,443,926	1,670,512
Maintenance and Repair of Motor Vehicles	2,302,270	1,067,637
Renewal and Replacement	5,446,087	5,741,262
Advertising and Promotion	256,522	1,103,200
Entertainment and Public Relations	967,287	688,266
Printing and Stationery	3,628,090	1,710,524
Newspapers and Magazines	385,635	145,918
Cleaning Materials	3,570,662	3,069,612
Travelling and Subsistence Expenses	53,400	514,607
Postage and Telephone	2,108,707	1,773,754
Licences and Professional Services	847,572	405,142
Contracted Services	2,471,967	2,340,744
Insurance	567,821	750,191
Bank Charges	647,159	301,886
Staff Welfare expenses	107,948	232,477
Staff Meals	3,815,257	2,232,829
Miscellaneous Expenses	770,148	954,818
Total	110,086,028	101,911,752
	(12,935,684)	7,961,323
Net Profit	(12,935,684)	7,961,323

KENYA SCHOOL OF MONETARY STUDIES HOSPITALITY CENTRE
TRADING ACCOUNT FOR THE YEAR ENDED 30TH JUNE 2009

	2008/2009	2007/2008
	KShs.	KShs.
Sales:		
Rooms	38,396,645	33,995,283
Beverage	7,560,305	6,227,317
Food	51,676,457	42,595,587
Miscellaneous	491,655	521,456
	98,125,062	83,339,643
Less: Cost of Sales	42,762,838	34,216,075
Gross Profit	55,362,224	49,123,568
Expenses		
Salaries and Wages	29,299,051	29,535,151
Medical Expenses	2,676,456	1,894,438
Professional Clothes and Uniforms	137,207	115,219
Staff Development	385,635	202,501
Heat, Light and Power	4,564,851	4,100,085
Water, Sewerage and Land Rates	293,220	929,880
Maintenance and Repair of Equipment	110,200	48,556
Maintenance and Repair of Motor Vehicles	702,192	515,778
Renewal and Replacement	137,359	19,721
Advertising and Promotion	-	1,777
Entertainment and Public Relation	15,000	1,037
Printing and Stationery	715,249	449,827
Newspapers and Magazines	19,734	29,708
Cleaning Materials	1,672,548	1,749,553
Travelling and Subsistence Expenses	1,525	440
Postage and Telephone	196,521	301,506
Licences and Professional Services	35,000	42,000
Insurance	408,781	362,475
Bank Charges	173,943	203,231
Staff Welfare Expenses	-	116,239
Staff Meals	2,854,689	1,353,106
Miscellaneous Expenses	20,332	7,950
Total	44,419,493	41,980,177
Net Profit	10,942,731	7,143,391

KCB HOSPITALITY CENTRE TRADING ACCOUNT
FOR THE YEAR ENDED 30TH JUNE 2009

	2008/2009 KShs.	2007/2008 KShs.
Sales:		
Rooms	17,854,434	14,703,421
Beverages	9,814,005	3,200,738
Food	62,976,964	21,553,482
Miscellaneous	1,009,226	535,292
	91,654,629	39,992,933
Less: Cost of Sales	43,168,331	17,505,142
Gross Profit	48,486,298	22,487,791
Expenses		
Salaries and Wages	23,209,997	8,828,874
Medical Expenses	2,842,206	147,691
Professional Clothes and Uniforms	136,289	3,161
Staff development	209,814	-
Heat, Light and Power	4,224,503	497,548
Water, sewerage & land rates	591,901	-
Maintenance and Repair of Buildings	126,009	3,640
Maintenance and Repair of Motor Vehicles	797,281	15,312
Maintenance and Repair of Equipment	290,520	-
Renewal and Replacement of Equipment	1,448,935	3,417,957
Entertainment and Public Relations	87,976	32,980
Printing and Stationery	932,121	95,714
Newspapers and Magazines	16,875	1,165
Cleaning Supplies	1,108,216	1,003,187
Travelling and Subsistence Expenses	73,644	7,642
Telephone and postage	230,788	114,464
Licences and Professional Services	46,300	5,250
Insurance	199,172	37,991
Bank Charges	106,896	89,990
Staff Meals	419,002	200,445
Miscellaneous Expenses	2,585	48,195
Staff welfare Expenses	66,731	-
Total	37,167,760	14,551,205
Net Profit	11,318,538	7,936,586

MASINGA INCOME STATEMENT

	2008/2009 KShs.	2007/2008 KShs.
Commission on sales	118,446	2,089,336
Expenses		
Salaries and Wages	64,672	719,749
Medical Expenses	8,404	5,867
Postage & Telephone	3,000	-
Hire of Equipment	174,696	-
Travelling and Subsistence Expenses	-	9,255
Total	250,772	734,871
Net Profit	(132,326)	1,354,465

Kenya Utalii College,

Notes to the Financial Statements for the year ended 30th June 2009(Continued).

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ACADEMIC EXPENSES FOR THE YEAR ENDED 30TH JUNE 2009

	2008/2009 KShs.	2007/2008 KShs.
Academic Expenses		
Industrial Training Expenses	3,306,047	1,873,647
Inservice Students' Accommodation and Travel	4,985,166	4,737,668
Students' Selection Expenses	47,000	72,720
Students' Allowances	2,358,070	2,194,724
Special Courses	5,391,235	2,107,493
Class Text Books, Library Books & Periodicals	9,936,163	11,861,327
External Examination Expenses	2,519,007	2,361,713
Research Expenses	460,130	696,465
Loss on Food Fair	-	87,076
Sub-Total	29,002,818	25,992,833

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ADMINISTRATIVE EXPENSES FOR THE YEAR ENDED 30TH JUNE 2009

Professional Clothes and Uniforms	1,719,187	2,134,826
Food and Beverages	47,934,006	47,111,389
Printing and Stationery	7,925,066	7,977,534
Cleaning Materials	8,752,289	5,308,691
Maintenance and Repair of Buildings	9,519,331	7,721,958
Maintenance and Repair of Equipment	8,821,893	6,942,775
Maintenance and Repair of Vehicles	10,240,209	7,829,185
Travelling and Subsistence Expenses	7,250,214	7,101,566
Entertainment and Public Relations	4,234,203	3,783,379
Advertising and Promotion	4,228,391	5,151,125
Renewal and Replacement	10,163,416	13,014,655
Board of Governors Expenses	7,798,023	7,892,840
Clearing, Forwarding & Other Miscellaneous Expenses	1,210,280	827,230
Staff and Students' Welfare Expenses	1,686,706	1,939,002
Contracted Services	9,364,776	8,008,435
Loss On Disposal of fixed Assets	-	165,000
Revaluation Loss	67,388,197	-
Sub-Total	208,236,188	132,909,588

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STAFF COSTS EXPENSES FOR THE YEAR ENDED 30TH JUNE 2009

Salaries - Expatriate Staff	75,364	7,275
Salaries - Permanent Academic Staff	74,067,615	72,633,698
Salaries - Part-time Academic Staff	3,650,690	2,992,186
Salaries - Administrative Staff	128,080,615	125,075,185
Medical Expenses	13,983,275	25,179,299
Staff Development	14,619,582	17,314,993
Sub-Total	234,477,140	243,202,636

Kenya Utalii College,
Notes to the Financial Statements for the year ended 30th June 2009(Continued).

32 ESTABLISHMENT COSTS FOR THE YEAR ENDED 30TH JUNE 2009

Heat, Light and Power	45,154,106	39,558,843
Water, Sewerage and Land Rates	4,089,476	5,207,339
Postage and Telephone	3,085,198	3,948,432
Licences, Audit Fees and Professional Services	2,212,400	1,784,384
Insurances	1,922,615	2,103,745
Sub-Total	56,463,796	52,602,743

33 FINANCE COSTS FOR THE YEAR ENDED 30TH JUNE 2009

<u>Finance Costs</u>		
Bank Charges	821,748	1,224,663
Loss on Foreign Exchange	259,891	921,544
Sub-Total	1,081,639	2,146,207
Grand Total	529,261,581	456,854,007
