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KENYA NATIONAL AUDIT OFFICE
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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 2007**

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Kenya Utalii College,

Annual Report and Financial Statements for the year ended 30th June 2007.

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

Thomas S. Dudah – w.e.f 12/03/07
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

Thomas S. Dudah	:	Principal/Chief Executive w.e.f 12/03/07
Daniel Mwangi	:	Financial Controller
Wilson Oso	:	Director of Studies
Joseph Lenku	:	General Manager, Utalii Hotel w.e.f 23/11/06
Walter Otieno	:	Director of Research & Corporate Planning.

Kenya Utalii College,

Annual Report and Financial Statements for the year ended 30th June 2007.

Board of Governors

The following members served in the Board of Governors up to 12th December 2006:

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

A new Board of Governors was appointed in April 2007 and served up to 30th June 2007:

Basil Tangai Ngoma	:	Chairman w.e.f 04/04/2007
Saada M. Khamis(Mrs.)	:	W.e.f 18/04/2007
Geoffrey Ndambuki	:	W.e.f 18/04/2007
Allan Chenane	:	Chief Executive, Catering & Tourism Development Levy Trustees
Elizabeth Nzyoka(Ms.)	:	Alternate to PS, Ministry of Finance w.e.f 18/04/07
Samson Machuka	:	Alternate to PS, Ministry of Tourism & Wildlife w.e.f 18/04/07
Thomas S.Dudah	:	Secretary

Board Committees:

Finance and General Purposes Committee

The following members served in the Committee up to 16th December 2006.

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

Kenya Utalii College,
Annual Report and Financial Statements for the year ended 30th June 2007.

Tender Committee

The Committee served up to 16th December 2006 and comprised of the following members:

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

Following a change in the Public Procurement and Disposal Regulations 2006, the Tender Committee was replaced by a committee comprising of senior College members of staff.

Audit Committee

The committee members who served up to 16th December 2006 are:

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

Kenya Utalii College,

Annual Report and Financial Statements for the year ended 30th June 2007.

REPORT OF THE BOARD OF GORVERNORS

The Board submits its report and financial statements for the year ended 30th June 2007, which show the state of the College's affairs.

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 level and Food & Beverage Service and Sales Advanced level.

2. RESULTS

The results for the year are set out on page 10.

3. BOARD OF GOVERNORS

The members who served in the Board of Governors for the period up to 16th December 2006 were:

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

A new Board was appointed in April 2007 and served up to 30th June 2007:

Basil Tangai Ngoma	:	Chairman w.e.f 04/04/2007
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Geoffrey Ndambuki	:	W.e.f 18/04/2007
Allan Chenane	:	Chief Executive, Catering & Tourism Development Levy Trustees
Elizabeth Nzyoka (Ms.)	:	Alternate to PS, Ministry of Finance w.e.f 18/04/07
Samson Machuka	:	Alternate to PS, Ministry of Tourism & Wildlife W.e.f 18/04/07
Thomas S.Dudah	:	Secretary

Kenya Utalii College,
Annual Report and Financial Statements for the year ended 30th June 2007.

4. AUDITORS

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

By Order of the Board



Thomas S. Dudah
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 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 the 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 8 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

Following a change in the Public Procurement and Disposal Regulations 2006, the Tender committee was replaced by a committee comprising of senior members of staff.

RISK MANAGEMENT

The College will continue to recognize risk management as an integral part of internal control and 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

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

During the period under review, the College sponsored some of its staff to the International Aids Run held in December 2006.

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. The Board and the College have undergone several evaluations in keeping with the demands of the signed performance contracts and the results have been very good.

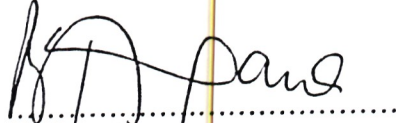
STATEMENT OF BOARD OF GOVERNORS' RESPONSIBILITIES

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 2007 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 28/9/2007



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 2007

I have audited the financial statements of Kenya Utalii College set out on pages 9 to 26 which comprise the balance sheet as at 30 June 2007, the income and expenditure statement, cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes 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.

Board of Governors Responsibility for the Financial Statements

The Board of Governors is responsible for the preparation of financial statements which give a true and fair view of the College's state of affairs and its operating results in accordance with the International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 entity'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 organization's internal controls. An audit also includes evaluating the appropriateness of accounting estimates made by the Board of Governors, as well as evaluating the overall presentation of the financial statements. I believe the audit provides a reasonable basis for my opinion.

1. Loan from Government of Kenya

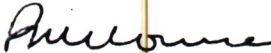
In the previous years' reports, concern was expressed over the College's failure to comply with the loan agreement signed with the Government of Kenya for a loan of Kshs.140,000,000 advanced to the College in February 1996 to refurbish the Kenya Utalii Hotel. A review of the loan records indicates that the College has up to now not started servicing the loan. Further, interest accrued on the loan has not been reflected in the financial statements. Although note 18 to the financial statements indicates that the College has entered into negotiations with a view to getting the loan written off, the Treasury's approval for the write off has not yet been obtained. Consequently, the reported surplus, the accumulated fund and interest payable as at 30 June 2007 are misstated by the amount of the unaccrued interest on the loan.

2. Current Liabilities – Kshs.40,884,654

Included in the special creditor's figure of Kshs.40,884,654 under current liabilities is an amount of Kshs.17,454,592 described as contra account. However, the College has not analysed a balance amounting to Kshs.16,192,035 included in this contra account. In the absence of such analysis it is not possible to confirm the correctness of the special creditors figure of Ksh.40,884,654 as at 30 June 2007.

Opinion

Except for the reservations set out in the preceding paragraphs, 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 financial affairs of the College as at 30 June 2007 and of its surplus 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.


P. N. KOMORA, C.B.S.
CONTROLLER AND AUDITOR GENERAL

Nairobi

27 February 2008

Kenya Utalii College,

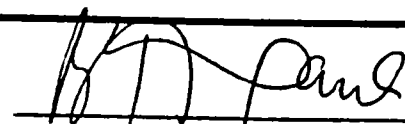
Annual Report and Financial Statements for the year ended 30th June 2007.

BALANCE SHEET AS AT 30TH JUNE 2007

	NOTE	2006/2007 KShs.	2005/2006 KShs.
ASSETS			
NON-CURRENT ASSETS			
	35	1,063,776,237	1,036,093,580
CURRENT ASSETS			
Staff Loans Scheme	21	15,101,217	14,861,187
Accounts Receivable	28	121,245,341	114,509,653
Deposits	29	1,290,755	3,320,427
Special Accounts	30	67,895,034	53,907,539
Inventories	31	17,296,823	17,372,227
Floats	32	437,200	333,200
Cash and Bank Balances	33	69,347,996	49,657,802
		292,414,365	253,962,035
TOTAL ASSETS		1,356,190,603	1,290,055,615
GENERAL FUNDS AND LIABILITIES			
GENERAL FUNDS			
Staff Loans Fund	21	15,101,217	14,861,187
Accumulated Fund	34	557,937,384	529,692,243
Deferred Capital Grants	6	13,500,000	20,744,616
Revaluation Reserve	7	419,767,989	384,647,989
Capital Reserve - Refurbishment of Utalii Hotel	8	104,682,700	107,511,962
		1,110,989,289	1,057,357,997
NON-CURRENT LIABILITIES			
Loan from Government of Kenya	18	140,000,000	140,000,000
CURRENT LIABILITIES			
Accounts Payable	25	46,610,419	34,757,183
Short-term Liabilities	26	17,706,240	16,526,977
Special Creditors	27	40,884,654	41,443,895
		105,201,313	92,728,055
TOTAL GENERAL FUNDS AND LIABILITIES		1,356,190,602	1,290,086,052



Thomas S. Dudah
PRINCIPAL
KENYA UTALII COLLEGE



Basil T. Ngoma
CHAIRMAN
BOARD OF GOVERNORS - KENYA UTALII COLLEGE

Kenya Utalii College,

Annual Report and Financial Statements for the year ended 30th June 2007.

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 30TH JUNE 2007

	NOTE	2006/2007 KShs.	2005/2006 KShs.
INCOME			
Fees From Students	10	56,053,192	46,205,968
Revenue From Catering & Tourism Development Levy	11	330,750,000	300,000,000
Other Income			
Rent Income from staff housing units	12	16,716,723	16,316,619
Miscellaneous Receipts	19	1,550,995	1,816,880
Revenue from Outside catering & Special Functions		-	28,196,395
Grants from Government of Kenya	13	40,000,000	17,000,000
Revenue from Commercial Activities	17	33,642,721	26,854,937
Revenue from Consultancy Services	14	288,409	1,491,852
Japanese Government Bilateral Assistance	15	5,744,616	5,744,616
Capital Grants from Government of Kenya - amortization	16	4,329,262	2,829,262
		489,075,918	446,456,530
Utalii Hotel Net Profit/ Gross Profit	21	14,495,624	65,379,016
KSMS Hospitality Centre Net Profit/ Gross Profit	23	22,639,845	40,604,110
		526,211,387	552,439,657
Recurrent expenditure	24	429,998,473	481,612,622
Surplus before provision for Depreciation		96,212,914	70,827,035
Depreciation Charge for the year	35	59,881,891	49,376,669
Surplus for the Year		36,331,023	21,450,366

Kenya Utalii College,

Annual Report and Financial Statements for the year ended 30th June 2007.

CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH JUNE 2007

	NOTE	2006/2007	2005/2006
		KShs.	KShs.
Cash Flows from operating activities			
Net Surplus		36,331,023	21,450,366
Adjustments for :			
Depreciation		59,881,891	49,376,669
Prior year adjustments		(8,117,945)	2,275,286
Deferred Income		(5,744,616)	(5,744,617)
Amortized Reserves		(4,329,262)	(2,829,262)
Accumulated depreciation on disposed off Motor vehicle		32,500	-
Gain on Disposal of Motor Vehicle		(71,500)	-
Operating surplus before working capital changes		77,982,091	64,528,441
Increase/Decrease in trade and other Accounts Receivables		(18,493,511)	(62,992,558)
Increase in Inventories		75,404	(2,183,710)
Increase/Decrease in trade and other Payables		12,473,258	1,587,490
Net Cash from Operating activities		(5,944,848)	939,663
Net cash flow from operating activities		72,037,243	939,663
Cash flows from investing activities			
Acquisition of Property, plant and Equipment		(52,412,049)	(24,869,607)
Disposal of Motor Vehicle		169,000	
Net Increase/ (Decrease) in cash and cash equivalents		19,794,194	(23,929,944)
Cash and cash equivalents at beginning of the year		49,991,002	73,920,946
Cash and cash equivalents at end of the year	20	69,785,196	49,991,002

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.

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) 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
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.

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, beverage and general 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.

A specific provision for bad debts Kshs.30,385,657 for debtors aged over seven years is provided.

i. 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 606 (2005/2006-505).

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. In addition the College received Kshs.15,000,000 from the government of Kenya for the refurbishment of Individual Training Kitchen. This Capital grant is amortized over the expected useful life of the building on a straight line basis.

The balance has been arrived at as follows:

	2006/2007	2005/2006
	Kshs.	Kshs.
Balance at beginning of year	20,744,617	26,489,233
	-----	-----
Less: Amortization	7,244,616	5,744,616
	-----	-----
Balance at end of year	13,500,000	20,744,617
	=====	=====

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 out of which Kshs.130,000 have been written off of a motor vehicle.

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, This 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:

	2006/2007	2005/2006
	Kshs.	Kshs.
Balance at beginning of year	107,511,962	110,341,224
	-----	-----
Less: Amortization	2,829,262	2,829,262
	-----	-----
Balance at end of year	104,482,700	107,511,962
	=====	=====

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.

	2006/2007	2005/2006
	Kshs	Kshs
Fees from Foreign Students	14,597,177	9,604,822
Fees From Local Students	38,937,500	35,780,020
Application Fees	2,518,515	821,126
Total	56,053,192	46,205,968
	=====	=====

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. 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.

14. Revenue from Consultancy Services

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

15. Japanese Government Bilateral Assistance

This represents the amortized amount of the capital grants received from the Government of Japan in the financial year 2002/2003.

16. 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 financial year 2003/2004.

Kenya Utalii College,Annual Report and Financial Statements for the year ended 30th June 2007.**17. 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;

	2006/2007 Kshs	2005/2006 Kshs
	-----	-----
Part-time Courses – Computer	339,500	179,792
Part –time Courses – Social Studies	1,477,105	2,073,306
Part-time Courses – Tourism	3,292,915	2,816,019.9
Part-time Courses – Front Office	3,748,420	3,447,498
Part-time Courses – F& B Service	10,609,364	9,896,304
Part – time Courses – Housekeeping	2,982,445	961,350
Part – time Courses – Food production	1,182,003	214,000
Part – time Courses–Business Administration	1,912,015	1,088,224
Management Development Programmes & Refresher Courses	607,279	1,270,404
Bakery Sales	2,084,987	1,402,373
Laundry Services	6,142,253	4,156,814
Typing Services	0	835
Sports Club Bar	163,486	238,698
Library Membership Fees	145,727	120,000
Cyber café	184,371	31,038
Total	35,485,354	27,500,093
	-----	-----
Less: Direct Expenses	2,690,160	1,041,717
	-----	-----
Net Income	33,642,721	26,854,937
	=====	=====

18. Borrowings

As at 30th June 2007 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.

19. Miscellaneous Revenue

This comprises of:

	2006/2007 Kshs.	2005/2006 Kshs.
	-----	-----
Student Food Fair Expenses	-581,045	
Jifunze Bar Sales	29,598	262,719
Foreign Currency transactions losses	-2,413,109	-1,328,964
Sale of Staff Meal Vouchers	650,977	163,440
Other Miscellaneous revenue	3,558,073	2,719,685
Proceeds from disposal of Assets	306,500	-
	-----	-----
Total	1,550,995	1,816,880
	=====	=====

20. 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:

	2006/2007 Kshs	2005/2006 Kshs
Cash in hand	9,201,031	6,057,502
Cash at Bank	60,146,966	43,600,299
Floats	437,200	333,200
Total	69,785,197	49,991,001

Kenya Utalii College,

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STAFF LOANS SCHEME**INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 30TH JUNE 2007**

	Page Number	2006/2007 KShs.	2005/2006 KShs.
<u>INCOME</u>			
Interest earned - Car Loan Scheme		223,078	204,862
Interest earned - Housing Loan Scheme		27,338	55,529
Bank interest earned		513	312
		250,930	260,704
<u>LESS: EXPENDITURE</u>			
Bank charges		10,900	12,003
Surplus		240,030	248,701

STAFF LOANS SCHEME FUND AS AT 30TH JUNE 2007

	Page Number	2006/2007 KShs.	2005/2006 KShs.
Staff Loans Scheme Fund		14,861,187	14,612,486
Surplus		240,030	248,701
		15,101,217	14,861,187

REPRESENTED BY:

Staff Car Loan Principal advances	8	5,337,593	4,278,601
Staff Housing Loan Principal advances	8	1,677,399	1,571,158
Staff Insurance Loan advances	8	87,925	100,350
Bank Account balance	9	385,254	275,663
Amount with Kenya Utalii College		7,613,046	8,635,415
		15,101,217	14,861,187

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UTALII HOTEL TRADING ACCOUNT FOR THE YEAR ENDED 30TH JUNE 2007

	Page Number	2006/2007 KShs.	2005/2006 KShs.
<u>Sales:</u>			
Rooms		37,743,661	30,504,288
Beverages		12,908,589	12,773,544
Food		57,460,612	39,507,816
Swimming Pool		633,825	662,775
Miscellaneous Receipts		14,238,474	13,040,537
Outside Catering		15,574,366	-
		138,559,526	96,488,960
Less: Cost of Sales		36,067,944	31,109,944
Gross Profit		102,491,582	65,379,016
<u>EXPENSES</u>			
Salaries and Wages		46,422,969	-
Medical Expenses		3,496,228	-
Professional Clothes and Uniforms		580,170	-
Staff Development		54,000	-
Heat, Light and Power		12,897,981	-
Water, Sewerage and Land Rates		572,675	-
Maintenance and Repair of Buildings		1,383,367	-
Maintenance and Repair of Equipment		1,512,196	-
Maintenance and Repair of Motor Vehicles		862,976	-
Renewal and Replacement of Equipment		3,935,198	-
Advertising and Promotion		1,230,222	-
Entertainment and Public Relations		681,978	-
Printing and Stationery		1,679,859	-
Newspapers and Magazines		309,307	-
Cleaning Supplies		3,663,260	-
Travelling and Subsistence Expenses		40,870	-
Postage and Telephone Expenses		1,881,632	-
Licences and Professional Services		296,519	-
Board of Governors Expenses		-	-
Contracted Services		3,034,373	-
Insurance		478,367	-
Bank Charges		238,727	-
Staff Welfare expenses		214,722	-
Staff Meals		1,416,320	-
Miscellaneous Expenses		1,112,043	-
Total		87,995,957	-
Net Profit		14,495,624	

KENYA SCHOOL OF MONETARY STUDIES HOSPITALITY CENTRE
TRADING ACCOUNT FOR THE YEAR ENDED 30TH JUNE 2007

	Page Number	2006/2007 KShs.	2005/2006 KShs.
<u>Sales:</u>			
Rooms		33,592,475	20,933,751
Beverage		5,515,860	4,651,299
Food		38,906,218	30,395,497
Miscellaneous		1,231,128	866,417
		79,245,681	56,846,964
Less: Cost of Sales		26,910,317	16,242,854
Gross Profit		52,335,364	40,604,110
<u>EXPENSES</u>			
Salaries and Wages		21,048,679	-
Medical Expenses		1,834,927	-
Professional Clothes and Uniforms		291,951	-
Staff Development		17,000	-
Heat, Light and Power		1,331,833	-
Water, Sewerage and Land Rates		291,465	-
Maintenance and Repair of Equipment		6,950	-
Maintenance and Repair of Motor Vehicles		324,275	-
Renewal and Replacement of Equipment		343,028	-
Entertainment and Public Relations		100,393	-
Printing and Stationery		572,424	-
Newspapers and Magazines		12,385	-
Cleaning Materials		455,671	-
Travelling and Subsistence Expenses		19,850	-
Postage and Telephone		112,782	-
Licences and Professional Services		30,001	-
Board of Governors Expenses		-	-
Insurance		373,439	-
Bank Charges		77,165	-
Staff Welfare Expenses		170,515	-
Staff Meals		1,967,082	-
Miscellaneous Expenses		313,706	-
Total		29,695,520	-
Net Profit		22,639,845	

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EXPENDITURE FOR THE YEAR ENDED 30TH JUNE 2007

	Page	2006/2007	2005/2006
	Number	KShs.	KShs.
Salaries - Expatriate Staff		-	638,020
Salaries - Permanent Academic Staff		67,584,021	72,076,734
Salaries - Part-time Academic Staff		2,536,400	2,278,304
Salaries - Administrative Staff		117,666,909	170,130,735
Industrial Training Expenses		7,328,373	3,800,663
Professional Clothes and Uniforms		3,233,884	4,051,988
Food and Beverages		41,609,729	37,355,582
Inservice Students' Accommodation and Travel		4,897,419	5,971,658
Students Selection Expenses		36,000	-
Students' Allowances		1,976,935	1,894,078
Special Courses		1,963,464	882,312
Printing and Stationery		6,699,724	9,492,754
Medical Expenses		14,886,855	13,008,225
Class Text Books, Library Books & Periodicals		12,180,320	8,163,347
Heat, Light and Power		35,061,107	45,297,742
Water, Sewerage, Dustbins and Land Rates		960,960	2,947,318
Cleaning Materials		5,305,111	8,736,783
Maintenance and Repair of Buildings		6,094,807	5,987,413
Maintenance and Repair of Equipment		7,053,805	6,208,478
Maintenance and Repair of Vehicles		7,936,297	11,336,914
Travelling and Subsistence Expenses		5,520,113	5,643,523
Entertainment and Public Relations		3,039,106	4,409,476
Postage and Telephone		4,285,106	5,120,954
Licences, Audit Fees and Professional Services		1,288,680	1,340,649
Advertising and Promotion		2,655,137	4,107,198
Insurances		1,882,019	5,977,257
Staff Development		7,676,727	11,039,541
Renewal and Replacement of Equipment		10,122,709	6,448,201
External Examination Expenses		1,636,981	760,872
Board of Governors Expenses		3,735,970	3,036,083
Clearing, Forwarding & Other Miscellaneous Expenses		805,308	3,199,595
Research Expenses		733,061	836,066
Staff and Students' Welfare Expenses		1,420,662	1,182,122
Bank Charges		865,856	1,556,189
Extra Ordinary Expenses - Severance pay		-	1,735,314
Contracted Services		8,933,264	9,931,827
Bad Debts Written-off		30,385,657	5,030,707
		429,998,473	481,612,622

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ACCOUNTS PAYABLE AS AT 30TH JUNE 2007

	Page Number	2006/2007 KShs.	2005/2006 KShs.
Accrued Expenses	148 - 149	13,535,963	11,052,294
Suppliers' Account	150 - 152	33,074,456	23,704,889
		46,610,419	34,757,183

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SHORT TERM LIABILITIES AS AT JUNE 2007

	Page Number	2006/2007 KShs.	2005/2006 KShs.
NHIF	156	189,760	135,660
P. A. Y. E	156	2,751,686	2,813,764
N.S.S.F	156	242,000	215,600
V.A.T	156	769,685	2,054,444
Training Levy	156	283,545	277,908
Amedo Centres (K) Ltd.	156	153,699	38,830
Shortages	156	10,852	30,438
Woodventure (K) Ltd.	156	22,849	31,151
HFCK Deductions	156	4,000	75,764
Kenyuco Sacco	156	1,302,850	1,260,548
Kenyuco Housing Sacco	156	349,345	596,930
Higher Education Loans Board	156	7,307	10,502
Co-operative Bank Staff Loans Deductions	156	1,289,725	-
Kitchen Pride Ltd.	156	14,319	9,099
Other Staff Co-operative Societies	156	849,412	738,489
Staff Service Charge Account	156	4,466,118	3,114,167
Personal Insurances Account	156	267,128	242,475
Pension Deductions - Unmerited	156	1,847,264	1,704,630
Hotel Deductions Account	156	417,715	518,649
Students' Caution Money	156	2,012,197	1,917,640
Class Funds	156	143,751	200,551
Students' Council Account	156	42,021	35,416
Secretariat Welfare Account	156	45,810	23,210
KSMS Deductions Account	156	29,990	282,542
Salaries Control Account	156	193,212	198,572
		17,706,240	16,526,977

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SPECIAL CREDITORS ACCOUNTS AS AT JUNE 2007

	Page Number	2006/2007 KShs.	2005/2006 KShs.
Contra Account	162		
Hotel Deposits Account	158	17,454,592	17,164,051
KUC Alumni	159 -161	177,438	302,400
Fund Raising Walk Account	157	85,550	168,000
Staff Pension Receipts	167 -176	198,427	198,427
Unpaid Pension Account	167 -176	4,951,637	5,909,085
Staff Loans Scheme	157	1,547,433	1,584,012
Staff Welfare Fund Account	157	3,972,243	4,994,623
Pension Scheme Refunds Account	164 - 166	572,073	279,233
Deceased Special Fund Account	163	7,795,475	6,307,219
Unclaimed Salaries Account	-	3,407,668	3,684,629
Unclaimed Students Allowances	177 - 179	-	342,609
Prepaid Fees	180	35,390	134,980
Imprests	44	606,207	374,625
		80,520	
		40,884,654	41,443,895

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ACCOUNTS RECEIVABLE AS AT 30TH JUNE 2007

	Page Number	2006/2007 KShs.	2005/2006 KShs.
College Accounts Receivable	10 - 17	48,770,695	46,058,229
Hotel Accounts Receivable	18 - 33	71,378,589	47,967,753
KSMS Accounts Receivable	34 - 35	47,257,466	33,897,601
Students' Accounts Receivable	36 - 38	5,349,421	7,711,242
		172,756,169	135,634,825
LESS : Bad and Specific Provision for Doubtful Debts		51,510,829	21,125,172
		121,245,341	114,509,653

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DEPOSITS AS AT 30TH JUNE 2007

	Page Number	2006/2007 KShs.	2005/2006 KShs.
Deposits Account	39	1,290,755	3,320,427

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SPECIAL ACCOUNTS RECEIVABLE AS AT 30TH JUNE 2007

	Page Number	2006/2007 KShs.	2005/2006 KShs.
Staff Advances Account	40 - 42	2,905,548	2,578,939
Pension Advances	43	260,572	400,450
Imprest Account	45	1,939,634	1,350,166
Medical Advances Account	46	164,708	33,377
Salary in Advance	47	716,036	630,206
Overdrawn students allowances	48 - 49	7,119	15,274
Overdrawn salaries	50	62,126	42,538
Pledges Account	51 - 56	81,668	10,700
Warwick International	57	3,116,184	3,116,184
AHSSA	61	702,425	115,079
Kenya Revenue Authority	58 - 60	51,111,574	31,653,259
Prepayments	62 - 65	6,627,441	11,961,369
		67,695,034	51,907,539

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INVENTORIES AS AT 30TH JUNE 2007

	Page Number	2006/2007 KShs.	2005/2006 KShs.
Food Stores	66	3,262,518	2,862,701
Beverage Stores	66	5,188,396	2,463,296
General Stores	66	6,725,845	10,293,043
Containers Stores	66	654,498	892,587
Drugs	67 - 90	1,465,566	860,600
Total		17,296,823	17,372,227

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FLOATS AS AT 30TH JUNE 2007

	Page Number	2006/2007 KShs.	2005/2006 KShs.
Dining Room	91 - 92	200	200
Hotel	93 - 99	317,000	217,000
Purchasing	100 - 101	10,000	10,000
Petty Cash	102 - 103	75,000	75,000
Transport		-	1,000
Principal's Office	104 - 105	10,000	10,000
Kenya School of Monetary Studies	106 - 109	20,000	20,000
Medical	110 - 111	5,000	-
Total		437,200	333,200

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CASH AND BANK BALANCES AS AT 30TH JUNE 2007

	Page Number	2006/2007 KShs.	2005/2006 KShs.
Cash in Hand	112 - 123	9,201,031	6,057,503
Cash at Bank	124 - 147	60,146,966	43,600,299
		69,347,996	49,657,802

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ACCUMULATED FUND AS AT 30TH JUNE 2007

	Page Number	2006/2007 KShs.	2005/2006 KShs.
			8,115,882
Balance Brought Foward			
Prior Year Adjustments		529,592,243	505,866,593
Transfar from Revaluation Reserve		(7,985,882)	2,275,285
		521,606,360	508,141,878
Surplus for the Year		36,331,023	21,450,365
Balance carried Foward		557,937,384	529,592,243

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FIXED ASSETS AS AT 30TH JUNE 2007

ITEM	LAND	BUILDINGS	MONUMENT FOR 10TH ANNIVERSARY	PLANT AND MACHINERY	TECHNICAL AND TEACHING EQUIPMENT	FURNITURE AND OTHER	MOTOR VEHICLES	COMPUTERS AND ITS ACCESSORIES	TOTAL
	KSHS	KSHS	KSHS	KSHS	KSHS	KSHS	KSHS	KSHS	KSHS
COST / VALUATION									
Balance as at 1st July 2006	311,700,000	648,710,000	252,000	82,165,429	23,578,927	25,648,574	32,994,021	18,467,927	1,143,516,876
Additions	-	713,650	-	29,940,297	779,800	8,155,595	6,388,304	6,434,403	52,412,049
Revaluations for the year	35,250,000	-	-	-	-	-	-	-	35,250,000
Disposals	-	-	-	-	-	-	(130,000)	-	(130,000)
Write-offs	-	-	-	-	-	-	-	-	-
TOTAL	346,950,000	649,423,650	252,000	112,105,725	24,358,727	33,804,169	39,252,325	24,902,330	1,231,048,926
DEPRECIATION/AMORTIZATION									
Balance as at 1st July 2006	19,526,618	32,435,500	107,100	15,674,191	8,605,917	10,032,281	14,301,205	6,740,486	107,423,258
Charge for the Year	3,513,067	16,235,591	6,300	11,210,573	4,871,745	6,760,834	9,813,081	7,470,699	59,881,691
Accumulated Depreciation before Write-offs	23,039,685	48,671,091	113,400	26,884,764	13,477,662	16,793,115	24,114,286	14,211,185	167,305,189
Less: Write-offs	-	-	-	-	-	-	32,500	-	32,500
Accumulated Depreciation as at 30th June 2007	23,039,685	48,671,091	113,400	26,884,764	13,477,662	16,793,115	24,081,786	14,211,185	167,272,689
Net Book Value as at 30.6.2007	323,910,315	600,752,559	138,600	85,220,962	10,881,065	17,011,054	15,170,538	10,691,145	1,063,776,237
Net Book Value as at 30.6.2006	292,173,382	616,274,500	144,900	66,491,238	14,973,010	15,616,293	18,692,816	11,727,441	1,036,093,550