

Library

PAPER LIB No 120	
REPUBLIC OF KENYA N. A.	Clerk Asses
Director	C. H. Edina
...	Reporters
...	Library
...	Press

PARLIAMENT  
OF KENYA  
LIBRARY



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 2008

# TABLE OF CONTENTS

	Page
College Information	1
Board of Governors	2
Report of the Board of Governors	3
Statement of Corporate Governance	4 -5
Statement of Board of Governors' Responsibilities	6
 <b><u>Financial Statements</u></b>	
Balance Sheet	7
Income and Expenditure Account	8
Cash flow Statement	9
Notes to the Financial Statements	10 – 25

## **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  
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 -up to 03/11/2008
Beatrice Makawiti (Mrs)	:	Deputy Principal - W.e.f 1/11/2007
Walter Otieno	:	Director of Research & Corporate Planning
Daniel Mwangi	:	Financial Controller
Wilson Osoro	:	Director of Studies -up to 31/12/2007
Joseph Lenku	:	General Manager
Charles Gitonga	:	Director of Studies - W.e.f 1/03/2008.

## **Board of Governors**

The following members served in the Board of Governors

Basil Tangai Ngoma	:	Chairman
Allan Chenane	:	Chief Executive, Catering & Tourism Development Levy Trustees
Elizabeth Nzyoka(Ms.)	:	Alternate to PS, Ministry of Finance
Samson Machuka	:	Alternate to PS, Ministry of Tourism & Wildlife – Up to 20/02/2008
Ephantus Wamugunda	:	Alternate to PS, Ministry of Tourism & Wildlife - w.e.f 21/02/2008
Ezekiel H. Minabo	:	W.e.f 18/10/2007
Saada M. Khamis(Mrs.)	:	Representative of Kenya Association of Tour Operator (KATO)
Geoffrey Ndambuki	:	
Thomas S.Dudah	:	Secretary

## **Board Committees:**

### **Finance and General Purposes Committee**

The following members served in the Committee:

Geoffrey Ndambuki	:	Chairman
Elizabeth Nzyoka	:	Alternate to PS, Ministry of Finance
Thomas Dudah	:	Secretary
Allan Chenane	:	Chief Executive, Catering & Tourism Development Levy Trustees

### **Audit Committee**

The members who served in the committee are:

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

## **REPORT OF THE BOARD OF GORVERNORS**

The Board submits its report and financial statements for the year ended 30<sup>th</sup> June 2008, 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 8.

### **3. BOARD OF GOVERNORS**

The following members served in the board of Governors for the year ended 30<sup>th</sup> June 2008

Basil Tangai Ngoma	:	Chairman
Allan Chenane	:	Chief Executive, Catering & Tourism Development Levy Trustees
Elizabeth Nzyoka (Ms.)	:	Alternate to PS, Ministry of finance
Samson Machuka	:	Alternate to PS, Ministry of Tourism & Wildlife - up to 20/02/2008
Ephantus Wamungunda	:	Alternate to PS, Ministry of Tourism & Wildlife - w.e.f 21/02/2008
Ezekiel H. Minabo	:	W.e.f 18/10/2007
Thomas S. Dudah	:	Secretary
Saada M. Khamis (Mrs.)	:	
Geoffrey Ndambuki	:	

### **4. AUDITORS**

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

By Order of the Board



Beatrice C. Makawiti  
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 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, 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**

The second half of the year witnessed some of the worst cases of political violence in our country which resulted in many people being displaced from their houses. In enhancing our corporate social responsibility, the college staff and students donated Kshs100,000/= towards the displaced persons fund. In addition the college community donated clothes to the affected families.

### **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 good.

**Kenya Utalii College,**

Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2008.

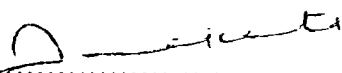
---

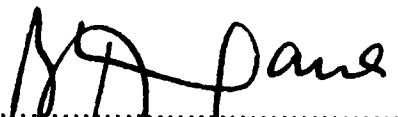
**STATEMENT OF BOARD OF GOVERNORS' RESPONSIBILITIES**

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 30<sup>th</sup> June 2008 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 ..... 6/3/09 .....





## **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 2008**

I have audited the financial statements of Kenya Utalii College set out on pages 7 to 25 which comprise the balance sheet as at 30 June 2008, the income and expenditure account and the cash flow statement for the year then ended together with 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.

#### **Board of Governors' Responsibility for the Financial Statements**

The Board of Governors are 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 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 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 the Government of Kenya**

In the report for 2006/2007, 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 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, and similar to the previous year, interest accrued on the loan has not been reflected in the financial statements. Although note 14 to the financial statements indicates that the College has entered into negotiations with a view to getting the loan written-off, Treasury approval for the write off has not yet been obtained. Consequently, the reported surplus, accumulated fund and interest payable as at 30 June 2008 are misstated by the amount of the unaccrued interest on the loan.

### **2. Current Liabilities**

Included in the special creditor's balance of Kshs.29,351,159 under current liabilities is an amount Kshs.7,347,159 described as "Contra Account". This Account has not however been analysed. Further the special creditors figure of Kshs.29,351,159 includes long outstanding staff related liabilities described as staff pension receipts of Kshs.5,673,189, unpaid pension accounts of Kshs.1,455,929 and pension scheme refund account of Kshs.6,138,290, all of which have not been settled. It is not clear how the College intends to clear these debts. In the circumstances and in the absence of an analysis for the Contra Account, it was not possible to confirm the propriety of special creditors balance of Kshs.29,351,159 as at 30 June 2008.

### **3. Accounts Receivables**

Included in accounts receivables balance of Kshs.101,012,867 is a debt from Warwick International amounting to Kshs.3,116,184 which has been outstanding for four (4) years. Further the receivables balance includes a sum of Kshs.1,568,702 paid to various suppliers in 2006, on cash on delivery terms. However, no supplies had been delivered as at 30 June 2008 and no explanation has been provided for failure to deliver the supplies. In the circumstances, I am unable to confirm the recoverability of the debt of Kshs.3,116,184 or the receipt of the items paid for in advance worth Kshs.1,568,702.

## 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 2008 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.



**A. S. M. GATUMBU**  
**CONTROLLER AND AUDITOR GENERAL**

Nairobi

2 March 2009

**Kenya Utalii College,**  
Annual Report and Financial Statements for the year ended 30th June 2008.

**BALANCE SHEET AS AT 30TH JUNE 2008**

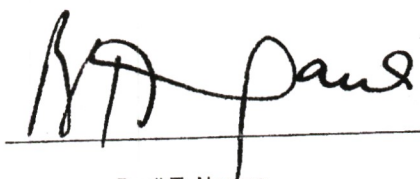
	NOTE	2007/2008 KShs.	2006/2007 KShs.
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>	3	1,031,550,235	1,063,776,237
<b>CURRENT ASSETS</b>			
Staff Loans Scheme	4	15,428,759	15,101,217
Accounts Receivable	5	101,012,867	121,245,341
Deposits	6	2,290,755	1,290,755
Special Accounts	7	106,737,536	67,695,034
Inventories	8	16,422,823	17,296,823
Cash and Bank Balances	9	91,563,890	69,785,196
		333,456,629	292,414,366
<b>TOTAL ASSETS</b>		<b>1,365,006,864</b>	<b>1,356,190,603</b>
<b>GENERAL FUNDS AND LIABILITIES</b>			
<b>GENERAL FUNDS</b>			
Staff Loans Fund	4	15,428,759	15,101,217
Accumulated Fund	10	552,296,859	557,937,384
Deferred Capital Grants	11	42,000,000	13,500,000
Revaluation Reserve	12	418,667,989	419,767,989
Capital Reserve - Refurbishment of Utalii Hotel	13	101,853,438	104,682,700
		1,130,247,045	1,110,989,290
<b>NON-CURRENT LIABILITIES</b>			
Loan from Government of Kenya	14	140,000,000	140,000,000
<b>CURRENT LIABILITIES</b>			
Short-term Liabilities	15	20,710,759	17,706,240
Accounts Payable	16	44,697,901	46,610,419
Special Creditors	17	29,351,159	40,884,654
		94,759,819	105,201,313
<b>TOTAL GENERAL FUNDS AND LIABILITIES</b>		<b>1,365,006,864</b>	<b>1,356,190,603</b>



Beatrice C. Makawiti

**SECRETARY**

BOARD OF GOVERNORS - 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 2008**

**INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 30TH JUNE 2008**

	NOTE	2007/2008 KShs.	2006/2007 KShs.
<b>INCOME</b>			
Fees From Students	18	65,490,677	56,053,192
Revenue From Catering & Tourism Development Levy	19	347,750,000	330,750,000
<b><u>Other Income</u></b>			
Rent Income from staff housing units	20	16,618,247	16,716,723
Miscellaneous Receipts	21	6,066,244	1,550,995
Grants from Government of Kenya	22	37,500,000	40,000,000
Revenue from Commercial Activities & Consultancy Services	23	32,043,396	33,931,130
Japanese Government Bilateral Assistance		-	5,744,616
Capital Grants from Government of Kenya - amortization	24	4,329,262	4,329,262
		509,797,825	489,075,918
Utalii Hotel Net Profit	25	7,961,323	14,495,624
KSMS Hospitality Centre Net Profit	26	7,143,391	22,639,845
KCB Hospitality Centre Net Profit	27	7,936,586	-
Masinga Project Net Profit	28	1,354,465	-
		534,193,590	526,211,387
Recurrent expenditure	29	456,854,007	429,998,473
<b>Surplus before provision for Depreciation</b>		77,339,583	96,212,914
Depreciation Charge for the year	3	66,071,730	59,881,891
<b>Surplus for the Year</b>		11,267,853	36,331,023

**Kenya Utalii College,**

Annual Report and Financial Statements for the year ended 30th June 2008.

**CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH JUNE 2008**

	NOTE	2007/2008 KShs.	2006/2007 KShs.
<b>Cash Flows from operating activities</b>			
Net Surplus for the year		11,267,853	36,331,023
<b>Adjustments for :</b>			
Depreciation		66,071,730	59,881,891
Prior year adjustments		(16,908,378)	(8,117,945)
Deferred Income		30,000,000	(5,744,617)
Amortized Reserves		(4,329,262)	(4,329,262)
Accumulated depreciation on disposed off Motor vehicle		(550,000)	32,500
Revaluation Reserves on disposed Motor Vehicle		(550,000)	-
Loss/Gain on Disposal of Motor Vehicle		165,000	(71,500)
Surplus before working capital changes		85,166,943	77,982,090
Increase in trade and other Accounts Receivables		(19,810,027)	(18,493,511)
Increase in Inventories		874,000	75,404
Increase/Decrease in trade and other Payables		(10,441,494)	12,473,258
Net Cash used in Operating activities		(29,377,521)	(5,944,849)
<b>Net cash flow from operating activities</b>		<b>55,789,422</b>	<b>72,037,241</b>
<b>Cash flows from investing activities</b>			
Acquisition of Property, plant and Equipment		(34,395,726)	(52,412,049)
Disposal of Motor Vehicle		385,000	169,000
<b>Net Increase/ (Decrease) in cash and cash equivalents</b>		<b>21,778,696</b>	<b>19,794,192</b>
Cash and cash equivalents at beginning of the year		69,785,194	49,991,002
<b>Cash and cash equivalents as at 30th June 2008</b>	9	<b>91,563,890</b>	<b>69,785,194</b>

## **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.

### **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.

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 <sup>th</sup> Anniversary Monument	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 <sup>1</sup> / <sub>3</sub> 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 33.7% general provision for bad and doubtful debts has been created in the financial statements to cater for College and Hotel debtors.

**g) 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.



**Kenya Utalii College,**  
Annual Report and Financial Statements for the year ended 30th June 2008.

**FIXED ASSETS AS AT 30TH JUNE 2008**

3

ITEM	LAND	BUILDINGS	MONUMENT FOR 10TH ANNIVERSARY	PLANT AND MACHINERY	FURNITURE TECHNICAL AND TEACHING EQUIPMENT	MOTOR VEHICLES ACCESSORIES	COMPUTERS AND ACCESSORIES	TOTAL
	KSHS	KSHS	KSHS	KSHS	KSHS	KSHS	KSHS	KSHS
<b>COST / VALUATION</b>								
Balance as at 1st July 2007	346,950,000	649,423,650	252,000	112,105,725	58,162,896	39,252,325	24,902,330	1,231,048,927
Additions	-	88,060	-	13,399,695	7,301,880	8,220,288	5,385,803	34,395,726
Disposals/Write-offs	-	-	-	-	-	(1,100,000)	-	(1,100,000)
<b>TOTAL</b>	<b>346,950,000</b>	<b>649,511,710</b>	<b>252,000</b>	<b>125,505,420</b>	<b>65,464,776</b>	<b>46,372,613</b>	<b>30,288,133</b>	<b>1,264,344,653</b>
<b>DEPRECIATION/AMORTIZATION</b>								
Balance as at 1st July 2007	23,039,685	48,671,091	113,400	26,894,784	30,270,777	24,081,786	14,211,185	167,272,688
Charge for the Year	3,504,546	16,237,793	6,300	12,550,542	13,092,955	11,593,154	9,086,440	66,071,730
Accumulated Depreciation before Write-offs	26,544,231	64,908,884	119,700	39,435,306	43,363,732	35,674,940	23,297,625	233,344,418
Less: Write-offs	-	-	-	-	-	550,000	-	550,000
Accumulated Depreciation as at 30th June 2008	26,544,231	64,908,884	119,700	39,435,306	43,363,732	35,124,940	23,297,625	232,794,418
<b>Net Book Value as at 30.6.2008</b>	<b>320,405,769</b>	<b>584,602,826</b>	<b>132,300</b>	<b>86,070,114</b>	<b>22,101,044</b>	<b>11,247,674</b>	<b>6,990,508</b>	<b>1,031,550,235</b>
Net Book Value as at 30.6.2007	323,910,315	600,752,559	138,600	85,220,962	27,892,119	15,170,538	10,691,145	1,063,776,238

**Kenya Utalii College,**

Annual Report and Financial Statements for the year ended 30th June 2008.

4

**STAFF LOANS SCHEME****INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 30TH JUNE 2008**

	2007/2008	2006/2007
	KShs.	KShs.
<b><u>INCOME</u></b>		
Interest earned from staff loans scheme	338,779	250,417
Bank interest earned	763	513
	339,542	250,930
<b><u>LESS: EXPENDITURE</u></b>		
Bank charges	12,000	10,900
<b>Surplus</b>	<b>327,542</b>	<b>240,030</b>

**STAFF LOANS SCHEME FUND AS AT 30TH JUNE 2008**

	2007/2008	2006/2007
	KShs.	KShs.
Staff Loans Scheme Fund	15,101,217	14,861,187
Surplus	327,542	240,030
	<b>15,428,759</b>	<b>15,101,217</b>
<b><u>REPRESENTED BY:</u></b>		
Car Loan Principal advances	5,044,426	5,337,593
Housing Loan Principal advances	1,753,828	1,677,399
Insurance Loan advances	104,511	87,925
Bank Account balance	1,172,767	385,254
Amount with Kenya Utalii College	7,353,226	7,613,046
	<b>15,428,759</b>	<b>15,101,217</b>

**Kenya Utalii College,**

Annual Report and Financial Statements for the year ended 30th June 2008.

5

**ACCOUNTS RECEIVABLE AS AT 30TH JUNE 2008**

	2007/2008 KShs.	2006/2007 KShs.
College Accounts Receivable	33,430,701	48,770,695
Hotel Accounts Receivable	78,474,029	71,378,589
KSMS Accounts Receivable	34,084,818	47,257,466
KCB Accounts Receivable	3,874,770	-
Students' Accounts Receivable	2,659,379	5,349,421
	152,523,696	172,756,169
LESS : Provision for Bad & Doubtful Debts	51,510,829	51,510,829
	<b>101,012,867</b>	<b>121,245,341</b>

6

**DEPOSITS AS AT 30TH JUNE 2008**

	2007/2008 KShs.	2006/2007 KShs.
Deposits Account	2,290,755	1,290,755

7

**SPECIAL ACCOUNTS RECEIVABLE AS AT 30TH JUNE 2008**

	2007/2008 KShs.	2006/2007 KShs.
Staff Advances Account	2,154,627	2,905,548
Pension Advances	-	260,572
Imprests Account	794,249	1,939,634
Medical Advances Account	254,314	164,708
Salary in Advance Account	391,321	716,036
Curtain & Furniture Advances	292,611	-
Overdrawn students allowances	-	7,119
Overdrawn salaries	787,903	62,126
Pledges Account	39,690	81,668
Warwick International	3,116,184	3,116,184
AHSA Account	145,973	702,425
Kenya Revenue Authority	73,541,951	51,111,574
Prepayments	5,808,113	6,627,441
Catering Levy Trustees	19,406,892	-
Staff Shortages	3,710	-
	<b>106,737,536</b>	<b>67,695,034</b>

**Kenya Utalii College,**

Annual Report and Financial Statements for the year ended 30th June 2008.

8

**INVENTORIES AS AT 30TH JUNE 2008**

	2007/2008	2006/2007
	KShs.	KShs.
Food Stores	4,386,175	3,262,518
Beverage Stores	2,905,220	5,188,396
General Stores	7,961,925	6,725,845
Containers Stores	600,166	654,498
Drugs	569,337	1,465,566
<b>Total</b>	<b>16,422,823</b>	<b>17,296,823</b>

9

**CASH AND BANK BALANCES AS AT 30TH JUNE 2008**

	2007/2008	2006/2007
	KShs.	KShs.
Cash in Hand	10,333,739	9,201,031
Cash at Bank	80,782,951	60,146,966
Floats	447,201	437,200
	<b>91,563,890</b>	<b>69,785,196</b>

10

**ACCUMULATED FUND AS AT 30TH JUNE 2008**

	2007/2008	2006/2007
	KShs.	KShs.
Balance Brought Forward	557,937,384	529,592,243
Prior Year Adjustments	(16,908,378)	(7,985,881)
	541,029,006	521,606,362
Surplus for the Year	11,267,853	36,331,023
<b>Balance carried Forward</b>	<b>552,296,859</b>	<b>557,937,384</b>

**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. During the year 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:

	<b>2007/2008</b> <b>Kshs.</b>	<b>2006/2007</b> <b>Kshs.</b>
Balance at beginning of year	13,500,000	20,744,617
Additional Grant	30,000,000	
	-----	-----
	43,500,000	20,744,617
Less: Amortization	1,500,000	7,244,616
	-----	-----
<b>Balance at end of year</b>	<b>42,000,000</b>	<b>13,500,000</b>
	=====	=====

**12. 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.1,230,000 have been written off of disposed motor vehicles.

**13. Capital Reserve – Refurbishment of Utalii Hotel**

During the 2003/2004 financial year, 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:

	<b>2007/2008</b> <b>Kshs.</b>	<b>2006/2007</b> <b>Kshs.</b>
Balance at beginning of year	104,682,700	107,511,962
Less: Amortization	2,829,262	2,829,262
	-----	-----
<b>Balance at end of year</b>	<b>101,853,438</b>	<b>104,682,700</b>
	=====	=====

# Kenya Utalii College,

Annual Report and Financial Statements for the year ended 30th June 2008.

## 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. The College is negotiating with Government to write off this loan.

## 15 SHORT TERM LIABILITIES AS AT 30TH JUNE 2008

	Schedule Page Number	2007/2008 KShs.	2006/2007 KShs.
NHIF		220,400	189,760
P. A. Y. E		3,193,635	2,751,686
N.S.S.F		285,600	242,000
V.A.T		779,272	769,685
Training Levy		220,969	283,545
Amedo Centres (K) Ltd.		113,362	153,699
Shortages		-	10,852
Woodventure (K) Ltd.		26,562	22,849
HFCK Deductions		4,000	4,000
Kenyuco Sacco		1,185,910	1,302,850
Kenyuco Housing Sacco		298,875	349,345
Higher Education Loans Board		28,178	7,307
Co-operative Bank Staff Loans Deductions		1,649,090	1,289,725
Barclays Bank Staff Loans Deductions		762,912	-
Kitchen Pride Ltd.		11,709	14,319
Other Staff Co-operative Societies		1,205,424	849,412
Staff Service Charge Account		4,420,964	4,466,118
Personal Insurances Account		326,578	267,128
Pension Deductions - Unremitted		1,743,934	1,847,264
Hotel Deductions Account		490,050	417,715
Students' Caution Money		2,172,640	2,012,197
Class Funds Accounts		80,544	143,751
Students' Council Account		66,064	42,021
Secretariat Welfare Account		54,850	45,810
KSMS Deductions Account		450	29,990
Salaries Control Account		1,348,286	193,212
Club 20		20,000	-
City Council Rates staff deductions		500	-
		<b>20,710,759</b>	<b>17,706,240</b>

**Kenya Utalii College,**  
Annual Report and Financial Statements for the year ended 30th June 2008.

16

**ACCOUNTS PAYABLE AS AT 30TH JUNE 2008**

	2007/2008 KShs.	2006/2007 KShs.
Accrued Expenses	8,991,562	13,535,964
Suppliers' Accounts	35,706,339	33,074,456
	<b>44,697,901</b>	<b>46,610,419</b>

17

**SPECIAL CREDITORS ACCOUNTS AS AT 30TH JUNE 2008**

	2007/2008 KShs.	2006/2007 KShs.
Contra Account	7,347,159	17,454,592
Hotel Deposits Account	-	177,438
KUC Alumni Account	54,697	85,550
Fund Raising Walk Account	198,427	198,427
Staff Pension Receipts	5,673,189	4,951,637
Unpaid Pension Account	1,455,929	1,547,433
Staff Loans Scheme	3,712,424	3,972,243
Staff Welfare Fund Account	851,813	572,073
Pension Scheme Refunds Account	6,138,290	7,795,475
Deceased Special Fund Account	2,731,752	3,407,668
Unclaimed Students Allowances	171,040	35,390
Prepaid Fees	656,274	606,207
Bursaries	126,646	-
Imprests	194,448	80,520
Pledges	39,070	-
	<b>29,351,159</b>	<b>40,884,654</b>

**18. Fees from Students**

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

	<b>2007/2008</b>	<b>2006/2007</b>
	<b>Kshs</b>	<b>Kshs</b>
Fees from Foreign Students	26,184,408	14,597,177
Fees From Local Students	38,175,950	38,937,500
Application Fees	1,129,319	2,518,515
	-----	-----
<b>Total</b>	<b>65,490,677</b>	<b>56,053,192</b>
	=====	=====

**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.19,406,892 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:

	<b>2007/2008</b>	<b>2006/2007</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Student Food Fair loss	-	-581,045
Jifunze Bar Sales	59,640	29,598
Foreign Currency transactions losses	-	-2,413,109
Sale of Staff Meal Vouchers	562,336	650,977
Other Miscellaneous revenue	5,444,268	3,558,073
Proceeds from disposal of Assets	-	306,500
	-----	-----
<b>Total</b>	<b>6,066,244</b>	<b>1,550,995</b>
	=====	=====



**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.

**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:

	<b>2007/2008</b>	<b>2006/2007</b>
	<b>Kshs</b>	<b>Kshs</b>
	-----	-----
Part-time Courses – Computer	611,500	339,500
Part –time Courses – Social Studies	1,280,603	1,477,105
Part-time Courses – Tourism	2,108,904	3,292,915
Part-time Courses – Front Office	3,689,503	3,748,420
Part-time Courses – F& B Service	9,725,184	10,609,364
Part – time Courses – Housekeeping	3,096,354	2,982,445
Part – time Courses – Food production	1,598,338	1,182,003
Part – time Courses–Business Admin.	2,286,337	1,912,015
Management Development Programmes & Refresher Courses	4,560,972	607,279
Bakery Sales	4,103,793	2,084,987
Laundry Services	5,513,734	6,142,253
Sports Club Bar Sales	198,982	163,486
Library Membership Fees	46,447	145,727
Cyber café services	110,092	184,371
	-----	-----
Total	38,930,744	35,485,354
Less: Direct Expenses	6,887,348	2,690,160
	-----	-----
<b>Net Income</b>	<b>32,043,396</b>	<b>33,642,721</b>
	=====	=====

**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.

**Kenya Utalii College,**

Annual Report and Financial Statements for the year ended 30th June 2008.

25

**UTALII HOTEL TRADING ACCOUNT FOR THE YEAR ENDED 30TH JUNE 2008**

	2007/2008	2006/2007
	KShs.	KShs.
<b>Sales:</b>		
Rooms	40,307,385	37,743,661
Beverages	17,670,713	12,908,589
Food	64,014,834	57,460,612
Swimming Pool	582,700	633,825
Miscellaneous Receipts	18,125,712	14,238,474
Outside Catering	-	15,574,366
	140,701,344	138,559,526
<b>Less: Cost of Sales</b>	30,828,269	36,067,944
<b>Gross Profit</b>	109,873,075	102,491,582
<b>Expenses</b>		
Salaries and Wages	51,708,078	46,422,969
Medical Expenses	4,869,414	3,496,228
Professional Clothes and Uniforms	765,318	580,170
Staff Development	884,464	54,000
Heat, Light and Power	13,209,616	12,897,981
Water, Sewerage and Land Rates	2,838,721	572,675
Maintenance and Repair of Buildings	2,932,762	1,383,367
Maintenance and Repair of Equipment	1,670,512	1,512,196
Maintenance and Repair of Motor Vehicles	1,067,637	862,976
Renewal and Replacement	5,741,262	3,935,198
Advertising and Promotion	1,103,200	1,230,222
Entertainment and Public Relations	688,266	681,978
Printing and Stationery	1,710,524	1,679,859
Newspapers and Magazines	145,918	309,307
Cleaning Materials	3,069,612	3,663,260
Travelling and Subsistence Expenses	514,607	40,870
Postage and Telephone	1,773,754	1,881,632
Licences and Professional Services	405,142	296,519
Contracted Services	2,340,744	3,034,373
Insurance	750,191	478,367
Bank Charges	301,886	238,727
Staff Welfare expenses	232,477	214,722
Staff Meals	2,232,829	1,416,320
Miscellaneous Expenses	954,818	1,112,043
<b>Total</b>	101,911,752	87,995,958
<b>Net Profit</b>	7,961,323	14,495,624

**Kenya Utalii College,**

Annual Report and Financial Statements for the year ended 30th June 2008.

26

**KENYA SCHOOL OF MONETARY STUDIES HOSPITALITY CENTRE**  
**TRADING ACCOUNT FOR THE YEAR ENDED 30TH JUNE 2008**

	2007/2008 KShs.	2006/2007 KShs.
<b>Sales:</b>		
Rooms	33,995,283	33,592,475
Beverage	6,227,317	5,515,860
Food	42,595,587	38,906,218
Miscellaneous	521,456	1,231,128
	83,339,643	79,245,682
<b>Less: Cost of Sales</b>	<b>34,216,075</b>	<b>26,910,317</b>
<b>Gross Profit</b>	<b>49,123,568</b>	<b>52,335,365</b>
<b>Expenses</b>		
Salaries and Wages	29,535,151	21,048,679
Medical Expenses	1,894,438	1,834,927
Professional Clothes and Uniforms	115,219	291,951
Staff Development	202,501	17,000
Heat, Light and Power	4,100,085	1,331,833
Water, Sewerage and Land Rates	929,880	291,465
Maintenance and Repair of Equipment	48,556	6,950
Maintenance and Repair of Motor Vehicles	515,778	324,275
Renewal and Replacement	19,721	343,028
Advertising and Promotions	1,777	-
Entertainment and Public Relation	1,037	100,393
Printing and Stationery	449,827	572,424
Newspapers and Magazines	29,708	12,385
Cleaning Materials	1,749,553	455,671
Travelling and Subsistence Expenses	440	19,850
Postage and Telephone	301,506	112,782
Licences and Professional Services	42,000	30,001
Insurance	362,475	373,439
Bank Charges	203,231	77,165
Staff Welfare Expenses	116,239	170,515
Staff Meals	1,353,106	1,967,082
Miscellaneous Expenses	7,950	313,706
<b>Total</b>	<b>41,980,177</b>	<b>29,695,520</b>
<b>Net Profit</b>	<b>7,143,391</b>	<b>22,639,845</b>

**Kenya Utalii College,**

Annual Report and Financial Statements for the year ended 30th June 2008.

27 **KCB HOSPITALITY CENTRE TRADING ACCOUNT**  
**FOR THE YEAR ENDED 30TH JUNE 2008**

	<b>2007/2008</b>
	<b>KShs.</b>
<b>Sales:</b>	
Rooms	14,703,421
Beverages	3,200,738
Food	21,553,482
Miscellaneous	535,292
	39,992,933
<b>Less: Cost of Sales</b>	<b>17,505,142</b>
<b>Gross Profit</b>	<b>22,487,791</b>
<b>Expenses</b>	
Salaries and Wages	8,828,874
Medical Expenses	147,691
Professional Clothes and Uniforms	3,161
Heat, Light and Power	497,548
Maintenance and Repair of Buildings	3,640
Maintenance and Repair of Motor Vehicles	15,312
Renewal and Replacement of Equipment	3,417,957
Entertainment and Public Relations	32,980
Printing and Stationery	95,714
Newspapers and Magazines	1,165
Cleaning Supplies	1,003,187
Travelling and Subsistence Expenses	7,642
Telephone and postage	114,464
Licences and Professional Services	5,250
Insurance	37,991
Bank Charges	89,990
Staff Meals	200,445
Miscellaneous Expenses	48,195
<b>Total</b>	<b>14,551,205</b>
<b>Net Profit</b>	<b>7,936,586</b>

28 **MASINGA INCOME STATEMENT**

	<b>2007/2008</b>
	<b>KShs.</b>
Commission on sales	2,089,336
<b>Expenses</b>	
Salaries and Wages	719,749
Medical Expenses	5,867
Travelling and Subsistence Expenses	9,255
<b>Total</b>	<b>734,871</b>
<b>Net Profit</b>	<b>1,354,465</b>

# Kenya Utalii College,

Annual Report and Financial Statements for the year ended 30th June 2008.

29

## EXPENDITURE FOR THE YEAR ENDED 30TH JUNE 2008

	2007/2008 KShs.	2006/2007 KShs.
Salaries - Expatriate Staff	7,275	-
Salaries - Permanent Academic Staff	72,633,698	67,584,021
Salaries - Part-time Academic Staff	2,992,186	2,536,400
Salaries - Administrative Staff	125,075,185	117,666,909
Industrial Training Expenses	1,873,647	7,328,373
Professional Clothes and Uniforms	2,134,826	3,233,884
Food and Beverages	47,111,389	41,609,729
Inservice Students' Accommodation and Travel	4,737,668	4,897,419
Students Selection Expenses	72,720	36,000
Students' Allowances	2,194,724	1,976,935
Special Courses	2,107,493	1,963,464
Printing and Stationery	7,977,534	6,699,724
Medical Expenses	25,179,299	14,886,855
Class Text Books, Library Books & Periodicals	11,861,327	12,180,320
Heat, Light and Power	39,558,843	35,061,107
Water, Sewerage, Dustbins and Land Rates	5,207,339	960,960
Cleaning Materials	5,308,691	5,305,111
Maintenance and Repair of Buildings	7,721,958	6,094,807
Maintenance and Repair of Equipment	6,942,775	7,053,805
Maintenance and Repair of Vehicles	7,829,185	7,936,297
Travelling and Subsistence Expenses	7,101,566	5,520,113
Entertainment and Public Relations	3,783,379	3,039,106
Postage and Telephone	3,948,432	4,285,106
Licences, Audit Fees and Professional Services	1,784,384	1,288,680
Advertising and Promotion	5,151,125	2,655,137
Insurances	2,103,745	1,882,019
Staff Development	17,314,993	7,676,727
Renewal and Replacement	13,014,655	10,122,709
External Examination Expenses	2,361,713	1,636,981
Board of Governors Expenses	7,892,840	3,735,970
Clearing, Forwarding & Other Miscellaneous Expenses	827,230	805,308
Research Expenses	696,465	733,061
Staff and Students' Welfare Expenses	1,939,002	1,420,662
Bank Charges	1,224,663	865,856
Contracted Services	8,008,435	8,933,264
Loss on Foreign Exchange	921,545	-
Loss On Disposal of fixed Assets	165,000	-
Loss on Food Fair	87,076	-
Bad Debts Written-off	-	30,385,657
	<b>456,854,007</b>	<b>429,998,473</b>

**Kenya Utalii College,**

Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2008.

---

**30. Taxation**

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

**31. Employees**

The average number of full time staff for the College during the year was 715 (2006/2007- 606).

**32. 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.