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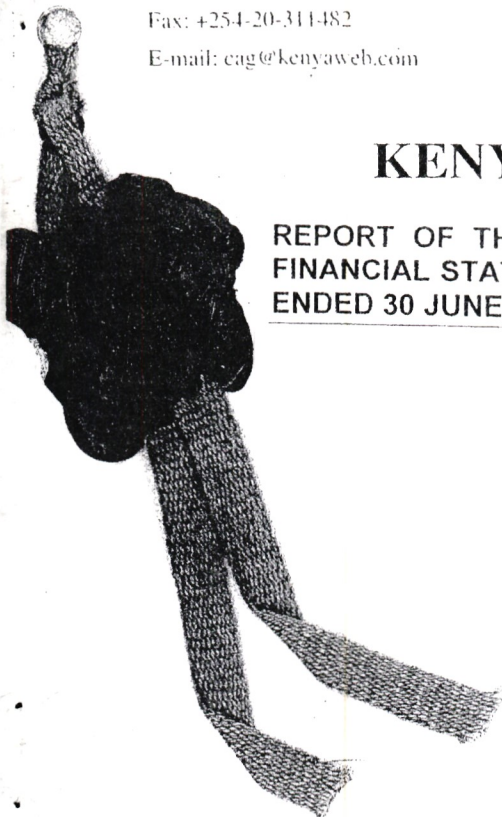


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KENYA NATIONAL AUDIT OFFICE

REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF KENYA UTALII COLLEGE FOR THE YEAR ENDED 30 JUNE 2005

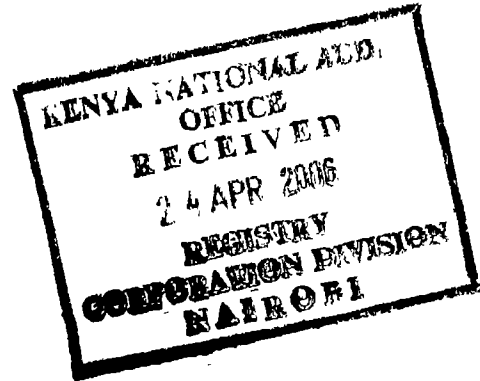
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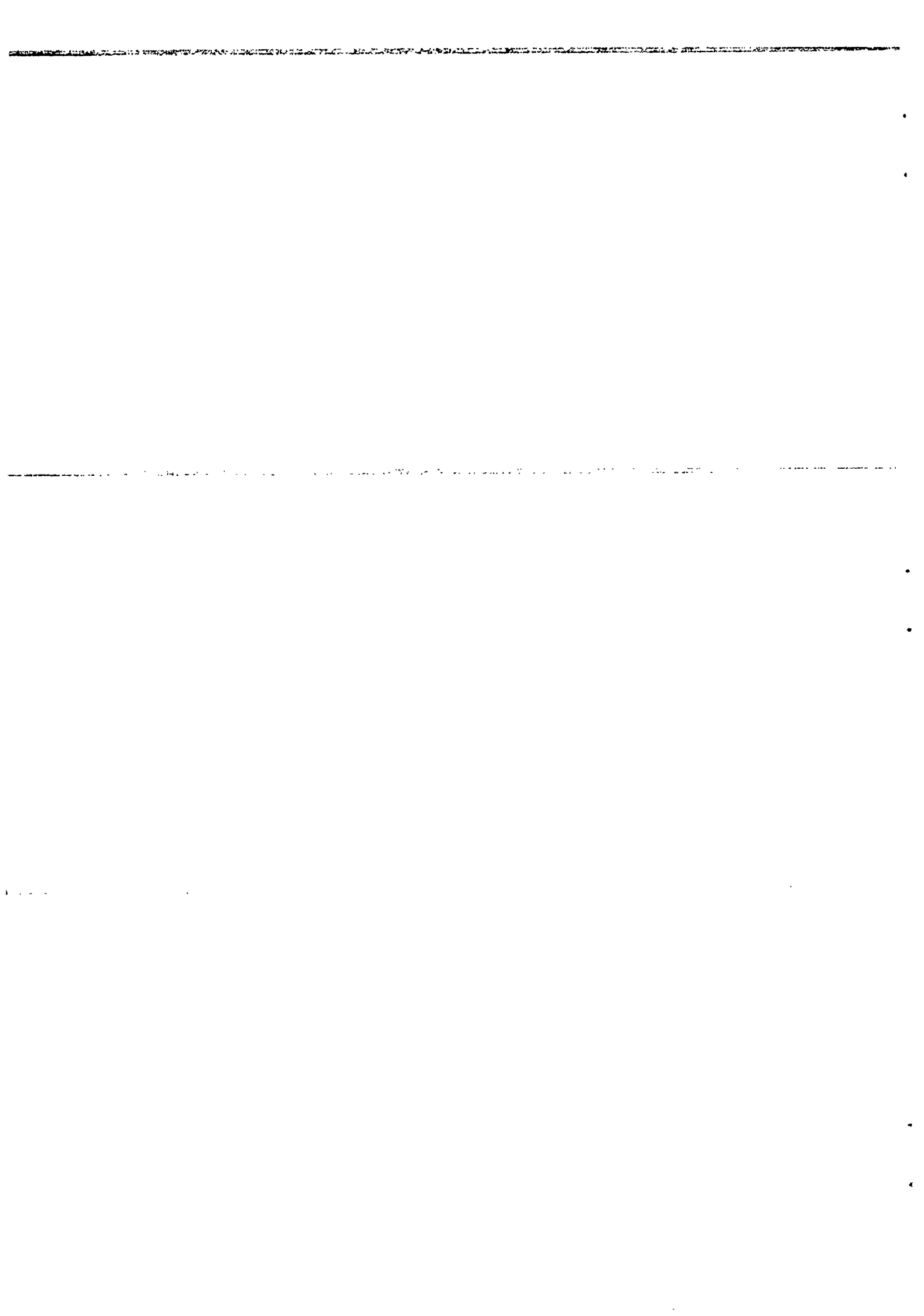
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ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2005

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COLLEGE DETAILS

PRINCIPAL PLACE OF BUSINESS

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

REGISTERED OFFICE

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

BANKERS

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

SECRETARY

Philemon Mwaisaka
Principal, Kenya Utalii College
P.O.BOX 31052- 00600
Nairobi.

AUDITORS

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

CHIEF OFFICERS

Philemon Mwaisaka	:	Principal
Thomas Dudah	:	Deputy Principal
Daniel Mwangi	:	Financial Controller
Wilson Osoro	:	Director of Studies
Walter Otieno	:	Director of Research
Danson Mghenyi	:	General Manager Utalii Hotel – Left on 16/8/05

Kenya Utalii College,

Annual Report and Financial Statements for the year ended 30th June 2005.

BOARD OF GOVERNORS

The members who served in the Board of Governors during the 2004/2005 financial year were:

Prof. Samuel K. Katia	:	Chairman
Andrew F.B.Ogott		
Leonard Mudachi		
Rose Muya		
Steven J. Kamuyu		
Rose J. Boit	:	Chief Executive, C.T.D.L.T
Agnes Ndirangu	:	Alternate to PS, Ministry of Finance
James O'Maroro	:	Alternate to PS, Ministry of Tourism & Wildlife
Philemon Mwaisaka	:	Secretary

FINANCE AND GENERAL PURPOSE COMMITTEE

Steven J. Kamuyu	:	Convener
Leonard Mudachi		
James .O'Maroro	:	Alternate to PS Ministry of Tourism & Wildlife
Philemon Mwaisaka		
Rose J. Boit		

TENDER COMMITTEE

Andrew F.B.Ogott	:	Convener
Steven J. Kamuyu		
Rose Muya		
Agnes Ndirangu	:	Alternate to PS Ministry of Finance

AUDIT COMMITTEE

Leonard Mudachi	:	Convener
Steven J. Kamuyu		

REPORT OF THE BOARD OF GOVERNORS

The Board submits its report together with the financial statements for the year ended 30th June 2005, which shows 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 and Advanced.

2. RESULTS

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

3. BOARD OF GOVERNORS

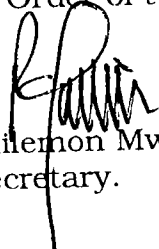
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Prof. Samuel K. Katia	:	Chairman
Andrew F.B.Ogott		
Leonard Mudachi		
Rose Muya		
Steven J. Kamuyu		
Rose J. Boit	:	Chief Executive, C.T.D.L.T
Agnes Ndirangu	:	Alternate to PS, Ministry of Finance
James O'Maroro	:	Alternate to PS, Ministry of Tourism & Wildlife
Philemon Mwaisaka	:	Secretary

4. AUDITORS

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

By Order of the Board


Philemon Mwaisaka
Secretary.

STATEMENT OF CORPORATE GOVERNANCE

INTRODUCTION

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

COLLEGE VISION

To be the leading hotel and tourism training institution in the world.

MISSION STATEMENT

To enhance professionalism and improve standards in the field of Hotel and Tourism through training, consultancy services and innovation within set business goals.

THE BOARD

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

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

BOARD COMMITTEES

There are three committees of the Board;

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

RISK MANAGEMENT

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

CORPORATE SOCIAL RESPONSIBILITY

The College, through its staff and students, participates in various activities that address the needs of the local community as well as other needy cases elsewhere in the republic. In this regard, the College community will continue to engage in activities such as fund raising in aid of heart patients, clean-up exercises in order to improve our environment and offer services during national festivals.

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 introduced by the Government last year.

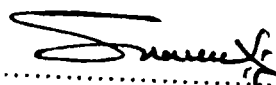
STATEMENT OF BOARD OF GOVERNORS' RESPONSIBILITIES

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 the responsibility for the annual financial statements which have been prepared using appropriate accounting policies supported by reasonable and prudent judgment and estimates, in conformity with International Financial Reporting Standards and the requirements of the Hotel & Restaurants and State Corporations Acts. The Board is of the opinion that the financial statements give a true and fair view of the state of financial affairs of the College as at 30th June 2005 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 ... 12/4/2006



KENYA NATIONAL AUDIT OFFICE

REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF KENYA UTALII COLLEGE FOR THE YEAR ENDED 30 JUNE 2005

I have audited the financial statements of Kenya Utalii College for the year ended 30 June 2005 in accordance with the provisions of section 14 of the Public Audit Act, 2003. I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of the audit. The financial statements are in agreement with the books of account.

Respective Responsibilities of the Board of Governors and the Controller and Auditor General

As set out in the statement of Board of Governors responsibilities, 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. My responsibility is to express an independent opinion on the financial statements based on my audit.

Basis of Opinion

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

Comments

1. Loan from Government of Kenya

In the previous year's audit report, concern was raised over the College's failure to honour an agreement with the Government of Kenya for a loan of Kshs.140,000,000 advanced to it in February 1996 for the refurbishment of Kenya Utalii Hotel. A review of the loan status revealed that the College has to date not serviced the loan together with the accrued interest which has not been recognized in the books of the College. This has resulted in the overstatement of profits and accumulated funds and an understatement of liabilities over the years. Failure to accrue interest in the financial statements

in accordance with International Accounting Standard No1 on accrual basis of accounting has not been explained.

Opinion

Except for any adjustments that might be necessary arising from the matter discussed above, in my opinion proper books of account have been kept and the financial statements give a true and fair view of the state of financial affairs of the College as at 30 June 2005 and of its surplus and cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Hotels and Restaurants Act (Cap 494).


E.N. MWAI
CONTROLLER AND AUDITOR GENERAL

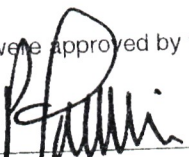
Nairobi

12 April 2006

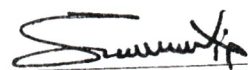
BALANCE SHEET AS AT 30TH JUNE 2005

	NOTE	2004/2005 KShs.	2003/2004 KShs.
ASSETS			
NON-CURRENT ASSETS	33	1,060,600,642	714,489,211
CURRENT ASSETS			
Staff Loans Scheme	21	14,612,486	15,142,818
Accounts Receivable	28	79,540,901	70,660,226
Deposits	29	4,612,353	1,231,570
Special Accounts	30	24,591,808	47,756,835
Inventories	31	15,188,517	14,023,405
Floats	22	263,800	223,800
Cash and Bank Balances	34	73,657,147	28,171,725
Utalii Football Club	36	-	1,195
		212,467,011	177,211,574
TOTAL ASSETS		1,273,067,653	891,700,785
GENERAL FUNDS AND LIABILITIES			
GENERAL FUNDS			
Staff Loans Fund	21	14,612,486	15,142,818
Accumulated Fund	35	505,866,593	475,075,639
Deferred Capital Grants	6	26,489,233	17,233,849
Revaluation Reserve	7	384,647,989	-
Capital Reserve - Refurbishment of Utalii Hotel	8	110,341,224	113,170,486
Utalii Football Club	36	-	1,195
		1,041,957,525	620,623,987
NON-CURRENT LIABILITIES			
Loan from Government of Kenya	19	140,000,000	140,000,000
CURRENT LIABILITIES			
Accounts Payable	25	33,022,259	28,444,926
Short-term Liabilities	26	9,290,131	10,682,098
Special Accounts	27	48,797,739	91,949,775
		91,110,129	131,076,799
TOTAL GENERAL FUNDS AND LIABILITIES		1,273,067,653	891,700,785

The financial statements were approved by the Board of Governors on 27/9/2005 and signed on its behalf by :


Philimon Mwaisaka

PRINCIPAL
BOARD OF GOVERNORS - KENYA UTALII COLLEGE



Prof. Samuel K. Katia
CHAIRMAN
BOARD OF GOVERNORS - KENYA UTALII COLLEGE

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 30TH JUNE 2005

	NOTE	2004/2005	2003/2004
		KShs.	KShs.
INCOME			
Fees From Students	9	48,297,761	32,115,467
Revenue From Catering & Tourism Development Training Levy	10	276,861,000	269,186,265
<u>Other Income</u>			
Rent Income from staff housing units	11	12,897,495	234,250
Miscellaneous Receipts	18	1,940,794	5,612,112
Revenue from Outside catering & Special Functions	12	4,070,228	3,550,291
Grants from Government of Kenya	13	20,000,000	10,500,000
Revenue from Commercial Activities	14	22,293,303	15,526,792
Revenue from Consultancy Services	15	488,000	361,497
Japanese Government Bilateral Assistance	16	5,744,616	5,744,616
Grants from Government of Kenya - amortization	17	2,829,262	-
		395,422,46*	342,831,291
Utalii Hotel Gross Profit	22	49,779,163	24,551,335
KSMS Hospitality Centre Gross Profit	23	39,124,896	36,429,299
		484,326,519	403,811,925
Recurrent expenditure	24	407,020,137	362,483,160
Surplus before provision for Depreciation		77,306,382	41,328,765
Depreciation Charge for the year	33	45,872,426	11,340,201
Surplus for the Year		31,433,956	29,988,564

CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH JUNE 2005

	NOTE	2004/2005	2003/2004
		KShs.	KShs.
Cash Flows from operating activities			
Net Surplus		31,433,956	29,988,564
Adjustments for :			
Depreciation		45,872,426	11,340,201
Prior year adjustments		(643,002)	20,586,829
Deferred Income - Grants from Japanese Govt.		9,255,384	(5,744,616)
Amortized Reserves		(2,829,262)	113,170,486
Adjustment due to re-classification of Assets/Prior year armotization		12,079,703	1,509,231
Operating surplus/(deficit) before working capital changes		95,169,205	170,850,695
Decrease in trade and other Accounts Receivables		10,894,724	(9,705,683)
Increase in inventories		(1,165,112)	(1,474,560)
Increase/ Decrease in trade and other Payables		(39,966,670)	(183,239,907)
Net Cash from Operating activities		64,932,146	(23,569,455)
Net cash flow from operating activities		64,932,146	(23,569,455)
Cash flows from Investing activities			
Acquisition of Property, plant and Equipment		(19,415,571)	(3,083,894)
Net Increase/ Decrease in cash and cash equivalents		45,516,575	(26,653,349)
Cash and cash equivalents at beginning of the year		28,395,525	55,048,874
Cash and cash equivalents at end of the year	20	73,912,100	28,395,525

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies

Principal accounting policies adopted are stated below.

1.1 Basis of Preparation

The financial statements have been prepared on the historical cost basis of accounting modified by the valuation of certain assets, where specified.

a) 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. In addition, debts amounting to Kshs.1,757,251 which have specifically been identified as irrecoverable have been written off.

b) 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 the carrying values of the assets over their expected useful lives.

The annual depreciation rates in use are:

	Rate	Estimated Useful Life
Land – Freehold	Nil	
Land – Leasehold	: 1.0 %	99 Years
Buildings	: 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 Vehicle	: 25%	4 Years

Fixed Assets were revalued during the year by an independent Registered Valuer, **Pinnacle Valuers Ltd.** Leasehold land has been amortized over 99 years as follows:-

L.R NO.8880 & 12309 – W.e.f 1987
L.R.NO.11445/2 & 8882/1 – W.e.f 1989

c) Donations

Donations related to property, equipment and other assets are presented in the financial statements as deferred grants to be recognized as income in future.

d) Inventories

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

e) Retirement benefit Obligations

The College operates a defined contribution benefit scheme for all 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 contributions to the above scheme are charged to the income and expenditure account in the year to which they relate.

f) Employee Entitlements

The employees leave allowances, long service awards and gratuity are charged to the income and expenditure account when they fall due.

g) 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.

2. Principal Activities

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 and Advanced.

**Kenya Utalii College,
Annual Report and Financial Statements for the year ended 30th June 2005.**

3. Taxation

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

4. Employees

The average number of full time staff for the College during the year was 505 (2003/2004-529).

5. Translation of Foreign Currencies

Assets and liabilities in foreign currencies have been translated at rates approximating the mean rates of exchange ruling at the balance sheet date. Transactions during the year have been converted at the rates ruling at the dates of the transactions. Gains and losses on conversion and translation are dealt with in the income and expenditure account.

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.

7. Revaluation Reserve

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.

	Kshs
Balance at beginning of year	-
Surplus on Revaluation of non-current assets	384,647,989

Balance at end of year	384,647,989
	=====

8. Capital Reserve – Refurbishment of Utalii Hotel

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

**Kenya Utalii College,
Annual Report and Financial Statements for the year ended 30th June 2005.**

	2004/2005 Kshs.	2003/2004 Kshs.
Balance at beginning of year	113,170,486	-
Grants Received	-	113,170,486
	<u>113,170,486</u>	<u>113,170,486</u>
Less: Amortization	2,829,262	-
Balance at end of year	<u>110,341,224</u>	<u>113,170,486</u>

9. Fees from Students

This represents fees invoiced to both Local and Foreign Students. Fees are recognized in the period in which they are earned.

	2004/2005 Kshs	2003/2004 Kshs
Fees from Foreign Students	12,395,146	5,635,631
Fees From Local Students	34,863,729	25,824,389
Application Fees	1,038,886	655,447
Total	<u>48,297,761</u>	<u>32,115,467</u>

10. 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 varying proportion

11. Rent Income from Staff Housing Units

In line with Government policy on housing of public servants, the College has started charging market rents to members of staff occupying its 148 housing units at an average rate of Kshs 9,000.00 per month. The college realized a total income of Kshs 12,897,495.00 from this source during the year under review compared to Kshs 234,250.00 for the previous year when it was charging the nominal rents.

12. Revenue from Outside Catering & Special Functions

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

**Kenya Utalii College,
Annual Report and Financial Statements for the year ended 30th June 2005.**

13. Grants from Government of Kenya

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

14. Revenue from Commercial Activities

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

	2004/2005 Kshs	2003/2004 Kshs
	-----	-----
Part-time Courses – Computer Packages	161,400	87,115
Part –time Courses – Customer Care	614,600	17,700
Part-time Courses – Travel Techniques	1,280,500	843,460
Part-time Courses – Reception Techniques	1,459,577	1,539,750
Part-time Courses – F& B Service	8,211,850	7,411,390
Part – time Courses - Housekeeping	641,683	682,958
Part – time Courses – Food production	150,527	2,052,000
Management Development Programmes	2,981,334	1,385,264
Bakery Sales	1,531,835	1,589,593
Laundry Services	7,044,783	4,044,614
Typing Services	7,768	7,898
Sports Club Bar	-20,858	-75,687
Library Membership Fees	96,172	-45,508
	-----	-----
Total	24,161,171	19,540,547
	-----	-----
Less: Expenses	1,867,870	4,013,755
	-----	-----
Net Income	22,293,301	15,526,792
	=====	=====

15. Revenue from Consultancy Services

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

**Kenya Utalii College,
Annual Report and Financial Statements for the year ended 30th June 2005.**

16. Japanese Government Bilateral Assistance

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

17. 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.

18. Miscellaneous Revenue

This comprises of:

	2004/2005	2003/2004
	Kshs.	Kshs.
Jifunze Bar Sales	-64,920	-3,340
Gains on Foreign Currency transactions	116,696	1,245,825
Food fair	-31,330	242,776
25 th Anniversary Celebrations items	-	700
Sale of Discarded items	16,675	3,703
Rent from Warwick & Hire of Sports Club and other miscellaneous revenue	1,903,674	4,122,448
Total	1,940,795	5,612,112

Sale of discarded items comprises of various packaging materials such as gunny bags and plastic containers.

19. Borrowings

As at 30th June 2005 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 convert it into a grant.

20. Cash and Cash Equivalents

For the 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:

	2004/2005	2003/2004
	Kshs	Kshs
Cash in hand	2,870,954	167,780
Cash at Bank	70,786,193	28,003,945
Floats	263,800	223,800
Total	73,920,947	28,395,525

STAFF LOANS SCHEME

**INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 30TH JUNE 2005**

	2004/2005	2003/2004
	KShs.	KShs.
<u>INCOME</u>		
Interest earned - Car Loan Scheme	156,692	173,002
Interest earned - Housing Loan Scheme	35,719	53,293
Interest earned - Furniture Loan Scheme	-	6,725
	192,411	233,020
<u>EXPENDITURE</u>		
Bank charges	13,101	12,286
Surplus	179,310	220,734

STAFF LOANS SCHEME FUND AS AT 30TH JUNE 2005

	2004/2005	2003/2004
	KShs.	KShs.
Staff Loans Scheme Fund	14,433,176	14,922,084
Surplus	179,310	220,734
	14,612,486	15,142,818
<u>REPRESENTED BY:</u>		
Staff Car Loan Principal advances	3,816,316	3,038,096
Staff Housing Loan Principal advances	1,729,769	1,880,433
Furniture Loan Principal Advances	-	21,950
Staff Insurance Loan advances	155,915	142,919
Bank Account balance	364,592	1,085,741
Amount with Kenya Utalii College	8,545,893	8,973,679
	14,612,486	15,142,818

22 UTALII HOTEL TRADING ACCOUNT FOR THE YEAR ENDED 30TH JUNE 2005

	2004/2005	2003/2004
	KShs.	KShs.
Sales:		
Room Sales	27,278,101	21,314,568
Beverage Sales	8,734,951	8,498,772
Food Sales	25,723,081	19,961,243
Swimming Pool Receipts	648,095	513,325
Miscellaneous Receipts	5,544,127	4,146,789
	67,928,355	54,434,698
Cost of Sales	18,149,192	29,883,363
Gross Profit	49,779,163	24,551,335

23 KENYA SCHOOL OF MONETARY STUDIES HOSPITALITY CENTRE
TRADING ACCOUNT FOR THE YEAR ENDED 30TH JUNE 2005

	2004/2005	2003/2004
	KShs.	KShs.
Sales:		
Room Sales	19,098,624	12,405,568
Beverage Sales	5,039,070	3,644,067
Food Sales	25,989,547	19,261,025
Miscellaneous Receipts	470,749	6,713,239
	50,597,989	42,023,899
Cost of Sales	11,473,094	5,594,600
Gross Profit	39,124,896	36,429,299

EXPENDITURE FOR THE YEAR ENDED 30TH JUNE 2005

	2004/2005	2003/2004
	KShs.	KShs.
Salaries - Expatriate Staff	609,600	706,594
Salaries - Permanent Academic Staff	53,148,344	40,117,288
Salaries - Part-time Academic Staff	2,577,518	1,975,535
Salaries - Administrative Staff	131,144,084	107,257,751
Industrial Training Expenses	4,107,021	4,004,289
Professional Clothes and Uniforms	1,528,360	1,974,025
Food and Beverages	41,083,501	43,246,840
Inservice Students' Accommodation and Travel	3,011,478	2,721,084
Students' Allowances	1,743,549	2,179,126
Special Courses	1,805,463	569,010
Printing and Stationery	7,952,462	9,108,356
Medical Expenses	17,810,465	15,626,074
Class Text Books, Library Books & Periodicals	7,243,045	2,582,944
Heat, Light and Power	33,577,014	27,431,947
Water, Sewerage, Dustbins and Land Rates	3,263,222	1,600,488
Cleaning Materials	11,008,547	9,628,549
Maintenance and Repair of Buildings	6,689,878	2,752,255
Maintenance and Repair of Equipment	4,764,165	3,595,344
Maintenance and Repair of Vehicles	13,286,485	12,682,557
Travelling and Subsistence Expenses	3,595,095	5,052,533
Entertainment and Public Relations	4,590,359	4,370,277
Postage and Telephone	4,377,572	6,218,042
Licences, Audit Fees and Professional Services	2,203,898	3,743,245
Owner Occupier House Allowance & Rental of Staff Houses	-	5,841,565
Advertising and Promotion	2,765,671	3,126,741
Insurances	9,182,104	9,512,700
Staff Development	4,258,616	7,418,783
Renewal and Replacement of Equipment	9,334,731	7,983,716
External Examination Expenses	920,754	1,183,442
Board of Governors Expenses	2,214,535	557,273
Clearing, Forwarding & Other Miscellaneous Expenses	3,680,468	2,641,820
Research Expenses	90,141	-
Staff and Students' Welfare Expenses	1,674,725	5,237,531
Finance Charges	1,585,342	1,359,921
Extra Ordinary Expenses - Severance pay	1,757,959	-
Apprenticeship Pilot Project Expenses	-	1,806,080
Contracted Services	6,676,715	1,669,434
Bad Debts Written-off	1,757,251	-
Bad and Doubtful Debts	-	5,000,000
	407,020,137	362,483,160

ACCOUNTS PAYABLE AS AT 30TH JUNE 2005

	2004/2005	2003/2004
	KShs.	KShs.
Salaries - Permanent Academic Staff	8,591	-
Salaries - Part time staff	19,000	28,000
Salaries - Permanent Administrative Staff	429,094	1,135,043
Industrial Training Expenses	243,000	185,577
Food & Beverage	57,855	-
Students' In-training allowances	59,100	-
Students' Allowances	8,637	-
Special Courses	40,000	-
Printing and Stationery	-	67,500
Medical Expenses	1,037,712	763,275
Class Test Books, Library Books and Periodicals	90,000	68,966
Heat, Light & Power	3,287,466	2,739,415
Water, Sewerage, Dustbins & Land Rates	489,223	391,275
Cleaning Materials	36,788	135,000
Maintenance and Repair of Buildings	-	27,506
Maintenance and Repair of Equipment	897,059	-
Maintenance and Repair of Vehicles	1,192,788	877,544
Travelling and Subsistence Expenses	-	142,520
Entertainment and Public Relations	15,000	-
Postage and Telephone	174,794	184,849
Licences, Audit Fees & Professional services	1,964,112	1,680,000
Advertising and Promotion	930,463	194,897
Insurances	-	1,608,881
Renewal & replacement of equipment	784,347	91,516
Contracted Services	513,439	-
External Examinations Expenses	-	156,001
New Equipments	2,730,000	-
Hotel Direct Costs	182,390	221,726
Refurbishment Expenses	-	3,131,490
KSMS Commission	2,192,035	1,183,604
Suppliers' Account	15,639,366	13,430,343
	33,022,259	28,444,926

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SHORT TERM LIABILITIES AS AT JUNE 2005

	2004/2005	2003/2004
	KShs.	KShs.
NHIF	104,180	102,220
P. A. Y. E	1,802,455	479,811
N.S.S.F	200,800	210,800
V.A.T	503,358	1,047,687
Training Levy	121,462	113,339
Amedo Centres (K) Ltd.	49,610	33,933
Woodventure (K) Ltd.	28,501	14,809
HFCK Deductions	2,000	-
Kenyuco Sacco	418,966	-
Kenyuco Housing Sacco	256,350	-
Other Staff Co-operative Societies	682,103	360,260
Staff Service Charge Account	1,134,078	462,770
Personal Insurances Account	196,512	177,617
Pension Deductions - unremitted	1,149,484	4,909,937
Hotel Deductions	425,943	604,649
Students' Caution Money	1,457,693	1,373,172
Class Funds	111,444	187,540
Students' Council Account	56,945	23,605
Kitchen Pride Ltd.	9,099	3,575
Secretariate Welfare Account	33,560	33,800
KSMS Deductions Account	287,089	344,616
Salaries Control Account	177,192	190,706
Students Allowances Control Account	72,490	-
Lowland Welfare Account	-	2,000
Higher Education Loans Board	8,817	5,252
	9,290,131	10,682,098

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SPECIAL CREDITORS AS AT JUNE 2005

	2004/2005 KShs.	2003/2004 KShs.
Sportlight Account	-	250
Contra Account	16,446,506	30,773,087
Hotel Deposits Account	933,442	1,599,438
KUC Football Club	-	27,729
Fund Raising Walk Account	198,427	198,427
Kenya National Assurance Pension Receipts	6,880,165	15,333,131
Unpaid Pension Account	2,895,141	12,139,811
Staff Loans Scheme	4,905,102	15,510,131
Staff Welfare Fund Account	152,093	222,613
Pension Scheme Refunds Account	11,510,196	9,086,509
Deceased Special Fund Account	4,209,837	6,300,085
Unclaimed Salaries Account	345,459	347,929
Unclaimed Students Allowances	119,770	51,286
Prepaid Fees	201,600	359,350
	48,797,739	91,949,775

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ACCOUNTS RECEIVABLE AS AT 30TH JUNE 2005

	2004/2005	2003/2004 KShs.
College Accounts Receivable	40,977,949	51,872,906
Hotel Accounts Receivable	23,295,820	29,152,112
KSMS Accounts Receivable	25,304,349	2,945,561
Students' Accounts Receivable	6,057,248	2,784,113
	95,635,366	86,754,691
LESS : Bad and Doubtful Debts	16,094,465	16,094,465
	79,540,901	70,660,226

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DEPOSITS AS AT 30TH JUNE 2005

	2004/2005	2003/2004 KShs.
Deposits Account	4,612,353	1,231,570
	4,612,353	1,231,570

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SPECIAL ACCOUNTS RECEIVABLE AS AT 30TH JUNE 2005

	2004/2005	2003/2004
		KShs.
Staff Advances Account	2,821,251	4,118,172
Pension Advances	355,572	-
Imprest Account	1,448,681	3,155,666
Catering Levy Trustees Account	-	25,984,366
Medical Advances Account	275,966	526,363
Salary in Advance	819,296	860,087
Overdrawn students allowances	9,040	8,057
Overdrawn salaries	28,393	251,814
KSMS Sales Control	-	3,419,684
Pledges Account	95,341	48,288
Warwick International	3,116,184	1,104,883
AHSSA	53,063	-
Kenyuco Co-operative Society Ltd.	-	279,456
VAT Recoverable	15,569,021	8,000,000
	24,591,808	47,756,835

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INVENTORIES AS AT 30TH JUNE 2005

	2004/2005	2003/2004
	KShs.	KShs.
Food Stores	2,590,950	1,803,036
Beverage Stores	2,707,473	2,139,808
General Stores	8,721,701	8,979,255
Containers Stores	556,566	432,792
Drugs	611,828	668,514
Total	15,188,517	14,023,405

32 FLOATS AS AT 30TH JUNE 2005

	2004/2005	2003/2004
	KShs.	KShs.
Dining Room	200	200
Stamp and Postage	600	600
Hotel	157,000	117,000
Engineering	-	-
Purchasing	10,000	10,000
Petty Cash	75,000	75,000
Transport	1,000	1,000
Kenya School of Monetary Studies	20,000	20,000
Total	263,800	223,800

Kenya Utalii College, Nairobi

FIXED ASSETS SCHEDULE AS AT 30TH JUNE 2005

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ITEM	LAND	BUILDINGS	MONUMENT FOR 10TH ANNIV- ERSARY	PLANT AND MACHINERY	TECHNICAL AND TEACHING EQUIPNT	FURNITURE AND OTHER TEACHING EQUIPMENT	MOTOR VEHICLES	TOTAL
	KSHS	KSHS	KSHS	KSHS	KSHS	KSHS	KSHS	KSHS
COST / VALUATION								
Balance as at 1st July 2004	63,650,000	626,880,969	252,000	48,506,979	87,917,786	43,339,441	37,805,617	908,352,792
Additions	-	-	-	3,205,476	8,132,164	1,217,131	6,860,800	19,415,571
Revaluations for the year	248,050,000	21,829,031	-	66,761,976	11,413,469	19,243,513	17,350,000	384,647,989
Disposals/Write-offs	-	-	-	43,897,955	72,778,255	39,287,254	37,805,617	193,769,081
TOTAL	311,700,000	648,710,000	252,000	74,576,476	34,685,164	24,512,831	24,210,800	1,118,647,271
DEPRECIATION/ARMOTIZATION								
Balance as at 1st July 2004	-	-	94,500	43,897,955	72,778,255	39,287,254	37,805,617	193,863,581
Charge for the Year	4,298,430	16,217,750	6,300	7,457,648	6,937,032	4,902,566	6,052,700	45,872,426
Prior Year Amortization	12,079,703	-	-	-	-	-	-	12,079,703
Accumulated Depreciation before Write-offs	16,378,133	16,217,750	100,800	51,355,603	79,715,287	44,189,820	43,858,317	251,815,710
Less: Write-offs	-	-	-	43,897,955	72,778,255	39,287,254	37,805,617	193,769,081
Accumulated Depreciation as at 30th June 2005	16,378,133	16,217,750	100,800	7,457,648	6,937,032	4,902,566	6,052,700	58,046,629
Net Book Value as at 30.6.2005	295,321,867	632,492,250	151,200	67,118,828	27,748,132	19,610,265	18,158,100	1,060,600,642
Net Book Value as at 30.6.2004	407,259,889	283,271,080	157,500	4,609,024	15,139,531	4,052,187	-	714,489,211

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34 CASH AND BANK BALANCES AS AT 30TH JUNE 2005

	2004/2005 KShs.	2003/2004 KShs.
Cash on Hand	2,870,954.16	167,780
Cash at Bank (See note below)	70,786,193	28,003,945
	73,657,147	28,171,725

35 ACCUMULATED FUND AS AT 30TH JUNE 2005

	2004/2005 KShs.	2003/2004 KShs.
Balance Brought Forward	475,075,639	475,075,639
Prior Year Adjustments	(643,002)	(29,988,564)
	474,432,637	445,087,075
Surplus for the Year	31,433,956	29,988,564
Balance carried Forward	505,866,593	475,075,639

36 UTALII FOOTBALL CLUB FUND AS AT 30TH JUNE 2005

	2004/2005 KShs.	2003/2004 KShs.
Receipts	-	1,195
	-	1,195
REPRESENTED BY:		
Bank Balance	-	1,195
	-	1,195

37 Currency

The financial statements are expressed in Kenya Shillings (KShs)

38 Country of Incorporation and Registered Office

The College was established under the Hotel and Restaurants Act CAP 494, Laws of Kenya, through Legal Notice No. 317 of November 1987. Its place of business is:

Kenya Utalii College
Ruaraka
Thika Road
NAIROBI