



CTDIT

Catering and Tourism Development Levy Trustees



**CATERING AND TOURISM
DEVELOPMENT LEVY TRUSTEES**

**ANNUAL REPORT
AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30TH JUNE 2009**

REPUBLIC OF KENYA



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KENYA NATIONAL AUDIT OFFICE

**REPORT
OF
THE CONTROLLER
AND AUDITOR GENERAL**

ON

**FINANCIAL STATEMENTS OF
CATERING AND TOURISM
DEVELOPMENT LEVY TRUSTEES
FOR THE YEAR ENDED
30 JUNE 2009**



CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES

VISION

To be a reliable source of funding for Training, Marketing and Provision of Quality Service for Tourism Industry

MISSION

To ensure effective collection of levy and to efficiently disburse the funds for Training, Marketing and Provision of Quality Service making Kenya the most preferred tourist destination



CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES

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ORGANIZATION INFORMATION

Catering and Tourism Development Levy Trustees (CTDLT) was established in 1972 as a body corporate under Section 18 of the Hotels and Restaurants Act, Cap 494, Laws of Kenya.

REGISTERED OFFICE

Head Office - Nairobi

NHIF Building, Car Park Area

5th Floor

Ragati Road

P.O. Box 46987-00100, Tel: 020-2714900/1/2

NAIROBI

Website: ctdlit.co.ke, E-mail: info@ctdlit.co.ke

REGIONAL OFFICES

Nairobi Branch

Valley Road

CLT House

Valley Road

P.O. Box 46987-00100, Tel: 020-2730708

NAIROBI

Coast Region

Sheetal Plaza

1st Floor,

Aga Khan Road

P.O. Box 99832, Tel: 041-220493

MOMBASA



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ORGANIZATION INFORMATION (Continued)

West Kenya Region

Re-Insurance Plaza,
7th Floor,
Off Oginga Odinga Road,
P.O. Box 1406, Tel: 057-2022247

KISUMU

Rift Valley Region

AFC Building,
Mezzanine Floor,
Kijabe Lane, Off Kenyatta Avenue
P.O. Box 2812, Tel: 051-2215660

NAKURU

Mt. Kenya Region

Sohan Plaza
4th Floor
Moi/Nyayo Road
P.O. Box 348, Tel: 061-2030778

NYERI



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ORGANIZATION INFORMATION (Continued)

MAIN BANKERS

Kenya Commercial Bank
K.I.C.C. Branch
Harambee Avenue
P.O. Box 48400-00100

NAIROBI

National Bank of Kenya
NBK Building
Harambee Avenue
P.O. Box 73866-00100

NAIROBI

AUDITORS

Controller & Auditor General
Kenya National Audit Office
Anniversary Towers – University Way
P.O. Box 30084-00100

NAIROBI

BOARD OF TRUSTEES



Mr. Joseph Kipsanai
Chairman



Ms. Eunice Miima
Ag. PS Tourism



Mr. Joseph Kinyua
PS Treasury



Ms. Margaret W. Onyimbo
Alternate. to PS - Treasury



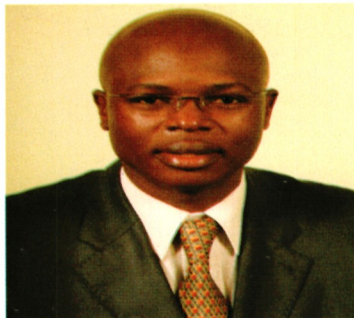
Ms. Joan Karema



Ms. Margaret Nteere



Mr. Ernest K. Kimani



Dr. Kenneth S. Ombongi
Principal - KUC



Ms. Anne Musau
Alt. PS - Tourism



Mr. Allan W. Chenane
Secretary/Chief Executive



Mr. Saad Faraj



Ms. Amina Kasinga

CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES MANAGEMENT STAFF



Mr. Allan W. Chenane
Chief Executive



Mr. Fredrick Orego
Chief Legal Officer



Mr. Eden R. Odhiambo
Levy Manager



Mr. Julius S. K Masivo
Finance Manager



Mr. Willis Ondiek
Deputy Standards Dvp Manager



Ms. Ruth W. Sande
Standards Dvp Manager



Ms. Jane N. Aganyoh
Head of Internal Audit



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CHAIRMAN'S STATEMENT

THE ECONOMIC REVIEW

It is yet again another time of the year that we at CTDLT report our financial performance. It is my pleasure to note that 2008/2009 has been an immense improvement over the last financial year especially in our sector, the tourism and hospitality industry.

In the Economic Survey report 2008/2009 the Tourism sector performed relatively well compared to 2007/2008 due to improved marketing strategy funded by Catering and Tourism Development Levy Trustees.

CTDLT AND TOURISM SECTOR

The tourism industry recorded an improvement in the Financial Year 2008/2009 compared to 2007/2008. We at CTDLT put extra effort in ensuring levy collection targets were met. While tourist arrivals dipped by up to 35% during the year, CTDLT was able to collect Kshs.918,435,413.00 against a set target of Kshs.931,000,000.00. This is an achievement of 98.5% of the target. This was due to effective marketing of Kenya, hence the increase in levy returns. For this we are proud for having financed marketing of destination Kenya.

Further, CTDLT also received Kshs.15,145,908.00 from investments and other income compared to Kshs.12,113,228.00 received in the previous year. This is because of wise investment decisions that Trustee made during the rather difficult year for investments both locally and internationally.

In the year in question, the non-current assets value increased by a small margin to Kshs.177,592,656.00 and net assets increased by Kshs.56,264,516.00 to Kshs.419,245,905.00.



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CHAIRMAN'S STATEMENT

In the Financial Year 2008/2009, CTDLT funded KTB in the sum of Kshs. 144,605,829.00 compared to Kshs.182,035,715.00 in the Financial Year 2007/2008 to market Kenya as a preferred tourism destination. CTDLT also funded KUC for tourism training to the sum of Kshs. 352,588,956.00 compared to Kshs. 358,343,108.00 disbursed in the financial year 2007/2008. CTDLT also released Kshs. 45,262,921.00 compared to Kshs. 23,644,567.00 in the financial year 2007/2008 for the development of the curriculum required in the tourism and hospitality industry.

CONCLUSION

Finally, I wish to express my gratitude to my fellow Trustees for their continuous dedication and co operation to serve the organization throughout the past year. My sincere gratitude is also extended to the Chief Executive Officer, Management and staff for their devotion, commitment, loyalty and professionalism to work which contributed to CTDLT success.

The Board of Trustees over the period under review enhanced its impact and contribution by continuous sensitization of staff and public through seminars and interaction with staff and stakeholders. These fora further set conducive environment to exchange views that normalized the performance.

Further, my appreciation goes to the Government of Kenya, Private Sector and other stakeholders for their continued support during most of the trying moments of our Nation's History.

SIGNED Joseph Kipsanani Joseph Kipsanani
Chairman, CTDLT
Date: 18/12/09

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CHIEF EXECUTIVE OFFICER'S STATEMENT

INTRODUCTION

Catering and Tourism Development Levy Trustees achieved improved performance in the concluded financial year 2008/2009. However a maximum achievement could not be realized due to post election skirmishes in 2008. As a result, the Performance declined by 15% compared to the target figure for the financial year.

PERFORMANCE REPORT

During the year under review, emphasis was put on operational process and systems to ensure efficiency and effectiveness is achieved. Right at the beginning of 2009, the Tourism sector took initiatives to bring the country back to normalcy. CTDLT worked closely with the tourism sector and Ministry of Tourism to come up with a recovery strategy focusing on sensitization and public relations.

These control measures enhanced levy collection, reduced costs leading to quality service delivery to our customers and stakeholders. The improved performance in revenue collection has enabled the Trustees to undertake her mandates of Levy Collection and initiation in development and regulation of training standards, curricula and testing of skills for the tourism and hospitality sector. CTDLT has effectively funded Kenya Utalii College in supporting training and Kenya Tourism Board for marketing and promotion activities.

STAFF DEVELOPMENT

CTDLT has continued on staff training and development and teambuilding sessions to achieve professionalism, multi-skilling and teamwork. This is a deliberate effort to enhance staff performance and motivation. CTDLT is improving on the staff salaries, allowances and other welfare activities resulting in enhanced work performance.

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CHIEF EXECUTIVE OFFICER'S STATEMENT (Continued)

CONCLUDING REMARKS

With Government support, CTDLT has embarked on construction of its offices on valley road for office sufficiency and effective performance. CTDLT through the able leadership of the Board of Trustees looks forward to realization of very improved performance in future.

Finally, I wish to thank the Ministry of Tourism, the Board of Trustees, all my CTDLT colleagues and Stakeholders for their relentless support. I equally thank my colleagues for their devotion to hard work.

We look forward to a bright future for CTDLT and Tourism sector as a whole.

SIGNED:



Allan W. Chenane
Chief Executive, CTDLT

DATE:

18/12/09

CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES

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CORPORATE GOVERNANCE STATEMENT

INTRODUCTION

Corporate governance is the process by which companies are directed and controlled. The concept of corporate governance has gained prominence and enshrined in codes of best practice developed by Organization for Economic Co-operation and Development (OECD), commonwealth Association of Corporate Governance (CACG) and the Centre for Corporate Governance in Kenya.

Board of Trustees

The members of the board are shown on page 6. The Board is chaired by a non executive chairman, Mr. Joseph Kipsanai appointed by the President. All members of the board have extensive business and administrative experience in private and/or public sectors that is applied in the management of the Board, Directors' allowances, honoraria and related transactions to this financial statements. Board meetings are held regularly to review the Board's performance against set targets and business plans as well as to formulate and implement strategy. Various committees whose chair report to the Board supplement the functions of the Board.

Board Finance Committee

The Board Finance committee is chaired by non executive, Ernest Kimani and meets at least on quarterly basis. The committee responsibilities are ensuring overall sound financial reports, internal system of controls, business plans and budgets, establishment and staff affairs.

Board Audit Committee

The Audit Committee is chaired by a non-executive director, Ms. Joan Karema and meets at least on quarterly basis. The responsibilities of the committee are to review the financial information of the board, monitoring the effectiveness of management information and internal control systems, deliberate on significant findings arising from both internal and external audits, and review the overall risks to facing the board.

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CORPORATE GOVERNANCE STATEMENT (Continued)

Board – Staff and Technical Committee

The Committee is chaired by a non-executive director Mrs. Margaret Nteere and meets at least on quarterly basis. The Committee's responsibilities are to provide technical and human resource direction of the board, and approve technical plans, activities and budgets. The committee also constitutes the technical team on behalf of the Board in the event of extraordinary circumstances such as crisis.

Delegation of Responsibilities

The preparation of CTDLT financial statements is a role that has been delegated to management. These financial statements have been prepared in accordance with internationally accepted accounting practice based on appropriate accounting policies which have been consistently applied and supported by reasonable judgement and estimates.

Management ensures that adequate internal financial control systems are developed to provide reasonable certainty in respect of:

- The completeness and accuracy of accounting records
- The integrity and reliability of the board's annual financial statements and
- The safeguarding of the Board's assets

Corporate Social Responsibility

Amongst the initiatives and endeavours that we participate in include the support of charities. During the year, we made assistance for the betterment of the welfare of the people. We were able to contribute towards assisting the sensitization of staff as a result of the post Elections effect.



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CTDLT EMPLOYEES

CTDLT employees exhibit the highest levels of integrity and professionalism. In meeting the service needs of our customers, our employees “get it right the first time, every time”

Customer Focus

We are a customer driven organization that views every customer contact as an opportunity to add value and enhance our relationship. We listen to our customers, learn and understand their needs thereby enabling us to anticipate and pro-actively offer attractive solutions. We continuously strive to offer the best services for our customers.

Communication

We offer open, honest and constructive communication throughout the organization by supporting health debate and personal participation on issues affecting our business. We communicate with our customers in a fresh and informative way.

Service

We optimize the use of relevant technology to deliver attractive customer solutions, increase efficiency and minimize cost base. We offer reliable service delivery channels that provide a comfortable secure and user-friendly environment for both customers and employees alike. We constantly seek ways to improve the delivery of service to our customers.

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RISK MANAGEMENT AND CONTROL

The Board of Trustees has collective responsibilities to establish and implement systems to ensure:

- Maintenance of ethical standards; fostering our core values of service excellence, accountability and team work.
- Staff Health, Safety and Welfare.
- Adoption of technology and skills.
- Staff Social Responsibilities and Interaction.
- Control efficiency, effectiveness and reporting of the performance of the organization to the responsible authorities.
- Recognition and utilization of professional skills and competencies.
- Corporate compliance with all relevant laws, regulations, governance practices, accounting and auditing standards.
- Adherence to performance contract signed between the Government and CTDLT.

Finally, the Board of Trustees is committed to accomplish an already laid down organizational strategic plan for future Development of the organization.



CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES

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COMMITTEES OF THE BOARD OF TRUSTEES

The Board of Trustees has in place four standing committees as appended here below:

➤ **Finance Committee**

Mr Ernest Kahiro Kimani	-	Chairman
Ms Margaret Nteere	-	Member
Ms Anne Musau	-	Ministry of Tourism
Ms Margaret W. Onyimbo	-	Ministry of Finance
Mr Gerald Mwangi	-	Inspectorate of State Corporations

➤ **Staff and Technical Committee**

Ms Margaret Nteere	-	Chairperson
Ms Joan Karema	-	Member
Ms Anne Musau	-	Ministry of Tourism
Ms Margaret W. Onyimbo	-	Ministry of Finance
Dr Kenneth S. Ombongi	-	Kenya Utalii College
Ms Amina Kasinga	-	Member
Mr Gerald Mwangi	-	Inspectorate of State Corporatio

➤ **Audit Committee**

Ms Joan Karema	-	Chair person
Ms Anne Musau	-	Ministry of Tourism
Ms Ruth W. Sande	-	Standards Development Manager
Mr Fredrick Orego	-	Chief Legal Officer
Ms Jane K. Aganyoh	-	Secretary
Mr Saad Faraj	-	Member

There is also a Management Committee appointed pursuant to the provisions of the Public Procurement and Disposals Act, 2005.

➤ **Tender Committee**

Mr Eden R. Odhiambo	-	Levy Manager - Chairman
Mr Julius Masivo	-	Finance Manager, V/Chairman
Ms Ruth W.O. Sande	-	Standards Development Manager
Mr Fred Orego	-	Chief Legal Officer
Mr Joseph Ndun'gu	-	Secretary
Mr George Njoroge	-	Member
Mr George Machooka	-	Member

The Committees have drawn a schedule of the meetings during the financial year.



CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES

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STATEMENT OF BOARD OF TRUSTEES RESPONSIBILITIES

The Board of Trustees is required to prepare financial statements for each financial year that gives a true and fair view of the state of affairs of Trustees as at the end of the financial year and of its operating results. The Board should also ensure that the organization keeps proper accounting records that disclose with reasonable accuracy the financial position of CTDLT. It is also responsible for safeguarding the assets of the Organization.

The Board of Trustees 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 enabling Act. The Board is of the opinion that the financial statements for the year ended 30th June 2008 give a true and fair view of the state of financial affairs of CTDLT and of its operating results. The Board further accept responsibility for the maintenance of accounting records that 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 CTDLT will not remain a going concern for at least twelve months from the date of this statement.

SIGNED: J. Kipsanai Joseph Kipsanai
Chairman, CTDLT

DATE: 18/12/09

SIGNED: Allan W. Chenane Allan W. Chenane
Chief Executive, CTDLT

DATE: 18/12/09

REPUBLIC OF KENYA

Telephone: +254 - 20 342330
Fax: +254 - 20 311482
E-mail: cag@kenao.go.ke
website: www.kenao.go.ke



P.O. Box 30084- 00100
NAIROBI

Date

KENYA NATIONAL AUDIT OFFICE

REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES FOR THE YEAR ENDED 30 JUNE 2009

I have audited the accompanying financial statement of Catering and Tourism Development Levy Trustees set out at pages 21 to 40 which comprise the Statement of Financial Position as at 30 June 2009, the Income Statement, the Statement of Changes in Reserves and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Section 14 of the Public Audit Act, 2003. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

Management's Responsibility for the Financial Statements

The Management is responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standards and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the Controller and Audit 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 risk of material misstatements 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 Trustees' internal controls. An audit also includes evaluating

the appropriateness of accounting policies used and reasonableness of accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

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

Grants to Kenya Utalii College

The financial statements reflect under note 10 grants totalling Kshs.352,588,956 to Kenya Utalii College. However the College records reflect an amount of Kshs.342,688,956 against the item as at 30 June 2009, resulting in a variance of Kshs.9,900,000. According to records available, the variance is represented by Kshs.5 million paid to the College to off-set part of outstanding grants at the beginning of the year and a figure of Kshs.4.9 million relating to direct payments to the parent Ministry for an anticipated academic audit of the college.

However and according to information available, the academic audit had not been carried out as at 30 June 2009 and the amount of Kshs.4.9 million had not been refunded to the Trustees by the Ministry.

Opinion

Except for the foregoing reservation, in my opinion, the financial statements present fairly in all material respects, the financial position of the Catering and Tourism Development Levy Trustees as at 30 June 2009, and its financial performance and its 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

17 February 2010



CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES
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INCOME STATEMENT

	Notes	2008/2009 KSH	2007/2008 KSH
A: INCOME:			
Catering Training Levy & Penalty		918,435,413	824,085,212
Other Income	2	<u>15,145,908</u>	<u>12,113,228</u>
TOTAL INCOME		<u>933,581,321</u>	<u>836,198,440</u>
B. EXPENDITURE:			
Board Expenses	5	10,501,126	11,854,751
Administrative Expenses	6	63,265,158	54,278,322
Staff Expenses	7	164,732,05	121,135,283
Establishment Expenses	8	12,724,638	12,211,795
Promotion Expenses	9	<u>21,511,040</u>	<u>30,698,863</u>
TOTAL CTDLT EXPENSES		<u>272,734,014</u>	<u>229,324,508</u>
Operation Surplus		<u>660,847,307</u>	<u>606,873,932</u>
Grants	10	497,194,785	504,378,823
Other Expenses	11	<u>68,211,581</u>	<u>23,644,567</u>
TOTAL EXP. AND GRANTS		<u>565,406,466</u>	<u>564,023,390</u>
Surplus before Depreciation & bad debts		95,440,941	42,850,542
Provision for bad debts		4,675,800	728,772
Provision for Depreciation	12	<u>28,180,983</u>	<u>26,739,119</u>
Net Surplus (Deficit)		<u>62,584,158</u>	<u>15,382,651</u>



CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES
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STATEMENT OF FINANCIAL POSITION

	Notes	2008/2009 KSH	2007/2008 KSH
ASSETS			
Non Current Assets			
Plant, Properties and Equipment		12177,592,656	155,723,779
Long term Investments	13	<u>3,100,000</u>	<u>3,100,000</u>
		180,692,656	158,823,779
Current Assets			
CLT Loan Scheme	14	858,849	1,340,524
Deposits & Prepayments	15	3,342,765	1,862,599
Inventory	16	2,128,352	2,718,452
Advances	17	8,873,249	9,548,844
Receivables	18 & 19	3,771,630	4,496,396
Investments	13	195,000,000	150,000,000
Cash & Cash Equivalent	20	<u>24,578,404</u>	<u>34,190,795</u>
		<u>238,553,249</u>	<u>204,157,610</u>
Total Assets		<u>419,245,905</u>	<u>362,981,389</u>
RESERVERS AND LIABILITIES			
Payables	21	<u>11,560,740</u>	<u>10,699,697</u>
Accumulated Funds		<u>407,685,165</u>	<u>348,502,932</u>
		<u>419,245,905</u>	<u>362,981,389</u>

SIGNED: [Signature]

Joseph Kipsanai
Chairman, CTDLT

DATE: 18/12/09

SIGNED: [Signature]

Allan W. Chenane
Chief Executive, CTDLT

DATE: 18/12/09



CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES

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STATEMENT OF CHANGES IN ACCUMULATED FUNDS

DESCRIPTION	Notes	2007/2008 KSH	2006/2007 KSH
1st July 2007		348,502,938	339,150,131
Prior Year Adjustment		(11,603,897)	(157,311,000)
Capital Loss		0	0
Net Changes		15,382,561	166,663,907
Total as at 30 th June 2008		<u>352,281,692</u>	<u>348,502,938</u>
1st July 2008		352,281,692	348,502,938
Prior Year Adjustment		(4,362,347)	(11,603,897)
Capital Loss		(2,812,338)	0
Net Changes		62,584,158	15,382,561
Total as at 30 th June 2009		<u>407,685,165</u>	<u>352,281,692</u>

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CASH FLOW STATEMENT

DESCRIPTION	Notes	2008/2009 KSH	2007/2008 KSH
Adjustment: Surplus/Deficit Income Statement		62,584,158	15,382,651
Less: Indirect Income		(15,145,908)	(116,510)
Prior year Adjustments		(4,362,347)	(11,603,897)
Provision of Bad Debts		4,675,800	0
Depreciation	12	<u>28,180,983</u>	<u>26,739,119</u>
Total before Working Capital Change		66,581,086	30,401,363
Working capital changes:			
Receivable	20	(44,609,018)	(7,543,452)
Inventory		(590,100)	(2,208,699)
Payable	21-22	(861,043)	21,847,370
Finance: Interest on Investments/Loans		<u>14,180,908</u>	<u>14,861,503</u>
Total generated from operations		<u>34,701,833</u>	<u>57,358,085</u>
Investing Activities:			
Petty Cash Float		0	0
Purchase of Assets	12	(44,314,224)	(36,983,023)
Proceeds from sale of Assets	12	965,000	116,510
Net cash Generated after financing		<u>(9,612,391)</u>	<u>20,375,062</u>
Changes in cash and cash equivalent		(9,612,391)	20,375,062
Opening Cash Balance		34,190,795	13,815,733
		24,578,404	34,190,795



CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 30th June, 2009

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

(a) **Basis of preparation:**

The Report and Financial Statements are prepared in accordance and comply with International Financial reporting Standards. The statement are expressed in Kenya Shillings (Kshs) and done on the basis of Historical cost convention as modified when applicable by valuation of assets.

(b) **Property and Equipment:**

The property and Equipment are stated at cost less depreciation. Depreciation is calculated on reducing value to write off the cost of each asset to its residual value over estimated useful life, as shown here below:

1. Computers and Accessories	-	30.0%
2. Fixtures, Fittings, Furniture & Equipment	-	12.5%
3. Motor Vehicles	-	25.0%
4. Land and Building	-	2.0%
5. Partition (Prefabricated)	-	12.5%

(c) **Bad and Doubtful Debts:**

Specific provision is made in respect of Bad and Doubtful Debts.

(d) **Closing Inventory:**

The closing Inventory stock is stated at lower cost or net realizable value using LIFO Method.

CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES

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NOTES TO THE ACCOUNTS (Continued)

2. INCOME

a) **Levy Collection**

The main source of Income is 2% Training Levy fund charged on accommodation, food and other services charged by Hotels, Restaurants and Lodges in accordance with Hotels and Restaurants Act, Cap 494, Laws of Kenya.

b) **Interest On Investments**

The income is realised from the surplus fund invested in government Treasury Bills. It is slated and recognized net of necessary charges.

c) **Interest On Staff Loan**

The Income is interest charges on outstanding loans granted to members of staff.

d) **Disposal Of Assets**

The disposal of assets is at times over the above residual value which amount is recognized and posted as income at the period it is received.

e) **Grants From Unwto**

The income is the Grants from UNWTO being administered by CTDLT for facilitation of UNWTO projects.

f) **Miscellaneous Income**

The amount was realised from the sale of Tender documents.

g) **Registration Fees**

The income realized on fees for the registration of Institutions training Hospitality courses.

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NOTES TO THE ACCOUNTS (Continued)

h) **Rental Income**

The income arising from charges on the parking space at Valley road car park.

3. EXPENDITURE

a) The organization to maximize on its operations has a budget for utilization on its expected expenditure in the areas of:

- **Administrative expenses**

This expenditure increased due to enhanced per diem for the staff and escalation of maintenance costs and service contract also increased due to acquisition of additional office equipment and ICT development.

- **Staff expenses**

This increased due to revision of salary and allowances.

- **Establishment expenses**

The increase in cost catered for the rent of offices as per the new office lease agreement.

Promotion expenses

The cost caters for public relations and other tourism promotion.

- **Grants to KUC and KTB**

The decrease was due to low levy collection as a result of the post election effects.

- **Development Expenditure**

Capital expenditure increased due to additional purchases of furniture, equipment and other development expenditure include Research and Development, ISO Certification were implemented as per the performance contract.

CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES

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NOTES TO THE ACCOUNTS (Continued)

b) Standing Imprest

The standing imprest is issued to all regional offices to cater for Office day to day payments as follows.

STANDING IMPRESTS

	Kshs
- Nairobi Hqts	160,000
- Nairobi Branch	80,000
- Mombasa	100,000
- Kisumu	80,000
- Nakuru	80,000
- Nyeri	<u>80,000</u>
	<u>580,000</u>

The amount is accounted for and banked on or before 30th June of each year.

c) Staff Benefits Costs

The organization has a workforce of 138 employees. It operates a defined benefit retirement scheme, National Social Security Fund (NSSF) and in addition, Group Personal Accident cover. The Pension Scheme and NSSF is funded by employees and employer's contributions and payable in accordance with scheme rules. The management of the funds is vested in independent institutions.

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NOTES TO THE ACCOUNTS (Continued)

Staff members who retire or are terminated from employment before attaining the mandatory retirement age for reasons other than gross misconduct are compensated as per Terms and Conditions of Service.

e) Staff Entitlements

Members of staff are entitled to:

- Leave allowance (One third of monthly basic salary paid annually)
- Transfer allowance (One month basic pay)
- Medical cover for in-patient

Staff members who retire or terminated before attaining the mandatory retirement age for reasons other than gross misconduct are compensated as per Terms and Conditions of Service.

f) Surplus/(Deficit) Account

The organization realized a surplus of Kshs. 62,584,158.00 over and above the expenditure for the financial year. An increase of Kshs.47,201,407.00 over and above the previous financial years figure.

g) Taxation

CTDLT is wholly government owned organization established in 1972 under Section 18 of the HRA Act Cap. 494 of the laws of Kenya hence not subject to tax.

CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES

ANNUAL REPORT AND FINANCIAL STATEMENTS

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NOTES TO THE ACCOUNTS (Continued)

	2008/2009 KSH	2007/2008 KSH
4. OTHER INCOME		
Interest on Investments/Loan	9,739,350	10,873,000
Interest on Staff Loans	250,920	159,018
Disposal of Assets	965,000	116,510
Standards Development Levy	4,500	11,700
Grants from WTO	2,918,138	0
Rental Income	900,000	700,000
Miscellaneous Revenue	<u>368,000</u>	<u>253,000</u>
	<u>15,145,908</u>	<u>12,113,228</u>
5. BOARD EXPENSES		
Chairman's Honorarium	960,000	960,000
Trustees sitting Allowance	4,299,000	3,894,506
Trustees Travelling Allowance	<u>5,242,126</u>	<u>7,000,245</u>
	<u>10,501,126</u>	<u>11,854,751</u>

CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES
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NOTES TO THE ACCOUNTS (Continued)

	2008/2009 KSH	2007/2008 KSH
6. ADMINISTRATIVE EXPENSES		
Subsistence & Travelling Allowance	19,618,639	13,883,581
Transport Operating & Maintenance	7,282,746	6,964,739
Insurances	5,829,115	4,578,843
Electricity, Water & Conservancy	919,043	222,389
Postage & Telephone Expenses	6,274,601	4,640,428
Internet Expenses	5,384,132	7,689,649
Printing & Stationery	6,931,715	3,447,001
Newspaper & Periodicals	795,070	627,691
Audit Fees	325,000	325,000
Office Equipment – Maintenance and Service Contract	7,521,655	7,506,986
Contingencies	1,022,465	1,506,232
Bank Charges	1,360,977	2,031,277
TOTAL ADMINISTRATIVE EXPENSES	<u>58,966,158</u>	<u>49,529,310</u>

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NOTES TO THE ACCOUNTS (Continued)

	2008/2009	2007/2008
	KSH	KSH
	2008/2009	2007/2008
7. STAFF EXPENSES		
Salaries & House Allowance	135,447,250	98,888,269
Special Duty Allowance	592,658	351,333
Leave Traveling Allowance	2,236,655	1,837,949
Transfer Allowance	1,067,557	434,600
Medical Allowance-staff	10,653,265	10,981,037
Medical Allowance-Trustees	10,000	2,700
Staff Welfare Expenses	2,382,560	1,891,835
Transport Allowance	5,947,867	50,684
Staff Uniforms	336,077	466,531
Staff Development (Training)	6,058,163	6,230,345
TOTAL STAFF EXPENSES	164,732,052	121,135,283
8. ESTABLISHMENT EXPENSES		
Office Rent	10,518,760	7,467,529
Land Rent & Rates	0	291,219
Licences & Legal Fees	1,881,839	4,361,669
Repair & Maintenance of Buildings	324,039	71,378
TOTAL ESTABLISHMENT EXPENSES	12,724,638	12,211,795

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INCOME AND EXPENDITURE ACCOUNT (Continued)

	2008/2009	2007/2008
	KSH	KSH
9. PROMOTION EXPENSES		
Entertainment & Public Relations	2,878,962	4,262,324
Subscription	50,000	50,000
Shows & Exhibitions	832,479	30,920
Advertising & Publicity	727,682	2,533,792
Re-branding	5,203,632	8,153,545
Tourism Promotion	9,830,771	15,668,282
Corporate Social responsibility	1,898,252	0
World Tourism Expenses	89,262	0
TOTAL PROMOTION EXPENSES	21,511,040	30,698,863
TOTAL CTDLT EXPENSES	272,734,014	229,324,508
10. GRANTS		
Kenya Utalii College	352,588,956	358,343,108
Kenya Tourist Board	144,605,829	182,035,715
SUB TOTAL	497,194,785	540,378,823
11. OTHER EXPENSES		
Curriculum Development	45,262,921	23,644,567
Research and Development	21,758,870	0
HIV and Aids	1,189,790	0
TOTAL EXPENDITURE AND GRANTS	838,140,380	793,347,898
Surplus before Depreciation	95,440,941	42,850,542

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For the year ended 30th June, 2009

12. SCHEDULE OF PROPERTY, PLANTS AND EQUIPMENT – 2008/2009

COST/VALUATION	Office Equipment and Partitions	Computers and Accessories	Motor Vehicles	Building	Land	TOTAL
1st July, 2008	30,845,203	85,509,092	55,277,926	10,000,000	40,000,000	221,632,221
Additions	34,026,282	17,667,269	0	0	0	51,693,551
Disposal	0	(13,474,824)	(8,144,366)	0	0	(21,619,190)
Revaluation	0	0	0	0	0	0
	64,871,485	89,701,537	47,133,560	10,000,000	40,000,000	251,706,582
DEPRECIATION						
1st July, 2008	7,920,955	51,583,049	31,504,438	200,000	800,000	92,008,442
Disposal/Debtors	0	(8,932,216)	(7,751,583)	0	0	(16,683,799)
Charge for year	7,118,816	14,138,795	5,943,372	196,000	784,000	28,180,983
	15,039,771	56,789,628	29,696,227	396,000	1,584,000	103,505,626
Net Book Value 30:06:2009	49,831,714	32,911,909	17,437,333	9,604,000	38,416,000	48,200,956
30th June, 2008	22,924,248	33,926,043	23,773,488	9,800,000	39,200,000	129,623,779

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For the year ended 30th June, 2009

NOTES TO THE ACCOUNTS (Continued)

NOTE	DESCRIPTION	2008/2009 KSH	2007/2008 KSH
13	INVESTMENTS		
	Long Term – Shares – Consolidated Bank	3,100,000	3,100,000
	Short Term – Treasury Bills	195,000,000	150,000,000
	Investments-Institutions Under liquidation	<u>62,600,000</u>	<u>62,600,000</u>
		260,700,000	215,700,000
	Less: Provision for Doubtful Recoverable Debts	<u>(62,600,000)</u>	<u>(62,600,000)</u>
		<u>198,100,000</u>	<u>153,100,000</u>

NB: There is a provision for Doubtful Debts of Ksh. 62,600,000/- on the Investment amount in the Institutions under liquidation which proved un-recoverable.

NOTE	DESCRIPTION	2008/2009 KSH	2007/2008 KSH
14	STAFF LOAN SCHEMES		
	Car Loans	0	414,500
	Housing Loans	691,015	694,859
	Motor Insurance/Overhaul loans	68,888	132,219
	Furniture/Fridge Loans	<u>98,946</u>	<u>98,946</u>
		<u>858,849</u>	<u>1,340,524</u>
15	DEPOSITS AND PREPAYMENTS		
	Electricity Deposits	81,835	2,360
	Water Deposits (Nairobi & Kisumu)	17,054	17,054
	Petrol & Fuel Deposits	176,398	176,398
	Medical Deposits	272,105	272,105
	Office Rent Prepayment	2,380,041	676,416
	Internet Prepayment	0	302,934
	Other Deposits	415,332	415,332
		<u>3,342,765</u>	<u>1,862,599</u>

CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES

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NOTES TO THE ACCOUNTS (Continued)

NOTE	DESCRIPTION	Notes	2008/2009 KSH	2007/2008 KSH
16	INVENTORY			
	Printing & Stationery			
	- Nairobi		1,017,174	2,038,363
	- Mombasa		56,656	255,611
	- Kisumu		597,580	127,595
	- Nakuru		283,437	221,767
	- Nyeri		<u>173,505</u>	<u>75,116</u>
			<u>2,128,352</u>	<u>2,718,452</u>
17	ADVANCES			
	- Salary Advances		669,948	939,906
	- Medical Advances		8,923,372	9,329,009
	- Surcharge		<u>8,701</u>	<u>8,701</u>
			9,602,021	10,277,616
	Less: Provision for Medical advances		<u>(728,772)</u>	<u>(728,772)</u>
			<u>8,873,249</u>	<u>9,548,844</u>
18	RECEIVABLES (SUNDRY DEBTORS)			
	- Insurance (KNA)		649,958	649,958
	- Safari & Other Imprests		2,166,670	1,068,366
	- Pension (I.C.E.A)		116,501	116,501
	- N.H.I.F.		0	1,781
	- External Loans		1,678	6,678
	- Miscellaneous Debtors		516,480	<u>0</u>
	- Staff Debtors-Cash Loss		<u>880,000</u>	<u>0</u>
			4,331,287	1,843,284
	Less: Provision for Doubtful Debts		<u>(649,958)</u>	<u>(649,958)</u>
			<u>3,681,329</u>	<u>1,193,326</u>

NB: There is a provision for Doubtful Debts of Ksh. 649,958/- on claims held by Kenya National Assurance Company (in liquidation).

CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES

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NOTES TO THE ACCOUNTS (Continued)

NOTE	DESCRIPTION	2008/2009	2007/2008
		KSH	KSH
19	DISHONOURED CHEQUES		
	- Nairobi	939,199	5,248,448
	- Mombasa	2,268,613	4,303,123
	- Kisumu	153,807	1,186,045
	- Nakuru	24,588	115,224
	- Nyeri	7,164	203,565
		3,393,371 1	1,056,405
	Less: Provision for Doubtful Recoverable Debts	<u>(3,303,070)</u>	<u>(7,753,335)</u>
		90,301	3,303,070
	Total : Receivables	3,771,630	4,496,396

NB: There is a provision for Doubtful Debts of Ksh. 7,753,335/- on Dishonoured Cheques which proved un-recoverable.

CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES

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NOTES TO THE ACCOUNTS (Continued)

NOTE	DESCRIPTION	2008/2009 KSH	2007/2008 KSH
20	CASH AND BANK BALANCES		
	Current Accounts:		
	- Nairobi, NBK	4,291,169	226,310
	- Nairobi, KCB	3,142,358	15,025,606
	- Mombasa, KCB	67,806	52,932
	- Kisumu, KCB	337,701	1,832,963
	- Nakuru, KCB	768,292	282,275
	- Nyeri, KCB	21,335	11,729
	Collection A/C - KCB	1,481,405	4,678,923
	Collection A/C – Coop. Bank	243,262	3,230,706
	Staff Loans A/c	1,812,366	1,812,366
	Project Account	138,366	138,366
	Standards Dvpt	233,366	189,700
	Retrenchment Account	2,907,724	2,429,676
	Standing Imprest Operations)	580,000	590,000
	Cash on Transfer:		
	- Mombasa	3,637,835	3,099,668
	- Kisumu	868,246	0
	- Nyeri	685,376	563,186
	Cash in Hand:		
	- Nairobi	3,361,797	22,678
	- Nakuru	<u>0</u>	<u>3,711</u>
		<u>24,578,404</u>	<u>34,190,795</u>

CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES

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NOTES TO THE ACCOUNTS (Continued)

NOTE	DESCRIPTION	2008/2009 KSH	2007/2008 KSH
21	PAYABLES (SUNDRY CREDITORS)		
	P.A.Y.E	881,382	1,630,289
	V.A.T	627,582	1,978,615
	NHIF	0	45,440
	HELB	37,418	6,341
	NSSF-salary	0	27,400
	ICEA-salary	320,531	220,059
	Insurance	86,661	88,099
	Rental of GOK Houses	14,500	10,500
	Hire purchase	16,808	17,912
	Loans External	37,417	35,346
	Kenya Post Office Savings Bank	0	20,000
	Cooperative Society (Contributions & Loans	1,955,089	1,496,396
	Entertainment & Public Relations	0	0
	Maintenance & Running of Motor Vehicles	0	77,211
	Subsistence Allowance	34,900	12,000
	Postage & Telephone Expenses	6,917	102,500
	Printing & Stationery	51,000	282,278
	Partitioning and Cabling	1,401,280	0



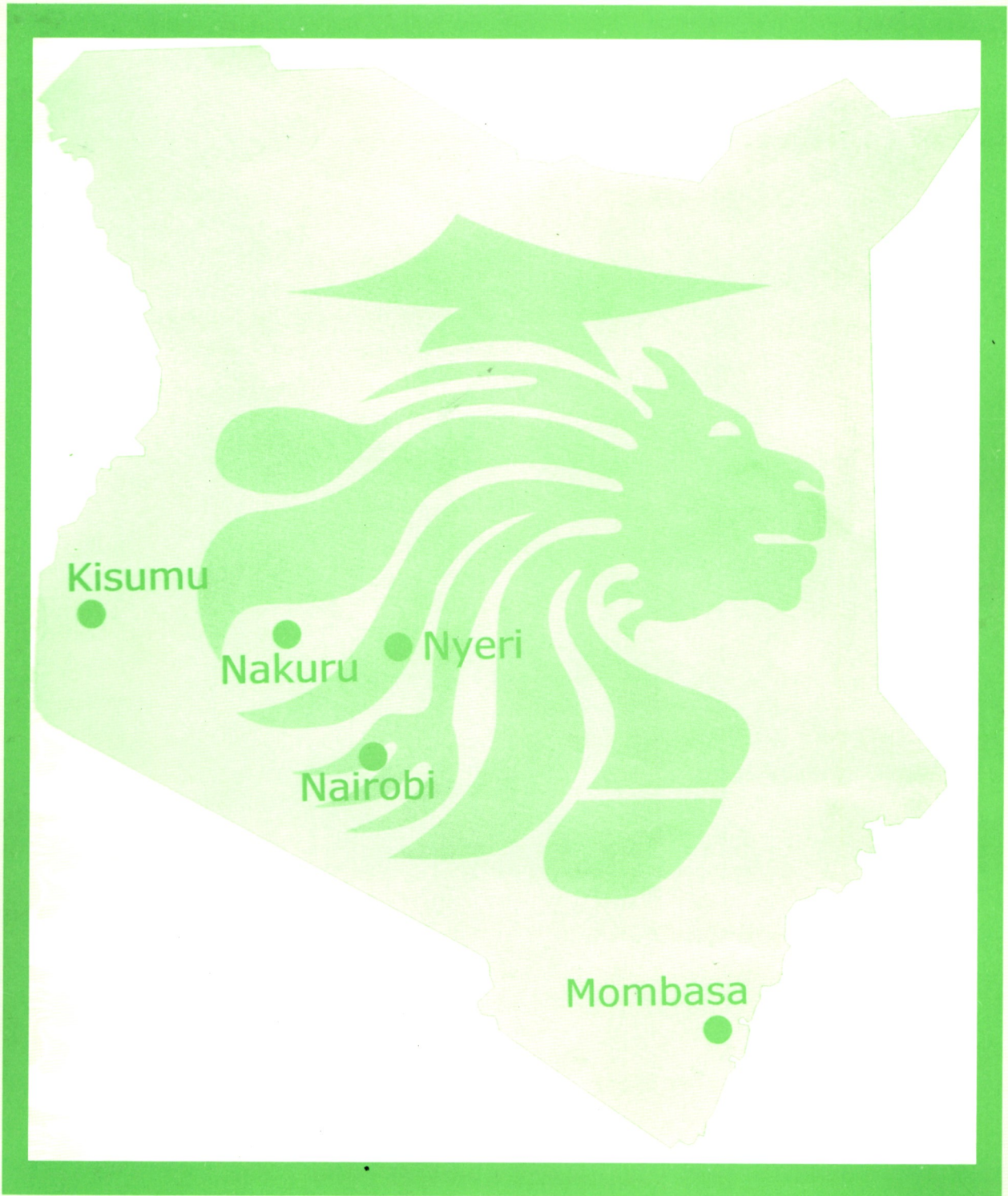
CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES

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NOTES TO THE ACCOUNTS (Continued)

NOTE	DESCRIPTION	2008/2009 KSH	2007/2008 KSH
22	PAYABLES (SUNDRY CREDITORS)		
	Contingencies	49,870	9,600
	NSSF - General	0	27,400
	Office Rent	140,400	0
	Staff Imprest	7,874	160,117
	I.C.E.A.-general	1,397,514	959,455
	Curriculum Development	0	44,462
	Furniture and Fitting	0	209,000
	Internet Expenses	2,761,626	986,000
	Withholding Tax	85,917	0
	Advertisement & Publicity	177,619	0
	Controller and Auditor General	0	0
	Staff Pension	567,302	583,177
	Other Creditors	<u>901,133</u>	<u>1,670,100</u>
		<u>11,560,740</u>	<u>10,699,697</u>



Kisumu

Nakuru

Nyeri

Nairobi

Mombasa