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REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF KENYA UTALII COLLEGE

FOR THE YEAR ENDED 30 JUNE 2017

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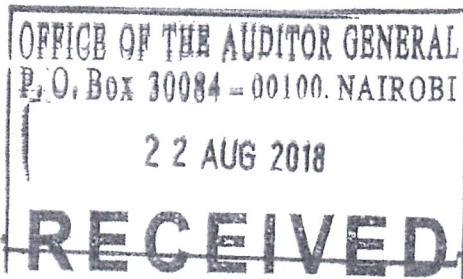


Kenya Utalii College

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ANNUAL REPORT

AND



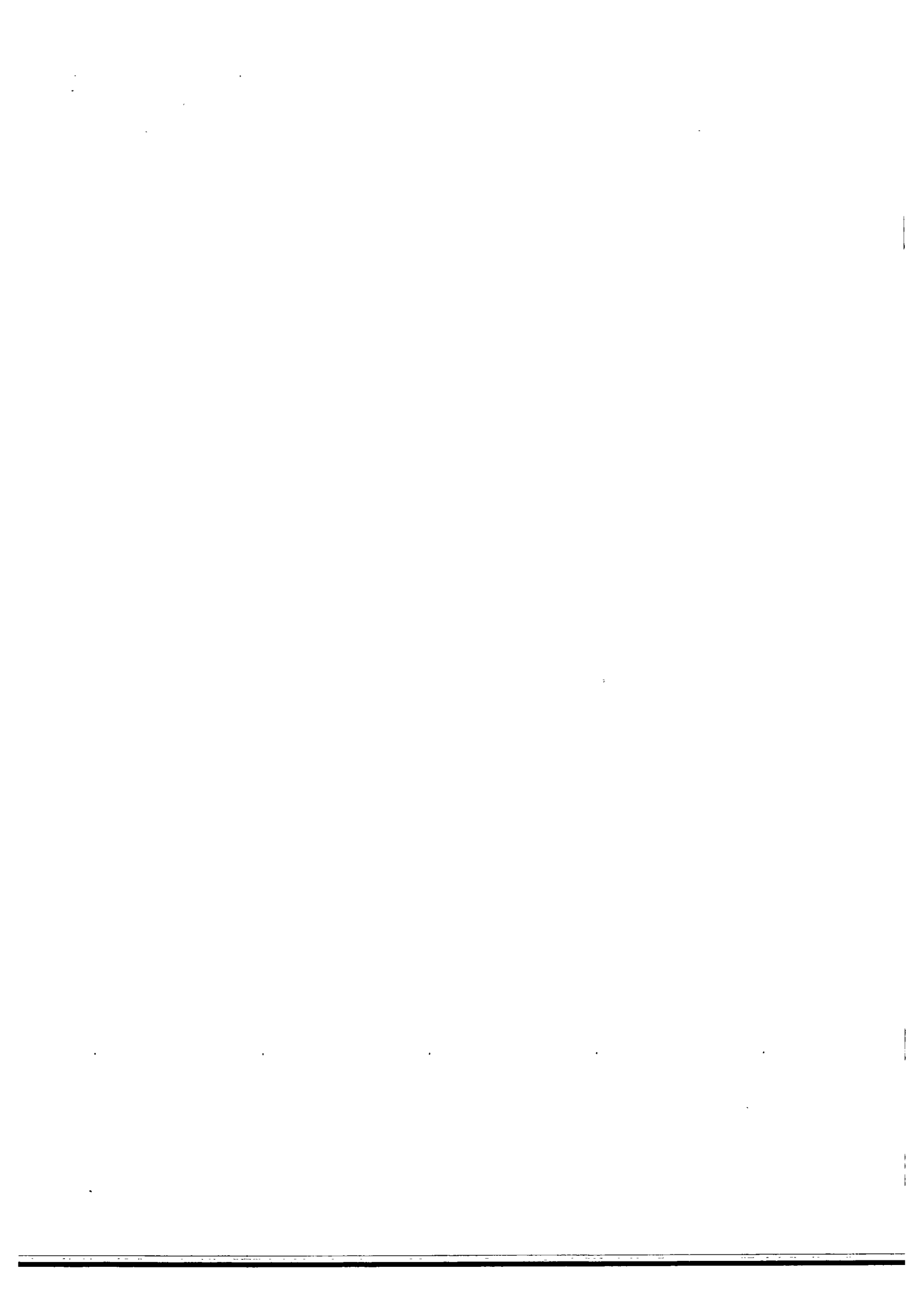
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2017

PREPARED IN ACCORDANCE WITH THE
INTERNATIONAL PUBLIC SECTOR
ACCOUNTING STANDARDS (IPSAS)

Kenya Utalii College,
Annual Report and Financial Statements For The Year Ended 30th June 2017

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**Kenya Utalii College,
Annual Report and Financial Statements For The Year Ended 30th June 2017**

I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The Kenya Utalii College is a public hospitality training institution established under the Tourism Act, No.28 of 2011. The College is represented by the Cabinet Secretary for Ministry of Tourism who is responsible for the general policy and strategic direction of the College.

(b) Principal Activities

The principal activity/mission is to develop a highly qualified human resource base for the Hospitality and Tourism Industry through Training, Research, Consultancy and related services.

(c) Key Management

The College day-to-day management is under the following key organs:

- Principal Secretary;
- College Management ;and
- Ministry of Commerce & Tourism

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2017 and who had direct fiduciary responsibility were:

<u>No.</u>	<u>Designation</u>	<u>Name</u>
1.	Principal & Chief Executive Officer	Hashim Mohamed
2.	Director of Research & Corporate Planning	Kazungu Mwangi
3.	Financial Controller	Sudi Ndinyo
4.	General Manager Utalii Hotel	Florence Njau
5.	Human Resource Manager	Abdalla Randani
6.	Director of Studies	Duncan Mutua
7.	Head of Internal Audit	Rodah M. Musyoki

(e) Fiduciary Oversight Arrangements

The College oversight role is vested in various officers among them the following:

**Kenya Utalii College,
Annual Report and Financial Statements For The Year Ended 30th June 2017**

➤ **Audit and Finance Committees of the Council:**

The committees provide oversight and advice on the financial activities of the College and the financial reporting process to ensure balance, transparency and integrity of published financial information.

➤ **Parliamentary public Accounts and Public Investments Committees:**

These review reports and recommendations of the Auditor general on the state of affairs of the College. The committees have power to interrogate any adverse findings by the Auditor General

(f) Headquarters

P.O.Box 31052 - 00600
Thika Road, Ruaraka
Nairobi, KENYA

(g) Contacts

Telephone :(254) - 020-2458627, 0722205891, 0733410005
E-mail: info@utalii.co.ke
Website: www.utalii.co.ke

(h) Bankers

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

Co-operative Bank of Kenya Limited
Stima Plaza Branch
P.O.Box 38764 - 00600
Nairobi.

(i) Independent Auditors

Auditor General
Office of The Auditor General
Anniversary Towers, University Way
P.O Box 30084-00100
Nairobi, Kenya

(j) Principal Legal Adviser




The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112-00200
Nairobi, Kenya

**Kenya Utalii College,
Annual Report and Financial Statements For The Year Ended 30th June 2017**





THE COLLEGE COUNCIL

According to the Act, the running of the College is vested in a Council appointed by the Cabinet Secretary as set out in the Act.


The following members served in the council during the year

 <p>Mr. Mukasa Mwambu Muliro Chairman</p>	<ul style="list-style-type: none"> • Graduate School of Business – North eastern University • Graduate School of Management – Boston University • Chairman of Board, Chemelil Sugar Company (2007) • Currently self-employed • YOB : 1953
 <p>Mr. Leonard Mudachi Member</p>	<ul style="list-style-type: none"> • Bachelor of Arts Hotel and Restaurant Administration • Higher Diploma in Hotel Management • Chief Operating Officer, Nairobi Java House Ltd
 <p>Mr. Elicanah Mosiori Member</p>	<ul style="list-style-type: none"> • Alternate to PS, Ministry of Tourism


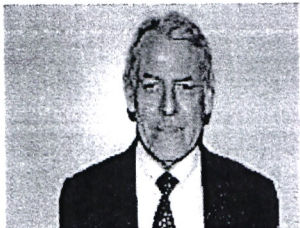
**Kenya Utalii College,
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 <p>Mr. Darius Mogaka Member</p>	<ul style="list-style-type: none"> • Alternate to PS, Ministry of Education
 <p>Mr. Richard Gakunya Member</p>	<ul style="list-style-type: none"> • Alternate to PS, The National Treasury
 <p>Mr. Joseph Cherutoi Member</p>	<ul style="list-style-type: none"> • Chief Executive Officer, Tourism Fund
 <p>Mr. Osman Mohamed Member</p>	<ul style="list-style-type: none"> • Rep. for Inspector General, Inspectorate of State Corporation
	<ul style="list-style-type: none"> • Ph.D. Entrepreneurship Education • MBA Marketing Management

**Kenya Utalii College,
Annual Report and Financial Statements For The Year Ended 30th June 2017**

	<ul style="list-style-type: none"> • B.Ed. Business Education • Director, Value Chain Specialist, Deloitte Consulting Ltd
<p>Dr. Anthony Getambu Member</p>	<ul style="list-style-type: none"> • BS HES-SO in Hospitality Management, Ecole Hoteliere de Lausanne • Vice President, Sub-Saharan Africa Hotels & Hospitality Group
	<ul style="list-style-type: none"> • Diploma Tourism and Travel Agency Management • Diploma Principles Of Modern Management • Chairman, Malindi Watamu Tourism Association (KCTA) • Vice Chairman, Kenya Coast Tourism Association (KCTA)
<p>Mr. Mark Dunford Member</p>	<ul style="list-style-type: none"> • M.Ed, Kenyatta University • B. Ed ,Home Economics, Nairobi University • Teacher's Certificate, University Of Manchester • Senior Lecturer, Department of Education, Kenya Methodist University
	<ul style="list-style-type: none"> • Diploma in Hotel Management
<p>Mr. Philemon Mwavala Member</p>	
	
<p>Ms. Eva Karimi Munene Member</p>	

**Kenya Utalii College,
Annual Report and Financial Statements For The Year Ended 30th June 2017**

 <p>Ms. Rosemary Mugambi Member</p>	<ul style="list-style-type: none"> • Regional Sales and Marketing Director – Serena Hotels East Africa
 <p>Mr. David William Stogdale Member</p>	<ul style="list-style-type: none"> • Higher National Diploma in Hotel Management and Catering Studies (Manchester Polytechnic,1971) • Member of Hotel Catering and Institutional Management Association (HCIMA,UK) • Owner & Managing Director, DWS Africa • YO B : 1950

Board Committees:

Finance and HR Committee

The following members served in the Committee:

Dr. Anthony Getambu	:	Chairman
Mr. Richard Gakunya	:	Member
Mr. Darius Mogaka	:	Member
Mr. Joseph Cherutoi	:	Member
Mr. Mark Dunford	:	Member
Mr. Osman Mohamed	:	Member
Mr. Elicanah Mosiori	:	Member

Audit Committee

The following members served in the Committee:

Ms. Rosemary Mugambi	:	Chairman
Mr. Leonard Mudachi	:	Member
Mr. Richard Gakunya	:	Member
Mr. Elicanah Mosiori	:	Member
Mr. Mark Dunford	:	Member

**Kenya Utalii College,
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Technical and Strategy Committee

The following members served in the Committee:

Mr. David Stogdale	:	Chairman
Ms. Eva Karimi Munene	:	Member
Mr. Philemon Mwavala	:	Member
Mr. Elicanah Mosiori	:	Member
Mr. Leonard Mudachi	:	Member
Mr. Mark Dunford	:	Member
Mr. Darius Mogaka	:	Member

**Kenya Utalii College,
Annual Report and Financial Statements For The Year Ended 30th June 2017**

II. MANAGEMENT TEAM

 <p>Mr. Hashim Mohamed Principal and Chief Executive Officer</p>	<ul style="list-style-type: none"> • MBA(Business Administration) • Bachelor of Science in Tourism Management • Diploma in Hotel management • YOB: 1974
 <p>Mr. Kazungu Mwangi Director of Research and Corporate Planning.</p>	<ul style="list-style-type: none"> • MSC (Environmental and Development Economics) • YOB: 1973
 <p>Mr. Sudi Ndinyo Ag. Financial Controller</p>	<ul style="list-style-type: none"> • MBA (Finance) • CPA(K) • YOB:1973
 <p>Mrs. Florence Njau Ag. General Manager – Hotel</p>	<ul style="list-style-type: none"> • MSC (International Hospitality Management) • Diploma in Hotel Management • YOB:1964



Mr. Abdalla Randani
Ag. Human Resource Manager

- MSC (Human Resource Management)
- Higher National Diploma –Human Resource Management
- YOB:1968



Mr. Duncan Mutua
Ag. Director of Studies

- MA (German Studies)
- Diploma in Hotel Management
- Diploma in German Language
- YOB:1958



Ms. Rodah Musyoki
Head of Internal Audit

- MBA (Finance)
- CPA(K)
- YOB:1960

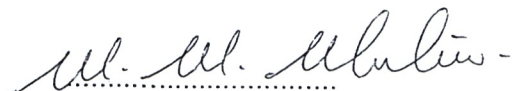
III. CHAIRMAN'S STATEMENT

I am pleased to present operational results and financial statements of Kenya Utalii College for the financial year 2016/2017. We will continue to endeavor to achieve our mission, which is to develop a highly qualified human resource for the hospitality industry.

The Institution continue to have challenges in raising revenue to meet its general operations. During the year, actual revenues from Tourism Fund was **Kshs.318,000,000/-** against a budget of **Kshs.370,000,000/-**. Grants from the government however, increased marginally to **Kshs.350,000,000/-** up from **Kshs.260,000,000/-** the previous year. Our internally generated funds however, decreased to **Kshs.141,085,528/-** down from **Kshs. 168,347,043/-** the previous year.

Our desire is for the College to be self-sustaining financially. It is in this regard that the Council has appealed to the government to help it expand its capacity by an additional five hundred (500) students each year through construction of more practical training facilities. It is hoped this will bear fruit in the coming year.

The Auditor General has over the years observed that the College is technically insolvent due to weak Current Ratio. This was brought about by non-repayment of a loan the College took in 1996 to renovate Utalii Hotel. The accumulated interest on the loan has brought about this state of affairs. The College has committed to start repaying the loan (principal amount) and appeal to the government to waive accumulated interest in order to correct this situation. It is also hoped that the efforts will bear fruit and correct this situation.



Mr. Mukasa Muliro
Chairman KUC Council

Date: 16/8/18

IV. PRINCIPAL'S STATEMENT

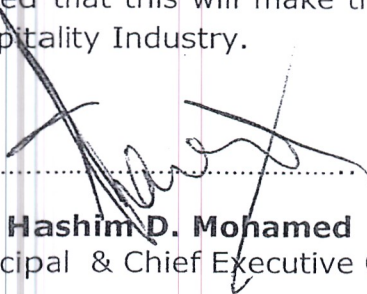
For Kenya Utalii College, the year 2016/2017 was very successful. The College managed to push through all its programs despite the harsh economic situation and reduced funding from our partners.

The Tourism industry is very fragile and the past year was very challenging for Kenya. With recovery efforts starting to bear fruit, Kenya Utalii College is challenged to up its game in providing highly qualified staff for the major hotel brands setting up in the country.

In an effort to improve on the quality of training, the process to review our curriculum was started in the year. It is hoped that the same will be finalized soon in order to align our courses with current industry expectations.

Our relationship with the Industry has continued to be good over the years. The College uses a good portion of its budget in building a strong relationship with the industry. This has helped in getting our students attachments and even employment on completion of their courses. We wish to maintain this relationship for the benefit of all.

Our training facilities have been deteriorating over the years with some getting obsolete. We are putting in place measures together with partners to ensure that these facilities are properly maintained and expanded to train more students. It is hoped that this will make the College competitive and the College of choice for the hospitality Industry.



Mr. Hashim D. Mohamed
Principal & Chief Executive Officer

Date: 16/8/18

**Kenya Utalii College,
Annual Report and Financial Statements For The Year Ended 30th June 2017**

V. CORPORATE GOVERNANCE STATEMENT

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. The College Council is committed to ensuring that the College is run in a Professional, transparent just and equitable manner. The College endeavours to adhere to good corporate governance by adhering to guideline issued by centre of corporate governance and benchmarking its activities with the best practices in the industry.

COLLEGE VISION

To be a globally recognized and transformative premier tourism and hospitality training centre.

MISSION STATEMENT

To develop a highly qualified and globally competitive human resource for the Hospitality and Tourism Industry by providing quality tourism and hospitality education, purposeful research and consultancy.

VI. CORPORATE SOCIAL RESPONSIBILITY STATEMENT

Kenya Utalii College,

Annual Report and Financial Statements For The Year Ended 30th June 2017

The College undertook several Corporate Social Responsibility (CSR) activities over the 2016/2017 financial year. Some of the activities include:

NO.	ACTIVITY	DATE	AMOUNT (KSHS)
1	Visit to Kenyatta National Hospital	20/12/16	10,000
2	Donated mineral water to Edu Kenya peace initiative, Mathare	23/06/17	15,000

VII. STATEMENT OF COLLEGE COUNCIL RESPONSIBILITIES

The Public Finance Management Act, 2012 and State Corporations Act, require the Council to prepare financial statements in respect of the College, which give a true and fair view of the state of affairs of the College at the end of the financial year and the operating results of the College for that year/period. The College Council is also required to ensure that the College keeps proper accounting records which disclose with reasonable accuracy the financial position of the College. The Management are also responsible for safeguarding the assets of the College

The Council is responsible for the preparation and presentation of the College's financial statements which give a true and fair view of the state of affairs of the College for and as at the end of the financial year ended on June 30, 2017. This responsibility includes:


- (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the College;
- (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- (iv) Safeguarding the assets of the College;
- (v) Selecting and applying appropriate accounting policies; and
- (vi) Making accounting estimates that are reasonable in the circumstances.

The Council accept responsibility for the College's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act and the State Corporations Act. The Council is of the opinion that the College financial statements give a true and fair view of the state of College's transactions during the financial year ended June 30, 2017, and of the College's financial position as at that date. The Council further confirm the completeness of the accounting records maintained for the College, which have been relied upon in the preparation of the College's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Council to indicate that the College will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The College's financial statements were approved by the College Council, and signed on its behalf by


Principal & CEO

Date

16/8/18


Chairman College Council

Date

16/8/18

REPUBLIC OF KENYA

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OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON KENYA UTALII COLLEGE FOR THE YEAR ENDED 30 JUNE 2017

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kenya Utalii College set out on pages 1 to 32, which comprise the statement of financial position as at 30 June 2017, and the statement financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. 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.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kenya Utalii College as at 30 June 2017, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Tourism Act, 2011 of the Laws of Kenya.

In addition, as required by Article 229(6) of the Constitution, except for the matters described in the Basis for Qualified Opinion and Other Matter sections of my report, based on the procedures performed, I confirm that nothing has come to my attention to cause me to believe that public money has not been applied lawfully and in an effective way.

Basis for Qualified Opinion

1. Financial Performance

During the year under review, the College reported a deficit of Kshs.410,579,471 (2016: deficit of Kshs.452,599,190). while current liabilities balance of Kshs.3,377,823,261 exceeded current assets figure of Kshs.537,072,539 thus resulting to a negative working capital of Kshs.2,840,750,722 as at 30 June 2017. The College is therefore technically insolvent and its continued existence as a going concern is dependent on financial support from the Government and its creditors.

2. Loan from Government of Kenya

As previously reported, the College has not complied with the loan agreement signed between the College and the Government of Kenya for a loan of Kshs.140 million

Report of the Auditor-General on the Financial Statements of Kenya Utalii College for the year ended 30 June 2017

advanced to the College in February 1996 to refurbish the Kenya Utalii Hotel. Payments for the loan amounted to only Kshs.13 million as at 30 June 2017 and as indicated under Note 17 to the financial statements, accumulated interest as at 30 June 2017 amounted to Kshs.2,914,782,436. Further, and although the previous year's financial statements indicated that the College had entered into negotiations with the Government to have the loan together with accumulated interest written off, no meaningful progress in this regard had been recorded.

3. Development Grant

During the year under review, the Ministry of Tourism disbursed Kshs.200 million to the college for development of a new training practical block. Available information indicates that Kshs.100 million was deposited in a call account while an amount totalling Kshs.40,261,605 was spent on consultancy services, obtaining a permit from the County government, technical evaluation retreat, and advertisements for procurement of construction services. The remaining balance of Kshs.59,738,395 was utilized on recurrent expenditure without the requisite Council and the National Treasury approval. Further, there is no evidence of work-in progress of development of the new practical training block recognized in the financial statements.

Consequently, the College is in breach of Section 48,1(c) of the Public Finance Management Act, 2012 which stipulates that grants be used only to finance programs within the integrated development plan.

4. Long Outstanding Receivables

The receivables from exchange transactions balance of Kshs.240,796,644 as at June 2017 includes an amount of Kshs.19,369,430 which has been outstanding for a period between four (4) to seven (7) years, Kshs.5,844,672 due from former staff members and Kshs.3,308,980 from either insolvent /dead entities. In addition, supporting documents for some of the debtors' balances were not availed for audit review. Consequently, it has not been possible to confirm the recoverability, accuracy and completeness of the receivables from exchange transactions balance of Kshs.240,796,644.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Kenya Utalii College in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Qualified Opinion and Other Matter sections of my report, there were no Key Audit Matters to report in the year under review.

Other Matter

Vehicles without Log Books

The College purchased two motor vehicles from Crown Motors Group Limited at a total cost of Kshs.9,691,000. The motor vehicles were delivered in 2016 but only one of the vehicles costing Kshs.5,825,000 had been paid for by the time of the audit. The two vehicles purchased in 2016 do not have logbooks in the custody of the College hence there was no proof of ownership of the vehicles.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the College's ability to continue sustaining services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the management either intends to have the College cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

Those charged with governance are responsible for overseeing the College's financial reporting process.

Auditor-General's Responsibilities for the Audit of the Financial Statements

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution of Kenya. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

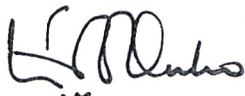
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting

from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving an assurance on the effectiveness of the College's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the College's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the College to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.



FCPA Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

17 August 2018

Kenya Utalii College,
Annual Report and Financial Statements For The Year Ended 30th June 2017

STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2017

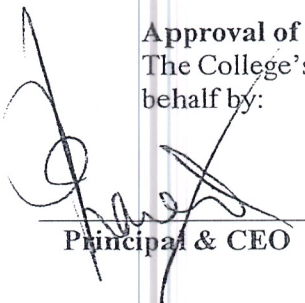
	Note	2016/2017 Kshs	2015/2016 *Restated Kshs	2014/2015 *Restated Kshs
Assets				
Current assets				
Cash and cash equivalents	12	148,483,365	56,219,264	69,526,161
Receivables from exchange transactions	13	240,796,644	212,575,526	207,115,568
Receivables from non-exchange transaction	14	130,261,026	157,812,388	184,471,136
Inventories	15	17,531,504	15,681,621	18,983,028 *
		537,072,539	442,288,799	480,095,893
Non-current assets				
Property, plant and equipment	25	6,260,430,224	6,392,232,599 *	6,497,459,552 *
Staff Loans Fund	21	20,031,206	19,357,937	19,013,949
		6,280,461,430	6,411,590,536 *	6,516,473,501 *
Total assets		6,817,533,970	6,853,879,335 *	6,996,569,393 *
Liabilities				
Current liabilities				
Trade and other payables from exchange t	17	3,197,265,221	2,814,006,775 *	2,433,486,815 *
Refundable deposits from customers	16	859,092	1,121,192	319,400
Provisions	18	179,698,947	178,055,195	177,696,745
		3,377,823,261	2,993,183,162	2,611,502,960 *
Non-current liabilities				
Borrowings (GOK Loan)	19	127,125,028	133,125,028	133,125,028
Staff Loans Fund	21	20,031,206	19,357,937	19,013,949
Accumulated Fund	24	(978,532,837)	(644,960,843) *	(228,925,586) *
Revaluation Reserve	23	4,092,947,232	4,169,954,709	4,273,554,438
Capital Reserve - Refurbishment of Utalii	22	178,140,080	183,219,342	188,298,604
		3,439,710,709	3,860,696,173 *	4,385,066,434
Total liabilities		6,817,533,970	6,853,879,335 *	6,996,569,394

* Restated

The notes in pages 6 to 26 form an integral parts of the financial statements

Approval of the financial statements

The College's financial statements were approved by the College Council and signed on its behalf by:


Principal & CEO

Date: 15/8/18


Chairman, College Council

Date: 16/8/18

**Kenya Utalii College,
Annual Report and Financial Statements For The Year Ended 30th June 2017**

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE 2017

	Note	2016/2017 Kshs	2015/2016 *Restated Kshs	2014/2015 *Restated Kshs
Revenue from non-exchange transactions				
Incomes from noncommercial transactions	3	719,457,057	592,062,767	606,084,512
		719,457,057	592,062,767	606,084,512
Revenue from exchange transactions				
Fees From Students	5	56,830,500	52,837,747	54,574,154
Revenue From Commercial Activities	4	95,827,553	71,647,719	83,765,271
Utalii Hotel Net Profit/Loss	4	(49,453,388)	5,944,458	* 18,715,075 *
		103,204,665	130,429,924	* 157,054,500 *
Total revenue		822,661,722	722,492,691	* 763,139,012 *
Expenses				
Employee costs	6	374,707,586	365,110,874	* 378,736,995 *
College Council Expenses	7	14,698,441	3,527,584	-
Depreciation and amortization expense	8	166,056,436	158,445,098	150,357,257
Repairs and maintenance	9	12,811,963	21,672,537	21,494,187 *
Contracted services	10	20,361,850	18,863,100	14,444,118
General expenses	11	644,604,917	607,472,687	* 542,172,793 *
Total expenses		1,233,241,192	1,175,091,881	* 1,107,205,350
Deficit before tax		(410,579,471)	(452,599,190)	* (344,066,338)
Taxation (Note Kenya Utalii College is a training Institution hence exempted from taxation)				
Deficit before tax		(410,579,471)	(452,599,190)	(344,066,338)

* Restated

The notes in pages 6 to 26 form an integral parts of the financial statements

**Kenya Utalii College,
Annual Report and Financial Statements For The Year Ended 30th June 2017**

STATEMENT OF CASHFLOW FOR THE YEAR ENDED 30TH JUNE 2017

	Note	2016/2017	2015/2016	2014/2015
			*Restated	*Restated
		Kshs	Kshs	Kshs
Cash flows from operating activities				
Receipts				
Fees From Students	5	56,830,500	52,837,747	54,574,154
Revenue From Tourism Fund	3	318,000,000	283,500,000	315,000,000
Rent Income from staff housing units	3	24,965,521	23,828,067	24,349,493
Grants from Government of Kenya -Recurrent	3	150,000,000	178,230,280	126,000,000
Grants from Government of Kenya -Development	3	200,000,000	81,769,720	113,780,000
Revenue from Commercial Activities & Consultancy Services	4	95,827,553	71,647,719	83,765,270
Other Income Receipts	3	16,478,158	19,362,238	21,875,756
Capital Grants from Government of Kenya - amortization	22	5,079,262	5,079,262	5,079,262
Utalii Hotel Net Profit	4	(49,453,388)	5,944,458	18,715,075
EUHOFA COGRESS		4,934,115	293,200	-
		822,661,722	722,492,691	763,139,011
Payments				
Employee costs	6	374,707,586	365,110,874	378,736,995
Remuneration of College Council	7	14,698,441	3,527,584	-
Repairs and maintenance	9	12,811,963	21,672,537	21,494,187
Contracted services	10	20,361,850	18,863,100	14,444,118
General expenses	11	644,604,917	607,472,687	542,172,793
		1,067,184,756	1,016,646,782	956,848,094
Surplus /deficit for the year		(244,523,035)	(294,154,091)	(193,709,082)
Net cash flows from operating activities	20	132,518,159	90,016,692	22,462,242
Cash flows from investing activities				
Purchase of property, plant, equipment and intangible assets		(34,254,057)	(103,323,586)	(38,998,428)
Net cash flows used in investing activities	25	(34,254,057)	(103,323,586)	(38,998,428)
Cash flows from financing activities				
Repayment of borrowings		(6,000,000)	(0)	125,028
Net cash flows used in financing activities		(6,000,000)	(0)	125,028
Net increase/(decrease) in cash and cash equivalents		92,264,102	(13,306,895)	(16,411,158)
Cash and cash equivalents at 1 JULY 2016	12	56,219,264	69,526,160	85,937,319
Cash and cash equivalents at 30 JUNE 2017	12	148,483,365	56,219,264	69,526,160

The notes in pages 6 to 26 form an integral parts of the financial statements

**Kenya Utalii College,
Annual Report and Financial Statements For The Year Ended 30th June 2017**

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED JUNE 2017

Attributable to the owners of the controlling entity

	Reserves				TOTAL
	Staff Loan	Accumulated	Capital	Revaluation	
	Fund	Surplus	Reserve	Reserve	
	Kshs	Kshs	Kshs	Kshs	Kshs
As at 1st July 2015	19,013,950	(228,925,586)	188,298,604	4,273,554,439	4,251,941,407
Hotel Reverses Account					343,987
Funds received during the year	343,987				-
Amortization on Revaluation Reserve charge for the year		75,923,924		(75,923,924)	-
Prior Year Adjustment		27,675,806		(27,675,806)	-
Grants Amortized		-	(5,079,262)		(5,079,262)
Transfers/adjustments		(67,035,797)			(67,035,797)
Deficit for the year		(452,599,190)			(452,599,190)
Balance as at 30 June 2016	19,357,937	(644,960,842)	183,219,342	4,169,954,709	3,727,571,145
As at 1st July 2016	19,357,937	(644,960,842)	183,219,342	4,169,954,709	3,727,571,145
Transfer of revaluation and depreciation figure		-			-
Funds received during the year	673,269				673,269
Amortization on Revaluation Reserve charge for the year		77,007,477	(5,079,262)	(77,007,477)	(5,079,262)
Deficit for the year		(410,579,471)			(410,579,471)
Balance as at 30 June 2017	20,031,206	(978,532,836)	178,140,080	4,092,947,232	3,312,585,682

The notes in page 6 -- 26 form an integral part of the Financial Statements

Annual Report and Financial Statements For The Year Ended 30th June 2017

Consolidated statement of comparison of budget and actual amounts for the year ended 30 June 2017

	Original budget		Final budget		Actual on comparable basis		Performance difference	Variance Explanation
	2016/2017 Kshs	2016/2017 Kshs	2016/2017 Kshs	2016/2017 Kshs	2016/2017 Kshs	2016/2017 Kshs		
Revenue								
Revenue from non-exchange transactions								
Other income	656,218,000		656,218,000		719,457,057		63,239,057	Underfunding from TF
Revenue from exchange transactions								
Fees From Students	78,639,000		78,639,000		56,830,500		(21,808,500)	Few Foreign students
Revenue from commercial activities	279,460,925		279,460,925		169,029,981			low students intake
Revenue from hotel	339,749,900		339,749,900		194,933,482			Low hotel business
Total Income	1,354,067,825		1,354,067,825		1,140,251,020			
Expenses								
Employee costs	447,568,519		447,568,519		374,707,586		72,860,933	No employment or promotions
Remuneration of College Council/B.O.G	14,123,000		14,123,000		14,698,441		(575,441)	
Repairs and maintenance	29,047,000		29,047,000		12,811,963		16,235,037	Cut down on expenditure
Contracted services	32,148,000		32,148,000		20,361,850		11,786,150	Cut down on expenditure
Hotel expenses	183,434,696		183,434,696		244,386,870		(60,952,174)	low hotel business
Commercial activities expenses	138,788,170		138,788,170		73,202,428		65,585,742	low intake
General expenses	231,503,172		231,503,172		644,604,917		(413,101,745)	Interest on GOK Loan
Total Expenses	1,076,612,557		1,076,612,557		1,384,774,054		(308,161,497)	
Development expenditure	277,455,268		277,455,268		-			
Total	1,354,067,825		1,354,067,825		1,384,774,054			
Depreciation and Amortization	-		-		166,056,436			
Surplus for the period								(410,579,471)

NOTES TO THE FINANCIAL STATEMENTS

1. Statement of compliance and basis of preparation

The entity's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings (Kshs), which is the functional and reporting currency of the entity and all values are rounded to the nearest thousand (Ksh000). The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

The Institution will be in existence for the next one year.

2. Summary of significant accounting policies

a) Revenue recognition

i) Revenue from non-exchange transactions

a) Related party transactions

i. Revenue from Tourism fund

This is the revenue collected by Tourism Fund 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 Tourism Fund in accordance with approved budgets.

ii. Grants from Government of Kenya

This is in respect of assistance from the Government of Kenya, through the Ministry of Tourism. It is recognized as revenue when received. The college received Ksh.150M for recurrent expenditure and Ksh.200M for development expenditure.

iii. Rent Income from Housing Units

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

**Kenya Utalii College,
Annual Report and Financial Statements For The Year Ended 30th June 2017**

ii) Revenue from exchange transactions

Rendering of services-Fees revenue.

The entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

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.

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.

Sale of goods and Services -Utalii Hotel

Revenue from the sale of goods and services is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and services and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the entity.

b) Budget information

The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the College. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or entity differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

c) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is

Kenya Utalii College,

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performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

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		
Main College		57 Years
Library Complex		73 Years
Utalii Sports Club		72 Years
Utalii Village		59 Years
Vipingo		80 Years
Buildings	2.5%	40 Years
Plant and Machinery	10%	10 Years
Furniture, Technical & Teaching Equipment	20%	5 Years
Motor Vehicles	25%	4 Years
Computers	30%	3 ¹ / ₃ Years

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

d) Inventories

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

e) Provisions

Provisions are recognized when the College has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

f) A specific provision amounting to **Kshs.169,627,435.00** has been recognized. In addition a 5% general provision for doubtful debts has been created in the financial statement.

**Kenya Utalii College,
Annual Report and Financial Statements For The Year Ended 30th June 2017**

DETAILS	PROVISION FOR BAD AND DOUBFUL DEBTS		TOTAL
	ACCOUNTS RECEIVABLE	SPECIFIC ACCOUNTS	
SPECIFIC	55,309,271.00	114,318,164.05	169,627,435.05
5% 2015-2016 PROVISION	375,761.63	(17,311.22)	358,450.41
5% 2016-2017 PROVISION	1,411,056	232,696	1,643,752

g) Nature and purpose of reserves

The College creates and maintains reserves in terms of specific requirements. The following are the reserves that are maintained by the College and their appropriate policies adopted.

Revaluation Reserve

The College's Assets were revalued in October 2014 by an independent Valuer, Nile Real Appraisers (EA) 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. 4,320,753,492**. Depreciation on the revaluation surplus is charged to the revaluation Reserve Account

Capital Reserve – Refurbishment of Utalii Hotel and Individual Kitchen

During the 2003/2004, 2005/2006 and 2007/2008 financial years, the College received capital grants from the Government of Kenya and Special Capital Grant from Catering and Tourism Development Levy Trustees to refurbish Utalii Hotel and Individual Training Kitchen amounting to Kshs.113,170,486, 15,000,000 and 30,000,000 respectively. These grants are amortized over the expected useful life of the building and useful life of the Equipment on a straight line basis.

The balance has been arrived at as follows:

	2016/2017 Kshs.	2015/2016 Kshs.
Balance at beginning of year	183,219,342	188,298,604
Less: Amortization	5,079,262	5,079,262
Balance at end of year	178,140,080	183,219,342

h) Employee benefits

Retirement Benefit Obligations

The College operates a defined contribution benefits scheme for its permanent employees. The assets of the scheme are held in a separate trustee administered fund that is funded by both the College and employees.

The College also contributes to a statutory defined contribution pension scheme, the National Social Security Fund (NSSF). Contributions are determined by local statute and are currently limited to Kshs.200 per employee per month. The College's contributions to the above schemes are charged to the income and expenditure account in the year to which they relate.

i) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at various commercial banks at the end of the financial year.

i) Taxes

The College is exempted from taxation under the first schedule of the Income Tax Act Cap 470.

j) Contingent Liabilities and Assets

Contingent Asset

There were no contingent assets that could lead to possible inflow of resources embodying economic benefits or service potential for the period.

Contingent Liability

There were no contingent liabilities that could lead to possible outflow of resources embodying economic benefits or service potential for the period.

k) Capital Commitments

There were no capital commitments.

1) Financial Instruments

Financial Assets

Staff Loans Scheme Fund and Receivables

Loans and receivables are non- derivative financial assets with fixed or determinable payments that are not quoted in an active market. The receivables include trading debtors, student debtors and the staff loan scheme fund.

After initial measurement the financial assets are subsequently measured at amortized cost using the effective interest method less impairment. Losses arising from impairment are recognized in the surplus or deficit.

The Entity assesses at each reporting date whether there is objective evidence that a financial asset is impaired. A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors or an entity of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g changes in arrears or economic conditions that correlate with defaults)

Financial Liabilities

Staff Loans Scheme Fund and GOK Loan

Financial liabilities are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition. The liabilities include GOK loan and the staff loan scheme fund

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

m) Subsequent Events

There have were no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30th June 2017.

n) Significant Judgements and Sources of Estimation Uncertainty

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

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		
Main College		57 Years
Library Complex		73 Years
Utalii Sports Club		72 Years
Utalii Village		59 Years
Vipingo		80 Years
Buildings	2.5%	40 Years
Plant and Machinery	10%	10 Years
Furniture, Technical & Teaching Equipment	20%	5 Years
Motor Vehicles	25%	4 Years
Computers	30%	3 ¹ / ₃ Years

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

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

Provisions are recognized when the College has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Kenya Utalii College,

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A specific provision amounting to **Kshs.169,627,435.00** has been recognized. In addition a 5% general provision for doubtful debts has been created in the financial statement.

DETAILS	PROVISION FOR BAD AND DOUBFUL DEBTS		TOTAL
	ACCOUNTS RECEIVABLE	SPECIFIC ACCOUNTS	
SPECIFIC	55,309,271.00	114,318,164.05	169,627,435.05
5% 2015-2016 PROVISION	375,761.63	(17,311.22)	358,450.41
5% 2016-2017 PROVISION	1,411,056	232,696	1,643,752

o) Related Parties

The key management personnel are the members of College management and College Council. The College Council consists of members appointed by the Cabinet Secretary Ministry of Tourism as set out in the Act.

The key management personnel who held office during the financial year ended 30th June 2016 and who had direct fiduciary responsibility were:

College Management;

<u>No.</u>	<u>Designation</u>	<u>Name</u>
1.	Principal & Chief Executive Officer	Hashim Mohamed
2.	Director of Research & Corporate Planning	Kazungu Mwangi
3.	Financial Controller	Sudi Ndinyo
4.	General Manager Utalii Hotel	Florence Njau
5.	Human Resource Manager	Abdalla .Randani
6.	Director of Studies	Duncan Mutua
7.	Head of Internal Audit	Rodah M.Musyoki

Kenya Utalii College,

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College Council;

No.		Name
1.	Mr. Mukasa Mwambu Muliro	Chairman
2.	Mr. Leonard Mudachi	Member
3.	Mr. Elicana Mosiori	Member
4.	Mr. Darius Mogaka	Member
5.	Mr. Richard Gakunya	Member
6.	Mr. Joseph Cherutoi	Member
7.	Mr. Osman Mohamed	Member
8.	Dr. Anthony Getambu	Member
9.	Mr. Mark Dunford	Member
10.	Mr. Philemon Mwavala	Member
11.	Ms. Eva Karimi Munene	Member
12.	Ms. Rosemary Mugambi	Member
13.	Mr. David William Stogdale	Member

The following transactions were carried out with related parties;

	2016/2017	2015/2016
i) College Council remuneration		
Allowances paid to council	14,720,341	3,527,584
ii) Grants from related parties		
Grants from Government of Kenya (GOK)	350,000,000	260,000,000
Grants from Tourism Fund (TF)	318,000,000	283,500,000

p) Comparative Figures

The comparative figures for the previous financial year have not been amended or reconfigured, they remain as reported in the previous financial year's financial statements.

**Kenya Utalii College,
Annual Report and Financial Statements For The Year Ended 30th June 2017**

Notes to the Financial Statements for the year ended 30th June 2017

3. Incomes From Non Commercial (Exchange) Activities

	2016/2017	2015/2016	2014/2015
		*Restated	Restated
	Kshs.	Kshs	Kshs
Rent Income from staff housing units	24,965,521	23,828,067	24,349,493
Grants from Government of Kenya – Recurrent	150,000,000	178,230,280	126,000,000
Grants from Government of Kenya – Development	200,000,000	81,769,720	113,780,000
Revenue from Tourism Fund	318,000,000	283,500,000	315,000,000
Other Income Receipts	16,478,158	19,362,238	21,875,756
Capital Grants from Government of Kenya – amortization	5,079,262	5,079,262	5,079,262
EUHOFA Congress	4,934,115	293,200	-
Total	719,457,057	592,062,767	606,084,512

Other Incomes

This comprises of:

	2016/2017	2015/2016	2014/2015
		*Restated	*Restated
	Kshs.	Kshs	Kshs
Sale of Discarded items	25,866	1,047,961	71,843
Sale of Tender Documents	38,000	130,400	173,146
Gain or loss on disposal	99,585	722,807	449,250
Jifunze Bar Sales	208,430	132,280	181,710
Surplus/ Loss from Food fair	-	(902,073)	(1,236,570)
Hire of facilities	13,732,409	15,648,643	15,231,656
Identity cards & Lost items	262,405	376,457	793,445
Sale of Meal vouchers	466,085	198,090	351,591
Other Miscellaneous Income	42,209	419,440	4,142,350
Graduation fee	1,603,169	1,588,233	1,717,336
Total	16,478,158	19,362,238	21,875,756

Kenya Utalii College,
Annual Report and Financial Statements For The Year Ended 30th June 2017

Notes to the Financial Statements for the year ended 30th June 2017

4. Revenue from Commercial (Exchange) 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:

	2016/2017	2015/2016	2014/2015
		Restated	*Restated
	Kshs.	Kshs	Kshs
Self Sponsored Courses	66,563,564	47,752,335	49,403,714
Pioneer Courses	37,292,854	33,648,500	35,942,728
MDP & Refresher Courses	1,277,706	795,597	2,020,398
Bakery Sales	1,946,254	1,951,788	1,432,403
Laundry Services	12,699,149	13,302,148	13,504,420
Sports Club Bar Sales	370,465	308,345	229,925
Cyber café services	-	151,351	284,076
Bookshop Sales & Photocopying	499,229	652,664	595,198
Barber Shop Rent	220,000	240,000	240,000
Degree Programmes	45,676,700	25,555,850	42,815,300
Consultancy	2,484,060	5,367,582	1,759,500
Sub-Total	169,029,981	129,726,159	148,227,662
Less: Direct Expenses	73,202,428	58,078,440	64,462,392
Total	95,827,553	71,647,719	83,765,270

**Kenya Utalii College,
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UTALII HOTEL TRADING, ACCOUNT,

FOR THE YEAR ENDED 30TH JUNE 2017						
		2016/2017	2015/2016		2014/2015	
			*Restated		*Restated	
		Kshs.	Kshs		Kshs	
Revenue from exchange transactions						
Hotel Room sales		49,491,237	67,885,459		67,644,730	
Hotel Food Sales		104,528,111	138,862,575		119,839,763	*
Hotel Beverage Sales		24,381,351	28,484,719		22,896,213	
Other Income Receipts		11,819,783	12,768,666	*	31,499,377	*
House rent		4,713,000	4,284,500		3,480,400	
Total revenue		194,933,482	252,285,920	*	245,360,483	*
Less: Cost of Sales		75,717,856	83,897,545	*	77,522,705	*
Gross Profit		119,215,626	168,388,375	*	167,837,778	
Expenses						
Employee costs		108,128,532	109,565,191		91,123,226	
Repairs and maintenance		5,341,512	4,054,839	*	6,340,256	*
Contracted services		3,826,186	3,910,329	*	2,205,806	
General expenses		50,606,802	44,078,891	*	48,919,568	*
Finance costs		765,982	834,666		533,847	
Total expenses		168,669,014	162,443,916	*	149,122,703	*
Surplus / Deficit before tax		(49,453,388)	5,944,458	*	18,715,075	*
Surplus / Deficit for the period		(49,453,388)	5,944,458	*	18,715,075	*
Number of staff	Permanent	77	79		94	
	Contract	55	56		21	

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Notes to the Financial Statements for the year ended 30th June 2017

5. Fees From Students			
		2015/2016	2014/2015
Actual	2016/2017	*Restated	*Restated
	Kshs.	Kshs	Kshs
Fees From Local Students	47,522,904	46,114,630	43,968,996
Fees From Foreign Students	6,460,800	4,001,200	8,435,661
Application Fees	1,732,296	2,457,917	2,167,497
Examination Fees	1,114,500	264,000	2,001
Total	56,830,500	52,837,747	54,574,154
Grand Revenue Total	822,661,722	722,492,691	763,139,011
6. Employee costs			
		2015/2016	2014/2015
Employee related costs	2016/2017	*Restated	*Restated
	Kshs.	Kshs	Kshs
Salaries – Expatriate Staff	2,145,394	1,713,063	2,004,249
Salaries - Permanent Academic Staff	132,578,863	130,886,297	129,078,276
Salaries - Part-time Academic	48,490	1,227,982	*
Salaries - Administrative Staff	239,934,839	231,283,532	214,159,165
Total	374,707,586	365,110,874	*
Number of staff			
Permanent	291	306	328
Contract	128	123	75
7. Remuneration of council (BOG)			
		2015/2016	2014/2015
Sitting Allowance	2016/2017	*Restated	*Restated
	Kshs.	Kshs	Kshs
Sitting Allowance	8,177,632	1,880,000	-
Travelling And Subsistence	2,752,670	792,300	-
Honararia	960,000	-	-
Mileage Allowance	1,761,925	426,884	-
Other Allowance	1,046,214	428,400	-
Total	14,698,441	3,527,584	-
8. Depreciation and amortization expense			
		2015/2016	2014/2015
Property, plant and equipment	2016/2017	*Restated	*Restated
	Kshs.	Kshs	Kshs
Property, plant and equipment	166,056,436	158,445,098	150,357,257
Total	166,056,436	158,445,098	150,357,257

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9. Repairs and maintenance

	2016/2017	2015/2016	2014/2015
	Kshs.	*Restated Kshs	*Restated Kshs
Maintenance and Repair of Buildings	5,435,454	4,325,917 *	5,101,097
Maintenance and Repair of Equipment	2,933,317	10,494,310 *	10,950,991
Maintenance and Repair of Vehicles	4,443,192	6,852,310 *	5,442,099
Total	12,811,963	21,672,537 *	21,494,187

10. Contracted services

	2016/2017	2015/2016	2014/2015
	Kshs.	*Restated Kshs	*Restated Kshs
Contracted Services	20,361,850	18,863,100	14,444,118
	20,361,850	18,863,100	14,444,118

11. General expenses

The following are included in general expenses:

	2016/2017	2015/2016	2014/2015
	Kshs.	*Restated Kshs	*Restated Kshs
Medical Expenses	14,867,996	13,614,507 *	14,326,958 *
Staff Development	9,376,570	6,997,328	3,528,264
Staff and Students' Recreation Activities	3,006,782	3,187,895 *	4,675,044
Staff Welfare	4,087,314	3,272,388 *	3,089,941
Travelling and Subsistence Expenses	6,741,949	7,606,924	6,187,872
Industrial Training Expenses	6,464,782	7,774,940	6,845,826
Special Courses	4,813,376	11,631,753	11,099,326
Class Text Books, Library Books, & Periodicals	7,100,829	3,627,543	5,285,521 *
External Examination Expenses	1,240,875	1,309,890	511,586
Research Expenses	1,434,597	164,647 *	847,987
Bursaries Expenses	7,019,834	7,915,295	5,207,575

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Professional Clothes and Uniforms	5,277,654	2,274,123	3,025,978
Food and Beverage	63,838,918	59,675,640 *	68,437,067 *
Printing and Stationery	2,269,702	6,714,117 *	8,393,753
Cleaning Materials	2,486,731	2,664,943 *	4,231,258
Entertainment and Public Relations	5,125,148	8,238,518 *	1,293,789 *
Advertising and Promotion	4,147,325	821,298	2,992,871
Renewal and Replacement	6,496,559	10,104,510 *	6,529,124 *
Heat, Light and power	37,927,536	48,645,683	49,923,398
Water, Sewerage and Land Rates	20,760,734	11,247,611	11,944,901
Postage and Telephone	3,250,144	3,174,784	4,512,574
Licences and Professional Services	5,710,286	12,106,419	4,932,438
Quality Assurance	315,450	202,575	202,200
Alumni, Placement & Collaboration	2,214,709	3,555,624 *	2,572,134
Finance Costs	383,172,485	358,661,514	335,243,701
Increase in Provision for Bad and Doubtful Debts	1,643,752	358,450	340,649
Insurances	11,478,909	11,414,047	7,335,138
EUHOFA CONGRESS	21,689,972	45,720	-
Audit fee	464,000	464,000	464,000
Total	644,604,917	607,472,687 *	573,980,873 *

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Provision For Bad and Doubtful Debts for the year Ended 30th June 2017

	2016/2017 Kshs.	2015/2016 *Restated Kshs	2014/2015 *Restated Kshs
Increase/Decrease in Provision for bad and doubtful debts	1,643,752	358,450	340,649
Total	1,643,752	358,450	340,649

Finance costs for the year ended 30th June 2016

	2016/2017 Kshs.	2015/2016 *Restated Kshs	2014/2015 *Restated Kshs
Bank Charges	1,211,752	1,148,773	1,350,174
Loss/Gain on Foreign Exchange	128,069	149,800	157,166
Interest on Loan from G.O.K	381,832,664	357,362,941	333,736,361
Total	383,172,485	358,661,514	335,243,701

Grand Expenses Total 1,233,241,192 1,175,091,881 1,107,205,352

12. Cash and cash equivalents

	2016/2017 Kshs.	2015/2016 *Restated Kshs	2014/2015 *Restated Kshs
Cash in Hand –College	71,832	28,641	68,893
Cash in Hand –Hotel	447,374	336,762	136,411
Cash at Bank –College			
Co-Operative –Nairobi	26,737,842	14,772,425	10,480,270
Co-Operative –Mombasa	386,026	526,548	5,193,012
Co-Operative –Kisumu	1,819,690	363,130	2,654,995
Barclays Bank – Shillings	101,744,256	(398,511)	10,760,321
Barclays Bank – Foreign	-617,649	1,809,735	5,522,048
Cash at Bank –Hotel			
Co- Operative – Shillings	13,512,482	32,677,053	26,089,394
Co- Operative – Foreign	-	1,264,670	4,007,624
Floats –College	3,345,000	2,850,200	2,800,000
Floats –Hotel	1,036,511	1,988,611	1,813,193
	148,483,365	56,219,264	69,526,161

13. Receivables from exchange transactions/Trade and other receivables

	2016/2017	2015/2016 *Restated	2014/2015 *Restated
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Current receivables	Kshs.	Kshs	Kshs
College Accounts Receivable College	49,161,543	48,327,455	46,835,933
Hotel Accounts Receivable	137,234,113	118,353,231	116,417,470
KSMS Accounts Receivable	17,046,823	17,046,823	17,046,823
Students' Accounts Receivable	35,181,800	28,171,037	24,524,624
Hotel Staff Debtor	2,172,365	676,980	235,443
			2,055,274
Total current receivables	240,796,644	212,575,526	207,115,568
Non-current receivables	-	-	-
Total non-current receivables	-	-	-
Total receivables	240,796,644	212,575,526	207,115,568

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Notes to the Financial Statements for the year ended 30th June 2017

14. Receivables from non-exchange Contracts/Special accounts receivables

Current receivables	2016/2017	2015/2016	2014/2015
	Kshs.	*Restated Kshs	*Restated Kshs
Staff Advances Account College	2,337,545	1,213,314	1,006,571
Staff Advances Account Hotel	487,874	504,860	536,415
Imprests Account College	2,195,951	690,200	1,731,008
Imprests Account Hotel	-	224,100	25,833
Medical Advances Account College	250,274	291,310	305,555
Medical Advances Account Hotel	-	41,142	33,521
Curtain & Furniture Advances College	8,034,505	7,651,355	5,244,253
Curtain & Furniture Advances Hotel	3,165,468	3,404,386	2,415,108
Hospitalization Deposit	572,500	366,812	-
Income from GOK	-	32,205,280	50,000,000
AHTSA	440,435	816,896	285,862
Warwick International	3,116,184	3,116,184	3,116,184
Kenya Revenue Authority	101,051,444	101,051,444	105,611,681
Prepayments College and COD	3,134,073	684,957	121,704
Prepayments Hotel and COD	325,704	401,079	415,568
Deposits	5,149,069	5,149,069	5,104,069
	-	-	8,517,804
Total current receivables	130,261,026	157,812,388	184,471,136

15. Inventories

	2016/2017	2015/2016	2014/2015
	Kshs.	*Restated Kshs	*Restated Kshs
Food Stores -College	2,930,631	2,229,145	3,687,330
Food Stores -Hotel	1,926,094	1,587,672	2,719,330
Beverage Stores- College	1,317,712	871,033	677,057
Beverage Stores -Hotel	1,593,752	2,384,857	1,893,537
General and Maintenance -College	5,698,030	5,299,474	6,373,738
General and Maintenance -Hotel	1,985,333	1,566,668	1,952,185*
Containers Stores- College	322,000	242,169	312,855

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Containers Stores- Hotel	659,680	249,385	186,220
Tobacco	18,234	143,055	33,933
Zawadi Shop	96,082	92,270	104,404
Drugs Stores -College	983,956	1,015,893	1,053,661
Total inventories at the lower of cost and net realizable value	17,531,504	15,681,621	18,983,028

16. Refundable Deposits from Customers

	2016/2017	2015/2016	2014/2015
	Kshs.	*Restated	*Restated
	Kshs.	Kshs	Kshs
Hotel Deposits Account	859,092	1,121,192	319,400
Total	859,092	1,121,192	319,400

17. Trade and other payables from exchange transactions

	2016/2017	2015/2016	2014/2015
	Kshs.	*Restated	*Restated
	Kshs.	Kshs	Kshs
Accrued Expenses College	36,581,195	66,632,916	29,320,597
Accrued Expenses Hotel	4,666,566	6,538,165	18,665,422
Suppliers' Accounts College	102,119,805	87,770,709	96,908,830
Suppliers' Accounts Hotel	48,945,840	37,415,356	48,781,567
NHIF	704,650	724,350	611,670
P. A. Y. E	5,058,526	5,777,022	6,266,449
N.S.S.F	262,350	354,550	347,350
Staff Shortages	-	11,517	-
Kenyuco Sacco	683,309	835,822	-
Kenyuco Housing Sacco	508,613	435,162	-
Pension Deductions	6,750,835	6,305,698	3,605,564
Higher Education Loans Board	42,093	34,658	35,455
Education Levy	1,876,082	1,779,488	1,613,208
Amedo Centres (K) Ltd	-	-	7,101
Select Management Services Ltd	88,195	86,493	129,937

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Faulu Kenya Ltd	280,925	300,959	189,948
African Retail Traders	-	-	6,125
Other Staff Co-operative Societies	2,945,816	2,274,751	1,655,015
Co-operative Bank Staff Loans Deductions	15,595	-	-
Barclays Bank Staff Loans Deductions	563,883	503,788	591,753
KCB Staff Loan deductions	851,077	756,279	506,392
Standard Chartered Bank Loan Deduction	1,230,341	1,371,467	1,805,159
Staff Loans Scheme Deduction Account	1,644,052	5,081,811	5,891,127
Staff Service Charge Account Hotel	382,813	1,642,432	912,206
Staff Service Charge college	86,790	-	-
Salaries Control Account College	23,011	321,544	1,308,935
Payroll deduction Hotel	3,743,007	2,935,452	3,936,586
Utalii hotel	338,219	-	-
External exams (IATA) Contra	307,119	(1,722,518)	187,171
Insurance Claims and Others	771,476	(348,750)	8,690,979
Staff Welfare Fund Account	2,025,788	2,265,488	2,005,788
Pension Scheme Refunds Account	4,276,116	4,669,373	4,768,407
Deceased Special Fund Account	1,469,320	787,805	1,116,125
Unclaimed Student Allowances	-	-	156,030
Prepaid Fees Account	9,483,349	7,942,097	7,004,635
University of Surrey	351,931	351,931	351,931
V.A.T	36,596,687	26,883,494	4,707,884
Training Levy college	15,360	-	809,958
Catering Levy Hotel	904,181	1,098,282	-
Students' Caution Money	5,839,842	5,349,842	4,840,342
Students' Council Account KUCSA	205,317	124,900	19,069
Degree program identity card and Food Handlers	353,040	188,900	-
Students Control Account	-	-	94,019
Students class funds & clubs	115,119	117,019	-
Watalamu Renovation Hotel-hotel	6,325,382	-	-
Watalamu Renovation Hotel-college	(6,325,382)	3,458,751	-
Accrued Interest for GOK	2,914,782,436	2,532,949,772	2,175,586,831
Total trade and other payables	3,197,265,221	2,814,006,775	* 2,433,486,815

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18. Current provisions

Year 2015	Trade receivables Kshs.	Specific Accounts Kshs.	Total Kshs.	Total Kshs.
Balance at the beginning of the year	61,634,368	115,721,728	177,356,096	177,356,096
Additional provisions raised	1,162,454	(821,805)	340,649	340,649
Balance as at 30 June 2015	62,796,822	114,899,923	177,696,745	177,696,745

Year 2016	Trade receivables Kshs.	Specific Accounts Kshs.	Total Kshs.	Total Kshs.
Balance at the beginning of the year	62,796,822	114,899,923	177,696,745	177,696,745
Additional provisions raised	375,761	(17,311)	358,450	358,450
Balance as at 30 June 2016	63,172,583	114,882,612	178,055,195	178,055,195

Year 2017	Trade receivables Kshs.	Specific Accounts Kshs.	Total Kshs.	Total Kshs.
Balance at the beginning of the year	63,172,583	114,882,612	178,055,195	178,055,195
Additional provisions raised	1,411,056	232,696	1,643,752	1,643,752
Balance as at 30 June 2016	64,583,639	115,115,308	179,698,947	179,698,947

19. Borrowings

	2016/2017 Kshs.	2015/2016 *Restated Kshs	2014/2015 *Restated Kshs
Loan from G.O.K	127,125,028	133,125,028	133,125,028
Total non-current borrowings	127,125,028	133,125,028	133,125,028

/B Change of figure is as a result of reconciliation between Kenya Utalii College and Treasury

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20. Cash generated from operations

	2016/2017	2015/2016	2014/2015
	Kshs.	*Restated Kshs	*Restated Kshs
Deficit for the year before tax	(410,579,471)	(452,599,191) *	(344,066,339)
Adjusted for:			
Depreciation	166,056,436	158,445,098	150,357,257
Revenue reserve Hotel	-		-
Amortized Reserves	(5,079,262)	(5,079,262)	(5,079,262)
Prior Year Adjustment	-	(27,675,806)	(156,642,198)
Contribution to provisions	1,643,752	358,450	340,649
Working capital adjustments:			
Increase/Decrease in inventory	(1,849,883)	3,312,629	(1,334,286)
Increase/Decrease in receivables	(1,343,026)	20,854,802	(70,209,445)
Increase/Decrease in payables	383,669,613	392,399,970	449,095,867
Net cash flows from operating activities	132,518,159	90,016,691 *	22,462,243

**Kenya Utalii College,
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21. Staff Loan Scheme Fund

		2015/2016	2014/2015
2016/2017		*Restated	*Restated
	Kshs	Kshs	Kshs
<u>INCOME</u>			
Interest earned from staff loans	692,028	331,638	527,121
Bank interest earned	34,460	18,211	5,552
	726,488	349,849	532,674
<u>LESS: EXPENDITURE</u>			
Bank charges	53,218	5,862	2,295
Surplus	673,269	343,987	530,379

	2016/2017	2015/2016	2014/2015
	Kshs.	*Restated	*Restated
	Kshs.	Kshs	Kshs
Staff Loans Scheme Fund	19,357,937	19,013,949	18,483,570
Surplus	673,269	343,987	530,379
Amount received from Kenya Utalii College			
	20,031,206	19,357,936	19,013,949

REPRESENTED BY:

Loan Scheme Principal Advances	17,657,129	10,732,232	9,599,640
Bank Account balance	730,025	3,543,894	3,523,182
Amount Receivable from Kenya Utalii College	1,644,052	5,081,811	5,891,128
	20,031,206	19,357,937	19,013,949

NOTE: The staff loans is in relations to Car, Housing and Car Insurance Loan to Members of staff

Kenya Utalii College,
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22. Capital Reserve – Refurbishment of Utalii Hotel and Individual Kitchen

During the 2003/2004, 2005/2006 and 2007/2008 financial years, the College received capital grants from the Government of Kenya and Special Capital Grant from Catering and Tourism Development Levy Trustees to refurbish Utalii Hotel and Individual Training Kitchen amounting to Kshs.113,170,486, 15,000,000 and 30,000,000 respectively. These grants are amortized over the expected useful life of the building and useful life of the Equipment on a straight line basis.

The balance has been arrived at as follows:

	2016/2017	2015/2016	2014/2015
	Kshs.	*Restated Kshs	*Restated Kshs
Balance at beginning of year	183,219,342	188,298,604	193,377,866
Add: Development Grants			
Less: Amortization	5,079,262	5,079,262	5,079,262
Balance at end of year	178,140,080	183,219,342	188,298,604

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Notes to the Financial Statements for the year ended 30th June 2017

23. Revaluation Reserve

The College's Assets were revalued in October 2014 by an independent Valuer, Nile Real Appraisers (BA) Ltd. The Revaluation exercise was carried out in order to establish the fair value of the assets. This resulted in a revaluation surplus of Kshs.4,320,753,492. Depreciation on the revaluation surplus is charged to the revaluation Reserve Account

ITEM	REVALUATION AS AT 30TH JUNE 2017						
	LAND	BUILDINGS	PLANT AND MACHINERY	FURNITURE TECHNICAL AND EQUIPMENT	MOTOR VEHICLES	COMPUTERS HARDWARE	TOTAL
	KSHS	KSHS	Kshs	KSHS	KSHS	KSHS	KSHS
COST / VALUATION							
Revaluation Account College as at 1st July 2015	4,216,634,500	184,271,396	(37,862,769)	(18,133,580)	(11,748,001)	(33,548,722)	4,299,612,824
Revaluation Account Hotel as at 1st July 2015			(1,968,352)	23,394,320	(285,300)	-	21,140,668
At 30th June 2016	4,216,634,500	184,271,396	(39,831,121)	5,260,740	(12,033,301)	(33,548,722)	4,320,753,492
DEPRECIATION/ARMOTTIZATION							
Balance as at 1st July 2015	42,592,268	4,606,785	-	-	-	-	47,199,053
Charge for the Year to Revaluation Reserve Account	66,638,275	4,606,785	-	4,678,864	-	-	75,923,924
Prior Year Adjustment	22,996,942			4,678,864			27,675,806
Accumulated Depreciation as at 30th June 2016	132,227,485	9,213,570	-	9,357,728	-	-	150,798,783
Net Book Value as at 30.6.2016 (Revalued figure)	4,084,407,015	175,057,826	(39,831,121)	(4,096,988)	(12,033,301)	(33,548,722)	4,169,954,709
COST / VALUATION							
Revaluation Account College as at 1st July 2016	4,216,634,500	184,271,396	- 37,862,769	- 18,133,580	- 11,748,001	- 33,548,722	4,299,612,824
Revaluation Account Hotel as at 1st July 2016		- 1,968,352	23,394,320	- 285,300	-	-	21,140,668
At 30th June 2017	4,216,634,500	184,271,396	- 39,831,121	5,260,740	- 12,033,301	- 33,548,722	4,320,753,492
DEPRECIATION/ARMOTTIZATION							
Balance as at 1st July 2016	132,227,485	9,213,570	-	9,357,728	-	-	150,798,783
Charge for the Year to Revaluation Reserve Account	67,721,828	4,606,785	-	4,678,864	-	-	77,007,477
Accumulated Depreciation as at 30th June 2016	199,949,313	13,820,355	-	14,036,592	-	-	227,806,260
Net Book Value as at 30.6.2017 (Revalued figure)	4,016,685,187	170,451,041	- 39,831,121	- 8,775,852	- 12,033,301	- 33,548,722	4,092,947,232
Net Book Value as at 30.6.2016 (Revalued figure)	4,084,407,015	175,057,826	(39,831,121)	(4,096,988)	(12,033,301)	(33,548,722)	4,169,954,709

**Kenya Utalii College,
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24. Accumulated Fund as at 30th June 2017

ACCUMULATED FUND AS AT 30TH JUNE 2017			
	2016/2017	2015/2016	2014/2015
		*Restated	*Restated
	Kshs.	Kshs	Kshs
Balance Brought Forward	(644,960,843)	(228,925,585) *	(838,339,037)
Amortization of Revaluation Reserve	77,007,477	75,923,924	47,199,053
Total	(567,953,336)	(153,001,661)	(791,139,984)
Transfers and adjustments (Revaluation Reserve Prior Year Adjustment)	-	27,675,806	968,877,377
KUC Investment Account	-	(67,035,797)	-
Deficit for the Year	(410,579,471)	(452,599,190)	(344,066,339)
Revenue Reserves- Hotel	-	-	(62,596,640)
Balance carried Forward	(978,532,837)	(644,960,843) *	(228,925,585) *

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Notes to the Financial Statements for the year ended 30th June 2017

25. Property, plant and equipment

	LAND	BUILDINGS	W.I.P WORK IN PROGRESS	PLANT AND MACHINERY	FURNITURE TECHNICAL AND EQUIPMENT	MOTOR VEHICLES	COMPUTERS HARDWARE	TOTAL
	KSHS	KSHS	KSHS	KSHS	KSHS	KSHS	KSHS	KSHS
COST / VALUATION								
Balance as at 1st July 2015 - College	4,900,000,000	1,540,000,000	29,574,466	14,100,000	49,510,635	43,390,000	17,036,624	6,593,608,725
Balance as at 1st July 2015-Hotel	-	-	15,777,703	-	29,563,439	4,100,000	4,766,942	54,208,084
Revaluation College	-	-	-	-	-	-	-	-
Revaluation Hotel	-	-	-	-	-	-	-	-
Additions College	-	2,221,918	31,567,631	2,857,600	10,042,179	11,500,000	1,001,000	59,190,327
Additions Hotel	-	23,458,751	16,191,738	1,867,072	2,141,700	-	474,000	44,133,261
Transfers/adjustments- COLLEGE	-	-	(23,961,000)	-	-	-	-	(23,961,000)
Transfers/adjustments- HOTEL	-	-	(26,144,441)	-	-	-	-	(26,144,441)
Less Disposal	-	-	-	-	-	-	-	-
At 30 June 2016	4,900,000,000	1,565,680,669	43,003,096	18,824,672	91,257,953	58,990,000	23,278,566	6,701,034,956
DEPRECIATION / ARMOTIZATION								
Balance as at 1st July 2015	76,218,873	38,500,000	-	1,410,000	15,814,815	11,872,500	6,541,070	150,357,258
Charge for the Year	77,437,954	39,142,017	-	1,882,467	18,251,591	14,747,500	6,983,570	158,445,098
Disposal	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
Accumulated Depreciation At 30 June 2016	153,656,827	77,642,017	-	3,292,467	34,066,406	26,620,000	13,524,640	308,802,356
Net book values as at 30.6.2016	4,746,343,173	1,488,038,652	42,941,257	15,532,205	57,191,547	32,370,000	9,753,926	6,392,170,760
Net book values as at 30.6.2015	4,823,781,127	1,501,500,000	83,892,153	12,690,000	63,259,259	35,617,500	15,262,496	6,536,002,535
COST / VALUATION								
Balance as at 1st July 2016 -College	4,900,000,000	1,542,221,918	37,178,097	16,957,600	59,552,814	54,890,000	18,037,624	6,628,838,052
Balance as at 1st July 2016-Hotel	-	23,458,751	5,825,000	1,867,072	31,705,139	4,100,000	5,240,942	72,196,904
Revaluation College	-	-	-	-	-	-	-	-
Revaluation Hotel	-	-	-	-	-	-	-	-
Additions College	-	2,347,734	3,599,022	3,500,000	6,658,802	3,866,000	3,816,894	23,788,451
Additions Hotel	-	2,866,630	3,884,920	-	1,419,746	5,825,000	2,294,310	16,290,606
Transfers/adjustments	-	-	(5,825,000)	-	-	-	-	(5,825,000)
Leas: Disposal	-	-	-	-	-	-	-	-
At 30 June 2017	4,900,000,000	1,570,895,033	44,662,038	22,324,672	99,336,501	68,681,000	29,389,770	6,735,289,013
DEPRECIATION / ARMOTIZATION								
Balance as at 1st July 2016	153,656,827	77,642,017	-	3,292,467	34,066,406	26,620,000	13,524,640	308,802,356
Charge for the Year	78,697,112	39,272,376	-	2,232,467	19,867,300	17,170,250	8,816,931	166,056,436
Accumulated Depreciation At 30 June 2017	232,353,939	116,914,393	-	5,524,934	53,933,706	43,790,250	22,341,571	474,858,792
Net book values as at 30.6.2017	4,667,646,061	1,453,980,640	44,662,038	16,799,738	45,402,795	24,890,750	7,048,199	6,260,430,224
Net book values as at 30.6.2016	4,746,343,173	1,488,038,652	43,003,096	15,532,205	57,191,547	32,370,000	9,753,926	6,392,232,599

The college's assets were revalued in October 2014 by an independent Valuer, Nilie Real Appraisers (EA) Ltd. The revaluation exercise was carried out in order to establish the fair value of the assets. This resulted in a revaluation surplus of Kshs.4,320,753,492

NOTE : W.I.P (Work In Progress) this is in relations to equipments and other items that will be delivered in the financial year 2017/2018

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26. Restatement

The restatements relates to capital items that had been accrued for the financial year 2014/2015 and 2015/2016. The items had not been delivered by the end of the financial year 2016/2017 hence reversal of the amounts in the respective years.

27. Financial Risk Management

The board maintains investment guidelines it uses to ensure that risks related to investment is well managed. The Board also have risk

Safeguards to assist in mitigating the business and market environment risks. The risk safeguards cover all areas of instruments such as Payables, Receivables, Cash and Cash Equivalents.

The current risks that the Board is exposed to are liquidity risk, forex risk and market risk.

28. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue/ Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved /Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.	Going Concern	It's dependent on loan	Treasury	In progress	
2.	Loan from the Government of Kenya	Request sent to Treasury for writing /off	Treasury	In progress	
3.	Gymnasium Defects	The snag list – all completed	General Manager	Complete	
4.	Emphasis of Matter – Staff on Acting Capacity	Finalised on staff Establishment	Human Resource Manager	In progress	

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