

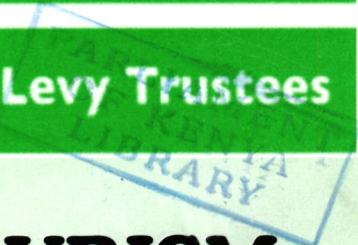
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CTDLT

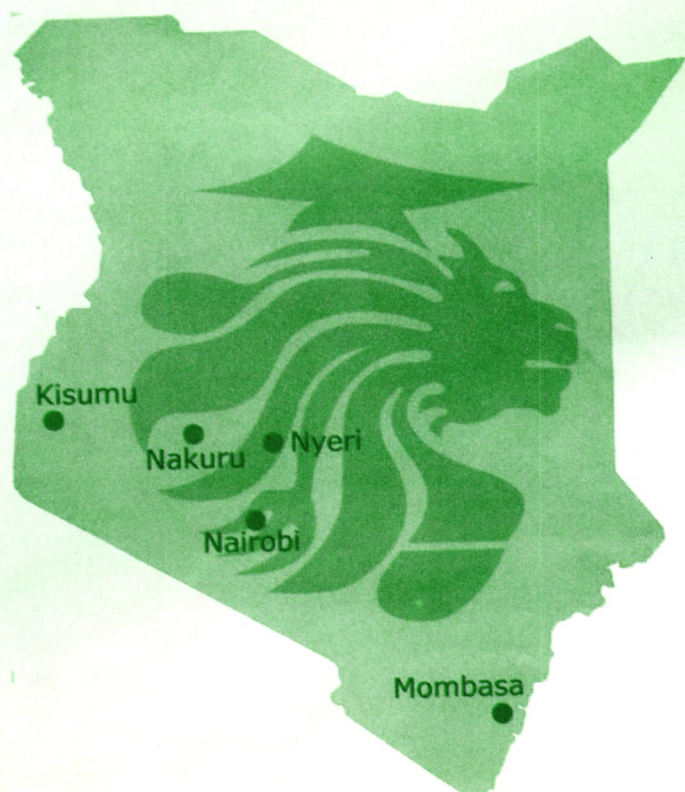
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Catering and Tourism Development Levy Trustees



CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2008



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

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 30th June, 2008

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CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES

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 of the Laws of Kenya.

REGISTERED OFFICE

Head Office - Nairobi

Shell/BP House

4th Floor

Harambee Avenue

P.O. Box 46987-00100, Tel: 020-227719

NAIROBI

Website: ctdl.t.co.ke, E-mail: info@ctdl.t.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



CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES

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



CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES

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 Kipsanal-Chairman



**M/s. Rebecca Nabutola
PS Tourism**



**Mr. Joseph Kinyua
PS Treasury**



**Mrs. Margaret W. Onyimbo
Alternate. to PS-Treasury**



**Ms. Eunice Milima
Alt. to PS-Tourism**



Mr. Abdi M. Hassan



Mr. Ernest K. Kimani



Ms. Joan Karema



Ms. Margaret Nteere



Ms. Sarah Nyamvula



**Mr. Thomas Dudah
Principal - KUC**



**Mr. Allan W. Chenane,
Secretary/Chief Executive**

MANAGEMENT STAFF



**Mr. Allan W. Chenane,
Chief Executive**



**M/s. Margaret Obath,
Human Resource Manager**



**Mr. Eden R. Odhiambo
Levy manager**



**Mr. Julius S.K. Masivo
Finance Manager**



**Mr. Fredrick Orego
Chief Legal Officer**



**Mrs. Ruth W. Sande ,
Standards Dvp Manager**



**M/s. Jane K. Aganyoh,
Head of Internal Audit**



**Mr. Willis Ondiek
Deputy Standards Dvp
Manager**



CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES

CHAIRMAN'S STATEMENT

THE ECONOMIC REVIEW

According to the Economic Survey report 2007/2008 the Tourism sector performed impressively well in 2006/2007 due to improved marketing strategy funded by Catering and Tourism Development Levy Trustees.

CTDLT AND TOURISM SECTOR

The tourism industry has recorded a drop during the second half of the Financial Year 2007/2008 compared to previous half 2006/2007. This is due to the post election violence effect which resulted in high cancellation of tourists visits to Kenya, hence a decrease in levy returns.

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. This for a further set conducive environment to exchange views that normalized the performance.

During the Financial Year 2007/2008 CTDLT did not achieve its target due to the disturbance as a result of post election violence. In this Financial Year 2007/2008 actual levy realized was Kshs. 824,085,212 compared to Kshs. 851,918,905 collected in the Financial Year 2006/2007. CTDLT also received Kshs. 12,113,228 from investments and other income compared to Kshs. 12,368,846 received in the previous year. The non-current assets value increased by a small margin to Kshs. 120,811,006, however net assets reduced by Kshs. 18,688,756 to Kshs.340,368,919.

In the Financial Year 2007/2008, CTDLT funded KTB in the sum of Kshs. 182,035,715 compared to Kshs.120,000,000 in the Financial Year 2006/2007 to market Kenya as a preferred tourism destination. CTDLT also funded KUC for tourism training to the sum of Kshs. 358,343,108 compared to Kshs. 330,750,000 disbursed in the financial year 2006/2007. CTDLT also released Kshs. 23,644,567 compared to Kshs. 35,739,622 in the financial year 2006/2007 for the development of the curriculum required in the tourism and hospitality industry.



CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES

CHAIRMAN'S STATEMENT (Continued)

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.

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 Kipsanai Joseph Kipsanai
Chairman, Catering & Tourism Development

DATE: 05/02/09 Levy Trustees



CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES

CHIEF EXECUTIVE OFFICER'S STATEMENT

Catering and Tourism Development Levy Trustees achieved improved performance in the concluded financial year 2007/2008. However a maximum achievement could not be realized due to post election skirmishes in 2007. As a result, the Performance of the 2nd half declined by 40% compared to the same period the previous 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 2008, 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. CTDLT has also released extra funding to Kenya Utalii College intended for rehabilitation of the hotel and to Kenya Tourism Board for recovery programme and CTDLT Standards Department for setting standards in training institutions to improve the tourism industry. CTDLT has embarked on investigations on the inclusive payments at source.

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.



CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES

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, Catering & Tourism Development

DATE: 05/02/09 Levy Trustees



CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES

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, Mr. Abdi M. Hassan 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.



CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES

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.



CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES

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.

CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES

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

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 |
| Mrs. Sarah Nyamvula | - | Member |
| Mrs. Eunice Miima | - | Ministry of Tourism |
| Mrs. Margaret W. Onyimbo | - | Ministry of Finance |

➤ **Staff and Technical Committee**

| | | |
|--------------------------|---|----------------------|
| M/s. Margaret Nteere | - | Chairperson |
| M/s. Joan Karema | - | Member |
| Mrs. Eunice Miima | - | Ministry of Tourism |
| Mrs. Margaret W. Onyimbo | - | Ministry of Finance |
| Mr. Thomas Duda | - | Kenya Utalii College |

➤ **Tender Committee**

| | | |
|----------------------|---|-------------------------------|
| Mr. Eden R. Odhiambo | - | Levy Manager - Chairman |
| Mr. Julius Masivo | - | Finance Manager – V/chairman |
| Mrs. Ruth W.O. Sande | - | Standards Development Manager |
| M/s. Margaret Obath | - | Human Resources Manager |
| Mr. Fred Orego | - | Chief Legal Officer |
| Mr. George Machooka | - | Secretary |

➤ **Audit Committee**

| | | |
|----------------------|---|-------------------------------|
| Mr. Abdi M. Hassan | - | Chairman |
| M/s. Joan Karema | - | Member |
| Mrs. Eunice Miima | - | Ministry of Tourism |
| Mrs. Ruth W. Sande | - | Standards Development Manager |
| Mr. Fredrick Orego | - | Chief Legal Officer |
| M/s. Jane K. Aganyoh | - | Secretary |

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



CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES

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: Joseph Kipsanai Joseph Kipsanai
Chairman, Catering & Tourism Development

DATE: 05/02/09 Levy Trustees

SIGNED: Allan W, Chenane Allan W, Chenane
Chief Executive, Catering & Tourism Development

DATE: 05/02/09 Levy Trustees



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 2008

I have audited the financial statements of Catering and Tourism Development Levy Trustees set out on pages 20 to 37 which comprise the balance sheet as at 30 June 2008 and the income statement, statement of changes in equity, and cash flow statement for the year then ended together with a summary of significant accounting policies and other explanatory notes in accordance with the provisions of section 14 of the Public Audit Act, 2003. I have obtained all the information and explanation which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

Trustees' Responsibility for the Financial Statements

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

Responsibility of the Controller and Auditor General

My responsibility is to express an independent opinion on the financial statements based on the audit. The audit was conducted in accordance with the International Standards on Auditing. Those standards require compliance with ethical requirements and that the audit be planned and performed with a view to obtaining reasonable assurance that the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trustees internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Trustees, as well as evaluating the overall presentation of the financial statements. I believe the audit provides a reasonable basis for my opinion.

1. Unsupported Payments to third parties

Included in the expenditure for the year ended 30 June 2008 are grants totalling Kshs.182,035,715 made to the Kenya Tourist Board which differ by an amount of Kshs.38,007,173 from the figure of Kshs.144,028,542 reflected in the books of the Board as at the same date. The Trustees attribute the difference to direct payments made to third parties at the request of the Board. Additional information however show that direct payments amounted to Kshs.43,925,444, resulting in a further unexplained variance of Kshs.5,918,271. No reconciliation has been provided for the difference between the records of the Trustees and those of the Board. Consequently it has not been possible to confirm the propriety of the direct payments amounting to Kshs.43,925,444 made to third parties on behalf of the Board by the Trustees.

2. Receivables

The current assets balance of Kshs.230,257,610 as at 30 June 2008 includes a receivables figure of Kshs.4,496,396 which has been arrived at after provision for bad and doubtful debts of Kshs.7,753,355. Further, the receivables figure of Kshs.4,496,396 includes an amount of Kshs.3,303,070 in respect of dishonoured cheques which have been outstanding since 2004/2005. No evidence has however been seen of the efforts being made to have the cheques replaced. Neither were details of the dishonoured cheques produced for audit verification. In the circumstances it was not possible to ascertain the recoverability and accuracy of the receivables figure of Kshs.4,496,396 as at the balance sheet date.

Opinion

Except for the reservations set out in the preceding paragraphs, in my opinion proper books of account have been kept and the accompanying financial statements give a true and fair view of the financial position of the Catering and Tourism Development Levy Trustees as at 30 June 2008 and of its surplus and cash flows for the year then ended in accordance with the International Financial Reporting Standards and comply with the Hotels and Restaurants Act, Cap 494 of the Laws of Kenya.



A.S. W. Gatumbu

CONTROLLER AND AUDITOR GENERAL

Nairobi

10 February 2009



CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 30th June, 2008

INCOME AND EXPENDITURE ACCOUNT

| ITEMS | Notes | 2007/2008 KSH | 2006/2007 KSH |
|---|-------|---------------------------|---------------------------|
| A: INCOME | | | |
| Catering Training Levy & Penalty | 2 | 824,085,212 | 851,918,905 |
| Interest on Investments/Loan | 3 | 10,873,000 | 8,484,303 |
| Interest on Staff Loans | 4 | 159,018 | 53,894 |
| Disposal of Assets | 5 | 116,510 | 1,189,149 |
| Standards Development Levy | | 11,700 | 16,500 |
| Grants from TTF | | 0 | 2,200,000 |
| Rental Income | | 700,000 | 0 |
| Miscellaneous Revenue | | <u>253,000</u> | <u>425,000</u> |
| TOTAL INCOME | | <u>836,198,440</u> | <u>864,287,751</u> |
| B: EXPENDITURE | | | |
| ADMINISTRATIVE EXPENSES | | | |
| | 7 | | |
| Chairman's Hon. & Trustees sitting Allowance | | 4,854,506 | 3,392,000 |
| Trustees Travelling Allowance | | 7,000,245 | 2,609,080 |
| Subsistence & Travelling Allowance | | 13,883,581 | 8,300,223 |
| Transport Operating & Maintenance | | 6,964,739 | 5,590,486 |
| Insurances | | 4,578,843 | 3,792,192 |
| Electricity, Water & Conservancy | | 222,389 | 214,497 |
| Postage & Telephone Expenses | | 4,640,428 | 4,562,063 |
| Internet Expenses | | 7,689,649 | 3,164,303 |
| Printing & Stationery | | 3,447,001 | 8,294,206 |
| Newspaper & Periodicals | | 627,691 | 535,376 |
| Audit Fees | | 325,000 | 250,000 |
| Office Equipment – Maintenance and Service Contract | | 7,506,986 | 3,582,628 |
| Contingencies | | 1,506,232 | 860,654 |
| Bank Charges | | 2,031,277 | 855,676 |
| TOTAL ADMINISTRATIVE EXPENSES | | <u>65,278,567</u> | <u>46,003,384</u> |



CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 30th June, 2008

INCOME AND EXPENDITURE ACCOUNT (Continued)

| | Notes | 2007/2008 | 2006/2007 |
|--|----------|--------------------|--------------------|
| STAFF EXPENSES | 7 | | |
| Salaries & House Allowance | | 98,888,269 | 94,991,297 |
| Special Duty Allowance | | 351,333 | 609,491 |
| Leave Traveling Allowance | | 1,837,949 | 2,232,001 |
| Transfer Allowance | | 434,600 | 2,085,750 |
| Medical Allowance-staff | | 10,981,037 | 8,729,402 |
| Medical Allowance-Trustees | | 2,700 | 110,349 |
| Staff Welfare Expenses | | 1,891,835 | 1,488,510 |
| Staff use of Private Vehicles (KM Allowance) | | 50,684 | 339,095 |
| Staff Uniforms | | 466,531 | 253,482 |
| Staff Development (Training) | | 6,230,345 | 8,188,765 |
| TOTAL STAFF EXPENSES | | 121,135,283 | 119,028,142 |
| ESTABLISHMENT EXPENSES | 7 | | |
| Office Rent | | 7,467,529 | 7,464,770 |
| Land Rent & Rates | | 291,219 | 405,841 |
| Licences & Legal Fees | | 4,361,669 | 2,271,047 |
| Repair & Maintenance of Buildings | | 71,378 | 410,108 |
| TOTAL ESTABLISHMENT EXPENSES | | 12,211,795 | 10,551,766 |
| PROMOTION EXPENSES | 7 | | |
| Entertainment & Public Relations | | 4,262,324 | 3,260,567 |
| Subscription | | 50,000 | 50,000 |
| Shows & Exhibitions | | 30,920 | 402,224 |
| Advertising & Publicity | | 2,533,792 | 2,389,518 |
| Re-branding | | 8,153,545 | 1,932,106 |
| Tourism Promotion | | 15,668,282 | 5,784,457 |
| TOTAL PROMOTION EXPENSES | | 30,698,863 | 13,818,872 |
| TOTAL CTDLT EXPENSES | | 229,324,508 | 189,402,164 |



CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 30th June, 2008

INCOME AND EXPENDITURE ACCOUNT (Continued)

| ITEMS | Notes | 2007/2008 KSH | 2006/2007 KSH |
|-------------------------------------|-------|---------------------------|---------------------------|
| GRANTS: | 7 | | |
| Utalii College | | 358,343,108 | 330,750,000 |
| Kenya Tourist Board | | 182,035,715 | 120,000,000 |
| SUB TOTAL | | <u>540,378,823</u> | <u>450,750,000</u> |
| CTDLT – Curriculum Development | | 23,644,567 | 35,739,622 |
| TOTAL EXPENDITURE AND GRANTS | | 793,347,898 | 675,891,786 |
| Surplus before Depreciation | | 42,850,542 | 188,395,965 |
| Provision for Bad Debts | 18 | 728,772 | 0 |
| | | 42,121,770 | 188,395,965 |
| Provision for depreciation | | | |
| - Motor Vehicle | | 7,924,495 | 7,924,495 |
| - Computers | | 14,539,732 | 0 |
| - Furniture and Equipment | | 3,274,892 | 14,207,249 |
| - Building | | 200,000 | 0 |
| - Land | | <u>800,000</u> | <u>0</u> |
| TOTAL DEPRECIATION | | 26,739,119 | 21,732,058 |
| Net Surplus(Deficit) | | <u>15,382,651</u> | <u>166,663,907</u> |

CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 30th June, 2008

BALANCE SHEET

| | Notes | 2007/2008 | | 2006/2007 |
|--------------------------------------|---------|-----------|--------------------------------------|--------------------|
| | | KSH | KSH | KSH |
| (A) NON CURRENT ASSETS | | | | |
| Plant, Properties and Equipment | 13 | | 129,623,779 | 109,275,212 |
| Long term Investments | 22 | | 3,100,000 | 3,100,000 |
| SUB TOTAL | | | 132,723,779 | 112,375,212 |
| (B) CURRENT ASSETS | | | | |
| CLT Loan Scheme | 15 | | 1,340,524 | 2,634,956 |
| Deposits & Prepayments | 16 | | 1,862,599 | 833,249 |
| Closing Inventory Stocks | 17 | | 2,718,452 | 478,593 |
| Advances | 18 | | 9,548,844 | 10,438,378 |
| Receivables | 19 & 20 | | 4,496,396 | 4,176,913 |
| Building WIP | 21 | | 26,100,00 | 0 |
| Investments | 22 | | 150,000,000 | 230,000,000 |
| Cash & Cash Equivalent | 23 | | <u>34,190,795</u> | <u>13,815,733</u> |
| SUB TOTAL | | | 230,257,610 | 262,377,822 |
| (C) Less: CURRENT LIABILITIES | | | | |
| Payables | 24 | | <u>10,699,697</u> <u>219,557,913</u> | <u>26,250,102</u> |
| | | | 352,281,692 | 348,502,932 |
| (D) FINANCED BY: | | | | |
| Accumulated Funds | 14 | | 352,281,692 | <u>348,502,932</u> |
| | | | 352,281,692 | 348,502,932 |

SIGNED:  Joseph Kipsanai
 Chairman, Catering & Tourism Development

DATE: 05/02/09 Levy Trustees

SIGNED:  Allan W. Chenane
 Chief Executive, Catering & Tourism Development

DATE: 05/02/09 Levy Trustees

CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 30th June, 2008

STATEMENT OF CHANGES IN RESERVES

| NOTE | DESCRIPTION | Notes | 2006/2007 KSH | 2005/2006 |
|-------------|--|--------------|--------------------------------|--------------------------------|
| | KSH | | | |
| | 1 st July 2006 | | 339,150,131 | 182,378,488 |
| | Prior Year Adjustment | 14 | (157,311,000) | 0 |
| | Net Changes | | 166,663,907 | 156,771,543 |
| | Total as at 30 th June 2007 | | <u>348,502,938</u> | <u>339,150,031</u> |
| | | | 2007/2008 KSH | 2006/2007 KSH |
| | 1 st July 2007 | | 348,502,938 | 339,150,031 |
| | Prior Year Adjustment | 14 | (11,603,897) | (157,311,000) |
| | 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> |

CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 30th June, 2008

CASH FLOW STATEMENT

| DESCRIPTION | Notes | 2007/2008 KSH | 2006/2007 KSH |
|--|-------|---------------------|---------------------|
| Adjustment: | | | |
| Surplus/Deficit Income Statement | | 15,382,651 | 166,663,907 |
| Less: Indirect Income | | (116,510) | (11,179,697) |
| Prior year Adjustments | | (11,603,897) | (157,311,006) |
| Depreciation | 19 | <u>26,739,119</u> | <u>21,732,058</u> |
| Total before Working Capital Change | | 30,401,363 | 19,905,262 |
| Working capital changes: | | | |
| Receivable | 20 | (7,543,452) | (96,597,922) |
| Inventory | | (2,208,699) | (653,644) |
| Payable | 20 | 21,847,370 | 29,616,024 |
| Finance: Interest on Investments/Loans | | <u>14,861,503</u> | <u>8,484,303</u> |
| Total generated from operations | | 57,358,085 | (39,245,977) |
| Investing Activities:- | | | |
| Petty Cash Float | | — | — |
| Purchase of Assets | 12 | (36,983,023) | (38,935,514) |
| Proceeds from sale of Assets | 17 | 116,510 | 1,189,149 |
| Net cash Generated after financing | | <u>20,375,062</u> | <u>(78,181,491)</u> |
| Changes in cash and cash equivalent | | 20,375,062 | (78,181,491) |
| Opening Cash Balance | | 13,815,733 | 91,997,224 |
| | | 34,190,795 | 13,815,733 |



CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 30th June, 2008

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 | 30.0% |
| 2. Fixtures, Fittings, Furniture & Equipment | 12.5% |
| 3. Motor Vehicles | 25.0% |
| 4. Land and Building | 2.0% |

(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

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 30th June, 2008

NOTES TO THE ACCOUNTS (Continued)

2. INCOME

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. 494-1971 of Laws of Kenya.

3. 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.

4. INTEREST ON STAFF LOAN

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

5. 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.



CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 30th June, 2008

NOTES TO THE ACCOUNTS (Continued)

6. MISCELLANEOUS INCOME

The amount was realised from the sale of Tender documents.

7. EXPENDITURE

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

- **Administrative expenses**
The cost in this expenditure increased due to guidance and counseling of staff further to the post election violence, relocation of staff during this period, escalation of maintenance costs and service contract due to acquisition of additional office equipment and ICT development.
- **Staff costs**
The costs increased due to annual salary increment, guidance and counseling services offered to members of staff after post election violence and sensitization programmes pursuant to employee satisfaction survey.
- **Establishment costs**
The increase in cost catered for revision in lease agreement.
- **Promotion expenses**
The increase in cost was due to public service week, rebranding costs and tourism promotion.
- **Grants to KUC and KTB**
The increase in grants is due to additional demand for marketing and promotion of tourism and hospitality industry.

CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 30th June, 2008

NOTES TO THE ACCOUNTS (Continued)

8. 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 | 300,000 |
| - Nairobi Branch | 80,000 |
| - Mombasa | 80,000 |
| - Kisumu | 50,000 |
| - Nakuru | 40,000 |
| - Nyeri | 40,000 |
| | <u>590,000</u> |

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

9. STAFF BENEFITS COSTS

The organization has a workforce of 136 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.



CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 30th June, 2008

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.

10. STAFF ENTITLEMENTS

Members of staff are entitled to: -

- Leave allowance - once in a calendar year
- Transfer allowance (special accommodation)
- Medical allowance

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.

11. SURPLUS / (DEFICIT) ACCOUNT

The organization realized a surplus of Kshs. 15,382,651, a decrease of Kshs. 151,281,256 or 90.77% below the previous financial years figure.

12. 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.

13. SCHEDULE OF PROPERTY, PLANTS AND EQUIPMENT – 2007/2008

| COST /VALUATION | Office Furniture And Equipment | Computers and Switchboard | Motor Vehicles | Building | Land | TOTAL |
|----------------------------------|-----------------------------------|------------------------------|-------------------|-------------------|-------------------|--------------------|
| 1st July, 2007 | 33,349,971 | 72,693,795 | 46,154,373 | 6,956,788 | 27,827,151 | 186,982,078 |
| Additions | 15,044,173 | 12,815,297 | 9,123,553 | 0 | 0 | 36,983,023 |
| Disposal | (17,548,941) | 0 | 0 | 0 | 0 | (17,548,941) |
| Revaluation | 0 | 0 | 0 | 3,043,212 | 12,172,849 | 15,216,061 |
| | 30,845,203 | 85,509,092 | 55,277,926 | 10,000,000 | 40,000,000 | 221,632,221 |
| DEPRECIATION: | | | | | | |
| 1st July, 2007 | 17,353,606 | 37,043,317 | 23,579,943 | 0 | 0 | 77,976,866 |
| Disposal/Debtors | (12,707,543) | 0 | 0 | 0 | 0 | (12,707,543) |
| Charge for year | 3,274,892 | 14,539,732 | 7,924,495 | 200,000 | 800,000 | 26,739,119 |
| | 7,906,955 | 51,583,049 | 31,504,438 | 200,000 | 800,000 | 92,008,442 |
| Net Book Value 30:06:2008 | 22,924,248 | 33,926,043 | 23,773,488 | 9,800,000 | 39,200,000 | 129,623,779 |
| 30th June, 2007 | 16,266,365 | 35,650,478 | 22,574,430 | 34,783,939 | 0 | 109,275,212 |

CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES

ANNUAL REPORT AND FINANCIAL STATEMENTS
For the year ended 30th June, 2008

NOTES TO THE ACCOUNTS (Continued)

| NOTE | DESCRIPTION | 2007/2008 KSH | 2006/2007 KSH |
|-------------|--|--------------------------|---------------------------|
| 14 | PRIOR YEAR ADJUSTMENT | | |
| | Tourism Market Promotion – KTB | 8,925,450 | 150,000,000 |
| | Curriculum Development | 2,122,004 | 4,579,424 |
| | Medical Expenses | 0 | 2,500,000 |
| | Imprest Surrender | <u>556,443</u> | <u>231,582</u> |
| | TOTAL | <u>11,603,897</u> | <u>157,311,006</u> |
| 15 | STAFF LOAN SCHEMES | | |
| | Car Loans | 414,500 | 1,725,000 |
| | Housing Loans | 694,859 | 741,013 |
| | Other Loans (Motor Insurance/Overhaul) | 132,219 | 69,997 |
| | Furniture/Fridge Loans | <u>98,946</u> | <u>98,946</u> |
| | | <u>1,340,524</u> | <u>2,634,956</u> |
| 16 | DEPOSITS AND PREPAYMENTS | | |
| | Kenya Power & Lighting Co. | 2,360 | 2,360 |
| | Water Deposits (Nairobi & Kisumu) | 17,054 | 17,054 |
| | Petrol & Fuel | 176,398 | 126,398 |
| | Hospitals Deposits | 272,105 | 272,105 |
| | Other Deposits | 415,332 | 415,332 |
| | Office Rent | 676,416 | 0 |
| | Internet | <u>302,934</u> | <u>0</u> |
| | | <u>1,862,599</u> | <u>833,249</u> |

CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 30th June, 2008

| NOTE | DESCRIPTION | Notes | 2007/2008 KSH | 2006/2007 KSH |
|-----------|---------------------------------------|-------|-------------------------|--------------------------|
| 17 | CLOSING INVENTORY | | | |
| | Printing & Stationery | | | |
| | - Nairobi | | 2,038,363 | 214,203 |
| | - Mombasa | | 255,611 | 97,036 |
| | - Kisumu | | 127,595 | 39,258 |
| | - Nakuru | | 221,767 | 69,873 |
| | - Nyeri | | <u>75,116</u> | <u>58,223</u> |
| | | | <u>2,718,452</u> | <u>478,593</u> |
| 18 | ADVANCES | | | |
| | - Salary Advances | | 939,906 | 724,336 |
| | - Medical Advances | | 9,329,009 | 9,698,841 |
| | - Surcharge | | <u>8,701</u> | <u>15,201</u> |
| | | | 10,277,616 | 10,438,378 |
| | Less: Provision for Medical advances | 25 | <u>(728,772)</u> | <u>0</u> |
| | | | <u>9,548,844</u> | <u>10,438,378</u> |
| 19 | RECEIVABLES (SUNDRY DEBTORS) | | | |
| | - Kenya National Ass. Co. – Provision | | 649,958 | 649,958 |
| | - Safari & Other Imprests | | 1,068,366 | 1,500,831 |
| | - Pension (I.C.E.A) | | 116,501 | 116,501 |
| | - N.H.I.F. | | 1,781 | 2,420 |
| | - Other debtors - Staff | | 0 | 87,814 |
| | - Loans External | | <u>6,678</u> | <u>0</u> |
| | | | 1,843,284 | 2,357,524 |
| | Less: Provision for Doubtful Debts | | <u>(649,958)</u> | <u>(649,958)</u> |
| | | | <u>1,193,326</u> | <u>1,707,566</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

ANNUAL REPORT AND FINANCIAL STATEMENTS
For the year ended 30th June, 2008

NOTES TO THE ACCOUNTS (Continued)

| NOTE | DESCRIPTION | 2007/2008 KSH | 2006/2007 KSH |
|-----------|--|---------------------------|---------------------------|
| 20 | DISHONOURED CHEQUES | | |
| | - Nairobi | 5,248,448 | 4,414,725 |
| | - Mombasa | 4,303,123 | 4,303,123 |
| | - Kisumu | 1,186,045 | 1,186,045 |
| | - Nakuru | 115,224 | 115,224 |
| | - Nyeri | <u>203,565</u> | <u>203,565</u> |
| | | <u>11,056,405</u> | <u>10,222,682</u> |
| | Less: Provision for Doubtful Recoverable Debts | <u>(7,753,335)</u> | <u>(7,753,335)</u> |
| | | <u>3,303,070</u> | <u>2,469,347</u> |
| | Total : Receivables | <u>4,496,396</u> | <u>4,176,913</u> |
| 21 | BUILDING WIP | | |
| | - Donn Consultants | 3,915,000 | 0 |
| | - Goro Consultants | 4,785,000 | 0 |
| | - Masterbill Integrated Project | 6,960,000 | 0 |
| | - Otieno Kungu & Associates | <u>10,440,000</u> | <u>0</u> |
| | | <u>26,100,000</u> | <u>0</u> |
| 22 | INVESTMENTS | | |
| | Long Term – (Shares – Consolidated Bank) | 3,100,000 | 3,100,000 |
| | Short Term –(Treasury Bills) | 150,000,000 | 230,000,000 |
| | Short Term -Institutions Under liquidation | <u>62,600,000</u> | <u>62,600,000</u> |
| | | <u>215,700,000</u> | <u>295,700,000</u> |
| | Less: Provision for Doubtful Recoverable Debts | <u>(62,600,000)</u> | <u>(62,600,000)</u> |
| | | <u>153,100,000</u> | <u>233,100,000</u> |

NB: There is a provision for Doubtful Debts of Ksh. 62.6 million on Investments and Ksh. 7,753,335 on Dishonoured Cheques.

ANNUAL REPORT AND FINANCIAL STATEMENTS
For the year ended 30th June, 2008

NOTES TO THE ACCOUNTS (Continued)

| NOTE | DESCRIPTION | 2007/2008 KSH | 2006/2007 KSH |
|------|-------------------------------|--------------------------|--------------------------|
| 23 | CASH AND BANK BALANCES | | |
| | Current Accounts: | | |
| | - Nairobi, NBK | 226,310 | 318,030 |
| | - Nairobi, KCB | 15,025,606 | 2,910,768 |
| | - Mombasa, KCB | 52,932 | 73,241 |
| | - Kisumu, KCB | 1,832,963 | 215,790 |
| | - Nakuru, KCB | 282,275 | 14,473 |
| | - Nyeri, KCB | 11,729 | 984,038 |
| | Collection A/C - KCB | 4,678,923 | 1,901,878 |
| | Collection A/C – Coop. Bank | 3,230,706 | 1,491,220 |
| | Staff Loans A/c | 1,812,366 | 1,812,366 |
| | Project Account | 138,366 | 138,366 |
| | Standards Dvpt | 189,700 | 215,784 |
| | Retrenchment Account | 2,429,676 | 2,309,319 |
| | Standing Imprest Operations) | 590,000 | 395,000 |
| | Cash on Transfer: | | |
| | - Mombasa | 3,099,668 | 841,915 |
| | - Kisumu | 0 | 0 |
| | - Nakuru | 0 | 153,039 |
| | - Nyeri | 563,186 | 0 |
| | Cash in Hand: | | |
| | - Nairobi | 22,678 | 0 |
| | - Mombasa | 0 | 40,506 |
| | - Kisumu | 0 | 0 |
| | - Nakuru | 3,711 | 0 |
| | - Nyeri | <u>0</u> | <u>0</u> |
| | | <u>34,190,795</u> | <u>13,815,733</u> |

ANNUAL REPORT AND FINANCIAL STATEMENTS
For the year ended 30th June, 2008

NOTES TO THE ACCOUNTS (Continued)

| NOTE | DESCRIPTION | 2007/2008 | 2006/2007 |
|-----------|--|-----------|-----------|
| 24 | PAYABLES (SUNDRY CREDITORS) | | |
| | P.A.Y.E | 1,630,289 | 443,138 |
| | Commissioner of VAT | 1,978,615 | 0 |
| | NHIF | 45,440 | 0 |
| | HELB | 6,341 | 0 |
| | NSSF-salary | 27,400 | 0 |
| | ICEA-salary | 220,059 | 0 |
| | Insurance | 88,099 | 0 |
| | Rental of GOK Houses | 10,500 | 0 |
| | Hire purchase | 17,912 | 0 |
| | Loans External | 35,346 | 0 |
| | Kenya Post Office Savings Bank | 20,000 | 5,000 |
| | Cooperative Society (Contributions & Loans) | 1,496,396 | 945,223 |
| | Entertainment & Public Relations | 0 | 87,528 |
| | Maintenance & Running of Motor Vehicles | 77,211 | 102,528 |
| | Subsistence Allowance | 12,000 | 54,850 |
| | Postage & Telephone Expenses | 102,500 | 176,000 |
| | Printing & Stationery | 282,278 | 641,955 |
| | Land Rent & Rates | 0 | 800,000 |

ANNUAL REPORT AND FINANCIAL STATEMENTS
For the year ended 30th June, 2008

NOTES TO THE ACCOUNTS (Continued)

| NOTE | DESCRIPTION | 2007/2008 | 2006/2007 |
|-------------|---------------------------------------|--------------------------|--------------------------|
| 24 | PAYABLES (SUNDRY CREDITORS) | | |
| | NSSF - General | 27,400 | 32,400 |
| | Kenya Tourism Board | 0 | 7,000,000 |
| | Staff Imprest | 160,117 | 3,379,668 |
| | I.C.E.A.-general | 959,455 | 1,120,405 |
| | Curriculum Development | 44,462 | 11,011,399 |
| | Furniture and Fitting | 209,000 | 0 |
| | Internet Expenses | 986,000 | 0 |
| | Controller and Auditor General | 0 | 250,000 |
| | Staff Pension | 583,177 | 0 |
| | Other Creditors | <u>1,670,100</u> | <u>0</u> |
| | | <u>10,699,697</u> | <u>26,250,102</u> |
| 25 | PROVISION FOR MEDICAL ADVANCES | | |
| | Dan O. Okundi | 602,436 | 0 |
| | Francis Onyor | <u>126,336</u> | <u>0</u> |
| | | <u>728,772</u> | <u>0</u> |

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