REPUBLIC OF KENYA

KENYA NATIONAL AUDIT OFFICE

Paper Laid
By Hon. A. Duale (Leader of Maj.)
on Wed. 05.08.2015
(pm)

REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF KENYA UTALII COLLEGE

FOR THE YEAR ENDED 30 JUNE 2014

I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The Kenya Utalii College is a public hospitality training institution established in 1975 under the Tourism Act, 2011 No.28 of 2011.The College is represented by the Cabinet Secretary for Ministry of East African Affairs, Commerce & Tourism who is responsible for the general policy and strategic direction of the College.

(b) Board

Currently Kenya Utalii College has no Board the day to day running of the organization are being done by Management in consultation with the Cabinet Secretary Ministry of East African affairs Commerce and Tourism.

(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 East African Affairs, Commerce & Tourism

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2014 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Principal	Dr.Kenneth S.Ombongi
2.	Deputy Principal	Charles K.Gitonga
3.	Financial Controller	Sudi Ndinyo
4.	General Manager Utalii Hotel	Florence Njau
5.	Human Resource Manager	Abdalla .Randani
6.	Director of Research &Corporate Planning	Kazungu C.Mwango
7.	Director of Studies	Duncan Mutua
8.	Head of Audit	Rodah M.Musyoki

(e) Fiduciary Oversight Arrangements

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

- **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
E-mail: infor@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
Kenya National Audit Office
Anniversary Towers, University Way
P.O.Box 30084
GOP 00100
Nairobi, Kenya

(j) Principal Legal Adviser

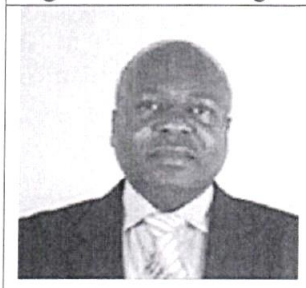
The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

II. 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.
Currently Kenya Utalii College does not have a council. All its operations are done in consultation with the Ministry of East African Affairs, Commerce & Tourism.

III. MANAGEMENT TEAM

 Dr. Kenneth S. Ombongi, OGW Principal	• PhD (Social History) • MPhil • MA (History) • YOB: 1966
 Mr. Charles Gitonga Ag. Deputy Principal	• MBA (Strategic Management) • CPS(K) • Diploma in Hotel Management • YOB:1962
 Mr. Sudi Ndinyo Ag. Financial Controller	• MBA (Finance) • CPA(K) • YOB:1973

 Mrs. Florence Njau Ag. General Manager - Hotel	• MSC (International Hospitality Management) • Diploma in Hotel Management • YOB:1964
 Mr. Abdalla Radani Ag. Human Resource Manager	• MSC (Human Resource Management) • Higher National Diploma –Human Resource Management • YOB:1968
 Mr. Kazungu Mwango Ag. Director of Research and Corporate Planning	• MSC (Environmental and Development Economics) • YOB:1973
 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

IV. 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 World Class Institution in Hospitality and Tourism training.

MISSION STATEMENT

To develop a highly qualified human resource base for the Hospitality and Tourism Industry through Training, Research, Consultancy and related service.

V. CORPORATE SOCIAL RESPONSIBILITY STATEMENT

The College undertook several Corporate Social Responsibility (CSR) activities over the 2013/2014 financial year. Some of the activities include:

NO.	FUNCTION	DATE	AMOUNT (KSHS)
1.	St. Benedict's Parish Family Day	14th July, 2013	200 Chairs including transport
2.	Nairobi City County Clean-up exercise by students	30th November, 2013	-
3.	Mombasa County Clean-up exercise organized by the Ministry of Tourism and Culture Development	22nd February, 2014	20,000/=
4.	Mathare Valley Tree Planting Ceremony	24th April, 2014	35,000/=
5.	Participation in the "A Journey of Hope", 2014 charity walk organized by Cerebral Palsy Society	21st June, 2014	10,000/=

VI. 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/period 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 (period) ended on June 30, 2014.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, 2014, 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 Ministry of East African Affairs, Commerce & Tourism on 21/04/2015 2014 and signed on its behalf by:

PRINCIPAL

P.S. Min. of E. African Affairs, commerce and Tourism Director

Auditor General

Date

REPUBLIC OF KENYA

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KENYA NATIONAL AUDIT OFFICE

REPORT OF THE AUDITOR-GENERAL ON KENYA UTALII COLLEGE FOR THE YEAR ENDED 30 JUNE 2014

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Kenya Utalii College set out on pages 9 to 32, which comprise the statement of financial position as at 30 June 2014, and the statement of financial performance, statement of changes in net assets, statement of cash flows, 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 14 of the Public Audit Act, 2003. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

Management's Responsibility for the Financial Statements

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.

The management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 13 of the Public Audit Act, 2003.

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 15 of the Public Audit Act, 2003 and to submit the audit report in compliance with Article 229(7) of the Constitution of Kenya. The audit was conducted in accordance with International Standards on Auditing. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether 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 control 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 College's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

1. Financial Performance

During the year under review, the College reported a deficit of Kshs.399,790,831 leading to an accumulated fund deficit of Kshs.865,604,401 (2013 – deficit of 492,709,500) while current liabilities balance of Kshs.2,149,748,298 exceeded current assets figure of Kshs.425,493,699 resulting to a negative working capital of Kshs.1,724,254,599 as at 30 June 2014. 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

The College has not been able to comply with the loan agreement signed between the College and the Government of Kenya for a loan of Kshs.140 million advanced to the College in February 1996 to refurbish the Kenya Utalii Hotel since the College had repaid only Kshs.7 million as at 30 June 2014. As indicated under Note 12, accumulated interest and principle amounts as at 30 June 2014 stood at Kshs.1,818,333,300. Further, and although the previous year's accounts 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 as at 30 June 2014.

Qualified Opinion

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the College as at 30 June 2014, and of its financial performance and its cash flows for the year then ended, in accordance with

International Public Sector Accounting Standards and comply with the Tourism Act, 2011 of the Laws of Kenya.

Emphasis of Matter

I draw attention that the Cabinet Secretary is supposed to appoint the Board of Directors as per section 6(1) (e) of the State Corporations Act, Cap 446 and gazette the appointment. The Board's responsibilities are laid down under Legal Notice No.9 of 10 August 2004 on Performance Contracting Section 4 (2) and Tourism Act 2011. The then Minister for Tourism revoked appointment of the board members with effect from 20 July 2012 through Gazette Notice No. 10232 dated 19 July 2012 and using the same, subsequently appointed other board members. However, the appointed board members did not take up their duties due to a court case filed by de-gazetted board members of various State Corporations under the Ministry of Tourism whose three years terms of the previous appointments had not expired.
As a result, the College continues to operate without a board of directors which contravenes Section 6(1) (e) of the State Corporations Act, Cap 446 and Tourism Act No. 28 of 2011. My opinion is not qualified in respect to this matter.

Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

13 May 2015

Kenya Utalii College,

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE 2014

	Note	2013/2014	2012/2013
		Kshs	Kshs
Revenue from non-exchange transactions			
Other income	1	346,260,212	245,000,990
		346,260,212	**245,000,990**
Revenue from exchange transactions			
Fees From Students	2	58,700,297	63,730,352
Revenue From Catering & Tourism Development Levy	3	305,000,000	327,000,000
		363,700,297	**390,730,352**
Total revenue		**709,960,509**	**635,731,342**
Expenses			
Employee costs	4	372,091,248	367,711,287
Remuneration of College Council/B.O.G	5	-	1,268,729
Depreciation and amortization expense	6	65,145,252	64,743,176
Repairs and maintenance	7	26,125,768	25,386,667
Contracted services	8	11,479,813	10,707,373
General expenses	9	634,909,259	485,842,274
Total expenses		**1,109,751,340**	**955,659,505**
Surplus before tax		**(399,790,831)**	**(319,928,163)**
Taxation (Note Kenya Utalii College is a training Institution hence exepmted from taxation)			-
Surplus		**(399,790,831)**	**(319,928,163)**

Kenya Utalii College,

STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2014

		2013/2014	2012/2013
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	10	85,937,319	32,723,920
Receivables from exchange transactions	11	180,061,837	162,065,520
Receivables from non-exchange transactions	12	141,845,801	145,265,655
Inventories	13	17,648,742	20,584,833
		425,493,699	**360,639,929**
Non-current assets			
Property, plant and equipment	23	2,102,441,247	2,144,777,147
Staff Loans Fund	19	18,483,570	17,934,440
		2,120,924,817	**2,162,711,587**
Total assets		**2,546,418,516**	**2,523,351,516**
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	15	1,971,717,492	1,547,364,005
Refundable deposits from customers	14	674,710	925,388
Provisions	16	177,356,096	176,249,221
		2,149,748,298	**1,724,538,614**
Non-current liabilities			
Borrowings (GOK Loan)	17	133,000,000	134,000,000
Staff Loans Fund	19	18,483,570	17,934,440
Accumulated Fund	22	(865,604,401)	(492,709,500)
Revaluation Reserve	21	917,413,184	941,130,833
Capital Reserve - Refurbishment of Utalii Hotel	20	193,377,866	198,457,128
		396,670,219	**798,812,901**
Total liabilities		**2,546,418,516**	**2,523,351,516**

Kenya Utalii College,

STATEMENT OF CASHFLOW FOR THE YEAR ENDED 30TH JUNE 2014

	Note	2013/2014 Kshs	2012/2013 Kshs
Cash flows from operating activities			
Receipts			
Fees From Students	2	58,700,297	63,730,352
Revenue From Catering & Tourism Development Levy	3	305,000,000	327,000,000
Rent Income from staff housing units	1	23,456,579	19,468,557
Grants from Government of Kenya -Recurrent	1	140,370,000	48,920,000
Grants from Government of Kenya -Development	1	42,250,000	108,000,000
Revenue from Commercial Activities & Consultancy Services	1	108,968,584	70,460,828
Other Income Receipts	1	15,100,074	14,036,470
Capital Grants from Government of Kenya - amortization	20	5,079,262	5,079,262
Utalii Hotel Net Profit	1	7,346,706	(23,858,705)
KCB Hospitality Centre Net Profit	1	3,689,007	2,894,579
		709,960,509	635,731,342
Payments			
Employee costs	4	372,091,248	367,711,287
Remuneration of College Council	5	-	1,268,729
Repairs and maintenance	7	26,125,768	25,386,667
Contracted services	8	11,479,813	10,707,373
General expenses	9	634,909,259	485,113,676
		1,044,606,088	890,187,731
Surplus /deficit for the year		(334,645,579)	(254,456,389)
Net cash flows from operating activities	18	77,022,752	(9,671,109)
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		(22,809,352)	(61,678,884)
Net cash flows used in investing activities		(22,809,352)	(61,678,884)
Cash flows from financing activities			
Repayment of borrowings		(1,000,000)	-
Net cash flows used in financing activities		(1,000,000)	-
Net increase/(decrease) in cash and cash equivalents		53,213,400	(71,349,993)
Cash and cash equivalents at 1 JULY	10	32,723,919	104,073,913
Cash and cash equivalents at 30 JUNE	10	85,937,319	32,723,919

Kenya Utalii College,

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDE JUNE 2014

Attributable to the owners of the controlling entity

	Reserves				
	Staff Loan Fund	Accumulated Surplus	Capital Reserve	Revaluation Reserve	TOTAL
	Kshs	Kshs	Kshs	Kshs	Kshs
As at 1st July 2012	17,272,025 -	312,026,775	203,536,390	967,902,583	876,684,223
Hotel Reverves Account	-	(25,962,803)	-	-	(25,962,803)
Funds received during the year	662,416	-	-	-	662,416
Amortization on Revaluation Reserve charge for the year	-	26,771,750		(26,771,750)	-
Grants Amortized	-	-	(5,079,262)	-	(5,079,262)
Surplus for the year	-	(319,928,163)	-	-	(319,928,163)
As at 30 June 2013	**17,934,441**	**(631,145,991)**	**198,457,128**	**941,130,833**	**526,376,410**
As at 1st July 2013	**17,934,441**	**(631,145,991)**	**198,457,128**	**941,130,833**	**526,376,410**
Hotel Reverves Account		18,840,591			**18,840,591**
Funds received during the year	549,130				**549,130**
Amortization on Revaluation Reserve charge for the year		23,717,650		(23,717,650)	-
Grants Amortized		-	(5,079,262)		**(5,079,262)**
Surplus for the year		(399,790,831)			**(399,790,831)**
Balance as at 30 June 2014	**18,483,571**	**(865,604,402)**	**193,377,866**	**917,413,183**	**263,670,218**

I. 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 Catering and Tourism Development Levy Trustees from hotels and restaurants to cater for both training and marketing needs in the hotel and tourism sector. It is shared between Kenya Utalii College, Kenya Tourist Board and Catering & Tourism Development Levy Trustees in accordance with approved budgets.

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.121.4m for recurrent expenditure and Ksh61.2m for development expenditure.

Rent Income from Housing Units

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

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 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	1.0%	99 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 and for and doubtful debts has been created in the financial statement.

	PROVISION FOR BAD AND DOUBFUL DEBTS		
DETAILS	ACCOUNTS RECEIVABLE	SPECIFIC ACCOUNTS	**TOTAL**
SPECIFIC	55,309,271.00	114,318,164.05	**169,627,435.05**
5% 2012/13 PROVISION	5,265,514.47	1,356,271.00	**6,621,785.47**
5% 2013/14 PROVISION	1,059,583.00	47,292.00	**1,106,876.00**

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 June 2009 by an independent Valuer, Landmark Realtors 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 1,074,989,585. 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:

	2013/2014	**2012/2013**
	Kshs.	**Kshs.**
Balance at beginning of year	198,457,128	203,536,390
Add: Development Grants		
Less: Amortization	5,079,262	5,079,262
Balance at end of year	**193,337,866**	**198,457,128**

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 the Central Bank of Kenya and at various commercial banks at the end of the financial year.

1. Other Incomes

Actual	2013/2014 Kshs.	2012/2013 Kshs.
Rent Income from staff housing units	23,456,579	19,468,557
Grants from Government of Kenya -Recurrent	140,370,000	48,920,000
Grants from Government of Kenya -Development	42,250,000	108,000,000
Revenue from Commercial Activities & Consultancy Services	108,968,584	70,460,828
Other Income Receipts	15,100,074	14,036,470
Capital Grants from Government of Kenya - amortization	5,079,262	5,079,262
Utalii Hotel Net Profit	7,346,706	(23,858,705)
KCB Hospitality Centre Net Profit	3,689,007	2,894,579
Total	**346,260,212**	**245,000,990**

Revenue from Commercial Activities

This represents revenue generated from part-time courses and other revenue generating activities by the various departments. This amount is shown net of direct expenses, and is summarized as follows:

	2013/2014 Kshs	2012/2013 Kshs
Self Sponsored Courses	56,343,390	34,825,818
Pioneer Courses	40,869,834	27,352,582
MDP & Refresher Courses	5,237,282	6,929,109
Bakery Sales	1,211,635	1,654,683
Laundry Services	11,218,517	11,882,365
Sports Club Bar Sales	331,510	1,006,815
Cyber café services	23,200	345,811
Bookshop Sales & Photocopying	651,044	524,737
Barber Shop Rent	220,000	220,000
Degree Programmes	35,890,030	21,372,875
Consultancy	-	3,385,992
Sub-Total	**151,996,442**	**109,500,787**
Less: Direct Expenses	43,027,858	39,039,959
Total	**108,968,584**	**70,460,828**

Other Incomes

This comprises of:

	2013/2014	2012/2013
	Kshs.	Kshs.
Sale of Discarded items	236,862	24,341
Interest on Fixed Deposit Account	88,685	2,513,939
Sale of Tender Documents	1,251,195	735,180
Gain on Foreign Exchange	(8,100)	3,332
Jifunze Bar Sales	215,966	400,898
Surplus/ Loss from Food fair	(918,433)	439,437
Hire of facilities	11,867,283	7,511,799
Identity cards & Lost items	339,539	765,690
Sale of Meal vouchers	172,845	181,750
Other Miscellaneous Income	608,018	733,449
Graduation fee	1,246,214	726,655
Total	**15,100,074**	**14,036,470**

UTALII HOTEL TRADING, ACCOUNT
FOR THE YEAR ENDED 30TH JUNE 2014

	2013-2014	2012-2013
	Kshs	Kshs
Revenue from exchange transactions		
Hotel Room sales	72,805,238	75,519,292
Hotel Food Sales	116,639,721	99,579,082
Hotel Beverage Sales	22,736,457	18,534,275
Other Income Receipts	7,830,018	7,890,510
Total revenue	**220,011,433**	**201,523,159**
Less: Cost of Sales	69,647,200	78,193,753
Gross Profit	**150,364,233**	**123,329,406**
Expenses		
Employee costs	94,172,134	98,130,879
Repairs and maintenance	6,275,099	4,223,131
Contracted services	2,883,803	2,578,958
General expenses	39,074,736	41,910,366
Finance costs	611,755	344,779
Total expenses	**143,017,527**	**147,188,112**
Surplus before tax	7,346,706	(23,858,706)
Surplus for the period	**7,346,706**	**(23,858,706)**

KCB HOSPITALITY CENTRE TRADING ACCOUNT
FOR THE YEAR ENDED 30TH JUNE 2014

	2013/2014	2012/2013
		KShs.
Sales:		
Rooms	16,930,467	14,637,854
Beverages	10,594,305	9,860,299
Food	75,243,796	68,718,737
Other Miscellaneous Income	673,192	312,045
	103,441,760	93,528,935
Less: Cost of Sales	33,992,801	26,796,056
Gross Profit	**69,448,959**	66,732,879
Expenses		
Salaries and Wages	48,322,824	48,640,825
Medical Expenses	1,396,707	1,258,791
Professional Clothes and Uniforms	569,712	92,131
Staff development	35,300	599,340
Heat, Light and Power	8,923,308	6,861,596
Water, sewerage & land rates	449,610	334,376
Maintenance and Repair of Buildings	8,537	25,862
Maintenance and Repair of Motor Vehicles	1,117,369	1,164,650
Maintenance and Repair of Equipment	154,835	65,032
Renewal and Replacement	1,009,405	407,008
Printing and Stationery	356,049	350,284
Newspapers and Magazines	44,895	36,500
Cleaning Materials	1,823,235	1,838,787
Travelling and Subsistence Expenses	-	-
Postage and Telephone	378,779	369,030
Licences and Professional Services	-	-
Insurance	-	617,033
Bank Charges	185,951	114,760
Staff Meals	780,397	832,119
Entertaiment and public Relations	119,038	127,476
Staff welfare Expenses	-	18,700
House Rent	84,000	84,000
Total	**65,759,951**	**63,838,300**
Net Profit	**3,689,007**	**2,894,579**

2. Fees From Students

Actual	2013/2014 Kshs.	2012/2013 Kshs.
Fees From Local Students	44,482,889	51,657,030
Fees From Foreign Students	11,574,375	10,033,500
Application Fees	2,643,033	2,039,822
Total	**58,700,297**	**63,730,352**

3. Revenue From Catering & Tourism Development Levy

	2013/2014 Kshs.	2012/2013 Kshs.
Revenue from CTDLT	305,000,000	327,000,000
Total	**305,000,000**	**327,000,000**
Grand Revenue Total	**709,960,509**	**635,731,342**

4. Employee costs

	2013/2014 Kshs.	2012/2013 Kshs.
Employee related costs		
Salaries - ExpatriateStaff	1,237,097	2,309,167
Salaries - Permanent Academic Staff	134,837,882	126,946,998
Salaries - Part-time Academic	2,316,369	2,430,826
Salaries - Administrative Staff	203,846,805	204,333,546
Medical Expenses	8,614,937	9,672,281
Staff Development	8,753,094	11,434,298
Staff and Students' Welfare Expenses	6,847,665	5,298,982
Travelling and Subsistence Expenses	5,637,399	5,285,189
Total	**372,091,248**	**367,711,287**

5. Remuneration of council (BOG)

	2013/2014 Kshs.	2012/2013 Kshs.
Sitting Allowance	-	280,000
Travelling And Subsitence	-	69,990
Honararia	-	320,000
Other Allowance	-	598,739
Total	**-**	**1,268,729**

6. Depreciation and amortization expense

	2013/2014 Kshs.	2012/2013 Kshs.
Property, plant and equipment	65,145,252	64,743,176
Total	**65,145,252**	**64,743,176**

7. Repairs and maintenance

	2013/2014 Kshs.	2012/2013 Kshs.
Maintenance and Repair of Buildings	7,586,176	10,108,450
Maintenance and Repair of Equipment	11,067,256	8,901,596
Maintenance and Repair of Vehicles	7,472,336	6,376,621
Total	**26,125,768**	**25,386,667**

8. Contracted services

	2013/2014 Kshs.	2012/2013 Kshs.
Contracted Services	11,479,813	10,707,373
	11,479,813	**10,707,373**

9. General expenses

The following are included in general expenses:

	2013/2014 Kshs.	2012/2013 Kshs.
Industrial Training Expenses	7,647,227	5,544,608
Inservice Students' Accommodation and Travel	894,746	1,759,775
Students' Selection Expenses	75,000	28,000
Students' Allowances	9,600	534,896
Special Courses	10,059,301	8,949,854
Class Text Books,Library Books,& Periodicals	4,846,431	3,960,470
External Examination Expenses	1,401,340	1,445,636
Research Expenses	2,488,654	334,623
Bursaries Expenses	5,112,181	2,966,798
Professional Clothes and Uniforms	1,838,250	1,150,925
Food and Beverage	62,126,139	73,618,298
Printing and Stationery	5,879,401	5,020,084
Cleaning Materials	4,139,969	5,881,052
Entertainment and Public Relations	5,699,474	3,490,540
Advertising and Promotion	3,050,919	1,417,505
Renewal and Replacement	13,505,817	14,714,808
Heat, Light and power	55,563,939	50,400,677
Water, Sewerage and Land Rates	10,592,055	11,174,967
Postage and Telephone	3,253,696	3,447,227
Licences and Professional Services	3,810,645	3,572,992
Finance Costs	426,248,707	279,362,336
Increase in Provision for Bad and Doubtful Debts	1,106,876	728,598
Insurances	5,094,893	5,873,604
Audit fee	464,000	464,000
Total	**634,909,259**	**485,842,274**

Provivion For Bad and Doubful Debts for the year Ended 30th June 2014

	2013/2014 Kshs.	2012/2013 Kshs.
Increase/Decrease in Provision for bad and doubful debts	1,106,876	728,598
Total	**1,106,876**	**728,598**

Finance costs for the year ended 30th June 2014

	2013/2014 Kshs.	2012/2013 Kshs.
Bank Charges	1,438,902	885,968
Loss on Foreign Exchange	(49)	170,332
Interest on Loan from G.O.K	424,809,854	278,306,036
Total	**426,248,707**	**279,362,336**
Grand Expenses Total	**1,109,751,340**	**955,659,505**

10. Cash and cash equivalents

	2013/2014 Kshs.	2012/2013 Kshs.
Cash in Hand -College	145,688	96,833
Cash in Hand -Hotel	373,038	1,844,592
Cash at Bank -College	64,361,379	23,733,667
Cash at Bank -Hotel	17,392,214	4,415,581
Floats -College	2,980,000	2,260,000
Floats -Hotel	685,000	373,248
	85,937,319	**32,723,920**

11. Receivables from exchange transactions/Trade and other receivables

Current receivables	2013/2014 Kshs.	2012/2013 Kshs.
College Accounts Receivable College	31,757,038	31,832,676
Hotel Accounts Receivable	95,899,380	84,638,502
KSMS Accounts Receivable	17,046,823	17,046,823
KCB Leadership Centre Accounts Receivable	13,861,403	9,991,429
Students' Accounts Receivable	21,337,401	18,258,992
Hotel Staff Debtor	159,792	297,098
Total current receivables	**180,061,837**	**162,065,520**
Non-current receivables	-	-
Total non-current receivables	-	-
Total receivables	**180,061,837**	**162,065,520**

12. Receivables from non-exchange contracts/Special accounts receivables

Current receivables	2013/2014 Kshs.	2012/2013 Kshs.
Staff Advances Account College	1,453,507	1,595,366
Staff Advances Account Hotel	738,259	680,332
Imprests Account College	2,250,654	1,099,747
Imprests Account Hotel	9,850	21,825
Medical Advances Account College	268,935	155,831
Medical Advances Account Hotel	13,395	-
Curtain & Furniture Advances College	78,444	311,502
Curtain & Furniture Advances Hotel	-	715,545
AHTSA	407,848	-
Warwick International	3,116,184	3,116,184
Kenya Revenue Authority	129,311,951	129,311,951
Prepayments College	402,132	680,848
Prepayments Hotel	314,574	457,355
Deposits	3,480,069	4,119,169
Accrued income	-	3,000,000
Total current receivables	**141,845,801**	**145,265,655**

13. Inventories

	2013/2014 Kshs.	2012/2013 Kshs.
Food Stores -College	1,724,034	2,393,376
Food Stores -Hotel	1,749,252	3,044,158
Beverage Stores- College	977,744	1,071,942
Beverage Stores -Hotel	2,313,013	1,495,714
General and Maintenance -College	7,178,434	7,587,562
General and Maintenance -Hotel	1,792,414	3,653,750
Containers Stores- College	322,076	291,940
Containers Stores- Hotel	179,629	-
Tobacco	32,110	-
Zawadi Shop	120,290	-
Drugs Stores -College	1,259,746	1,046,392
Total inventories at the lower of cost and net realizable value	**17,648,742**	**20,584,833**

14. Refundable Deposits from Customers

	2013/2014 Kshs.	2012/2013 Kshs.
Hotel Deposits Account	674,710	925,388
Total	**674,710**	**925,388**

15. Trade and other payables from exchange transactions

	2013/2014 Kshs.	2012/2013 Kshs.
Accrued Expenses College	79,541,995	84,368,216
Accrued Expenses Hotel	6,400,230	3,554,490
Suppliers' Accounts College	97,327,334	100,601,133
Suppliers' Accounts Hotel	36,938,843	48,163,946
NHIF	157,760	122,560
P. A. Y. E	6,097,573	4,504,359
N.S.S.F	342,950	278,630
Staff Shortages	87,094	10,322
Woodventure (K) Ltd.	2,125	3,792
Kenyuco Sacco	1,689,180	1,940,966
Kenyuco Housing Sacco	448,339	491,057
Pension Deductions	2,884,881	2,525,551
Higher Education Loans Board	32,012	45,146
Education Levy	1,550,905	869,457
Amedo Centres (K) Ltd.	10,991	6,026
Select Management Services Ltd	46,354	153,594
Faulu Kenya Ltd	310,250	171,350
African Retail Traders	6,390	18,580
Other Staff Co-operative Societies	1,804,831	877,416
Co-operative Bank Staff Loans Deductions	45,987	162,957
Barclays Bank Staff Loans Deductions	795,701	1,044,404
KCB Staff Loan deductions	187,779	298,103
Standard Chartered Bank Loan Deduction	1,845,613	1,274,146
Rapid Communications	-	4,663
Staff Loans Scheme Deduction Account	4,186,217	3,725,317
Staff Service Charge Account KCB	-	597,892
Staff Service Charge Account Hotel	1,434,705	-
Personal Insurances Account	-	424,009
Salaries Control Account College	266,592	1,156,771
Payroll deduction Hotel	7,445,353	9,441,131
External exams (IATA) Contra	325,465	162,269
Insurance Claims Contra	5,267,444	423,218
Staff Welfare Fund Account	1,831,298	1,579,788
Pension Scheme Refunds Account	5,471,983	5,568,714
Deceased Special Fund Account	1,116,125	1,116,125
Unclaimed Students Allowances	156,030	156,030
Prepaid Fees Account	11,981,885	3,454,807
University of Surrrey	351,931	351,931
V.A.T	2,582,303	2,422,230
Training Levy Hotel	612,282	576,143
PDQ	-	1,901
Students' Caution Money	4,393,342	3,947,842
Students' Council Account KUCSA	141,600	143,960
Degree program identity card	165,400	-
Students Control Account	99,119	99,619
Accrued Interest for GOK	1,685,333,300	1,260,523,446
Total trade and other payables	**1,971,717,492**	**1,547,364,005**

16. Current provisions

	Trade receivables Kshs.	Specific Accounts Kshs.	Total Kshs.
Balance at the beginning of the year	**60,574,785**	**115,674,436**	**176,249,222**
Additional provisions raised	1,059,583	47,292	1,106,874
Balance as at 30 June 2014	**61,634,368**	**115,721,728**	**177,356,096**

17. Borrowings

	2013/2014 Kshs.	2012/2013 Kshs.
Loan from G.O.K	133,000,000	134,000,000
Total non-current borrowings	**133,000,000**	**134,000,000**

18. Cash generated from operations

	2013/2014 Kshs.	2012/2013 Kshs.
Surplus for the year before tax	(399,790,831)	(319,928,163)
Adjusted for:		
Depreciation	65,145,252	64,743,176
Revenue reserve Hotel	2,927,603	112,473,687
Amortized Reserves	(5,079,262)	(5,079,262)
Contribution to provisions	1,106,876	728,598
Working capital adjustments:		
Increase/Decrease in inventory	2,936,091	5,282,052
Increase/Decrease in receivables	(15,125,592)	(15,767,352)
Increase/Decrease in payables	424,902,616	147,876,155
Net cash flows from operating activities	**77,022,752**	**(9,671,109)**

19. Staff Loan Scheme Fund

STAFF LOANS SCHEME

INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 30TH JUNE 2014

	2013/2014 KShs.	2012/2013 KShs.
INCOME		
Interest earned from staff loans	548,471	667,762
Bank interest earned	4,916	1,946
	553,387	669,707
LESS: EXPENDITURE		
Bank charges	4,258	7,292
Surplus	**549,130**	**662,416**

STAFF LOANS SCHEME FUND AS AT 30TH JUNE 2014

	2013/2014 KShs.	2012/2013 Restated KShs.
Staff Loans Scheme Fund	17,934,440	17,272,025
Surplus	549,130	662,416
Amount received from Kenya Utalii College		
	18,483,570	**17,934,440**
REPRESENTED BY:		
Staff loans	13,067,224	13,204,312
Bank Account balance	1,230,129	1,004,812
Amount receivable from Kenya Utalii College	4,186,217	3,725,317
	18,483,571	**17,934,440**

NOTE: The staff loas is in relations to Car,Housing and Car Insuurance Loan to Members of staff

20.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:

	2013/2014	2012/2013
	Kshs.	Kshs.
Balance at beginning of year	198,457,128	203,536,390
Add: Development Grants		
Less: Amortization	5,079,262	5,079,262
Balance at end of year	**193,377,866**	**198,457,128**

21. Revaluation Reserve

The College's Assets were revalued in June 2009 by an independent Valuer, Landmark Realtors 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 1,074,989,585.

22. Accumulated Fund as at 30th June 2014

ACCUMULATED FUND AS AT 30TH JUNE 2014

	2013/2014	2012/2013
	KShs.	KShs.
Balance Brought Foward	(492,709,500)	(312,026,775)
Amortization of Revaluation Reserve	23,717,650	98,167,830
	(484,654,161)	(213,858,945)
Deficit for the Year	(399,790,831)	(319,928,163)
Revenue Reserves- Hotel	18,840,591	41,077,608
Balance carried Foward	**(865,604,401)**	**(492,709,500)**

Kenya Utalii College,

23. 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
COST / VALUATION								
Balance as at 1st July 2012 -College	**683,365,500**	**1,352,873,274**	**196,053,345**	**49,976,443**	**64,964,561**	**44,908,001**	**43,532,027**	**2,435,673,151**
Balance as at 1st July 2012-Hotel	-	**612,090**		**1,367,472**	**1,284,361**	**4,385,300**	**1,456,020**	**9,105,243**
Additions College	-	2,855,330	46,270,969	1,986,326	471,031	-	1,411,347	52,995,002
Additions Hotel	-	6,205,918		600,880	453,000		1,424,085	8,683,882
Less Disposal	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-
At 30 June 2013	**683,365,500**	**1,362,546,611**	**242,324,314**	**53,931,121**	**67,172,953**	**49,293,301**	**47,823,479**	**2,506,457,278**
DEPRECIATION / ARMOTIZATION								
Balance as at 1st July 2012	27,657,541	134,882,337	-	16,281,318	38,619,271	42,554,075	36,942,413	296,936,955
Charge for the Year	6,902,682	34,063,665	-	5,393,112	13,434,591	1,684,807	3,264,320	64,743,176
Accumulated Depreciation At 30 June 2013	**34,560,223**	**168,946,002**	-	**21,674,430**	**52,053,862**	**44,238,882**	**40,206,733**	**361,680,131**
Net book values as at 30.6.2013	**648,805,277**	**1,193,600,609**	**242,324,314**	**32,256,691**	**15,119,091**	**5,054,420**	**7,616,746**	**2,144,777,147**
Net book values as at 30.6.2012	**655,707,959**	**1,218,603,027**	**196,053,345**	**35,062,597**	**27,629,651**	**6,739,226**	**8,045,634**	**2,147,841,439**
COST / VALUATION								
Balance as at 1st July 2013 -College	**683,365,500**	**1,355,728,604**	**242,324,314**	**51,962,769**	**65,435,592**	**44,908,001**	**44,943,374**	**2,488,668,153**
Balance as at 1st July 2013-Hotel	-	6,818,008	-	1,968,352	1,737,361	4,385,300	2,880,105	17,789,125
Additions College	-		14,358,029		740,988	-	4,049,348	19,148,365
Additions Hotel	-	518,928	-	-	2,806,078	-	335,981	3,660,987
Less Disposal	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-
At 30 June 2014	**683,365,500**	**1,363,065,539**	**256,682,342**	**53,931,121**	**70,720,019**	**49,293,301**	**52,208,808**	**2,529,266,630**
DEPRECIATION / ARMOTIZATION								
Balance as at 1st July 2013	34,560,223	168,946,002	-	21,674,430	52,053,862	44,238,882	40,206,733	361,680,131
Charge for the Year	6,902,682	34,076,638	-	5,393,112	14,144,004	1,263,605	3,365,211	65,145,252
Disposal	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
Accumulated Depreciation At 30 June 2014	**41,462,905**	**203,022,640**	-	**27,067,542**	**66,197,866**	**45,502,487**	**43,571,944**	**426,825,383**
Net book values as at 30.6.2014	**641,902,595**	**1,160,042,899**	**256,682,342**	**26,863,579**	**4,522,153**	**3,790,815**	**8,636,864**	**2,102,441,247**
Net book values as at 30.6.2013	**648,805,277**	**1,193,600,609**	**242,324,314**	**32,256,691**	**15,119,091**	**5,054,420**	**7,616,746**	**2,144,777,147**

Revaluation Reserve

The college's assets were revalued in June 2009 by an independent Valuer, Landmark Realtors 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. 1,074,989,585

NOTE: W.I.P (Work in progress)

This is in relation to the GYM and refurbishment of Utalii Hotel which is still under going.

Consolidated statement of comparison of budget and actual amounts for the year ended 30 June 2014

	Original budget	Final budget	Actual on comparable basis	Performance difference	Remarks
	2013/2014	2013/2014	2013/2014	2013/2014	2013/2014
	Kshs	Kshs	Kshs	Kshs	Kshs
Revenue					
Revenue from non-exchange transactions					
Other income	706,819,384.00	706,819,384.00	346,260,212.11	(360,559,172)	Some courses din't take off
Revenue from exchange transactions		-			
Fees From Students	86,793,300.00	86,793,300.00	58,700,297.00	(28,093,003)	Few Foreign students
Revenue From Catering & Tourism Development Levy	370,000,000.00	370,000,000.00	305,000,000.00	(65,000,000)	Short fall form TF
Total Income	**1,163,612,684.00**		**709,960,509**		
Expenses					
Employee costs	413,826,981.00	413,826,981.00	372,091,248.35	41,735,732.65	No employment or promotions
Remuneration of College Council/B.O.G	10,340,250.00	10,340,250.00	-	10,340,250.00	No Board
Repairs and maintenance	26,546,400.00	26,546,400.00	26,125,768.00	420,632.00	Cut down on expenditure
Contracted services	15,787,152.00	15,787,152.00	11,479,813.00	4,307,339.00	Cut down on expenditure
General expenses	253,689,822.00	253,689,822.00	634,909,259.10 -	381,219,437.10	Interest on GOK Loan
Total Expenses	**720,190,605.00**		**1,044,606,088.45** -	324,415,483.45	
Surplus before tax			**(334,645,579)**		
Taxation	-		-		
Surplus for the period	**443,422,079.00**		**(399,790,831)**		

Kenya Utalii College,

Notes to the Financial Statements for the year ended 30th June 2014

REVALUATION AS AT 30TH JUNE 2014

ITEM	LAND	BUILDINGS	FURNITURE TECHNICAL AND EQUIPMENT	MOTOR VEHICLES	TOTAL
COST / VALUATION	KSHS	KSHS	KSHS	KSHS	KSHS
Revalution Account	367,594,231	757,764,874	2,802,276	14,216,400	1,142,377,781
TOTAL	367,594,231	757,764,874	2,802,276	14,216,400	1,142,377,781
DEPRECIATION/ARMOTIZATION					
Balance as at 1st July 2013	14,852,292	75,776,488	2,241,820	14,216,400	107,087,000
Charge for the Year to Revaluation Reserve Account	3,713,073	18,944,122	560,455	-	23,217,650
Accumulated Depreciation as at 30th June 2013	18,565,365	94,720,610	2,802,276	14,216,400	130,304,650
Net Book Value as at 30.6.2014 (Revalued figure)	**349,028,866**	**663,044,264**	**-**	**-**	**1,012,073,131**

24.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 Board's 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.

25. 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 Govt Of Kenya.	Request sent to Treasury for writing /off	Treasury	In progress	
	Emphasis of Matter				