

# KENYA TOURIST DEVELOPMENT CORPORATION

## ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2003

Library

### BOARD OF DIRECTORS

The Directors who served during the year are as shown below:

- |                          |   |                                                                              |
|--------------------------|---|------------------------------------------------------------------------------|
| Mr. Paul F. Kitololo     | - | Chairman                                                                     |
| Mrs. Rebecca M. Nabutola | - | Permanent Secretary, Ministry of Tourism and Information                     |
| Mr. Joseph Magari        | - | Permanent Secretary, Ministry of Finance                                     |
| Mrs. Rachael Arunga      | - | Permanent Secretary, Ministry of Environment, Natural Resources and Wildlife |
| Mr. Charles P. Kutwa     | - |                                                                              |
| Mr. G.N. Macharia        | - |                                                                              |
| Mrs. Susan Cheptora Moss | - |                                                                              |
| Mr. Alex S. Ole Leteipan | - |                                                                              |
| Mr. Benjamin K. Kibiego  | - |                                                                              |
| Mrs. Nellie I. Mwanzia   | - |                                                                              |
| Mr. Douglas N. Odette    | - | Ag. Managing Director                                                        |
| Mr. Julius Kandie        | - | Solicitor General, Attorney General's Chambers                               |
| Mr. Johnson M. Otenyo    | - | Inspector of state Corporations                                              |

PAPERS LAID No. 63  
Speaker N. A.  
DISpeaker  
Clerk N. A.  
P. C. A.

THE CONTROLLER AND AUDITOR - GENERAL  
**RECEIVED**  
05 MAY 2004  
REGISTRY  
ANNIVERSARY TOWERS, NAIROBI

PARLIAMENT OF KENYA LIBRARY

### CORPORATION SECRETARY

Mrs. Sofia M. Githegi

### REGISTERED OFFICE

Utalii House  
Uhuru Highway  
P.o Box 42013  
NAIROBI

### AUDITORS

The Controller and Auditor General,  
P.O Box 30084-00100  
NAIROBI

### BANKERS

Kenya Commercial Bank Limited  
University Way  
P.O Box 7206  
NAIROBI



# KENYA NATIONAL AUDIT OFFICE

## REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF THE KENYA TOURIST DEVELOPMENT CORPORATION FOR THE YEAR ENDED 30 JUNE 2003

---

I have audited the financial statements of Kenya Tourist Development Corporation for the year ended 30 June 2003 in accordance with the provisions of Section 29 of the Exchequer and Audit Act, Cap 412. I have obtained all the information and explanations considered necessary for the purpose of the audit. Proper books of account were kept and the financial statements which were prepared under the historical cost convention are in agreement therewith and comply with the Kenya Tourist Development Act, (Cap 382)

### Respective Responsibilities of the Directors and the Controller and Auditor General

---

The Directors are responsible for the preparation of financial statements which give a true and fair view of the Corporation's state of affairs and its operating results. My responsibility is to express an independent opinion on the financial statements based on my audit.

### Basis of Opinion

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

#### 1. Privatization Process

The cash and cash equivalent balance of Kshs.352,795,509 as at 30 June 2003 includes Kshs.349,276,598 which was in respect of privatization proceeds held in fixed deposits. As was previously reported, the Corporation operates these accounts alone without involving the Permanent Secretary to the Treasury contrary to Treasury Circular No.351.03 of 26 April 1993. The fixed deposit of

Kshs.349,276,598 also includes Kshs.51,669,761 held in Euro Bank which collapsed during the year under audit. Under the circumstance, it has not been possible to confirm the recoverability of the fixed deposits in full.

2. **Investments and Commercial Loans**

A review of the Corporation's equity portfolio during the year ended 30 June 2003 disclosed that equity investment totalling Kshs.332,818,847 generated no returns on the investment. Further, included in the investment and loans figure of Kshs.799,388,521 are Kshs.67,508,370 in respect of unserviced revolving fund principal loan, Kshs.167,502,853 in respect of revolving fund interest arrears and Kshs.45,870,726 in respect of commercial fund interest arrears as at 30 June 2003. Although the Corporation has indicated that it has put in place strong recovery efforts, such efforts have yet to bear fruits.

**Opinion**

Except for the foregoing observations, in my opinion, the financial statements when read together with the notes thereon, present fairly the state of affairs of the Corporation as at 30 June 2003 and of its loss and cash flows for the year then ended.

  
E.N. MWAI  
**CONTROLLER AND AUDITOR GENERAL**

NAIROBI

19 April, 2005

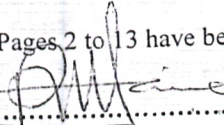
# ENYA TOURIST DEVELOPMENT CORPORATION

## ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2003


### BALANCE SHEET AS AT 30 JUNE 2003

	Note	2003 KShs	2002 KShs
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment	2	64,927,313	67,860,607
Investments and Loans	3 (a)	799,388,521	749,913,560
		<u>864,315,834</u>	<u>817,774,167</u>
<b>Current Assets</b>			
Debtors and Prepayments	4	104,294,419	98,564,651
Cash and Cash Equivalents	5	352,795,509	339,972,935
		<u>457,089,928</u>	<u>438,537,586</u>
<b>TOTAL ASSETS</b>		<u><u>1,321,405,762</u></u>	<u><u>1,256,311,753</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and Reserves</b>			
Equity Funds		106,000,000	106,000,000
Pre-Investment Studies Grant		281,212	281,212
General Fund	6	636,255,522	718,017,534
Restructuring Reserve	7	88,580,342	88,580,842
		<u>831,117,576</u>	<u>912,879,588</u>
<b>Non-Current Liabilities</b>			
Irredeemable GOK Revolving Funds Loan		48,000,000	48,000,000
Irredeemable Long Term Loan	3 (b)	714,274	714,274
Redeemable Long Term Loan	8 (a)	3,995,277	5,900,335
Employees Benefits Provision		20,357,704	19,121,475
		<u>73,067,255</u>	<u>73,736,084</u>
<b>Current Liabilities</b>			
Current Maturity For Long Term Loan	8 (c)	1,905,058	1,843,337
Creditors and Provisions	9	400,642,103	252,757,306
Corporation Tax		-1,455,129	1,668,417
Bank Overdraft		16,128,899	13,427,021
		<u>417,220,931</u>	<u>269,696,081</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>1,321,405,762</u></u>	<u><u>1,256,311,753</u></u>

The accounts on Pages 2 to 13 have been signed on behalf of the Board of Directors by:

CHAIRMAN.....

DATE: 3/05/04

MANAGING DIRECTOR.....

DATE: 3/5/04

The Balance Sheet, Income and Expenditure statement and Cash Flow statement are to be read in conjunction with the notes to and forming part of the financial statements set out on pages 6 to 13.

# NYA TOURIST DEVELOPMENT CORPORATION

## ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2003

### INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 30 JUNE 2003

	Note	2003 KShs	2002 KShs
<b>INCOME</b>			
Interest From Commercial Fund Loans		21,352,133	17,964,822
Rental Income		78,601,900	85,211,837
Revolving Fund Loans Interest		39,329,928	38,933,530
Bank Deposit Interest Income		19,965,214	28,997,474
Other Income		844,867	619,820
<b>TOTAL OPERATING INCOME BEFORE EXPENSES</b>		<b>160,094,042</b>	<b>171,727,483</b>
<b>EXPENSES</b>			
Personnel Costs		63,170,751	49,445,605
Directors' Emoluments and Expenses		1,070,653	1,384,229
Entertainment		612,665	1,105,252
Travelling Costs		6,803,196	8,323,825
Motor Vehicle Expenses		2,501,109	2,814,699
Depreciation		2,970,294	4,653,138
Office Expenses	10	9,067,779	9,504,937
Property Maintenance & Security		5,886,609	4,684,734
Lifts Maintenance		1,637,770	1,541,100
Electricity		6,699,211	8,122,996
Water & Conservancy		987,533	881,941
Interest on Loans		4,326,883	4,388,604
Auditors Remuneration		350,000	350,000
Legal & Consultancy Fees		727,993	71,013
Bank Charges		186,093	262,055
Interest on Bank Overdraft		2,296,272	2,409,923
Rent and Rates		1,017,396	1,053,069
Valuation Fees		-	56,342
<b>TOTAL EXPENSES ON ORDINARY ACTIVITIES</b>		<b>110,312,207</b>	<b>101,053,462</b>
Income/(Loss) From Operations		49,781,835	70,674,021
<b>Less:</b>			
Bad Debts Written Off	11	-	31,891,834
Bad Debts Provision	12	131,543,847	161,814,411
		<b>131,543,847</b>	<b>193,706,245</b>
<b>Net Income/(Loss) Before Exceptional Item</b>		<b>(81,762,012)</b>	<b>(123,032,224)</b>
Exceptional Item	13	-	272,047
<b>RETAINED EARNINGS/(LOSS) FOR THE YEAR</b>		<b>(81,762,012)</b>	<b>(122,760,177)</b>

# KENYA TOURIST DEVELOPMENT CORPORATION

## ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2003

### CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2003

	Note	2003 KShs	2002 KShs
<b><u>Cash Flows From Operating Activities</u></b>			
Net Income/(Loss) for the year before Exceptional Item		(81,762,012)	(123,032,224)
<b>Adjustments:</b>			
Depreciation		2,970,294	4,653,138
Gain/(Loss) on Disposal of Fixed Assets		-	272,047
Net increase/(Decrease) in Employees Benefits Provision		1,236,229	357,354
Bad Debts Written Off		-	31,891,834
Interest Expense	14	6,623,155	6,798,527
Interest From Bank Deposits		(19,965,214)	(28,997,474)
Operating Income/(Loss) before working Capital changes (Increase)/Decrease in Debtors		(90,897,548)	(108,056,798)
Increase/(Decrease) in Creditors		(5,729,768)	(24,483,659)
Cash generated from Operations		147,884,797	177,007,813
Corporation & Withholding Taxes Paid		51,257,481	44,467,356
Exceptional Item		(3,123,546)	(9,552,124)
Revolving & Commercial Loans Interests' Capitalised		-	(272,047)
<b>Net Cash Inflow/(Outflow) From Operating Activities</b>		<b>(6,336,634)</b>	<b>(13,042,542)</b>
<b><u>Cash Flows From Investing Activities:</u></b>			
Interest from Bank Deposits		19,965,214	28,997,474
Purchase of Fixed Assets		(37,000)	(705,860)
Purchase of Investments		(365,778)	(100,000)
Capital Work In Progress		-	(2,639,496)
Sale of Fixed Assets		-	298,742
Loans Disbursed		(3,295,696)	(53,257,400)
Loans Recovered		8,657,082	10,230,331
<b>Net Cash Inflow/(Outflow) From Investing Activities</b>		<b>24,923,822</b>	<b>(17,176,209)</b>

# ENYA TOURIST DEVELOPMENT CORPORATION

## ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2003

### CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2003 - Continuation.

	Note	2003 <u>KShs</u>	2002 <u>KShs</u>
<b><u>Cash Flows From Financing Activities:</u></b>			
Interest Expense Paid		(6,623,155)	(6,798,527)
Loans Repaid		(1,843,337)	(1,781,616)
Net Cash Inflow/(Outflow) From Financing Activities		<u>(8,466,492)</u>	<u>(8,580,143)</u>
Net Increase/ (Decrease) in Cash and Cash Equivalents		10,120,696	(38,798,894)
Cash & Cash Equivalents at beginning of the period		<u>326,545,914</u>	<u>365,344,808</u>
Cash & Cash Equivalents at end of the Period	5	<u><u>336,666,610</u></u>	<u><u>326,545,914</u></u>

**NOTE: Cash & Cash Equivalents are reconciled below**

Cash at Bank & in Hand	3,518,911	8,568,744
Fixed Deposits	349,276,598	331,404,191
Bank Overdraft	<u>(16,128,899)</u>	<u>(13,427,021)</u>
Cash & Cash Equivalents at end of the period	<u><u>336,666,610</u></u>	<u><u>326,545,914</u></u>

# ENYA TOURIST DEVELOPMENT CORPORATION

## ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2003

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2003

#### 1. ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below:

##### a) BASIS OF ACCOUNTING

The accounts have been prepared under the historical cost convention and in accordance with the Kenya Tourist Development Corporation Act and the February 1991 Investment Guidelines issued by the Treasury through the parent Ministry of Tourism and Information.

The financial statements have been prepared in accordance to and in compliance with International Accounting Standards.

##### b) ACCOUNTING FOR SUBSIDIARY AND ASSOCIATED COMPANIES

Financial statements of subsidiary and associated companies have not been consolidated in the accounts. However, the corporation's investments in these companies are shown at cost in accordance with Treasury's Investment Guidelines.

##### c) CLASSIFICATION OF FUNDS

The Corporation's financing has been classified in accordance with the February 1991 Investment Guidelines as follows:

##### i) Equity:

Irredeemable funds supplied by the Government to purchase equity interest in tourism related companies.

##### ii) Commercial Loan:

Funds provided by the Government to lend on a commercial basis to tourism related companies and to be repaid to the Government over a period of fifteen years from January 1991. The Loan was fully repaid in the year 2000/2001.

##### iii) Revolving Fund:

This fund was set up by the Government for the corporation to manage and provide loan finance to assist Kenyans to become established in the tourism industry.

##### d) ACCOUNTING FOR FEASIBILITY STUDIES GRANT

The Corporation was granted funds by the Government to carry out feasibility studies. Payments made or to be made on completed feasibility studies are charged fully against this fund at the time of payment or completion of the study, whichever is earlier.

##### e) PROVISION FOR DOUBTFUL DEBTS

The corporation is responsible for bad debts incurred on both Commercial and Revolving Fund Programmes in accordance with the February 1991 Investment Guidelines.

# KENYA TOURIST DEVELOPMENT CORPORATION

## ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2003

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2003

#### f) DEPRECIATION OF FIXED ASSETS

Depreciation is calculated on a straight line basis over the estimated useful lives of the assets concerned. The annual rates are:

Land	NIL
Buildings	2.5 %
Furniture & Fittings	12.5 %
Electronic Equipment	30.0%
Motor Vehicles	25.0 %

A full depreciation is provided for during the year of acquisition but no depreciation is provided for during the year of disposal.

#### g) INCOME

Income is accounted for on the following basis:

##### i) Interest:

This consists of amount received and accrued up to 30 June 2003.

##### ii) Loan Interest Income:

Interest receivable in respect of administering the commercial and Revolving Funds in accordance with the Investment Guidelines.

##### iii) Rental Income:

Rent is accounted for on an accrual basis.

##### iv) Other Income:

Major items include Personnel loans' interest, interest from Loan given to USICO Ltd to acquire Shares in The Ark Ltd, Directors fees received from Kenya Hotel Properties Ltd, Msafiri Inns commission and Proceeds from Tender applications during the year.

# NYA TOURIST DEVELOPMENT CORPORATION

## ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2003

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2003

#### 2. PROPERTY, PLANT AND EQUIPMENT SCHEDULE FOR THE YEAR ENDED 30 JUNE 2003

<b>FIXED ASSETS</b>	<b>Land and Buildings KShs</b>	<b>Furniture and Equipment KShs</b>	<b>Cutlery and Halloware KShs</b>	<b>Motor Vehicles KShs</b>	<b>Total KShs</b>
<b>Cost or Valuation</b>					
01 July 2002	89,511,916	17,190,520	119,684	13,109,340	119,931,460
Additions for the year	-	37,000	-	-	37,000
<b>As at 30 June 2003</b>	<b>89,511,916</b>	<b>17,227,520</b>	<b>119,684</b>	<b>13,109,340</b>	<b>119,968,460</b>
<b>Depreciation</b>					
01 July 2002	37,221,408	15,416,832	-	12,694,961	65,333,201
Charge for the year	1,841,831	714,084	-	414,379	2,970,294
<b>As at 30 June 2003</b>	<b>39,063,239</b>	<b>16,130,916</b>	<b>-</b>	<b>13,109,340</b>	<b>68,303,495</b>
<b>Net Book Value</b>					
30 June 2003	50,448,677	1,096,604	119,684	-	51,664,965
Capital Work In Progress	13,262,348	-	-	-	13,262,348
<b>Balances on 30 June 2003</b>	<b>63,711,025</b>	<b>1,096,604</b>	<b>119,684</b>	<b>-</b>	<b>64,927,313</b>
30 June 2002	52,290,508	1,773,688	119,684	414,379	54,598,259
Capital Work In Progress	13,262,348	-	-	-	13,262,348
<b>Balances on 30 June 2002</b>	<b>65,552,856</b>	<b>1,773,688</b>	<b>119,684</b>	<b>414,379</b>	<b>67,860,607</b>

a) No depreciation is provided for Cutlery and Halloware since none of the items have been put into use.

b) Capital work in progress refer to Architects, structural design & Consultancy fees incurred so far as regards the proposed construction of Utalii House's 12th Floor.

# NYA TOURIST DEVELOPMENT CORPORATION

## ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2003

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2003

#### 3 (a). INVESTMENTS & LOANS SCHEDULE AS AT 30 JUNE 2003

Project	% Held KShs	Equity	Commercial	2003 KShs	2,002 KShs
		Investment KShs	Fund Principal Loa KShs		
<b>(i) Subsidiaries</b>					
Zimmerman (1973)Ltd	51.00	1,071,000	-	1,071,000	1,071,000
Meru Mulika Lodge Ltd	91.70	5,653,740	10,054,495	15,708,235	15,224,550
Kenya Safari Lodges & Hotels Ltd	63.40	6,407,553	54,981,546	61,389,099	66,960,489
Bomas of Kenya Ltd	100.00	5,080,000	11,058,239	16,138,239	16,138,239
Mt.Elgon Lodge Ltd	72.90	1,345,780	1,596,371	2,942,151	2,942,151
Sunset Hotel Ltd	95.40	11,450,000	735,179	12,185,179	11,450,000
KTDC Utalii Investments Ltd	100.00	2,000,000	-	2,000,000	2,000,000
Kabarnet Hotel Ltd	98.20	5,432,120	16,086,000	21,518,120	21,518,120
Kakamega Hotel Ltd	80.00	4,000,000	10,735,087	14,735,087	13,762,823
African Tours & Hotels Ltd	52.60	4,691,900	6,148,983	10,840,883	10,840,883
<b>Subtotals</b>		<b>47,132,093</b>	<b>111,395,900</b>	<b>158,527,993</b>	<b>161,908,255</b>
<b>(ii) Associates</b>					
Mountain Lodges Ltd	39.70	2,893,520	-	2,893,520	2,893,520
International Hotel (K) Ltd	33.10	119,574,692	-	119,574,692	119,574,692
Kenya Hotel Properties Ltd	33.80	114,189,360	-	114,189,360	114,189,360
Buffalo Springs Ltd	41.00	1,000,000	4,944,310	5,944,310	5,944,310
<b>Subtotals</b>		<b>237,657,572</b>	<b>4,944,310</b>	<b>242,601,882</b>	<b>242,601,882</b>
<b>(iii) Others</b>					
Marsabit Lodge Ltd	-	-	1,470,035	1,470,035	1,470,035
Maralal Safari Lodge Ltd	15.50	802,000	-	802,000	802,000
Mombasa Island Hotel Ltd	-	6,180,471	-	6,180,471	6,180,471
Solar Hotel Ltd	-	-	400,082	400,082	400,082
Kitale Hotel Ltd	-	2,358,534	-	2,358,534	1,992,756
African Tours & Hotels Preference Shares	-	29,100	-	29,100	29,100
Watalii Street Project	-	38,659,077	-	38,659,077	38,659,077
Kithyululu Farm Ltd	-	-	19,324,896	19,324,896	19,324,896
Garden Hotel Co. Ltd-Machakos	-	-	20,152,502	20,152,502	20,152,502
Church Road Development Co. Ltd	-	-	28,000,000	28,000,000	28,000,000
<b>Subtotals</b>		<b>48,029,182</b>	<b>69,347,515</b>	<b>117,376,697</b>	<b>117,010,919</b>
<b>Grand Totals</b>		<b>332,818,847</b>	<b>185,687,725</b>	<b>518,506,572</b>	<b>521,521,056</b>
Revolving Fund Principal Loan				67,508,370	69,489,493
Revolving Fund Interest Arrears				167,502,853	134,384,418
Commercial Fund Interest Arrears				45,870,726	24,518,593
<b>TOTAL INVESTMENTS AND LOANS</b>				<b>799,388,521</b>	<b>749,913,560</b>

#### (b) ZIMMERMAN (1973) LTD.

The Corporation has an equity Investment of Kshs 1,071,000 in this Company which ceased operation in 1978. An Irredeemable loan of Kshs 714,274 received from the Company together with the corporation's equity Contribution have both been reflected in the accounts.

# NYA TOURIST DEVELOPMENT CORPORATION

## ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2003

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2003

#### 3 (a). INVESTMENTS & LOANS SCHEDULE AS AT 30 JUNE 2003

Project	% Held KShs	Equity	Commercial	2003 KShs	2,002 KShs
		Investment KShs	Fund Principal Loa KShs		
<b>(i) Subsidiaries</b>					
Zimmerman (1973)Ltd	51.00	1,071,000	-	1,071,000	1,071,000
Meru Mulika Lodge Ltd	91.70	5,653,740	10,054,495	15,708,235	15,224,550
Kenya Safari Lodges & Hotels Ltd	63.40	6,407,553	54,981,546	61,389,099	66,960,489
Bomas of Kenya Ltd	100.00	5,080,000	11,058,239	16,138,239	16,138,239
Mt.Elgon Lodge Ltd	72.90	1,345,780	1,596,371	2,942,151	2,942,151
Sunset Hotel Ltd	95.40	11,450,000	735,179	12,185,179	11,450,000
KTDC Utalii Investments Ltd	100.00	2,000,000	-	2,000,000	2,000,000
Kabarnet Hotel Ltd	98.20	5,432,120	16,086,000	21,518,120	21,518,120
Kakamega Hotel Ltd	80.00	4,000,000	10,735,087	14,735,087	13,762,823
African Tours & Hotels Ltd	52.60	4,691,900	6,148,983	10,840,883	10,840,883
<b>Subtotals</b>		<b>47,132,093</b>	<b>111,395,900</b>	<b>158,527,993</b>	<b>161,908,255</b>
<b>(ii) Associates</b>					
Mountain Lodges Ltd	39.70	2,893,520	-	2,893,520	2,893,520
International Hotel (K) Ltd	33.10	119,574,692	-	119,574,692	119,574,692
Kenya Hotel Properties Ltd	33.80	114,189,360	-	114,189,360	114,189,360
Buffalo Springs Ltd	41.00	1,000,000	4,944,310	5,944,310	5,944,310
<b>Subtotals</b>		<b>237,657,572</b>	<b>4,944,310</b>	<b>242,601,882</b>	<b>242,601,882</b>
<b>(iii) Others</b>					
Marsabit Lodge Ltd	-	-	1,470,035	1,470,035	1,470,035
Maralal Safari Lodge Ltd	15.50	802,000	-	802,000	802,000
Mombasa Island Hotel Ltd	-	6,180,471	-	6,180,471	6,180,471
Solar Hotel Ltd	-	-	400,082	400,082	400,082
Kitale Hotel Ltd	-	2,358,534	-	2,358,534	1,992,756
African Tours & Hotels Preference Shares	-	29,100	-	29,100	29,100
Watalii Street Project	-	38,659,077	-	38,659,077	38,659,077
Kithyululu Farm Ltd	-	-	19,324,896	19,324,896	19,324,896
Garden Hotel Co. Ltd-Machakos	-	-	20,152,502	20,152,502	20,152,502
Church Road Development Co. Ltd	-	-	28,000,000	28,000,000	28,000,000
<b>Subtotals</b>		<b>48,029,182</b>	<b>69,347,515</b>	<b>117,376,697</b>	<b>117,010,919</b>
<b>Grand Totals</b>		<b>332,818,847</b>	<b>185,687,725</b>	<b>518,506,572</b>	<b>521,521,056</b>
Revolving Fund Principal Loan				67,508,370	69,489,493
Revolving Fund Interest Arrears				167,502,853	134,384,418
Commercial Fund Interest Arrears				45,870,726	24,518,593
<b>TOTAL INVESTMENTS AND LOANS</b>				<b>799,388,521</b>	<b>749,913,560</b>

#### (b) ZIMMERMAN (1973) LTD.

The Corporation has an equity Investment of Kshs 1,071,000 in this Company which ceased operation in 1978. An Irredeemable loan of Kshs 714,274 received from the Company together with the corporation's equity Contribution have both been reflected in the accounts.

# KENYA TOURIST DEVELOPMENT CORPORATION

## ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2003

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2003

	2003	2002
	<u>KShs</u>	<u>KShs</u>
<b>4. DEBTORS AND PREPAYMENTS</b>		
These Comprise:		
Debtors	104,241,849	98,429,009
Deposit and Prepayments	52,570	135,642
	<u>104,294,419</u>	<u>98,564,651</u>
<b>5. CASH AND CASH EQUIVALENTS</b>		
These are:		
Cash at Bank and in Hand	3,518,911	8,568,744
Fixed Deposits	349,276,598	331,404,191
	<u>352,795,509</u>	<u>339,972,935</u>
For the purpose of Cash Flow Statement, the year end Cash and Cash equivalents shown above have been offset and reduced by Bank Overdraft.		
<b>6. GENERAL FUND</b>		
This Comprises:		
<b>a) GENERAL FUND CAPITALIZED:</b>		
Invested in equity portfolio	4,741,000	4,741,000
Invested in commercial advances	2,000,000	2,000,000
	6,741,000	6,741,000
Surplus on revaluation	13,765,020	13,765,020
	<u>20,506,020</u>	<u>20,506,020</u>
<b>b) RETAINED EARNINGS</b>		
Balance brought forward	697,511,514	820,271,691
Retained Earnings/(Loss) for the year	(81,762,012)	(122,760,177)
Retained Earnings/(Loss) Carried Forward	<u>615,749,502</u>	<u>697,511,514</u>
<b>TOTAL GENERAL FUND</b>	<u>636,255,522</u>	<u>718,017,534</u>

# KENYA TOURIST DEVELOPMENT CORPORATION

## ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2003

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2003

	2003 <u>KShs</u>	2002 <u>KShs</u>
<b>7. RESTRUCTURING RESERVE</b>		
Revolving Fund Programme	27,005,775	27,005,775
Commercial Fund Programme	109,315,303	109,315,303
	<u>136,321,078</u>	<u>136,321,078</u>
Less: Deferred Loans' Interests	(47,740,236)	(47,740,236)
	<u><u>88,580,842</u></u>	<u><u>88,580,842</u></u>

### 8. LONG TERM LOAN

a) The movement for this Loan is as shown below:

Catering Levy Trustees (CLT)	5,900,335	7,743,672
<u>Less:</u> Current Maturity for the next year	<u>(1,905,058)</u>	<u>(1,843,337)</u>
	<u><u>3,995,277</u></u>	<u><u>5,900,335</u></u>

b) This loan due to Catering Levy Trustees was given to the corporation to assist in the construction of hotels in 1984 at an interest rate of 12% p.a. repayable in thirty two quarterly instalments.

The loan was later rescheduled in 1991 and is for 15 years at an interest rate of 12% p.a. effective 1st July 1991.

c) The current maturity balance for this loan is made up of the following:

	2003 <u>KShs</u>	2002 <u>KShs</u>
Outstanding Current Maturity on 01 July	1,843,337	1,781,616
Current maturity due for next year	1,905,058	1,843,337
	<u>3,748,395</u>	<u>3,624,953</u>
<u>Less:</u> Current maturity repaid during the year:	<u>(1,843,337)</u>	<u>(1,781,616)</u>
	<u><u>1,905,058</u></u>	<u><u>1,843,337</u></u>

### 9. CREDITORS AND PROVISIONS

These Comprise:

(a) Creditors	49,859,085	34,085,012
(b) Provisions:		
(i) Gratuity for Employees on Contract Terms	2,540,776	1,973,899
(ii) Bad debts on Commercial & Revolving loans	265,687,571	185,813,485
(iii) General Provision for bad debts	82,554,671	30,884,910
	<u><u>400,642,103</u></u>	<u><u>252,757,306</u></u>

# A TOURIST DEVELOPMENT CORPORATION

## ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2003

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2003

	2003 <u>KShs</u>	2002 <u>KShs</u>
<b>10. OFFICE EXPENSES</b>		
These Comprise:		
Publicity and Advertising	2,381,834	2,357,705
Printing and Stationery	1,277,457	1,128,670
Telephone and Postages	2,836,631	3,312,295
Subscriptions and Donations	896,335	835,421
General Office Expenses	597,208	625,523
Repairs and Maintenance of Office Equipment	383,908	610,538
Insurances of Office Equipment	149,805	139,509
Ask Shows	544,601	495,276
	<u>9,067,779</u>	<u>9,504,937</u>

### 11. BAD DEBTS WRITTEN OFF

During the year under review no debts or loans were written off as bad.

The debts written off in the previous year were loans whose proceeds from realization of their securities were inadequate to cover loan balances and there were no prospects of recovering from loan guarantors.

(i) Tsavo Motel Ltd.	-	357,505
(ii) Kisumu Hillside Inn Ltd.	-	12,386,450
(iii) Uyundo Enterprise Ltd.	-	7,346,710
(iv) Sportsview Hotel Ltd.	-	512,169
(v) Milima Agencies Ltd.	-	836,514
(vi) Kentur Tours and Travels Ltd.	-	2,734,911
(vii) Kibo Safaris Ltd.	-	7,717,575
	<u>-</u>	<u>31,891,834</u>

# A TOURIST DEVELOPMENT CORPORATION

## ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2003

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2003

OFFICE EXPENSES	2003 <u>KShs</u>	2002 <u>KShs</u>
These Comprise:		
Publicity and Advertising	2,381,834	2,357,705
Printing and Stationery	1,277,457	1,128,670
Telephone and Postages	2,836,631	3,312,295
Subscriptions and Donations	896,335	835,421
General Office Expenses	597,208	625,523
Repairs and Maintenance of Office Equipment	383,908	610,538
Insurances of Office Equipment	149,805	139,509
Ask Shows	544,601	495,276
	<u>9,067,779</u>	<u>9,504,937</u>

### 11. BAD DEBTS WRITTEN OFF

During the year under review no debts or loans were written off as bad.

The debts written off in the previous year were loans whose proceeds from realization of their securities were inadequate to cover loan balances and there were no prospects of recovering from loan guarantors.

(i) Tsavo Motel Ltd.	-	357,505
(ii) Kisumu Hillside Inn Ltd.	-	12,386,450
(iii) Uyundo Enterprise Ltd.	-	7,346,710
(iv) Sportsview Hotel Ltd.	-	512,169
(v) Milima Agencies Ltd.	-	836,514
(vi) Kentur Tours and Travels Ltd.	-	2,734,911
(vii) Kibo Safaris Ltd.	-	7,717,575
	<u>-</u>	<u>31,891,834</u>

# A TOURIST DEVELOPMENT CORPORATION

## ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2003

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2003

	2003 <u>KShs</u>	2002 <u>KShs</u>
<b>BAD DEBTS PROVISION</b>		
<p>The loans whose balances were provided in the previous year continued with their non-performing trend during the current year. The provisions made during the current year are only the additions to these loans in form of interest charges and fees paid in recovery efforts like legal fees. In addition to these loans, four more loans as shown below were classified as dormant during the year and their balances as at 30th June 2003 have been fully provided. However, Management will continue with recovery efforts. Euro Bank Ltd, a company in which the Corporation had invested KShs 51,669,761 in Fixed Deposits collapsed during the year. The guaranteed refund from the Deposit Protection Fund of KShs 100,000 had not been received as at 30th June 2003. This invested amount now ranking as a debt from Euro Bank has been provided for as its recovery is doubtful.</p>		
<b><u>Revolving Fund Loans</u></b>		
(i) Ikolomani Enterprises Ltd.	1,490,759	7,620,761
(ii) New Milimani Inn Ltd, Meru.	338,399	1,729,884
(iii) Diani Enterprises Ltd.	5,921,322	30,269,793
(iv) Jomina Tours and Travels Ltd.	1,623,608	8,446,014
(v) Lake Turkana El-Molo Lodges Ltd.	3,352,372	17,137,324
(vi) Bush Bar Ltd.	3,176,046	14,604,577
(vii) Naivasha Hill Park Motel Ltd.	3,048,153	15,582,150
(viii) Delight Dreamland Hotel Ltd.	2,712,992	13,868,809
(ix) Wajir Tourist Hotel Ltd.	1,830,680	9,358,440
(x) Githuku Investments Ltd.	2,579,265	13,074,167
(xi) Kenya Agro Business Ltd.	1,861,276	9,514,837
(xii) Gasden Co. Ltd.	2,468,398	12,618,452
(xiii) Narokville Enterprises Ltd.	630,099	3,170,112
(xiv) Kendu Bay Country Hotel Ltd.	238,969	1,221,612
(xv) Mona Lisa Ltd	2,846,695	-
(xvi) Mt. Elgon Agencies Ltd.	7,466,386	-
(xvii) Kitui Tourist Hotel Ltd	7,782,096	-
	<u>49,367,515</u>	<u>158,225,932</u>
<b><u>b) Commercial Fund Loans</u></b>		
(i) Solar Hotel Ltd	874,141	3,588,479
(ii) Kithyululu Farm Ltd	29,632,430	-
	<u>79,874,086</u>	<u>161,814,411</u>
<b><u>(c) Bank Deposits</u></b>		
Euro Bank Ltd.	51,669,761	-
	<u>131,543,847</u>	<u>161,814,411</u>

### 13. EXCEPTIONAL ITEM

This is Gain/(Loss) from sale of Fixed Assets

-	272,047
<u>-</u>	<u>272,047</u>

### 14. INTEREST EXPENSE

This refers to the amount incurred and paid on borrowings by the Corporation as shown below:

Redeemable CLT Loan Interest	246,883	308,604
Irredeemable GOK Revolving Fund Loan Interest	4,080,000	4,080,000
KCB Bank Overdraft Interest	2,296,272	2,409,923
	<u>6,623,155</u>	<u>6,798,527</u>