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REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE ACCOUNTS OF CATERING TRAINING AND TOURISM DEVELOPMENT LEVY TRUSTEES FOR THE YEAR ENDED 30 JUNE 2001

KENYA NATIONAL ASSEMBLY
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**CATERING TRAINING AND TOURISM
DEVELOPMENT LEVY TRUSTEES**

**ANNUAL REPORT AND ACCOUNTS
For the year ended 30th June 2001**

**CATERING TRAINING AND TOURISM
DEVELOPMENT LEVY TRUSTEES**

REPORT AND ACCOUNTS
For the year ended 30th June 2001

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BOARD OF TRUSTEES

- Mr. J. Kipsanai - Chairman
- Mrs. R. J. Boit - Chief Executive
- Permanent Secretary, Ministry of Tourism - Member (Alternate Mr. G. Ndegwa)
- Permanent Secretary, Treasury - Member (Alternate Mrs. E.M. Gatuguta)
- Mr. M. M. Hajir - Member
- Mr. P. M. Wandera - Member
- Mr. V. H. Ponda - Member
- Mr. D. K. Yego - Member
- Mr. M. K. Sio - Member

MANAGEMENT

- Mrs. R.J. Boit - Chief Executive
- Mr. O.A.M. Kilasi - Chief Manager- Finance and Human Resource Administration
- Mrs. N. M. Kinyori - Chief Manager - Operations
- Mr. G. M. Ng'ang'a - Finance Manager
- Mr. B. K. Mjawasi - Levy Manager
- Mrs. R.O.W. Sande - Standards Development Manager
- Mrs. J. Aganyo - Head of Internal Audit

MAIN BANKERS

- 1 Kenya Commercial Bank Ltd
Harambee Plaza
P.O. BOX 58166
NAIROBI
- 2 National Bank of Kenya
Harambee Avenue
P.O. BOX 73866
NAIROBI

CATERING TRAINING AND TOURISM DEVELOPMENT LEVY TRUSTEES

TRUSTEES REPORT

The Trustees have pleasure in submitting their report and audited accounts for the year ended 30th June 2001.

Principal Activities

The Principal activities of Catering Training and Tourism Development Levy Trustees Board during the 2000/2001 Financial year were as contained in Section 19 (A) of Hotels and Restaurants Act of 1971, Cap 494 Laws of Kenya; thus

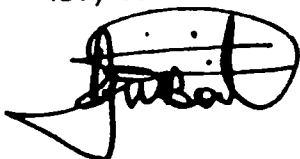
- (i) to collect and administer training levy from hotels and restaurants and other establishments that are covered under the Act.
- (ii) financing of training for Hotel and Tourism Industry at the Kenya Utalii College.
- (iii) funding Kenya Tourism Board for the purpose of marketing Kenya as a tourist destination both locally and internationally.
- (v) to establish and develop national standards for testing the skills required by the Tourism industry.

RESULTS

The result for the year ended 30th June 2001 are shown on pages 5-6.

STAFF

The Trustees pay tribute to the significant contribution made by staff to enhance levy collection.



R. J. BOIT (MRS)
SECRETARY
Nairobi, July 2003

**REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE
ACCOUNTS OF CATERING TRAINING AND TOURISM DEVELOPMENT
LEVY TRUSTEES FOR THE YEAR ENDED 30 JUNE 2001**

I have examined the Accounts of Catering Training and Tourism Development Levy Trustees for the year ended 30 June, 2001 in accordance with the provisions of Section 29 of the Exchequer and Audit Act (Cap 412). I have obtained all the information and explanations required for the purpose of the audit. Proper books of account have been kept and the accounts, which have been prepared under the historical cost convention, are in agreement therewith.

i. **Financial Position**

During the year ended 30 June, 2001 the Trustees incurred a deficit of Kshs.32,181,181 thereby reducing the accumulated funds from Kshs.69,292,422 in 2000 to Kshs 36,595,548. In addition, the Balance Sheet as at 30 June, 2001 reflects a negative working capital of Kshs.19,624,035. Evidently, the Trustees' continued operation as a going concern will depend mainly on its ability to improve revenue collection, exercise adequate control over its expenditure and the support of its creditors.

ii. **Fixed Assets**

Included in the Balance Sheet Fixed Assets figure of Kshs.53,119,583 as at 30 June, 2001 is an amount of Kshs.25,266,724 representing the value of land purchased from a firm on 28 September, 1988. Although the records show that the land was transferred to Catering Levy Trustees on 07 October, 1988, the transfer has been disputed by the vendor in court alleging forgery in the transfer. The case has not yet been determined. Under the circumstances, therefore, it has not been possible to confirm the ownership of the land and the propriety of the inclusion of the land among the fixed assets.

Except for the observation set out in the foregoing paragraphs, in my opinion the Accounts, when read together with the notes thereon, give a true and fair view of the state of financial affairs of the Trustees as at 30 June, 2001 and of its deficit and cash flow for the year then ended.



D.G. NJOROGE,
CONTROLLER AND AUDITOR GENERAL

Nairobi,

21 July, 2003

BALANCE SHEET
As at 30th June, 2001

	NOTES	2000/2001 KSH	KSH	1999/00 KSH
ASSETS EMPLOYED				
Fixed Assets	1		53,119,583	54,840,568
Long term Investments	9	-	3,100,000	3,100,000
CURRENT ASSETS				
CLT Loan Scheme	3	3,238,392		8,825,299
Deposits & Prepayments	4	927,819		1,394,486
Closing Inventory Stocks	5	1,439,812		2,077,583
Advances	6	5,324,341		8,962,750
Sundry Debtors	7	3,029,621		9,073,797
Loans (KTDC)	8	2,957,457		3,214,627
Investments	9	-		15,000,000
Standing Imprests	10	250,000		250,000
Cash & Bank Balances	11	<u>7,036,397</u>		<u>4,393,334</u>
			24,203,839	111,132,444
Less: CURRENT LIABILITIES				
Sundry Creditors	12	<u>43,827,874</u>	<u>(19,624,035)</u>	<u>41,840,022</u>
			<u>36,595,548</u>	<u>69,292,422</u>
FINANCED BY:				
Accummulated Funds	2		<u>36,595,548</u>	<u>69,292,422</u>
			<u>36,595,548</u>	<u>69,292,422</u>

SIGNED: 

Chairman, Catering Training & Tourism Development Levy Trustees

SIGNED: 

Chief Executive, Catering Training & Tourism Development Levy Trustees

INCOME AND EXPENDITURE ACCOUNT

For the year ended 30th June, 2001

	2000/2001	1999/00
	KSH	KSH
ITEMS		
A: INCOME		
Catering Training Levy & Penalty	381,482,346	339,464,472
Interest on Investments/Loan	1,163,395	3,383,819
Interest on Staff Loans	311,260	470,943
Disposal of Assets	142,536	<u>277,424</u>
Retrenchment Grants - GOK	<u>46,673,851</u>	-
	<u>429,773,388</u>	<u>343,596,658</u>
B: EXPENDITURE		
Salaries & House Allowance	61,104,022	72,798,192
Special Duty Allowance	52,021	58,467
Leave Travelling Allowance	64,772	960,937
Transfer Allowance	882,230	243,680
Medical Allowance	3,922,080	3,773,072
Entertainment & Public Relations	1,630,612	1,838,892
Staff Welfare & Choir Expenses	222,220	173,955
Shows & Exhibitions	106,200	20,000
Chairman's Honorarium & Trustees Sitting Allowance	326,140	106,500
Trustees Travelling Allowances	957,598	223,971
Subsistence & Travelling Allowance	3,260,903	2,319,333
Kilometer Allowance (Mileage)	1,000	-
Transport Operating & Maintenance	5,156,661	5,192,692
Insurances	2,803,413	3,892,273
Electricity, Water & Conservancy	136,360	149,851
Postage & Telephone Expenses	4,314,341	5,088,618
Printing & Stationery	<u>3,596,885</u>	<u>4,311,553</u>
TOTAL C/F	<u>88,537,458</u>	<u>101,151,986</u>

INCOME AND EXPENDITURE ACCOUNT

For the year ended 30th June, 2001 (Continued)

ITEMS	2000/2001 KSH	1999/00 KSH
TOTAL B/F	88,537,458	101,151,986
Newspaper & Periodicals	448,214	423,215
Advertising & Publicity	358,708	529,594
Staff Uniforms	-	-
Tourism Development	794,434	6,037,966
Staff Development(Training)	75,843	1,208,180
Office Rent	10,663,460	12,052,039
Land Rent & Rates	448,848	200,000
Rental of Staff Houses	3,431,313	4,284,479
Licences & Legal Fees	201,951	122,117
Audit Fees	240,000	240,000
Maintenance of Office Equipment	406,337	508,990
Miscellaneous Expenses	2,036,533	2,952,179
Service Charge (Corporation)	-	7,200
Grants to Utalii College	250,252,419	222,688,494
Grants to Kenya Tourist Board	32,000,000	27,932,000
Donations	100,000	130,000
Repair & Maintenance of Buildings	3,086,309	1,773,231
Bank Charges	403,298	597,098
Provision for Doubtful Debts	2,667,147	67,857
Depreciation - Motor Vehicles	1,507,844	2,396,280
- Furniture & Equipment	2,798,124	1,309,876
TOTAL	400,458,240	386,612,781
Excess of Income Over Expenditure (A-B)	29,315,148	(43,016,123)
Retrechment Expenses - CLT	14,822,478	-
Retrechment Expenses - GOK	46,673,851	-
Total Excess Income over Expenditure	(32,181,181)	(43,016,123)

CASH FLOW STATEMENT

For the year ended 30th June, 2001

	2000/01	1999/00
	KSH	KSH
Adjustment: Deficit per Income Statement	(32,181,181)	(43,016,123)
Less: Indirect Income	(48,291,042)	(4,132,186)
Depreciation	4,305,968	3,706,156
Working capital changes:-		
Sundry Debtors	15,526,846	3,498,140
Stocks	637,771	243,198
Creditors	(1,987,838)	23,862,957
Finance: Interest on Investment/Loans	<u>1,474,655</u>	<u>3,854,762</u>
Total generated from operations	(60,514,821)	(11,983,096)
Investing Activities:-		
Purchase of Assets	<u>(3,742,447)</u>	<u>(13,215,867)</u>
Proceeds from sale of assets	1,300,000	661,500
Transfer from Investments	18,926,480	10,430,797
Retrenchment Programme - GOK	46,673,851	-
Net cash outflow before financing	2,643,063	(6,037,463)
Financing	-	-
Changes in cash and cash equivalent	2,643,063	(6,037,463)
Closing cash Balance	7,036,397	4,393,334
Less: Opening Cash	<u>4,393,334</u>	<u>10,430,797</u>
	<u>2,643,063</u>	<u>(6,037,463)</u>

NOTES TO THE ACCOUNTS

For the year ended 30th June 2001

ACCOUNTING POLICIES

(a) Basis of preparation:

Preparation has been done on the basis of Historical cost convention as modified when applicable by valuation of assets.

(b) Depreciation:

Land and Building are not depreciated.

Other Assets are depreciated on a reducing value basis over their expected useful life, as shown here below:-

1. Plant and Machinery	-	25.0%
2. Fixtures, Fittings, Furniture, Tools & Equipment	-	12.5%
3. Motor Vehicles	-	25.0%

(c) Bad and Doubtful Debts:

Provision for Doubtful Recoverable Debts is made in respect of dishonoured Cheques and Investments/Deposits in Institutions which are under liquidation.

SCHEDULE OF FIXED ASSETS - 2000/2001											
COST/VALUATION	Furniture and Fittings	Safe	Cookers, Fridges, Beds & Mattress	Calculators	Typewriters	Duplicators, Photocopiers and Coolers	Minor Equipment	Computers/ Switchboard	Land and Building	Motor Vehicles	TOTAL
1st July, 2000	11,307,921	361,075	487,346	511,207	1,343,309	1,715,989	1,664,592	19,054,724	25,266,724	31,468,509	93,181,396
Additions/Adjustments	105,170	0	0	0	0	0	151,633	400,000.00	0	3,085,644	3,742,447
Disposals	0	0	0	0	0	0	0	0	0	(2,057,713)	(2,057,713)
DEPRECIATION:											
1st July, 2000	7,026,155	236,992	223,128	274,382	832,072	952,544	757,839	3,758,047	0	24,279,669	38,340,828
Disposal/Debtors	0	0	0	0	0	0	0	0	0	(900,249)	(900,249)
Charge for year	535,221	15,510	33,027	29,603	63,905	95,430	113,344	1,912,084	0	1,507,844	4,305,968
	7,561,376	252,502	256,155	303,985	895,977	1,047,974	871,183	5,670,131	0	24,887,264	41,746,547
Net Book Value 30.06.2001	3,851,715	108,573	231,191	207,222	447,332	668,015	945,042	13,764,563	25,266,724	7,108,576	54,840,568
30th June, 2000	4,281,766	124,083	264,218	236,825	551,237	763,445	906,753	15,296,677	25,266,724	7,188,840	54,840,568

NOTES TO THE ACCOUNTS

For the year ended 30th June 2000
(Continued)

NOTE	DESCRIPTION	2000/01 KSH	1999/00 KSH
2	ACCUMULATED FUND		
	Accumulated Fund B/F	69,292,422	112,308,545
	Prior Year Adjustment	(515,693)	-
	Excess of income over/under Expenditure	<u>(32,181,181)</u>	<u>(43,016,123)</u>
		<u>36,595,548</u>	<u>69,292,422</u>
3	STAFF LOAN SCHEMES		
	Car Loans	853,891	2,806,804
	Housing Loans	2,226,430	5,911,153
	Other Loans (motor Insurance/Overhaul)	15,571	-
	Furniture/Fridge Loans	<u>142,500</u>	<u>107,342</u>
		<u>3,238,392</u>	<u>8,825,299</u>
4	DEPOSITS AND PREPAYMENTS		
	Kenya Power & Lighting Co.	20,860	20,860
	Water Deposits (Nairobi & Kisumu)	7,054	7,054
	Petrol & Fuel	104,870	104,870
	Hospitals Deposits	72,105	162,105
	Other Deposits	446,372	424,226
	Office Rent	265,680	656,328
	Other Prepayments	<u>10,878</u>	<u>19,043</u>
		<u>927,819</u>	<u>1,394,486</u>

NOTES TO THE ACCOUNTS

For the year ended 30th June 2001
(Continued)

NOTE	DESCRIPTION	2000/01 KSH	1999/00 KSH
5	CLOSING INVENTORY STOCKS		
	Printing & Stationery		
	- Nairobi	650,577	1,173,441
	- Mombasa	264,770	254,451
	- Kisumu	124,553	137,508
	- Nakuru	150,025	244,926
	- Nyeri	<u>249,887</u>	<u>267,257</u>
		<u>1,439,812</u>	<u>2,077,583</u>
6	ADVANCES		
	- Salary Advances	555,067	932,916
	- Other Advances - Medical	4,767,698	7,955,505
	- Disposal of Assets	-	47,150
	- Surcharge	<u>1,576</u>	<u>27,180</u>
		<u>5,324,341</u>	<u>8,962,751</u>
7 (a)	SUNDRY DEBTORS		
	- Kenya National Assurance Co- Provision	649,958	649,958
	- Safari & Other Imprests	499,828	328,424
	- Insurances	-	-
	- Other debtors	410,154	259,018
	- Pension (I.C.E.A.)	<u>116,501</u>	-
		<u>1,676,441</u>	<u>1,237,400</u>
	Less: Provision for Doubtful Debts	<u>649,958</u>	<u>649,958</u>
		<u>1,026,483</u>	<u>587,442</u>

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

NOTES TO THE ACCOUNTS (Continued)

NOTE	DESCRIPTION	2000/01 KSH	1999/00 KSH
7(b)	DISHONoured CHEQUES		
	- Nairobi	3,682,278	3,495,896
	- Mombasa	4,200,753	3,167,728
	- Kisumu	1,204,509	1,148,265
	- Nakuru	470,733	473,865
	- Nyeri	<u>198,200</u>	<u>200,601</u>
		<u>9,756,473</u>	<u>8,486,355</u>
	Less: Provision for Doubtful Recoverable Debts	<u>(7,753,335)</u>	-
		<u>2,003,138</u>	<u>8,486,355</u>
8	LOANS GENERAL		
	Kenya Tourist Development Corporation	<u>2,957,457</u>	<u>3,214,627</u>
		<u>2,957,457</u>	<u>3,214,627</u>
9	INVESTMENTS		
	Long Term	3,100,000	3,100,000
	Short Term - In existing Institutions	-	15,000,000
	- In Institutions Under Liquidation	<u>63,100,000</u>	<u>64,300,000</u>
		66,200,000	82,400,000
	Less: Provision for Doubtful Recoverable Debts	<u>(63,100,000)</u>	<u>(64,300,000)</u>
		<u>3,100,000</u>	<u>18,100,000</u>
10	STANDING IMPRESTS		
	- Nairobi	40,000	40,000
	- Mombasa	80,000	80,000
	- Kisumu	50,000	50,000
	- Nakuru	40,000	40,000
	- Nyeri	<u>40,000</u>	<u>40,000</u>
		<u>250,000</u>	<u>250,000</u>

NB: There is a provision for Doubtful Debts of Kshs 63.1 million on Investments and Kshs 7,753,335 on Dishonoured Cheques.

NOTES TO THE ACCOUNTS

For the year ended 30th June 2001

(Continued)

NOTE	DESCRIPTION	2000/01 KSH	1999/00 KSH
11	CASH AND BANK BALANCES		
	Current Accounts:		
	- Nairobi, NBK	35,467	319,191
	- Nairobi, KCB	2,993,376	2,697,186
	- Mombasa, KCB/NBK	898,385	482,744
	- Kisumu, KCB	456,514	23,270
	- Nakuru, KCB	110,889	88,894
	- Nyeri, KCB	71,865	55,631
	Staff Loans A/c	615,288	178,410
	Union Bank - Nairobi	10,000	10,000
	Project Account	1,040,429	334,974
	Retrenchment Account	685,854	-
	Cash on Transfer:		
	- Mombasa	-	-
	- Kisumu	-	-
	- Nakuru	-	-
	- Nyeri	-	-
	Cash in Hand:		
	- Mombasa	-	203,034
	- Kisumu	25,204	
	- Nakuru	90,108	
	- Nyeri	3,018	
		<u>7,036,397</u>	<u>4,393,334</u>

NOTES TO THE ACCOUNTS

For the year ended 30th June 2001 (Continued)

NOTE	DESCRIPTION	2000/01 KSH	1999/00 KSH
12	SUNDRY CREDITORS		
	P.AY.E.	1,118,349	1,041,273
	Co-operative Contribution & loan Recovery	761,160	765,525
	N.H. I. F.	116,330	175,170
	N.S.S.F.	102,940	52,140
	SAYE	28,600	29,800
	Insurance	660,362	155,175
	Salaries & Wages	32,401	161,430
	Leave Allowance	13,475	366,870
	Entertainment & Public Relations	272,675	-
	Maintenance & Running of Motor Vehicles	501,866	670,000
	Medical Accrued Expenses	1,168,909	400,000
	Subsistence Allowance	143,350	
	Transfer Allowances	106,200	188,580
	Electricity, Water & Conservancy	115,900	68,990
	Postage & Telephone Expenses	33,528	400,000
	Printing & Stationery	221,835	500,000
	Newspaper & Periodicals	8,645	8,290
	Land Rent & Rates	448,848	200,000
	Tourism Development	175,660	966,000
	Office Rent	1,169,976	1,169,976
	Rental of Staff Houses	30,000	-
	Advertisement & Publicity	119,388	95,820
	Miscellaneous Expenses	90,677	-
	Licences and Legal fees	46,890	-
	Maintenance and Repairs of Furniture	41,330	
	Maintenance and Repairs of Buildings	926,080	-
	TOTAL C/F	8,455,374	7,415,039

NOTES TO THE ACCOUNTS

For the year ended 30th June 2001
(Continued)

NOTE	DESCRIPTION	2000/01 KSH	1999/00 KSH
	TOTAL B/F	8,455,374	7,415,039
	Office Furniture	231,020	56,000
	Staff Creditors	1,886,268	1,412,932
	Service Charge	131,208	131,208
	Kenya Utalii College	28,192,362	18,177,343
	Pension - I.C.E.A.	4,451,642	10,000,000
	Auditor - General (Corporations)	480,000	240,000
	Kenya Revenue Authority (KRA)	-	<u>4,407,500</u>
		<u>43,827,874</u>	<u>41,840,022</u>
13 STAFF RETRENCHMENT FUND ACCOUNT			
	i) GOK Grants	44,717,019	—
	ii) Training Funds	<u>3,000,000</u>	—
		47,717,019	—
	iii) Less: Refund to DPM	<u>1,043,168</u>	—
	Total Amount to Income A/C	<u>46,673,851</u>	—
FUNDS DISBURSEMENT			
	i) Severance Benefits	28,209,174	—
	ii) In Lieu of Notice	4,655,175	—
	iii) Golden Handshake	11,100,000	—
	iv) Training Expenses	<u>2,709,502</u>	—
	Total Amount to Income A/C	<u>46,673,851</u>	—