



Library

| | |
|-------------------|--------------|
| PAPERS LAID No 16 | |
| Speaker N. A. | Clerk Assts |
| Dispeaker | C. H. Editor |
| Clerk N. A. | Reporters |
| D/Clerk | Library |
| P. C. A. | Press |

CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES



ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2005

KENYA NATIONAL ASSEMBLY
Accession: 10013167

Call No: 657.3 KMAO





CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES

VISION

To be a reliable source of funding for training, marketing, promotion, provision of quality services and development making Kenya the most preferred tourist destination.

MISSION STATEMENT

To ensure effective collection of Levy and to efficiently disburse the funds for training, marketing, promotion, provision of quality services and development through a highly motivated staff making Kenya a preferred tourist destination.

CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 30th June, 2005

CONTENTS

| | Page |
|--|-------|
| Organization Information | 3-5 |
| Board Members | 6 |
| Management Staff | 7 |
| Chairman's Statement | 8 |
| Chief Executive's Statement | 9 |
| Corporate Governance Statement | 10-12 |
| Statement of Board Members' Responsibilities | 13 |
| Report of the Controller & Auditor general | 14-16 |
| Financial Statements: | |
| Income & Expenditure Statement | 17-19 |
| Balance Sheet | 20 |
| Statement of Changes in Accumulated Funds | 27 |
| Cash Flow Statement | 21 |
| Accounting Policies | 22 |
| Notes to the Financial Statements | 23-32 |

CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES

ORGANIZATION INFORMATION

Catering and Tourism Development Levy Trustees (CTDLT) was established in 1972 as a body corporate under Section 18 of the Hotels and Restaurants Act Cap. 494 of the Laws of Kenya.

REGISTERED OFFICES

Head Office - Nairobi

Shell/BP House

4th Floor

Harambee Avenue

P.O. Box 46987-00100

NAIROBI

Website: ctdlt.co.ke, E-mail: info@ctdlt.co.ke

Valley Road Branch, Nairobi

CLT House

Valley Road

P.O. Box 46987-00100

NAIROBI

Mombasa Branch, Coast

Re-Insurance Plaza

4th Floor

Aga Khan Road

P.O. Box 99832

MOMBASA

CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES

Kisumu Branch, West Kenya

Re-Insurance Plaza

7th Floor

Off Oginga Odinga Road

P.O. Box 1406

KISUMU

Nakuru Branch, Rift Valley

AFC Building

1st Floor

Kijabe Lane, Off Kenyatta Avenue

P.O. Box 2812

NAKURU

Nyeri Branch, Central Kenya

Sohan Plaza

4th Floor

Moi/Nyayo Road

P.O. Box 348

NYERI

CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES

MAIN BANKERS

Kenya Commercial Bank
K.I.C.C. Branch
Harambee Avenue
P.O. Box 48400-00100

NAIROBI

National Bank of Kenya
NBK Building
Harambee Avenue
P.O. Box 73866-00100

NAIROBI

AUDITORS

Controller & Auditor General
Kenya National Audit Office
Kencom House
P.O. Box 30084-00100

NAIROBI

CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES

BOARD OF MEMBERS



Mr. J.K. Kipsanai-Chairman



Mr. Michael A. K'ombugoh



Amina J. Kassim (Mrs)



Mr. Daniel Ole Kiptunen



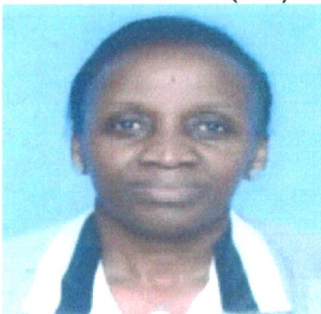
Kanario Miriti (Mrs)



Mr. Lawrence M. Ndeeri



Rosemary Njonge (Mrs)



Margaret W. Onyimbo (Mrs)



Mr. Philemon Mwaisaka



Rose J. Boit (Mrs),
Secretary/Chief Executive

CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES

MANAGEMENT STAFF



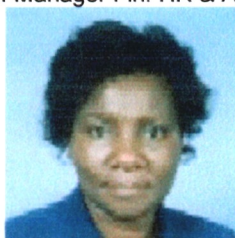
Rose J. Boit (Mrs),
Chief Executive



Mr. Orsborne O.A.M. Kilasi,
Chief Manager Fin. HR & Admin.



Mr. George M. Nganga,
Finance Manager



Ruth W. Sande (Mrs),
Standards Dvp Manager



Mr. Branstone K. Mjawasi,
Levy Manager



Mr. Julius S.K. Masivo
Deputy Finance Manager



Mr. Willis Ondiek
Deputy Standards Dvp Manager



Mr. Eden R. Odhiambo
Deputy Levy manager



Jane K. Aganyoh (Mrs),
Head of Internal Audit



Mr. Fredrick Orego
Legal Officer

CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES

CHAIRMAN'S STATEMENT

The year under review registered a tremendous improvement compared to the past years.

CATERING TRAINING LEVY FUND

During the year under review the organization achieved and in fact surpassed its levy collection targets. In this financial year 2004/2005 levy collection was Kshs 602,662,590 compared to Kshs 442,253,941 collected in the previous fiscal year. CTDLT also received kshs.3661,669 from investments compared to Kshs. 1,189,910 received the previous year. The year's results raised accumulated fund to Kshs.67,279,338 and property, plants and equipment to Kshs. 64,179,339, from Kshs. 51,901,877 and 48,801,877 respectively. The Tourism Industry has recorded a recognizable improvement in all areas during this financial year compared to the previous year. This was due to the improvement of the Tourism Industry, positive response by hoteliers, and Government amendment of the HRA Act Cap. 494 of the Laws of Kenya to include villas, homestays, cottages, private clubs and other services.

The Board of Trustees, over the period under review, enhanced their impact and contribution by educating and advocating their mandate through exchange and interaction with staff and stakeholders. This for a set conducive environment to exchange views that contributed to better performance.

WAYFORWARD

The Board is committed to achieving the goals contained in the organizational Strategic Plan for the years 2004 – 2009. The reference Strategic Plan clearly sets ways and means of future development, improvement of Staff Welfare, work environment and social responsibilities among others. This will ultimately assist in the achievement of set strategies and goals of the organization.

APPRECIATION

Finally, I wish to take this opportunity to thank my fellow Board of Trustees members for their dedication to serve the organization. The gratitude is especially extended to the Chief Executive, Management and all members of staff for their devotion and commitment to work which contributed to the already recognized success. Further, my appreciation goes to the Government of Kenya through the parent Ministry of Tourism and Wildlife, the Industry and other stakeholders for their continued support.

SIGNED: Joseph K. Kipsanai JOSEPH K. KIPSANAI
Chairman, CTDLT.

Date5/05/06.....

CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES

CHIEF EXECUTIVE'S STATEMENT

Catering and Tourism Development Levy Trustees (CTDLT) registered improved performance in the concluded financial year 2004/2005 notwithstanding the high cost of commodities, limited resources especially motor vehicles and, lack of fully developed information technology amongst other operational tools.

PERFORMANCE REPORT

During the year under review, the emphasis was put on operational processes and systems to ensure efficiency, and effectiveness. The control measures enhanced levy collection, reduced cost leading to quality service delivery to our customers and stakeholders. The organization has also recorded a tremendous improvement in all areas of its operation. This included replacement of some of the old vehicles, furniture and equipment and embarked on information technology development which will be completed in the following financial year.

The improved performance, especially in finance collection, has enabled the organization to undertake her mandates of levy collection and initiatives in development and regulation of training standards, curricula and testing of skills for the tourism and hospitality sector. Equally, CTDLT has effectively granted finances to Kenya Utalii College and Kenya Tourist Board for supporting training and, marketing and promotion respectively.

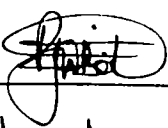
STAFF DEVELOPMENT AND MOTIVATION

CTDLT has embarked on staff training and development on the professional and other short time courses and workshops. This is a deliberate attempt to enhance staff performance and motivation. CTDLT has equally improved on the staff salaries and allowances resulting in enhanced work performance.

THE WAYFORWARD

The organization through the able guidance of the Board of Trustees looks forward to realizing better performance in future and is committed to - Upholding all the organizational core values; Maximizing service delivery to our customers and other stakeholders; Completing Capital development to enhance productivity; Ensure maintenance of working tools and Assets and; Improving staff motivation and other general staff welfare.

Finally I wish to thank the Board of Trustees for their support and able guidance. Equally I thank the management and the entire members of staff for their devotion to hard work. Lastly, my special regards and gratitude goes to all the institutions that contributed to the excellent achievement during the financial year.

SIGNED:  ROSE J. BOIT (MRS)
Chief Executive, CTDLT.

Date:05/05/06.....

CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES

CORPORATE GOVERNANCE STATEMENT

INTRODUCTION

Corporate governance is the process by which organizations are directed, controlled and held accountable. This encompasses authority, accountability, leadership and control of activities in an organization.

CTDLT BOARD OF TRUSTEES

The Board of Trustees consists of six members with diversified skills and experience in hospitality industry all appointed by the Minister for Tourism and Wildlife for a three year period. The mandate of the Trustees is clearly defined in Hotels and Restaurants authority Act Cap. 494 of the laws of Kenya as follows: -

- i. Collect, control and administer the Catering Training & Tourism Development Fund.
- ii. Establish, equip and control such establishments for the training of persons for employment in the hotels and restaurants as the Minister may approve.
- iii. Establish and develop national standards for testing skills required by the tourism industry.
- iv. Make such payments out of the fund as may be necessary to enable the Kenya Tourist Board promote Kenya as a preferred tourist destination both locally and internationally.

The Board has properly laid down workplans to ensure strict control of its operations and the execution delegated to the Chief Executive of the Organization.

COMMITTEES OF THE BOARD

The Board has in place four standing committees as appended here below:

-

➤ **Finance Committee**

| | | |
|---------------------------|---|--------------------------------|
| Mr. Michael A. K'ombugh | - | Chairman |
| Mr. Lawrence M. Ndeeri | - | Member |
| Rosemary Njonge (Mrs) | - | Ministry of Tourism & Wildlife |
| Margaret W. Onyimbo (Mrs) | - | Ministry of Finance |

➤ **Staff and Technical Committee**

| | | |
|---------------------------|---|--------------------------------|
| Kanario Miriti (Mrs) | - | Chairlady |
| Mr. Daniel Ole Kiptunen | - | Member |
| Rosemary Njonge (Mrs) | - | Ministry of Tourism & Wildlife |
| Margaret W. Onyimbo (Mrs) | - | Ministry of Finance |
| Mr. Philemon Mwaisaka | - | Kenya Utalii College |

➤ **Tender Committee**

| | | |
|---------------------------|---|----------------------|
| Mr. Daniel Ole Kiptunen | - | Chairman |
| Amina J. Kassim (Mrs) | - | Member |
| Margaret W. Onyimbo (Mrs) | - | Ministry of Finance |
| Mr. Philemon Mwaisaka | - | Kenya Utalii College |

➤ **Audit Committee**

| | | |
|------------------------|---|--------------------------------|
| Mr. Lawrence M. Ndeeri | - | Chairman |
| Amina J. Kassim (Mrs) | - | Member |
| Rosemary Njonge (Mrs) | - | Ministry of Tourism & Wildlife |
| Ruth W. Sande (Mrs) | - | Standards Dvp Manager |
| Jane K. Aganyoh (Mrs) | - | Head of Internal Audit |
| Mr. Fredrick Orego | - | Legal Officer |

The Committee members are supposed to draw schedule of the meetings as may be necessary during a financial year.

RISK MANAGEMENT AND CONTROL

The Board has collective responsibilities to establish and implement systems to ensure: -

- Maintenance of ethical standards.
- Staff Health, Safety and Welfare.
- Adoption of technology and skills.
- Staff Social Responsibilities and Interaction.
- Control efficiency, effectiveness and reporting of the performance of the organization to the responsible authorities.
- Recognition and utilization of professional skills and competencies.
- Corporate compliance with all relevant laws, regulations, governance practices, accounting and auditing standards.

Finally, the Board of Trustees is committed to accomplish an already laid down organizational strategic plan for future Development of the organization.

CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES



STATEMENT OF BOARD MEMBERS RESPONSIBILITIES

The Board members of the Trustees are required to prepare financial statements for each financial year that gives a true and fair view of the state of affairs of Trustees as at the end of the financial year and of its operating results. Board Members should also ensure that the Trustees keep proper accounting records that disclose with reasonable accuracy of the financial position of the Trustees. They are also responsible for safeguarding the assets of the Organization.

The Board Members accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and the requirements of the enabling Act. The Trustees are of the opinion that the financial statements for the year ended 30th June 2005 give a true and fair view of the state of financial affairs of the Trustees and of its operating results. The Trustees further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

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

SIGNED: [Signature] JOSEPH K. KIPSANAI
Chairman, Catering & Tourism Development
Levy Trustees
DATE 5/05/06

SIGNED: [Signature] ROSE J. BOIT (MRS)
Chief Executive, Catering & Tourism Development
Levy Trustees
DATE 05/05/06

REPUBLIC OF KENYA

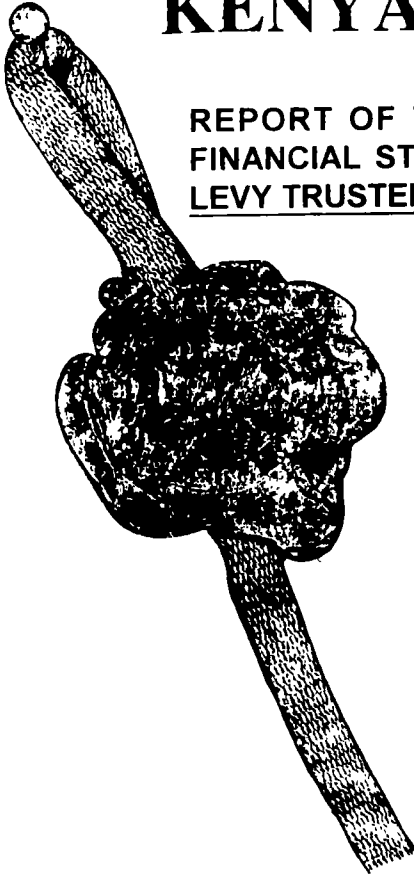
Telephone: Nairobi +254-20-335777
Fax: +254-20-330829
E-Mail: cag@kenyaweb.com



P.O. Box 30084-00100
NAIROBI

KENYA NATIONAL AUDIT OFFICE

**REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE
FINANCIAL STATEMENTS OF CATERING AND TOURISM DEVELOPMENT
LEVY TRUSTEES FOR THE YEAR ENDED 30 JUNE 2005**





KENYA NATIONAL AUDIT OFFICE

REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES FOR THE YEAR ENDED 30 JUNE, 2005

I have audited the financial statements of Catering and Tourism Development Levy Trustees for the year ended 30 June 2005 in accordance with the provisions of 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. The financial statements are in agreement with the books of account.

Respective Responsibilities of the Trustees and the Controller and Auditor General

As set out in the Statement of Trustees responsibilities, the Trustees are responsible for the preparation of financial statements which give a true and fair view of the Trustees' 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 be planned and performed with a view to obtaining reasonable assurance that the financial statements are free from material misstatement. An 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 the accounting policies used and significant estimates made by the Trustees, as well as an evaluation of the overall presentation of the financial statements. I believe my audit provides a reasonable basis for my opinion.

Comments

1. Catering Levy Trustees Loan Scheme

The balance sheet CLT Loan Scheme balance of Kshs.1,296,407 include loans of Kshs.562,500 and Kshs.128,575 held as house loans by two former employees. Further, Kshs.98,646 held as furniture and motor vehicle insurance loans by former employees is excluded from the loan scheme schedule

presented for audit review. The recoverability of the total of Kshs.789,721 owed by these former employees therefore appears doubtful. Any provision that would have been necessary in relation to these uncertainties has not been incorporated in the financial statements.

2. Property Plant and Equipment

The balance sheet property plant and equipment balance of Kshs.64,179,338 as at 30 June 2005 includes land and buildings valued at Kshs.30,304,344. The management has however not amortized the leasehold land or depreciated the building during the year under review contrary to International Accounting Standards Nos 17 and 16 respectively. No justification has been provided for the departure and as a result it has not been possible to give an opinion on the carrying value of the property as reflected in the balance sheet as at 30 June 2005.

3. Advances

The advances of Kshs.11,710,554 as at 30 June 2005 includes medical advance of Kshs.10,278,522 (2004 – Kshs.9,223,784), which has continued to increase over the years with no recoveries being made. It has not been possible to confirm whether and if so, when the Trustees will be able to recover the amounts. Any provision that would have been necessary in relation to this uncertainty has not been incorporated in these financial statements.

Opinion

Except for any adjustments that might be necessary arising from the foregoing reservations, in my opinion, proper books of account have been kept and the financial statements give a true and fair view of the state of the financial affairs of the Catering and Tourism Development Levy Trustees as at 30 June 2005 and of its surplus and cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Hotels and Restaurants Act (Cap 494).



E.N. MWAI
CONTROLLER AND AUDITOR GENERAL

Nairobi

17 May 2006

CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 30th June, 2005

INCOME AND EXPENDITURE ACCOUNT

| ITEMS | Page | 2004/2005 | 2003/2004 |
|--|-------------|---------------------------|---------------------------|
| | | KSH | KSH |
| A: INCOME: | | | |
| Catering Training Levy & Penalty | 2 | 602,682,590 | 442,253,941 |
| Interest on Investments/Loan | 3 | 3,661,669 | 1,189,910 |
| Interest on Staff Loans | 4 | 130,184 | 115,537 |
| Disposal of Assets | 5 | 305,600 | — |
| Miscellaneous Revenue | | <u>287,200</u> | <u>—</u> |
| TOTAL INCOME | | <u>607,047,243</u> | <u>443,559,388</u> |
| B: EXPENDITURE | | | |
| ADMINISTRATIVE EXPENSES | | | |
| | 7 | | |
| Chairman's Hon. & Trustees sitting Allowance | | 2,287,400 | 760,000 |
| Trustees Travelling Allowance | | 2,133,925 | 539,138 |
| Subsistence & Travelling Allowance | | 4,716,114 | 3,673,243 |
| Transport Operating & Maintenance | | 4,954,501 | 5,050,783 |
| Insurances | | 2,772,198 | 3,182,508 |
| Electricity, Water & Conservancy | | 147,234 | ,109,408 |
| Postage & Telephone Expenses | | 3,698,568 | 3,733,293 |
| Printing & Stationery | | 3,895,376 | 4,427,194 |
| Newspaper & Periodicals | | 518,289 | 531,367 |
| Audit Fees | | 240,000 | 240,000 |
| Maintenance of Office Equipment | | 909,917 | 1,621,366 |
| Miscellaneous Expenses | | 1,217,997 | 885,097 |
| Bank Charges | | 1,126,531 | 633,434 |
| TOTAL ADMINISTRATIVE EXPENSES | | 28,618,050 | 25,386,831 |

CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES
ANNUAL REPORT AND FINANCIAL STATEMENTS
For the year ended 30th June, 2005

INCOME AND EXPENDITURE ACCOUNT (Continued)

| | Page | 2004/2005 | 2003/2004 |
|--------------------------------------|------|-------------------|-------------------|
| <u>STAFF EXPENSES</u> | 7 | | |
| Salaries & House Allowance | | 88,774,671 | 53,052,612 |
| Special Duty Allowance | | 783,306 | 387,023 |
| Leave Travelling Allowance | | 1,084,570 | 1,147,352 |
| Transfer Allowance | | 3,025,060 | 425,075 |
| Medical Allowance | | 2,434,394 | 2,840,637 |
| Staff Welfare & Choir Expenses | | 1,314,130 | 1,095,558 |
| Kilometer Allowance (Mileage) | | 15,490 | 15,475 |
| Other Renumorative Allowance | | — | — |
| Staff Uniforms | | 167,781 | 5,580 |
| Staff Development (Training) | | 1,672,003 | 443,329 |
| TOTAL STAFF EXPENSES | | 99,271,405 | 59,412,641 |
| | | | |
| <u>ESTABLISHMENT EXPENSES</u> | 7 | | |
| Office Rent | | 6,413,639 | 5,875,793 |
| Land Rent & Rates | | 387,650 | 250,000 |
| Licences & Legal Fees | | 262,465 | 199,197 |
| Repair & Maintenance of Buildings | | 438,852 | 271,406 |
| TOTAL ESTABLISHMENT EXPENSES | | 7,502,606 | 6,596,396 |
| | | | |
| <u>PROMOTION EXPENSES</u> | 7 | | |
| Entertainment & Public Relations | | 2,534,397 | 1,486,135 |
| Subscription | | — | — |
| Shows & Exhibitions | | 180,590 | — |
| Advertising & Publicity | | 351,505 | 204,722 |
| Tourism Development | | 3,051,296 | 754,085 |
| TOTAL PROMOTION EXPENSES | | 6,117,788 | 2,444,942 |

CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 30th June, 2005

INCOME AND EXPENDITURE ACCOUNT (Continued)

| ITEMS | Page | 2004/2005 | 2003/2004 |
|------------------------------------|-------------|---------------------------|---------------------------|
| | | KSH | KSH |
| GRANTS:- | 7 | | |
| Grants to Utalii College | | 277,050,362 | 269,186,266 |
| Grants to Kenya Tourist Board | | 71,124,000 | 54,106,072 |
| TOTAL GRANTS | | <u>348,174,362</u> | <u>323,292,338</u> |
| GRAND TOTAL | | 489,684,211 | 417,133,148 |
| Surplus before Depreciation | | 117,363,032 | 26,426,240 |
| Depreciation- Motor Vehicles | | 848,235 | 1,130,980 |
| - Furniture & Equipment | | <u>3,114,765</u> | <u>3,173,902</u> |
| NET SURPLUS | | <u>113,400,032</u> | <u>22,121,358</u> |

CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES

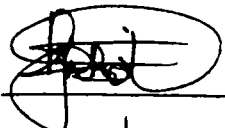
ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 30th June, 2005

BALANCE SHEET

| | Page | 2004/2005 KSH | KSH | 2003/2004 KSH |
|--------------------------------------|------|--------------------|---------------------------|--------------------------|
| (A) NON CURRENT ASSETS | | | | |
| Plant, Properties and Equipment | 12 | | 64,179,338 | 48,801,877 |
| Long Term Investments | 22 | | 3,100,000 | 3,100,000 |
| SUB TOTAL | | | 67,279,338 | 51,901,877 |
| (B) CURRENT ASSETS | | | | |
| CLT Loan Scheme | 14 | 1,296,407 | | 1,825,026 |
| Deposits & Prepayments | 15 | 1,415,922 | | 1,251,357 |
| Closing Inventory Stocks | 16 | 985,255 | | 1,039,658 |
| Advances | 17 | 11,710,554 | | 10,609,472 |
| Receivables | 18 | 3,372,387 | | 3,576,289 |
| Loans (KTDC) | 21 | 642,927 | | 1,285,852 |
| Investments | 22 | 30,000,000 | | — |
| Standing Imprests | 18 | 390,000 | | 390,000 |
| Cash & Cash Equivalent | 23 | <u>70,157,517</u> | | <u>30,228,183</u> |
| SUB-TOTAL | | 119,970,969 | | 50,206,278 |
| GRAND TOTAL | | 110,970,969 | | 102,108,155 |
| (C) Less: CURRENT LIABILITIES | | | | |
| Payables | 24 | <u>4,871,819</u> | <u>115,099,150</u> | <u>33,129,699</u> |
| | | | <u>182,378,488</u> | <u>68,978,456</u> |
| (D) FINANCED BY: | | | | |
| Accumulated Funds | 13 | | <u>182,378,488</u> | <u>68,978,456</u> |
| | | | <u>182,378,488</u> | <u>68,978,456</u> |

SIGNED:  JOSEPH K. KIPSANAI
 Chairman, Catering & Tourism Development
 Levy Trustees
 DATE 5/05/06

SIGNED:  ROSE J. BOIT (MRS)
 Chief Executive, Catering & Tourism Development
 Levy Trustees
 DATE 05/05/06

CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES
ANNUAL REPORT AND FINANCIAL STATEMENTS
For the year ended 30th June, 2005

CASH FLOW STATEMENT

| | Page | 2004/2005 KSH | 2003/2004 KSH |
|---|------|--------------------|-------------------|
| Adjustment: Surplus per Income Statement | | 113,400,032 | 22,121,358 |
| Less: Indirect Income | | (4,079,053) | (1,305,447) |
| Prior year Adjustments | | _____ | 1,954,811 |
| Depreciation | 19 | <u>3,963,000</u> | <u>4,304,882</u> |
| Total before Working Capital Change | | 113,283,979 | 27,075,604 |
| Working capital changes:- | | | |
| Receivable | 20 | (29,990,054) | 534,055 |
| Inventory | | (54,403) | 1,287,888 |
| Payable | 20 | (28,257,880) | (25,407,758) |
| Finance: Interest on Investments/Loans | | <u>4,079,053</u> | <u>1,305,447</u> |
| Total generated from operations | | 59,060,695 | 4,795,236 |
| Investing Activities:- | | | |
| Petty Cash Float | | _____ | 140,000 |
| Purchase of Assets | 12 | (19,436,961) | 3,340,569 |
| Proceeds from sale of Assets | 17 | 305,600 | _____ |
| Net cash Generated after financing | | <u>39,928,334</u> | <u>1,318,666</u> |
| Changes in cash and cash equivalent | | <u>39,928,334</u> | <u>1,318,666</u> |
| Add: Opening Cash Balance | | 30,228,183 | 28,909,958 |
| | | 70,157,517 | 30,228,183 |

CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 30th June, 2005

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

(a) Basis of preparation:

The Report and Financial Statements are prepared in accordance and comply with International Financial reporting Standards. The statement are expressed in Kenya Shillings (Kshs) and done on the basis of Historical cost convention as modified when applicable by valuation of assets.

(b) Property and Equipment:

The property and Equipment are stated at cost less depreciation except Land and Building. Depreciation is calculated on reducing value to write off the cost of each asset to its residual value over estimated useful life, as shown here below:-

| | | |
|--|---|-------|
| 1. Computers | - | 25.0% |
| 2. Fixtures, Fittings, Furniture & Equipment | - | 12.5 |
| 3. Motor Vehicles | - | 25.0% |

(c) Bad and Doubtful Debts:

Specific provision is made in respect of Bad and Doubtful Debts.

(d) Closing Inventory:

The closing Inventory stock is stated at lower cost or net realizable value using LIFO Method.

CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 30th June, 2005

NOTES TO THE ACCOUNTS (Continued)

2. INCOME

The main source of Income is 2% Training Levy fund charged on accommodation, food and other services charged by Hotels, Restaurants and Lodges in accordance with Hotels and Restaurants Act Cap. 494- 1971 of Laws of Kenya.

3. INTEREST ON INVESTMENTS

The income is realised from the surplus fund invested in government Treasury Bills. It is slated and recognized net of necessary charges.

4. INTEREST ON STAFF LOAN

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

5. DISPOSAL OF ASSETS

The disposal of assets is at times over the above residual value which amount is recognized and posted as income at the period it is received.

6. MISCELLANEOUS INCOME

The amount was realised from the sale of Tender documents for purchase of Motor vehicles and I.C.T. Development.

CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 30th June, 2005

NOTES TO THE ACCOUNTS (Continued)

7. EXPENDITURE

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

- Administrative expenses
- Staff costs
- Establishment costs
- Promotion expenses
- Grants to other Institutions

8. STAFF BENEFITS COSTS

The organization has a workforce of 136 employees. It operates a defined benefit retirement scheme. National Social Security Fund (NSSF) and in addition, Group Personal Accident cover. The Pension Scheme and NSSF is funded by employees and employees' contributions and payable in accordance with scheme rules. The management of the funds is vested in independent institutions.

Staff members who retire or are terminate in employment before attaining the mandatory retirement age for reasons other than gross misconduct are compensated as per Terms and Conditions of Service.

CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 30th June, 2005

NOTES TO THE ACCOUNTS (Continued)

9. STAFF ENTITLEMENTS

Members of staff are entitled to: -

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

Staff members who retire or terminate before attaining the mandatory retirement age for reasons other than gross misconduct are compensated as per Terms and Conditions of Service.

10. SURPLUS

The organization realized a surplus of Kshs.113, 400,032/- an increase of 412.63% above the previous year.

11. TAXATION

CTDLT is wholly government owned organization established in 1972 under Section 18 of the HRA Act Cap. 494 of the laws of Kenya hence not subject to tax.

CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES
12. SCHEDULE OF PROPERTY, PLANTS AND EQUIPMENT - 2004/2005

| COST / VALUATION | Furniture and Fittings | Safe | Cookers, Fridges, Beds & Mattresses | Calculators | Typewriters | Duplicators, Photocopiers and Copiers | Minor Equipment | Computers/ Switchboard | Land and Building | Motor Vehicles | TOTAL |
|---------------------------|------------------------|---------|-------------------------------------|-------------|-------------|---------------------------------------|-----------------|------------------------|-------------------|----------------|-------------|
| 1st July, 2004 | 11,427,878 | 361,075 | 487,346 | 527,177 | 1,343,309 | 2,260,599 | 2,058,832 | 22,863,791 | 30,304,344 | 28,377,743 | 100,012,094 |
| Additions/Adjustments | 440,750 | 0 | 26,190 | 57,914 | 0 | 0 | 341,780 | 10,005,327 | 0 | 8,565,000 | 19,436,961 |
| Disposals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (1,922,000) | (1,922,000) |
| | 11,868,628 | 361,075 | 513,536 | 585,091 | 1,343,309 | 2,260,599 | 2,400,612 | 32,869,118 | 30,304,344 | 35,020,743 | 117,527,055 |
| DEPRECIATION: | | | | | | | | | | | |
| 1st July, 2004 | 8,832,742 | 288,339 | 332,466 | 373,516 | 1,043,632 | 1,268,471 | 1,209,292 | 12,877,757 | 0 | 24,984,802 | 51,211,017 |
| Disposal/Debtors | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (1,824,300) | (1,824,300) |
| Charge for year | 324,392 | 10,390 | 19,360 | 19,208 | 37,460 | 124,016 | 106,230 | 2,471,709 | 0 | 848,235 | 3,961,000 |
| | 9,157,134 | 298,729 | 351,826 | 392,724 | 1,081,092 | 1,392,487 | 1,315,522 | 15,349,466 | 0 | 24,008,737 | 53,347,717 |
| Net Book Value 30-06-2005 | 2,711,494 | 62,346 | 161,710 | 192,367 | 262,217 | 868,112 | 1,085,090 | 17,173,740 | 30,304,344 | 11,012,006 | 64,179,338 |
| 30th June, 2004 | 2,595,136 | 72,736 | 154,880 | 153,661 | 299,677 | 992,128 | 849,540 | 9,886,834 | 30,304,344 | 3,392,941 | 48,801,877 |

CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 30th June, 2005

NOTES TO THE ACCOUNTS (Continued)

| | | 2004/2005 | 2003/2004 |
|-----------|---|---------------------------|--------------------------|
| NOTE | DESCRIPTION | KSH | KSH |
| 13 | ACCUMULATED FUND | | |
| | Accumulated Fund B/F | 68,978,456 | 44,902,287 |
| | Prior Year Adjustment | — | 1,954,811 |
| | Excess of Income Over/Under Expenditure | <u>113,400,032</u> | <u>22,121,358</u> |
| | | <u>182,378,488</u> | <u>68,978,456</u> |
| 14 | STAFF LOAN SCHEMES | | |
| | Car Loans | 130,000 | 1,104,984 |
| | Housing Loans | 947,405 | 467,228 |
| | Other Loans (Motor Insurance/Overhaul) | 120,056 | 153,868 |
| | Furniture/Fridge Loans | <u>98,946</u> | <u>98,946</u> |
| | | <u>1,296,407</u> | <u>1,825,026</u> |
| 15 | DEPOSITS AND PREPAYMENTS | | |
| | Kenya Power & Lighting Co. | 2,360 | 2,360 |
| | Water Deposits (Nairobi & Kisumu) | 17,054 | 17,054 |
| | Petrol & Fuel | 114,870 | 114,870 |
| | Hospitals Deposits | 272,105 | 272,105 |
| | Other Deposits | 415,332 | 415,332 |
| | Office Rent | 594,201 | 429,636 |
| | Other Prepayments | — | — |
| | | <u>1,415,922</u> | <u>1,251,357</u> |

CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES

ANNUAL REPORT AND FINANCIAL STATEMENTS For the year ended 30th June, 2005

NOTES TO THE ACCOUNTS (Continued)

| NOTE | DESCRIPTION | 2004/2005 KSH | 2003/2004 KSH |
|-----------|----------------------------|-------------------|-------------------|
| 16 | CLOSING INVENTORY | | |
| | Printing & Stationery | | |
| | - Nairobi | 321,699 | 444,808 |
| | - Mombasa | 226,521 | 172,097 |
| | - Kisumu | 121,402 | 44,745 |
| | - Nakuru | 100,420 | 178,128 |
| | - Nyeri | 215,213 | 199,880 |
| | | <u>985,255</u> | <u>1,039,658</u> |
| 17 | ADVANCES | | |
| | - Salary Advances | 1,420,806 | 1,384,112 |
| | - Other Advances – Medical | 10,278,522 | 9,223,784 |
| | - Surcharge | 11,226 | 1,576 |
| | | <u>11,710,554</u> | <u>10,609,472</u> |
| 18 | STANDING IMPRESTS | | |
| | - Nairobi Hqts | 100,000 | 100,000 |
| | - Nairobi Branch | 80,000 | 80,000 |
| | - Mombasa | 80,000 | 80,000 |
| | - Kisumu | 50,000 | 50,000 |
| | - Nakuru | 40,000 | 40,000 |
| | - Nyeri | 40,000 | 40,000 |
| | | <u>390,000</u> | <u>390,000</u> |

CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES
ANNUAL REPORT AND FINANCIAL STATEMENTS
For the year ended 30th June, 2005

NOTES TO THE ACCOUNTS (Continued)

| NOTE | DESCRIPTION | 2004/2005 | 2003/2004 |
|-----------|---------------------------------------|------------------|-------------------|
| 19 | SUNDRY DEBTORS | | |
| | - Kenya National Ass. Co. - Provision | 649,958 | 649,958 |
| | - Safari & Other Imprests | 737,551 | 735,634 |
| | - Pension (I.C.E.A) | 116,501 | 116,501 |
| | - Consolidated Bank | 441 | 441 |
| | - N.H.I.F. | 1,860 | 1,860 |
| | - Other debtors | 94,828 | 84,875 |
| | - Other debtors – Nyeri & Nakuru | <u>9,953</u> | <u> </u> |
| | | <u>1,611,092</u> | <u>1,589,269</u> |
| | Less: Provision for Doubtful Debts | <u>649,958</u> | <u>649,958</u> |
| | | <u>961,134</u> | <u>939,311</u> |

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

CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES

ANNUAL REPORT AND FINANCIAL STATEMENTS For the year ended 30th June, 2005

NOTES TO THE ACCOUNTS (Continued)

| NOTE | DESCRIPTION | 2004/2005 | 2003/2004 |
|-----------|--|--------------------------|--------------------------|
| | | KSH | KSH |
| 20 | DISHONOURED CHEQUES | | |
| | - Nairobi | 4,362,536 | 4,315,946 |
| | - Mombasa | 4,303,123 | 4,322,959 |
| | - Kisumu | 1,186,045 | 1,205,818 |
| | - Nakuru | 115,224 | 368,301 |
| | - Nyeri | <u>197,660</u> | <u>177,730</u> |
| | | <u>10,164,588</u> | <u>10,390,754</u> |
| | Less: Provision for Doubtful Recoverable Debts | <u>(7,753,335)</u> | <u>(7,753,335)</u> |
| | | <u>2,411,253</u> | <u>2,637,419</u> |
| 21 | LOANS GENERAL | | |
| | Kenya Tourist Dev Corporation | <u>642,927</u> | 1,285,852 |
| | | <u>642,927</u> | <u>1,285,852</u> |
| 22 | INVESTMENTS | | |
| | Long Term – (Shares – Consolidated Bank) | 3,100,000 | 3,100,000 |
| | Short Term –(Treasury Bills) | 30,000,000 | — |
| | Short Term -Institutions Under liquidation | <u>62,600,000</u> | <u>62,600,000</u> |
| | | 95,700,000 | 65,700,000 |
| | Less Provision for Doubtful Recoverable Debts | <u>(62,600,000)</u> | <u>(62,600,000)</u> |
| | | <u>33,100,000</u> | <u>3,100,000</u> |

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

CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES

ANNUAL REPORT AND FINANCIAL STATEMENTS For the year ended 30th June, 2005

NOTES TO THE ACCOUNTS (Continued)

| NOTE | DESCRIPTION | 2004/2005 KSH | 2003/2004 KSH |
|------|-------------------------------|-------------------|-------------------|
| 23 | CASH AND BANK BALANCES | | |
| | Current Accounts: | | |
| | - Nairobi, NBK | 318,872 | 793,711 |
| | - Nairobi, KCB | 4,987,307 | 15,658,144 |
| | - Mombasa, KCB/NBK | 15,979 | 4,141,476 |
| | - Kisumu, KCB | 210,395 | 727,807 |
| | - Nakuru, KCB | 11,237 | 105,909 |
| | - Nyeri, KCB | 1,126,929 | 21,224 |
| | Staff Loans A/c | 3,742,426 | 3,673,394 |
| | Investments | 50,000,000 | — |
| | Project Account | 1,098,746 | 1,083,930 |
| | Retrenchment Account | 945,352 | 1,435,755 |
| | Cash on Transfer: | | |
| | - Mombasa | 4,878,066 | — |
| | - Kisumu | 1,100,643 | 657,026 |
| | - Nakuru | 569,976 | 751,541 |
| | - Nyeri | 1,107,083 | 1,150,194 |
| | Cash in Hand: | | |
| | - Mombasa | 40,506 | 24,072 |
| | - Kisumu | 4,000 | — |
| | - Nakuru | — | — |
| | - Nyeri | — | 4,000 |
| | | <u>70,157,517</u> | <u>30,228,183</u> |

CATERING AND TOURISM DEVELOPMENT LEVY TRUSTEES

ANNUAL REPORT AND FINANCIAL STATEMENTS For the year ended 30th June, 2005

NOTES TO THE ACCOUNTS (Continued)

| NOTE | DESCRIPTION | 2004/2005 | 2003/2004 |
|------|---|-------------------------|--------------------------|
| 24 | SUNDRY CREDITORS | | |
| | P.A.Y.E | 1,111,092 | 824,995 |
| | Co-operative Contribution & Loan Recovery | — | 758,177 |
| | Commissioner of VAT | 21,392 | — |
| | Kenya Post Office Savings Bank | 5,000 | — |
| | Insurance | 60,983 | — |
| | H.E.L.B. | 8,622 | — |
| | Ministry of Public Works | 10,500 | — |
| | Entertainment & Public Relations | — | 42,439 |
| | Maintenance & Running of Motor Vehicles | 116,932 | 43,574 |
| | Medical Accrued Expenses | 555,040 | 70,846 |
| | Electricity, Water & Conservancy | 2,592 | 2,592 |
| | Postage & Telephone Expenses | 2,403 | 2,403 |
| | Printing & Stationery | 27,608 | 28,678 |
| | Staff Uniforms | 14,152 | — |
| | Office Rent | — | — |
| | Land Rent & Rates | 250,000 | 500,000 |
| | Miscellaneous Expenses | — | 5,650 |
| | Staff Creditors | 1,186,645 | 4,385,979 |
| | Kenya Utalii College | — | 25,984,366 |
| | Pension - I.C.E.A. | 1,018,858 | — |
| | Controller and Auditor General | <u>480,000</u> | <u>480,000</u> |
| | | <u>4,871,819</u> | <u>33,129,699</u> |