

REPUBLIC OF KENYA



REPORT

OF

THE AUDITOR-GENERAL

ON

KENYA UTALII COLLEGE

**FOR THE YEAR ENDED
30 JUNE, 2022**



Kenya Utalii College

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OFFICE OF THE AUDITOR GENERAL
P.O. Box 30084 - 00100, NAIROBI
REGISTRY

09 MAY 2023

RECEIVED

ANNUAL REPORT

AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2022

**PREPARED IN ACCORDANCE WITH THE
ACCRUAL BASIS OF ACCOUNTING
METHOD UNDER THE INTERNATIONAL
PUBLIC SECTOR ACCOUNTING
STANDARDS (IPSAS) ACCRUALS**

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Kenya Utalii College,

KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

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

(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:

- Ministry of Tourism(State Department Of Tourism);
- College Council, Management

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2021 and who had direct fiduciary responsibility were:

<u>No.</u>	<u>Designation</u>	<u>Name</u>
1.	Ag.Principal & Chief Executive Officer	Prof. Charles Musyoki, PhD
2.	Ag.Director of Studies	Mr. Peter M..Muindi
3.	Finance Manager	Mr. Benard K.Chepkwony
4.	General Manager -Hotel	Mr. Anthony K. Mbehelo
5.	Ag.Human Resources & Admin. Manager	Ms.Tecla Kigen
6.	Ag.Director of Research and Corporate Planning	Dr. Florence w. Njau
7.	Ag.Head of Internal Audit	Ms. Jane Kawira

(e) Fiduciary Oversight Arrangements

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

Kenya Utalii College,

➤ **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, 0722205891, 0733410005
E-mail: info@utalii.ac.ke
Website: www.utalii.co.ke

(h) Bankers

ABSA Bank Kenya Plc
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
Office of The Auditor General
Anniversary Towers, University Way
P.O Box 30084-00100
Nairobi, Kenya

(j) Principal Legal Adviser



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


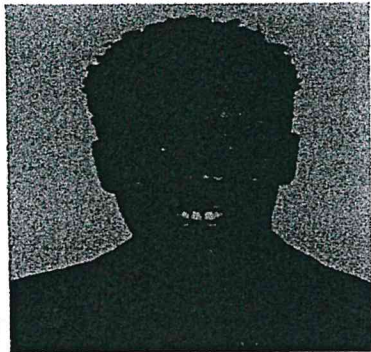
Kenya Utalii College,

I. THE COLLEGE COUNCIL

According to the Tourism Act, the running of the College is vested in a Council appointed by the Cabinet Secretary as set out in the Act.

COLLEGE COUNCIL -INDEPENDENT MEMBERS (FY 2021/2022)

 <p>David Omusoti Wamatsi 04.11.1978 Chairman</p>	<ul style="list-style-type: none">▪ Bachelor of Science (Biochemistry) Kenyatta University▪ Esiko NGC JV Company Limited (Director/Managing Patner) 2010-present▪ Esiko Kenya Enterprises Limited (Managing Director/Chief Executive Officer) 2010-Present▪ Geo-Intel Company Limited (Managing Director) 2010-present▪ Wan & Barnhill Company Limited (Managing Director)▪ Brookside Dairies Limited (Attache) May, 2002 to August , 2002
 <p>Hon. Joseph Lekuton Member (chairperson , Finance & Human Resource Committe</p>	<ul style="list-style-type: none">▪ Masters of International Education Policy▪ Masters of Administration▪ Bachelor of Economics – Economic Development▪ Bachelor of Government in International Relations▪ Parliamentary Service Commission (2008-2013) - Commissioner

 <p>Mr. Leonard Mwendwa Mudachi</p> <p>Member Chairperson , Technical & Strategy Committee</p>	<ul style="list-style-type: none"> ▪ Bachelor of Arts in Hotel and Restaurant Administration (Washington State University) ▪ Higher Diploma in Hotel Management (Switzerland) ▪ Nairobi Java House Limited (August, 2014 to 2021) – Chief Operating Officer ▪ Nairobi Java House Limited (January, 2014 to August, 2014) – Business Development Director ▪ Blanco’s Holdings Limited (February, 2006 to December, 2013) – Executive Director ▪ Tamarind Management Limited (2000-2006) – Deputy General Manager, The Carnivore Restaurant ▪ The Stanley Hotel (1999-2000) – Restaurant Manager ▪ Hyatt Regency Houston, Texas, USA (1998-1999) – Assistant Manager Food and Beverage (Management Trainee) ▪ Crazy Palace Discotheque, Switzerland (1996-1997) – Bar Supervisor ▪ Reanissance Zurich, Switzerland (1995) – Room service and Banqueting.
 <p>Ms. Grace Wambui Nderitu 16th February ,1977</p> <p>Member (Chairperson, Council Audit Committee)</p>	<ul style="list-style-type: none"> ▪ PhD in Project planning and management ▪ MBA (Project Management) ▪ BA (Tourism & Communication) ▪ Ecotourism Kenya(may, 2014 to 2021)- CEO/Projects Director ▪ Basecamp Foundation (February,2011 to April, 2014-Projects Co-ordinator/Communication Manager. ▪ Ecotourism Kenya (March ,2007 to February ,2011)-Membership , Marketing & Communication Office



Ms. Rosemary Kirumba Mugambi
Member

- Diploma, Hotel Management
- Serena Hotels East Africa (November, 2011 to date) – Regional Sales and Marketing Director
- Serena Hotels East Africa (July, 2000 to October, 2011) – Group Sales Manager
- Samburu Serena Safari Lodge (July, 1997 to June, 2000) – Lodge Manager
- Serena Beach Hotel (October, 1996 to June, 1997) – Food and Beverages Manager
- Serena Beach Hotel (September, 1994 to September, 1996) – Personnel Manager / Rooms Division Manager
- Samburu Serena Safari Lodge (May, 1989 to June, 1990) – Food and Beverage Manager
- Mombasa Serena Beach Hotel (November, 1988 to April, 1989) – Assistant Food and Beverage Manager
- Amboseli Serena Safari Lodge (April, 1988 to October, 1988) – Trainee Manager



Mr. David William Stogdale
14th August ,1950

Member

- Higher National Diploma in Hotel Management and Catering Studies (Manchester Polytechnic)
- DWS Africa (February, 2009 to present) – Owner & Managing Director
- Heritage Hotels (January, 1999 to January, 2009) – Managing Director
- Windsor Hotels International/Conservation Corporation Africa (November, 1988 to December, 1988) – Group Chief Executive
- Block Hotels (November, 1976 to October, 1988) – Group Operations Manager / Group Operations Director / Managing Director
- Mnarani Club, Kilifi (August, 1974 to September, 1976) – General Manager
- Trade Winds Hotel, Diani (May, 1972 to July, 1976) – General Manager
- Trust House Forte and Park Lane Hilton, London (July, 1969 to September, 1971) – Trainee Manager

Kenya Utalii College,

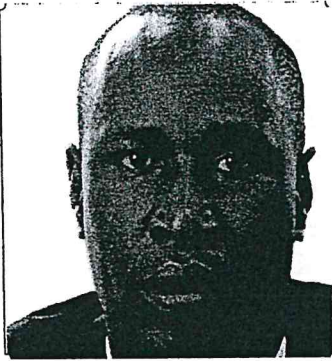


4th April , 1967

Mr. George Musyoka Maingi
Member




- Business Administration (Georgia State University, Atlanta, Georgia, USA)
- George Musyoka Consulting (January, 2014 to date) – Business Development Consultant
- Quadco 110 Limited (January, 2008 to current) – Director
- Tyrezone Limited (January, 2003 to May, 2007) – Director
- Kenya Tyres Distributors Limited (February, 1996 to January, 2003) – Sales Director
- Kenya Tyres Distributors Limited (June, 1993 to February, 1996) – Sales Man
- Coca Cola Company, Atlanta, Georgia (September, 1992 to March 1993) - Intern

MEMBERS OF THE COUNCIL WHO ARE PUBLIC OFFICERS- FY 2020/2021



Mr. David Mwangi

- Ag. Chief Executive Officer, Tourism Fund
From- (10.07.2020)

 <p>Dr. Erastus Mutembei Kanga, HSC</p>	<ul style="list-style-type: none">▪ Alternate for Principal Secretary, State Department for Tourism From- (16.09.2020)
 <p>Mr. Richard Githenya Gakunya</p>	<ul style="list-style-type: none">▪ Alternate for cabinet secretary, National Treasury & Planning From-(14.10.2015)
 <p>Mr. Darius Mogaka Ogutu</p>	<ul style="list-style-type: none">▪ Alternate for principal secretary, Ministry of Education From-(05.04.2016)



Prof. Charles Musyoki, PhD, OGW
Ag. Principal and Chief Executive
Officer

- Bachelor of science(Hons)Wildlife
- Master of Philosophy Degree in Wildlife Management(Moi)
- Doctor of Philosophy Degree(Kyoto,japan)
- Member-IUCN Antelope specialist Group



Mr. Daniel N. Kinuthia
Corporation Secretary

- Masters of Laws
- Bachelor of Law
- Member, LSK
- Member, ICS
- YOB:1985

Council Committees:

Finance and Human Resource Committee

The following members served in the Committee:

Hon. John Lekuton	: Chairperson
Mr. Richard Gakunya	: Member
Mr. George M. Maingi	: Member
Mr. David Mwangi	: Member
Mr. Leornard Mudachi	: Member
Ms. Joyce M. Wesonga	: In attendance
Dr. Erustus M. Kanga	: Member

Audit Committee

The following members served in the Committee:

Ms. Grace W. Nderitu	: Chairperson
Ms. Rosemary Mugambi	: Member
Dr. Erustus M. Kanga	: Member
Mr. Richard Gakunya	: Member
Ms. Joyce M. Wesonga	: In attendance
Mr. Darius Mogaka Ogutu	: Member

Technical and Strategy Committee

The following members served in the Committee:

Mr. Leornard Mudachi	: Chairperson
Mr. David Stogdale	: Member
Mr. George M. Maingi	: Member
Ms. Grace Nderitu	: Member
Hon. Joseph Lekuton	: Member
Mr. Darius Mogaka Ogutu	: Member
Ms. Rosemary Mugambi	: Member
Dr. Erustus M. Kanga	: Member
Ms. Joyce M. Wesonga	: In attendance

Kenya Utalii College,

II. MANAGEMENT TEAM



Prof. Charles Musyoki , PhD.OGW
Ag.Principal and Chief Executive Officer

- Bachelor of science(Hons)Wildlife
- Master of Philosophy Degree in Wildlife Management(Moi)
- Doctor of Philosophy Degree(Kyoto,japan)
- Member-IUCN Antelope specialist Group



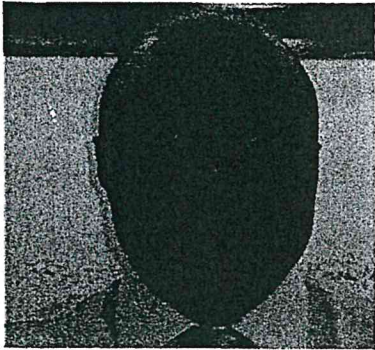


Mr. Peter M.Muindi
Ag. Director of Studies

- MBA(Strategic Management)
- BSC(Hospitality Management)
- Diploma in Hotel Management
- YOB: 1966



Mr. Bernard K. Chepkwony
Finance Manager

- MBA (Finance)
- BA(Economics)
- Certified Public Secretaries (K)
- Certified Public Accountant(K)
- YOB:1978

 <p>Mr. Anthony K. Mbehelo General Manager – Hotel</p>	<ul style="list-style-type: none">• MBA (Operation Management)• B.Com (Management Science)• Diploma in Hotel Management• YOB:1975
 <p>Ms. Tecla Kigen Ag. Human Resource and Administration Manager</p>	<ul style="list-style-type: none">• MBA (Strategic Management)• B.Com (Human Resource management)• Certified Human Resource Professional -CHRP(K)• Higher Diploma Human Resource Management• IMIS Diploma
 <p>Dr. Florence W. Njau Ag. Director of Research and Corporate Planning</p>	<ul style="list-style-type: none">• PhD (Hospitality Management)• Masters in International Hospitality Management• Bachelor Of Commerce (Marketing Option)• Diploma in Hotel Management• YOB 1964



Ms. Jane Kawira
Ag.Head of Internal Audit

- MBA(Finance)
- Bachelor of Commerce
- Certified Public Accountant(K)
- YOB:1974



Mr. Daniel N. Kinuthia
Corporation Secretary

- Master Of Laws
- Bachelor of Law
- Member, LSK
- Member,ICS
- YOB:1985

Kenya Utalii College,

III. CHAIRMAN'S STATEMENT

Dear Shareholders,

I am pleased to present the annual accounts for the financial year 2021/2022 that ended 30th June 2022. These accounts have been prepared in accordance with International Public Sector Accounting Standards (IPSAS). The financial performance of the past year has faced challenges. Despite these challenges the Kenya Utalii College Council is proud of the achievements that Kenya utalii college (KUC) has made. Among these is the placement of our alumni to opportunities for work in the UK.

As a Council, we are determined to improve the level of training in hospitality and tourism for the benefit of both local and international markets. The impact of this training is envisaged to lead to the development of a strong culture of service driven by our graduates in hospitality and service.

The need for new generation of workers in tourism and hospitality sector and emerging opportunities in the industry, call for capacity buildings programs that deliver knowledge and skills necessary to service the industry. Consequently, we have deliberately and carefully, identified strategic objectives that will ensure that the college effectively plays its role in meeting these demands and aligned our strategy for realization of the National Tourism Blueprint and Sustainable Development Goals

One of the key projects that the college continues to invest in is the construction of Individual Training Kitchen (ITK) for our students, this will increase the capacity to provide training for a popular course that has been severely affected because of our limited capacity. The completion of this additional training capacity will increase student enrolment in the coming years.

I thank the Government of Kenya, College council, Principal, management team, members of staff and stakeholders for their respective contribution towards the performance of the college.

We look forward to a more positive 2022/2023



David Omusotsi Wamatsi.
Chairman-KUC Council

IV. PRINCIPAL'S STATEMENT

The financial year 2021/2022 was characterized by a tough economic environment as a result of Covid-19 pandemic. This disrupted the college operations leading to reduction of funds from Tourism Fund.

The college successfully celebrated its 46th graduation with four hundred and twenty – three (423) graduands. We are proud of each one of them and we wish them every success as they embark on their journey as professionals in the hospitality and tourism industry. In the course of their training, they undertook an intensive competency-based training. They were equipped with skills and knowledge in their respective operational areas, ready to meet the challenges and expectations of the industry. This especially so, in this new era of information, digitization and globalization. Nothing brought this home more than the Covid-19 pandemic, which resulted in people remaining in their homes or locations for extended periods of time.

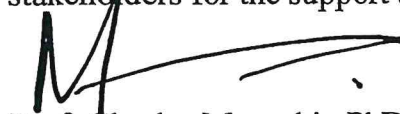
The ceremony is a major milestone for the college and a clear demonstration that despite the prevailing challenges, we continue to passionately implement our mandate of undertaking training and capacity building for the hospitality and Tourism sector.

We had great plans and aspirations for this esteemed institution at the beginning of year 2021. We have conducted refresher courses in the whole country except for the coastal region that did take place due to logistical issue, management development programs, and other tailor-made training programs, among many other activities. However, human beings make plans but unforeseen occurrences such as Covid-19 give life a new perspective. But we have learnt to live with the new norm.

As we begin the Financial Year, we are well prepared as an institution to ensure that we carry out our training activities while adhering to the set health protocols. Secondly, with the new health and safety requirements in hospitality and tourism, the college is ready to begin offering tailor-made training programmes that will be key for the industry's compliance. I call upon hospitality and tourism industry players to partner with us as we forge forward in actualizing the tourism industry recovery strategy.

I am nevertheless glad to report that during the year, the construction of the Individual Training Kitchen Block project is now 75% complete.

I sincerely thank the College Council, the management team, staff and all our stakeholders for the support and commitment to the institution.



Prof. Charles Musyoki, PhD, OGW

Ag. Principal & Chief Executive Officer

V. STATEMENT OF KENYA UTALII COLLEGE PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2021/22

The Strategic Plan for 2021-2026 period, sets out the strategic direction for the development of KUC in the medium term. Over this period, the tourism and hospitality landscape will continue to change – and so the Strategic Plan will be reviewed and adapted, to ensure its ongoing relevance. The strategy will also be supported by specific shorter annual work plans, including the College’s marketing strategy, which is refreshed on a regular basis due to changes in stakeholder preferences, and behaviour.

The Strategy is developed and designed to unite efforts across all areas of KUC’s operation with priorities and actions targeted towards shifting the current performance of the College to one of sustainable growth over the plan period and beyond. Five priority objectives are identified that, if delivered, will make a material impact on the trajectory of tourism and hospitality training in Kenya. These key priority areas are:

- i. Improving the quality of tourism & hospitality industry training and capacity building;
- ii. Ensuring financial sustainability of the College
- iii. Enhancing research, consultancy & collaboration portfolio
- iv. Repositioning the KUC Brand as a market leader
- v. Developing Human Capital and operational excellence

Within each priority objective are specific actions to achieve identified goals in the short and medium term. Implementing the strategy’s actions through to 2026 will create the momentum to attract collaborations and prepare the College to deliver high quality programmes in an increasingly diverse stakeholder environment.

KUC has three Strategic pillars and objectives within the current strategic plan for the financial year 2021/2022. These strategic pillars are as follows.

- Workforce Development
- Collaboration across Industry
- Government Reinforce the actions identified within key priorities.

Kenya Utalii College develops its work plans based on the above three pillars. KUC achieved its performance targets set out for the FY 2021/2022 Period for its three strategic pillars as indicated in the Diagram below

Kenya Utalii College,

Strategic Pillar	Objective	Key performance Indicators	Activities	Achievements
Workforce Development	<ul style="list-style-type: none"> Develop Human Capital and Operational Excellence 	<ul style="list-style-type: none"> No of Staff Trained 	<ul style="list-style-type: none"> Training 	<ul style="list-style-type: none"> CPC Sensitization Productivity Measurement Capacity Building for Mentors and Coaches Gender and Disability mainstreaming Committee Counselling Program Refresher Course
Collaborations across Industry	<ul style="list-style-type: none"> Enhancing Research, Consultancy & Collaboration Portfolio 	<ul style="list-style-type: none"> No of Research, collaboration & Consultancies Done 	<ul style="list-style-type: none"> Baringo county Assembly Kenyatta National Hospital KESRA KDF 	<ul style="list-style-type: none"> Customer Care Customer care & F&B Techniques Food Safety Nutrition & Occupation Health F&B Techniques Kitchen Operation Techniques
Government Reinforce the actions identified within key priorities	<ul style="list-style-type: none"> Ensure Financial Sustainability 	<ul style="list-style-type: none"> Grants 	<ul style="list-style-type: none"> Grants 	<ul style="list-style-type: none"> Gok provided ksh. 101,124,498 Recurrents

VI. 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.

a) Board Attendance

A record of attendance of council meetings and council committee meetings was kept during the period under review. The provisions of the corporations Act and the Mwongozo Code of Governance for State Corporation pertaining to attendance and absence from meetings have been adhered to.

- Almanac for the College Council

Meeting	No of Sittings
Full Council	<ul style="list-style-type: none">• 4F• 7 S
Finance and HR Committee	<ul style="list-style-type: none">• 4 F• 4 S
Technical & Strategy Committee	<ul style="list-style-type: none">• 3 F
Audit Committee	<ul style="list-style-type: none">• 4 F

- F Means Full Board
- S Means Special Board

b) Conflict of Interest

Council members are required to disclose any conflict of interest in relation to matters that are brought before them for deliberations. The corporation secretary maintain a register of conflict of interest which is updated where a conflict is declared.

c) Statement of Compliance

The college conducted its business affairs in full compliance with all applicable laws, rules,, regulations, relevant executive orders and circulars.

Kenya Utalii College,

d) Council Oversight

The Council is responsible for the formulation, implementation and monitoring of the college strategic plan thus providing appropriate strategic direction for the college.

The Council ensures that the college espouses proper corporate governance, practices and is also responsible for managing the college risks. The Council recognises and is committed to delivering its responsibility to all stakeholders.

e) Council Remuneration

The Council is remunerated in accordance with the approved terms and condition of service prescribed under various Government circulars

f) Corporation Secretary

The Council is assisted by a qualified, competent and experience corporation secretary. The corporation secretary coordinates the Council activities and ensures in consultation with the chairman and chief executive that the board meetings are held procedurally and as per the approved calendar.

g) Separation of Roles

The roles of the Council is separate from that of the management; the office of the Chairperson and that of the Chief Executive Officer are held by different persons, Also the office of the Chief Executive Officer and that of the Corporation Secretary are held by different persons.

h) Council Attendance

A Council meeting attendance register is maintained for all Council committee and Council meeting; where a member did not attend any meeting, an acceptance apology was duly received by the Chairman and recorded by the corporation secretary

COLLEGE VISION

To be a globally recognized and transformative premier tourism and hospitality training centre.

MISSION STATEMENT

To develop a highly qualified and globally competitive human resource for the Hospitality and Tourism Industry by providing quality tourism and hospitality education, purposeful research and consultancy.

VII. MANAGEMENT DISCUSSION AND ANALYSIS

a) The College Operational & Financial Performance

KUC develops highly qualified and globally competitive human resource for the Tourism and hospitality industry by providing quality Training on Tourism, Hospitality Education, purposeful research and Consultancy.

KUC has a weak cash flow position unable to meet obligation as they fall due as stated by the office of the Auditor General.

b) College Compliance with Statutory Requirements

The college has complied with all statutory obligations including PAYE, NHIF, NSSF, and HELB, except for VAT which is outstanding in the financial year 2021/2022.

c) Key Projects and Investment Decision the College is Implementing

The college is currently carrying out the following project

❖ Practical Training Block

The entire project consists of Individual Training Kitchen (ITK), and food and beverage laboratory, the project is ongoing and has phases as follows:

Phase One

1) Construction of practical training block which is ongoing. Currently is at 75% completion rate. Entails;

- Main Builders work
- Mechanical works
- Electrical works
- Structural Cabling and Fire Suppression and Extractor hoods work

Phase Two

2) Equipping of the practical training block which has not started will involve;

- Complete Cooking range
- Operations tools
- Cold storage equipment
- Food Processing Equipment's
- Equipment for Food and service Practical

Proposed Project Outputs

- i) Increased number of student intake from 2,200 to 5,000
- ii) Increase in revenue of internally generated revenue
- iii) Improve the quality of tourism training by using the modern facilities to acquire new skills which will the demand for the industry.

VIII. ENVIRONMENTAL AND SUSTAINABLE REPORTING

Tourism and Hospitality industry has positioned itself to lead the country into sustainable economic growth and development in the last few decades.

This comes at a time when the country is striving to ensure sustained economic growth despite the global economic meltdown. Kenyas Tourism and Hospitality sector requires accelerated usage of specialized knowledge, information, and innovativeness to support and expand its contribution to the country's GDP.

The Kenya Utalii College is critical for the realization of the country's tourism and hospitality objectives through provision of the much needed skills by the industry on: promotion and marketing of domestic tourism, development and promotion of conference tourism, development of cultural tourism, standardization and diversification of tourism products, as well as development of modern tourism infrastructure e.g. development of ultra-modern conference facility among others.

i) Sustainability Strategy and Profile

These are the conditions that are critical for KUC to realize its strategic goals. These include:-

- Ensuring growth of teaching and other staffs both in capacity and numbers along with the college's growth.
- Commitment to embrace a robust financial management system through diversification of income generation for sustainability and self-reliance.
- Willingness to facilitate all the KUC's programmes identified.
- Institute-wide commitment to implementing the strategic plan activities in phases through performance contracting and evaluation. This will be demonstrated through communication, cooperation, and coordination.

ii) Environmental Performance

The college offers training in hospitality and Tourism; accommodation as well as conferencing services at the hotel. However the college has inadequate facilities ranging from: inadequate tuition blocks with a deficit of 220 students per sitting; inadequate training lab capacities with deficits of 90 students capacity per sitting for the language lab, 40 student capacity per sitting for computer lab, 47 and 46 student capacities per sitting for front office and tourism labs respectively. The college's library also lacks about 75,000 volumes of books as well as e-book resources.

The college administration block lack adequate offices and the need for optimal use of the college grounds is also evident while the utalii village on the other hand however is not adequate to accommodate all the College Staff members.

iii) CORPORATE SOCIAL RESPONSIBILITY STATEMENT

The College as part of its obligation to the Society and fulfillment of the performance contract supports various Corporate Social Responsibility (CSR) activities aimed at positively impacting the vulnerable and less disadvantaged members of the society. The College received invitations to support activities targeting the vulnerable and disadvantaged members of our Society.

On 15th December, 2021, the College donated washable Face Masks and Drinking Water to Heidemarie, Primary School children, in Mathare Area 4. The acting Principal and CEO had an opportunity to talk, counsel and give words of advice to the School Community.

The College as part of its Corporate Social Responsibility supported the Drive – in Primary School candidates who were scheduled to begin their National K.C.P.E examinations from 7th March, 2022. The College provided edible items namely queen cakes, 20 loaves of bread and 64 bottles of mineral water. The items were handed over by the General Manager on behalf of the Principal and CEO at the College premises on the 6th March, 2022.

Every year the International Women's Day is celebrated on 11th of March. In celebration of the day the College supported the Kenya Association of Women in Tourism (KAWT), by sponsoring the Chairlady's cocktail held on 11th March, 2022 with Kshs 17,400.

The College donated fire wood in May 2022 to Jesus Helpers Children's' Home in Uthiru. The fire wood was received by the Director, Rev. Stephen Wambugu who is in charge of the Children's home. As well as, the Catholic Church (St. Benedict). The firewood was received by the Father-in-charge.

Kenya Utalii College,

NO.	ACTIVITY	DATE	AMOUNT(KSHS)
1.	The College donated washable Face Masks and Drinking Water to Heidemarie Primary School, in Mathare Area 4.	Wednesday, 15/12/2021	104,800.00
2.	The College provided Drive – in Primary School with eating items (Queen cakes, Loaves of Bread and bottled mineral water	Sunday, 6/3/2022	6,640.00
3.	The College donated fire wood to Jesus Helpers Children's' Home in Uthiru and St. Benedict Catholic Church.	May	In Kind
TOTAL			111,440.00

Kenya Utalii College,

VIII. REPORT OF THE COLLEGE COUNCIL

The College Council submit their report together with the financial statements for the year ended June 30, 2022 which show the state of Kenya Utalii College affairs.

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.

Results.

The results of the entity for the year ended June 30, 2022 are set out on page 1-5.

Council

The members of the Council who served during the year are shown on page iii and were appointed by the cabinet secretary of the ministry of Tourism and wildlife.

Surplus remission

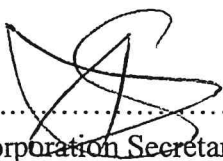
Kenya Utalii College did not make any Surplus during the financial year 2021/2022 and hence no remittance to the Consolidated Fund.

Auditors

The auditor General is responsible for the statutory audit of the entity in accordance with the Public Finance Management (PFM) Act, 2012.

Office of the Auditor General shall carry out Audit of Kenya Utalii College financial Statements for the year ended 30th June 2022.

By Order of the Board


.....
Corporation Secretary
Nairobi
Date..... *Sh May 2023*.....

Kenya Utalii College,

IX) STATEMENT OF COLLEGE COUNCIL RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and State Corporations Act, require the Council to prepare financial statements in respect of Kenya Utalii College, which give a true and fair view of the state of affairs of the College at the end of the financial year and the operating results of Kenya Utalii College for that year/period. The Kenya utalii 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 Kenya Utalii 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 ended on June 30, 2022. 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.

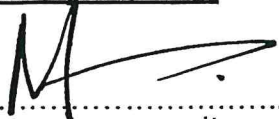
The Council accept responsibility for the Kenya Utalii College's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner 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, 2022, 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 Kenya Utalii College will not remain a going concern for at least the next twelve months from the date of this statement.

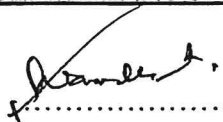
Approval of the financial statements

The College's financial statements were approved by the College Council on..... and signed on its behalf by:

Principal & CEO


.....
Date 8th may 2023

Chairman-KUC Council


.....
Date 8th may 2023

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KENYA UTALII COLLEGE FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kenya Utalii College set out on pages 1 to 32, which comprise of the statement of financial position as at 30 June, 2022,

and the statement of financial performance, statement of cash flows, statement of changes in net assets, consolidated statement of comparison of budget and actual amounts and notes to the financial statements 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 35 of the Public Audit Act, 2015. 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.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Kenya Utalii College as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Tourism Act, 2011 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Long Outstanding Trade and Other Payables

The statement of financial position reflects trade and other payables balance of Kshs.5,425,228,567 as disclosed in Note 17 to the financial statements. Included in the balance is outstanding accrued interest for GoK and catering levies of Kshs.4,442,113,092 and Kshs.7,545,830 respectively. The balances have been outstanding for more than three (3) years.

In the circumstances, settlement of the balance of Kshs.5,425,228,567 is in doubt.

2. Delay in Remittance of Car and House Loan Deductions

The statement of financial position reflects Staff Loans Fund balance of Kshs.23,046,062. Included in the balance is an amount receivable from the College of Kshs.3,440,357 relating to car and house loan repayments for the period between February, 2021 and June, 2022. However, no explanation has been provided by the Management for the delayed remittance of Kshs.3,440,357 to the Staff Car Loan Account.

In the circumstances, the recoverability of the debt of Kshs.3,440,357 could not be confirmed.

3. Material Uncertainty Related to Going Concern

The statement of financial position indicates that the College had current liabilities of Kshs.5,611,170,057 against current assets of Kshs.1,252,912,547 thus resulting to a negative working capital of Kshs.4,358,257,510. The College is therefore technically insolvent and may not be able to meet its short-term obligations as and when they arise. This is despite a disclosure in the financial statements under the statement of compliance and basis of preparation - IPSAS 1 that the Institution will be in existence for the next one year and will meet its short-term obligations. Further, the College's continued existence as a going concern is mainly dependent on financial support from the Government and its creditors.

In the circumstances, these events or conditions indicate that a material uncertainty exists that may cast significant doubt about the College's ability to continue as a going concern.

The audit was conducted in accordance with International Public Sector Accounting Standards and Audit Institutions (ISSAIs). I am independent of the Kenya Utalii College Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

Other Matter

1. Budgetary Control and Performance

The consolidated statement of comparison of budget and actual amounts indicates that the College had a total income budget of Kshs.1,051,393,750 but realized actual receipts of Kshs.777,820,477 resulting to under collection of Kshs.273,573,273 or 26% of the budget. Similarly, the statement reflects expenditure budget of Kshs.920,864,890 against actual expenditure of Kshs.827,229,488 resulting in under expenditure of Kshs.93,635,402 or 10% of the budget.

The underfunding and under expenditure affected the planned activities of the College and may have impacted negatively on service delivery to the public.

2. Unresolved Prior Year Matters

As disclosed under follow up on auditor's recommendations on prior year audit issues, various prior year audit issues remained unresolved as at 30 June, 2022. Management has not provided reasons for the delay in resolving the prior year audit issues.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Irregular Payment of Long Service Awards

Included in the statement of financial performance is Kshs.239,662,732 on general expenses that includes an amount of Kshs.4,678,094 in relation to staff welfare. Review of ledger and vouchers revealed that Kshs.4,000,000 was paid as long service awards to all staff who have been in service for periods ranging from 10, 15, 20, 25, 30 and 35 years.

However, as per the College's Human Resource Policy, 2018, the rewarding of staff is based on excellent performance in form of bonus cash, roll of honor or letter of commendation. Further, the Public Service Performance Reward and Sanctions Frame Work long service is a reward issued to members of support staff upon completion of twenty-five (25) years of exemplary service. However, the College awarded all staff in monetary terms based on period of service rather than performance.

In the circumstances, Management was in breach of its Human Resource Policy, 2018 and the Public Service Performance Reward and Sanction Frame Work and value for money in the scheme could not be determined.

2. Staff Acting for More Than Six Months

The statement of financial performance reflects an amount of Kshs.377,413,208 incurred on employee cost as disclosed in Note 6 to the financial statements. The College incurred an expenditure of Kshs.3,678,625 on acting allowances on staff with some having acted for more than five (5) years.

In the circumstances, Management was in breach of the human resource manual.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the review so as to obtain assurance as to whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the procedures performed, except for the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

Non-Functioning Library Management and Security System

Note 17 to the financial statements reflects trade and other payables from exchange transactions of Kshs.5,425,228,567 which also includes suppliers accounts College

payables amount of Kshs.124,755,539. In the year under review, Management paid Kshs.751,838 for supply, installation and commissioning of a Library management and security system. However, verification of the system in March, 2023 revealed that it had not been operational for more than 1 year. Further, there was no evidence that the supplier has provided maintenance support as per the contract agreement.

In the circumstances, the effectiveness of internal controls at the College Library could not be confirmed.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit so as to obtain assurance as to whether effective processes and systems of internal controls, risk management and governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and the College Council

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 maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the College's ability to continue to sustain its services, disclosing, as applicable, matters related to sustaining services and using the applicable basis of accounting unless Management is aware of the intention to terminate the College or to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

The College Council is responsible for overseeing the College's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error,

and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal controls that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the College's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the College to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the College to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

12 May, 2023

Kenya Utalii College,

Annual Report and Financial Statements For The Year Ended 30th June 2022

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE 2022

	Note	2021/2022	2020/2021
		Kshs	Kshs
Revenue from non-exchange transactions			
Incomes from non commercial transacti	3	506,834,484	712,811,702
		506,834,484	712,811,702
Revenue from exchange transactions			
Utalii Hotel Net Profit(Loss)	4	(43,563,434)	(70,080,873)
Revenue From Commercial Activities	4	49,308,331	31,303,252
Fees From Students	5	104,731,571	58,527,399
		110,476,468	19,749,778
Total revenue		617,310,953	732,561,480
Expenses			
Employee costs	6	377,413,208	359,508,256
College Council Expenses	7	10,065,763	11,867,607
Depreciation and amortization expense	8	42,532,622	46,359,764
Repairs and maintenance	9	15,945,858	9,962,594
Contracted services	10	23,632,403	16,843,580
General expenses	11	239,662,732	547,531,596
Total expenses		709,252,586	992,073,396
Deficit before tax		(91,941,633)	(259,511,916)
Taxation (Note Kenya Utalii College is a training Institution hence exempted from Corporate tax)			
Deficit before tax		(91,941,633)	(259,511,916)

The notes on page 6 - 29 form an integral part of the financial statements

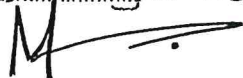
Approval of the financial statements

The College's financial statements were approved by the College Council and signed on its behalf by:

Principal & CEO

Name *Charles Musyoti*

Date *8th May 2023*



Head of Finance

Name *Benard K. Ekenony*

ICPAK No. *7192*



**Kenya Utalii College,
Annual Report and Financial Statements For The Year Ended 30th June 2022
STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2022**

	Note	2021/2022 Kshs	2020/2021 Kshs
Assets			
Current assets			
Cash and cash equivalents	12	163,021,750	155,036,189
Receivables from exchange transactions	13	934,675,424	893,991,724
Receivables from non-exchange transactions	14	140,514,786	289,605,090
		1,238,211,960	1,338,633,003
Inventories	15	14,700,587	15,801,671
		1,252,912,547	1,354,434,674
Non-current assets			
Staff Loans Fund	21	23,046,062	22,628,774
Property, plant and equipment	25	6,324,241,501	6,346,298,356
Intangible Assets	27	2,743,483	2,743,483
		6,350,031,046	6,371,670,613
Total assets		7,602,943,597	7,726,105,288
Liabilities			
Current liabilities			
Refundable deposits from customers	16	3,008,840	3,086,711
Trade and other payables from exchange trans:	17	5,425,228,567	5,443,315,095
Provisions	18	182,932,650	191,201,312
		5,611,170,057	5,637,603,118
Non-current liabilities			
Borrowings (GOK Loan)	19	122,000,000	122,125,028
Staff Loans Fund	21	23,046,062	22,628,774
Capital Reserve - Refurbishment of Utalii Ho	22	152,743,770	157,823,032
Revaluation Reserve	23	3,709,035,609	3,787,364,894
Accumulated Fund	24	(2,140,051,900)	(2,126,439,552)
Capital Grants	26	125,000,000	125,000,000
		1,991,773,540	2,088,502,176
Total liabilities		7,602,943,597	7,726,105,288

The notes on page 6 - 29 form an integral part of the financial statements

Approval of the financial statements

The College's financial statements were approved by the College Council and signed on its behalf by:

Principal & CEO

Name *Charles Musyizi*

Date... *8th May 2023*

[Signature]

Head of Finance

Name *Bernard K. Chepkwony*

ICPAK No. *7192*

[Signature]

Chairman, College Council

Name *Wanjau Wanjau*

Date... *8th May 2023*

[Signature]

Kenya Utalii College,

Annual Report and Financial Statements For The Year Ended 30th June 2022

STATEMENT OF CASHFLOW FOR THE YEAR ENDED 30TH JUNE 2022

	Note	2021/2022	2020/2021
		Kshs	Kshs
Cash flows from operating activities			
Deficit for the year before tax		(91,941,633)	(259,511,916)
Adjusted for:		-	-
Depreciation		42,532,622	46,359,764
Amortized Reserves		(5,079,262)	(5,079,262)
Contribution to provisions		(8,268,662)	8,838,031
Working capital adjustments:		-	-
Increase/Decrease in inventory		1,101,084	3,279,213
Increase/Decrease in receivables		108,406,604	(236,442,804)
Increase/Decrease in payables		(18,164,398)	473,544,382
Net cash flows from operating activities	20	28,586,354	30,987,408
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		(20,475,762)	(38,379,490)
Net cash flows used in investing activities	25	(20,475,762)	(38,379,490)
Cash flows from financing activities			
Repayment of borrowings		(125,028)	-
Net cash flows used in financing activities		(125,028)	-
Net increase/(decrease) in cash and cash equivalents		7,985,563	(7,392,082)
Cash and cash equivalents at 1 July 2021	12	155,036,190	162,428,277
Cash and cash equivalents at 30 June 2022	12	163,021,750	155,036,190

The notes on page 6 - 29 form an integral part of the financial statements

Approval of the financial statements

The College's financial statements were approved by the College Council and signed on its behalf by:

Principal & CEO

Name *Charles Musyri*
Date *8th May 2023*

[Signature]

Head of Finance

Name *Bernard K. Mwangi*
ICPAK No. *7192*

[Signature]

Chairman, College Council

Name *Wanjira Dano*
Date *8th May 2023*

[Signature]

**Kenya Utalii College,
Annual Report and Financial Statements For The Year Ended 30th June 2022
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED JUNE 2022
Attributable to the owners of the controlling entity**

	Staff Loan		Accumulated		Capital		Capital Grants		Revaluation		TOTAL	
	Fund	Kshs	Surplus	Kshs	Reserve	Kshs	Kshs.	Kshs.	Reserve	Kshs	Kshs	Kshs
As at 1st July 2020	22,180,872		(1,943,972,144)		162,902,294		125,000,000		3,864,409,403		2,230,520,426	
Capital Grants												
Hotel Reverses Account	447,903										447,903	
Funds received during the year			77,044,509						(77,044,509)		0	
Amortization on Revaluation Reserve charge for the year												
Capital Grants												
Grants Amortized					(5,079,262)						(5,079,262)	
Deficit for the year			(259,511,916)								(259,511,916)	
Balance as at 30 June 2021	22,628,774		(2,126,439,552)		157,823,032		125,000,000		3,787,364,894		1,966,377,150	
As at 1st July 2021	22,628,774		(2,126,439,552)		157,823,032		125,000,000		3,787,364,894		1,966,377,148	
Capital Grants												
Funds received during the year	417,288										417,288	
Amortization on Revaluation Reserve charge for the year			78,329,285						(78,329,285)		0	
Prior Year Adjustment												
Capital Grants												
Transfers/adjustments					(5,079,262)						(5,079,262)	
Grants Amortized												
Deficit for the year			(91,941,633)								(91,941,633)	
Balance as at 30 June 2022	23,046,062		(2,140,051,900)		152,743,770		125,000,000		3,709,035,609		1,869,773,541	

The notes on page 6 - 29 form an integral part of the financial statements

**Kenya Utalii College,
Annual Report and Financial Statements For The Year Ended 30th June 2022
Consolidated statement of comparison of budget and actual amounts for the year ended 30 June 2022**

	Original budget	Final budget	Actual on comparable		Performance	% of	Variance
	2021/2022	2021/2022	2021/2022	2021/2022	difference		
	Kshs	Kshs	Kshs	Kshs	Kshs		Explanation
Revenue							
Revenue from non-exchange transactions							
Other income	909,272,000	676,270,000	506,834,484	(169,435,516)	75	Tourism Fund Grants submitted not as Per the Budget.	
Revenue from exchange transactions							
Fees From Students	66,499,650	66,499,650	104,731,571	38,231,921	157	Few Foreign students	
Gross Revenue from commercial activities	119,552,100	152,624,100	68,011,503	45	Few Consultancy		
Gross Revenue from hotel	156,000,000	156,000,000	98,242,919	(57,757,081)	63	Low hotel business	
Total Income	1,251,323,750	1,051,393,750	777,820,477		74		
Expenses							
Employee costs	461,578,660	525,478,000	377,413,208	148,064,792	72	No employment or promotions	
Remuneration of College Council	15,000,000	15,000,000	10,065,763	4,934,237	67	Few Board Meetings	
Repairs and maintenance	22,394,000	11,531,000	15,945,858	(4,414,858)	138	Cut down on expenditure	
Contracted services	37,170,000	36,823,520	23,632,403	13,191,117	64	Cut down on expenditure	
Hotel expenses	148,000,000	148,000,000	141,806,353	6,193,647	96	low hotel business	
Commercial activities expenses	44,778,088	44,778,088	18,703,171	26,074,917	42	low intake	
General expenses	322,403,001	139,254,282	239,662,732	(100,408,450)	172		
Total Expenses	1,051,323,750	920,864,890	827,229,488	224,094,261	90		
Development expenditure			20,475,762				
Total	1,051,323,750	920,864,890	827,229,488		90		
Depreciation and Amortization	83,475,000	83,475,000	42,532,622				
Surplus for the period			(91,941,633)				

I. NOTES TO THE FINANCIAL STATEMENTS

1. Statement of compliance and basis of preparation –IPSAS 1

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. 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 indirect method and the financial statements are prepared on accrual basis.

The Institution will be in existence for the next one year and will meet its short term obligations as they arise.

2. Summary of significant accounting policies

a) Revenue recognition IPSAS 23

i) Revenue from non-exchange transactions

a) Related party transactions

i. Revenue from Tourism Fund

This is the revenue collected by Tourism Fund 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 Tourism Board and Tourism Fund in accordance with approved budgets.

ii. Grants from Government of Kenya

This is in respect of assistance from the Government of Kenya During the year, through the Ministry of Tourism and Wildlife. It is recognized as revenue when received. The College received Kshs. 101,124,498 for recurrent. Where an official commitment is received from the government or timing differences occur between the time the Government sends the funds and actual receipt, the grants are accrued / deferred.

iii. Rent Income from Housing Units

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

Kenya Utalii College,

Notes to the Financial Statements for the year ended 30th June 2022

ii) Revenue from exchange transactions –IPSAS 9

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 IPSAS 24

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.

The original budget for FY 2021-2022 was approved by the National Assembly. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities.

c) Property, plant and equipment IPSAS 17

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		
Main College		52 Years
Library Complex		68 Years
Utalii Sports Club		67 Years
Utalii Village		54 Years
Vipingo		75 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
Intangible Assets	20%	5 Years

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

d) Inventories IPSAS 12

Inventories comprising of food, beverage and general merchandise together with returnable containers and drugs have been measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Kenya Utalii College,

Notes to the Financial Statements for the year ended 30th June 2022

e) Provisions –IPSAS 19

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 182,533,735** has been recognized. In addition a 5% general provision for doubtful debts has been created in the financial statement.

	PROVISION FOR BAD AND DOUBFUL DEBTS		
DETAILS	ACCOUNTS RECEIVABLE	SPECIFIC ACCOUNTS	TOTAL
SPECIFIC	67,304,248	115,229,487	182,533,735
5% 2021-2022 PROVISION	(814,554)	(7,853,023)	(8,667,577)
5% 2020-2021 PROVISION	852,966	7,985,065	8,838,031

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 October 2014 by an independent Valuer, Nile Real Appraisers (EA) 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 4,320,753,492. Depreciation on the revaluation surplus is charged to the revaluation Reserve Account

Kenya Utalii College,

Notes to the Financial Statements for the year ended 30th June 2022

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:

	2021/2022 Kshs.	2020/2021 Kshs.
Balance at beginning of year	157,823,032	162,902,294
Less: Amortization	5,079,262	5,079,262
Balance at end of year	<u><u>152,743,770</u></u>	<u><u>157,823,032</u></u>

h) Employee benefits IPSAS 25

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 contribution by the Employer and Employee depends on the grade and it varies from one grade to the other.

The College also contributes to a statutory defined contribution pension scheme, the National Social Security Fund (NSSF). Contributions are determined by NSSF Act 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 various commercial banks at the end of the financial year.

Kenya Utalii College,
Notes to the Financial Statements for the year ended 30th June 2022

i) Taxation

Kenya Utalii College is exempted from taxation under the first schedule of the Income Tax Act Cap 470.

j) Contingent Liabilities and Assets

Contingent Asset

There were no contingent assets that could lead to possible inflow of resources embodying economic benefits or service potential for the period.

Contingent Liability

There were no contingent liabilities that could lead to possible outflow of resources embodying economic benefits or service potential for the period.

k) Capital Commitments

There were no capital commitments During the Year.

l) Financial Instruments-IPSAS 29

Financial Assets

Staff Loans Scheme Fund and Receivables

Loans and receivables are non- derivative financial assets with fixed or determinable payments that are not quoted in an active market. The receivables include trading debtors, student debtors and the staff loan scheme fund.

After initial measurement the financial assets are subsequently measured at amortized cost using the effective interest method less impairment. Losses arising from impairment are recognized in the surplus or deficit.

The Entity assesses at each reporting date whether there is objective evidence that a financial asset is impaired. A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the

Kenya Utalii College,

Notes to the Financial Statements for the year ended 30th June 2022

estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors or an entity of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

Financial Liabilities

Staff Loans Scheme Fund and GOK Loan

Financial liabilities are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition. The liabilities include GOK loan and the staff loan scheme fund

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

m) Subsequent Events IPSAS 14

There have were no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30th June 2022

n) Significant Judgements and Sources of Estimation Uncertainty

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.

Kenya Utalii College,

Notes to the Financial Statements for the year ended 30th June 2022

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		
Main College		52 Years
Library Complex		68 Years
Utalii Sports Club		67 Years
Utalii Village		54 Years
Vipingo		75 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.

Inventories comprising of food, beverage and general merchandise together with returnable containers and drugs have been measured at the lower of cost and net realisable value.

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.

A specific provision amounting to Kshs 182,533,735 has been recognized. In addition a 5% general provision for doubtful debts has been created in the financial statement.

	PROVISION FOR BAD AND DOUBFUL DEBTS		
DETAILS	ACCOUNTS RECEIVABLE	SPECIFIC ACCOUNTS	TOTAL
SPECIFIC	67,304,248	115,229,487	182,533,735
5% 2021-2022 PROVISION	(814,554)	(7,853,023)	(8,667,577)
5% 2020-2021 PROVISION	852,966	7,985,065	8,838,031

Kenya Utalii College,

Notes to the Financial Statements for the year ended 30th June 2022

o) Related Parties IPSAS 20

The key management personnel are the members of College management and College Council. The College Council consists of members appointed by the Cabinet Secretary Ministry of Tourism & Wildlife as set out in the Tourism Act of 2011.

The key management personnel who held office during the financial year ended 30th June 2022 and who had direct fiduciary responsibility were:

College Management;

<u>No.</u>	<u>Designation</u>	<u>Name</u>
1.	Ag.Principal & Chief Executive Officer	Prof. Charles Musyoki, PhD,OGW
2.	Ag. Director of Studies	Mr. Peter M. Muindi
3.	Finance Manager	Mr. Bernard K. Chepkwony
4.	General Manager Utalii Hotel	Mr. Anthony K. Mbehelo
5.	Ag.Human Resource & Administration Manager	Ms. Tecla Kigen
6.	Ag. Director of Research and Corporate Planning	Dr. Florence W. Njau
7.	Ag. Head of Internal Audit	Ms. Jane Kawira

College Council;

<u>No.</u>	<u>Name</u>
1.	Mr. David Omusotsi Wamatsi Chairman
2.	Mr. Leonard Mudachi Member
3.	Hon. Joseph Lekuton Member
4.	Ms. Grace W. Nderitu Member
5.	Mr. George Maingi Member
6.	Ms. Rosemary Mugambi Member
7.	Mr. David William Stogdale Member
8.	Mr. David Mwangi Member
9.	Dr. Erustus M. Kanga Member
10.	Mr. Richard Gakunya Member
11.	Mr. Darius Mogaka Member
12.	Ms. Joyce M. Wesonga In attendance

Kenya Utalii College,
Notes to the Financial Statements for the year ended 30th June 2022

The following transactions were carried out with related parties;

	2021/2022	2020/2021
i) College Council remuneration		
Allowances paid to Council	10,065,763	11,867,607
ii) Grants from related parties		
Grants from Government of Kenya (GOK)	101,124,498	596,838,913
Grants from Tourism Fund (TF)	352,500,000	70,000,000

p) Comparative Figures

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

q) Intangible Assets IPSAS 31

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The useful life of the intangible assets is assessed as either finite or indefinite. Amortization is calculated on a straight line basis over estimated useful lives not exceeding period of 5 years.

r) Changes in accounting policies and estimates-IPSAS 3

The entity recognizes the effects of changes in accounting policy retrospectively. The effect of changes in accounting policy are applied prospectively if retrospective application is impractical

s) Ultimate and Holding Entity

The entity is a State Corporation under the Ministry of Tourism and Wildlife. Its ultimate parent is the Government of Kenya

t) Currency

The Financial Statements are presented in Kenya Shillings (Kshs)

u) Events after the reporting period

There are no material non-adjusting events after the reporting date

Kenya Utalii College,

Annual Report and Financial Statements For The Year Ended 30th June 2022

Notes to the Financial Statements for the year ended 30th June 2022

3. Incomes From Non Commercial (Exchange) Activities/Transactions

	2021/2022	2020/2021
	Kshs	Kshs
Rent Income from staff housing units	30,958,765	28,287,729
Grants from Government of Kenya -Recurrent	101,124,497	596,838,913
Revenue from Tourism Fund	352,500,000	70,000,000
Other Income Receipts	10,015,664	1,283,355
Capital Grants from Government of Kenya - amortization	5,079,262	5,079,262
Call Account-Accrued Interest	7,156,297	11,322,443
Total	506,834,484	712,811,702

Other Incomes

This comprises of:

	2021/2022	2020/2021
	Kshs	Kshs.
Sale of Discarded items	52,397	202,172
Identity cards & Lost items	274,358	192,277
Sale of Meal vouchers	550,935	171,069
Other Miscellaneous Income	132,407	351,705
Decrease in Provision for Bad Debts	8,268,662	-
Graduation fee	736,905	366,132
Total	10,015,664	1,283,355

3b) Transfers from Ministries ,Departments and Agencies (MDAs)

Name of the Entity Sending the Grant	Amount recognized to Statement of Financial Performance	2021/2022	2020/2021
		Kshs	Kshs.
Ministry of Tourism		101,124,497	596,838,913
Tourism Fund		352,500,000	70,000,000

Kenya Utalii College,

Annual Report and Financial Statements For The Year Ended 30th June 2022

Notes to the Financial Statements for the year ended 30th June 2022

4. Revenue from Commercial (Exchange) 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:

	2021/2022 Kshs	2020/2021 Kshs
Self Sponsored Courses	15,773,809	17,016,939
Pioneer Courses	20,438,933	9,708,687
MDP & Refresher Courses	922,640	-
Bakery Sales	109,068	15,078
Laundry Services	5,290,522	585,643
Sports Club Bar Sales	250	-
Jifunze Bar Sales	63,185	1,920
Hire of facilities - Grounds and Hostels	14,911,650	30,321,140
Bookshop Sales & Photocopying	363,659	68,377
Barber Shop Rent	15,000	75,000
Degree Programmes	6,364,020	500
Consultancy	3,758,767	9,526,127
Project Revenue- Bomas	-	125,252
Sub-Total	68,011,503	67,444,662
Less: Direct Expenses	18,703,171	36,141,410
Total	49,308,331	31,303,252

Kenya Utalii College,
Notes to the Financial Statement for the year ended 30th June 2022

UTALII HOTEL TRADING, ACCOUNT FOR THE YEAR ENDED 30TH JUNE 2022

	2021/2022 Kshs	2020/2021 Kshs
Revenue from exchange transactions		
Hotel Room sales	24,970,693	7,907,759
Hotel Food Sales	52,971,309	14,989,520
Hotel Beverage Sales	11,644,609	2,915,887
Other Income Receipts	7,229,403	2,817,116
GYM	1,426,905	(75,918)
Total revenue	98,242,919	28,554,364
Less: Cost of Sales	32,911,415	8,289,561
Gross Profit	65,331,504	20,264,803
Expenses		
Employee costs	79,453,584	74,151,066
Repairs and maintenance	3,870,471	1,700,908
Contracted services	3,227,100	3,077,612
General expenses	21,814,132	11,356,646
Finance costs	529,651	59,444
Total expenses	108,894,938	90,345,676
Surplus / Deficit before tax	(43,563,434)	(70,080,873)
Surplus / Deficit for the period	(43,563,434)	(70,080,873)
Number of staff		
Permanent	57	60
Contract	19	3
Intern	-	1

Kenya Utalii College,

Annual Report and Financial Statements For The Year Ended 30th June 2022

Notes to the Financial Statements for the year ended 30th June 2022

5. Fees From Students

Actual	2021/2022 Kshs	2020/2021 Kshs
Fees From Local Students	92,284,724	45,656,328
Fees From Foreign Students	8,987,578	10,108,270
Application Fees	1,262,269	777,001
Examination & First Aid Fee	2,197,000	1,985,800
Total	104,731,571	58,527,399

Grand Revenue Total	617,310,953	732,561,480
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6. Employee costs

	2021/2022 Kshs	2020/2021 Kshs
Employee related costs		
Salaries - Expatriate Staff	4,163,218	4,276,902
Salaries - Permanent Academic Staff	130,767,156	118,438,810
Salaries - Part-time Academic	794,187	95,240
Salaries - Administrative Staff	241,688,647	236,697,305
Total	377,413,208	359,508,256
Number of staff		
	Permanent	239
	Contract	93
	Interns	19

7. College Council Expenses

	2021/2022 Kshs	2020/2021 Kshs
Sitting Allowance	4,120,000	5,620,000
Travelling And Subsistence	2,857,400	2,929,400
Honararia	941,333	960,000
Mileage Allowance	853,242	1,066,720
Other Allowance	1,293,787	1,291,487
Total	10,065,763	11,867,607

8. Depreciation and amortization expense

	2021/2022 Kshs	2020/2021 Kshs
Property, plant and equipment	42,532,622	44,405,817
Total	42,532,622	44,405,817

Kenya Utalii College,

Annual Report and Financial Statements For The Year Ended 30th June 2022

Notes to the Financial Statements for the year ended 30th June 2022

9. Repairs and Maintenance

	2021/2022 Kshs	2020/2021 Kshs
Maintenance and Repair of Buildings	3,715,532	2,748,444
Maintenance and Repair of Equipment	2,618,529	2,165,886
Maintenance and Repair of Vehicles	9,611,797	5,048,265
Total	15,945,858	9,962,594

10. Contracted Services

	2021/2022 Kshs	2020/2021 Kshs
Contracted Services	23,632,403	16,843,580
	23,632,403	16,843,580

11. General Expenses

The following are included in General expenses:

	2021/2022 Kshs	2020/2021 Kshs
Medical Expenses	22,450,985	20,534,886
Staff Development	4,046,926	2,849,144
Staff and Students' Recreation Activities	286,926	50,700
Staff Welfare	4,678,094	3,127,959
Travelling and Subsistence Expenses	10,407,362	4,991,025
Industrial Training Expenses	1,930,517	126,814
Special Courses	2,216,230	215,871
Class Text Books, Library Books, & Periodicals	-	1,817,830
External Examination Expenses	1,507,810	1,001,618
Research Expenses	5,971,563	154,000
Bursaries Expenses	24,956,988	4,172,114
Professional Clothes and Uniforms	1,883,251	2,589,211
Food and Beverage	68,508,742	51,457,900
Printing and Stationery	3,023,856	666,641
Cleaning Materials	2,822,825	1,133,366
Entertainment and Public Relations	4,269,956	1,704,781
Renewal and Replacement	5,499,292	2,618,559
Heat, Light and power	29,737,759	20,058,138
Water, Sewerage and Land Rates	16,678,448	16,476,707
Postage and Telephone	2,318,417	2,720,190
Licences and Professional Services	2,425,893	2,917,307
Quality Assurance	2,069,575	-
Alumni, Placement & Collaboration	2,807,470	88,543
Finance Costs	1,862,226	383,177,942
Increase in Provision for Bad and Doubtful Debts	-	8,838,031
Insurances	16,837,621	13,578,318
Audit fee	464,000	464,000
Total	239,662,732	547,531,596

Kenya Utalii College,

Annual Report and Financial Statements For The Year Ended 30th June 2022

Notes to the Financial Statements for the year ended 30th June 2022

Provision For Bad and Doubful Debts for the year Ended 30th June 2022

	2021/2022 Kshs	2020/2021 Kshs
Increase/Decrease in Provision for bad and doubtful debts)	(8,268,662)	8,838,031
Total	(8,268,662)	8,838,031

Finance costs for the year ended 30th June 2022

	2021/2022 Kshs	2020/2021 Kshs
Bank Charges	4,031,132	2,559,146
(Loss)Gain on Foreign Exchange	(2,168,906)	(1,213,868)
Interest on Loan from G.O.K	-	381,832,664
Total	1,862,226	383,177,942

Grand Expenses Total	709,252,586	990,119,449
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12. Cash and cash equivalents

	2021/2022 Kshs	2020/2021 Kshs
Cash in Hand -College	-	70,418
Cash in Hand -Hotel	8,872	34,380
Cash at Bank -College		
Co-Operative -Nairobi	2,716,850	3,896,516
Co-Operative -Mombasa	11,751	4,113
Co-Operative -Kisumu	23,157	14,113
Co-Operative -Development Account	115,120,903	113,510,609
ABSA - Shillings	15,366,421	11,807,325
ABSA - Foreign	23,524,100	19,205,787
Cash at Bank -Hotel		
Co- Operative - Shillings	108,778	553,472
Co- Operative - Foreign	267,047	36,868
Floats -College	4,188,000	4,325,000
Floats & M-Pesa	1,685,873	1,577,589
Total	163,021,750	155,036,189

12(a). Cash and cash equivalents

a) Current account

ABSA-Shillings	0945027746	15,366,421	11,807,325
ABSA-Foreign	022700324	23,524,100	19,205,787
Co-operative Bank of Kenya	01129070937100	2,716,850	3,896,516
Co-operative Bank of Kenya	01129070937101	11,751	4,113
Co-operative Bank of Kenya	01129070937102	23,157	14,113
Co-operative Bank of Kenya-Hotel	01136070937100	108,778	553,472
Co-operative Bank of Kenya-Hotel	02120070070937100	267,047	36,868
Total		42,018,102	35,518,193

Kenya Utalii College,

Annual Report and Financial Statements For The Year Ended 30th June 2022

Notes to the Financial Statements for the year ended 30th June 2022

b)Staff Car Loan			
ABSA	0946134406	9,782,479	4,935,222
		<u>9,782,479</u>	<u>4,935,222</u>

c)On- Call Deposits			
Co-operative Bank of Kenya	01150070937102	115,120,903	113,510,609
		<u>115,120,903</u>	<u>113,510,609</u>

d)Others			
Cash In Hand-College		-	70,418
Cash In Hand-Hotel		8,872	34,380
Floats-College		4,188,000	4,325,000
Floats-Hotel		1,685,873	1,577,589
		<u>5,882,745</u>	<u>6,007,387</u>
Grand Total		<u>172,804,229</u>	<u>159,971,411</u>

13. Receivables from exchange transactions/Trade and other receivables

Current receivables	2021/2022	2020/2021
	Kshs	Kshs
College Accounts Receivable College	41,653,186	35,138,535
Utalii Hotel-Hotel	112,655,341	105,726,141
Project Debtors	45,542,676	45,542,676
Hotel Accounts Receivable	149,988,599	142,443,171
Students' Accounts Receivable	56,994,221	87,784,179
Hotel Staff Debtor	1,038,260	591,325
Utalii Hotel Debtor	526,803,142	476,765,698
Total current receivables	<u>934,675,424</u>	<u>893,991,724</u>
Non-current receivables		
Total non-current receivables		
Total receivables	<u>934,675,424</u>	<u>893,991,724</u>

Kenya Utalii College,

Annual Report and Financial Statements For The Year Ended 30th June 2022

Notes to the Financial Statements for the year ended 30th June 2022

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

Current receivables	2021/2022	2020/2021
	Kshs	Kshs
Staff Advances Account College	1,665,446	4,541,999
Staff Advances Account Hotel	655,373	493,955
Imprests Account College	3,210,829	1,349,329
Medical Advances Account College	1,137,419	1,085,084
Imprest Account Hotel	20,500	-
Curtain & Furniture Advances College	11,820,564	851,103
Curtain & Furniture Advances Hotel	1,961,943	1,313,778
Hospitalization Deposit	404,000	868,726
AHTSA	872,639	872,225
Warwick International	3,116,184	3,116,184
Kenya Revenue Authority	96,422,078	96,422,078
Prepayments College and COD	7,135,532	2,902,780
Incom From Gok	-	159,467,413
Accrued Interest income	5,269,223	11,322,443
Prepayments Hotel and COD	2,755,488	930,424
Deposits	4,067,569	4,067,569
Total current receivables	140,514,786	289,605,090

15. Inventories

	2021/2022	2020/2021
	Kshs	Kshs
Food Stores -College	2,804,609	1,904,437
Food Stores -Hotel	1,897,978	2,470,701
Beverage Stores- College	643,304	1,034,351
Beverage Stores -Hotel	913,864	735,411
General and Maintenance -College	5,383,321	4,941,829
General and Maintenance -Hotel	1,283,305	1,987,434
Containers Stores- College	429,527	429,547
Containers Stores- Hotel	244,452	393,750
Zawadi Shop	69,282	73,682
Drugs Stores -College	1,030,945	1,830,530
Total inventories at the lower of cost and net realizable value	14,700,587	15,801,671

Kenya Utalii College,

Annual Report and Financial Statements For The Year Ended 30th June 2022

Notes to the Financial Statements for the year ended 30th June 2022

16. Refundable Deposits from Customers

	2021/2022 Kshs	2020/2021 Kshs
Hotel Deposits Account	3,008,840	3,086,711
Total	3,008,840	3,086,711

17. Trade and other payables from exchange transactions

	2021/2022 Kshs	2020/2021 Kshs
Accrued Expenses College	67,051,662	66,238,702
Accrued Expenses Hotel	3,075,163	380,544
Utalii hotel-Hotel	526,803,142	476,765,698
Suppliers' Accounts College	124,755,539	132,838,360
Utalii hotel-College	112,655,341	105,726,141
Suppliers' Accounts Hotel	41,127,078	37,241,735
NHIF	739,750	538,500
P. A. Y. E	8,033,987	6,273,346
N.S.S.F	193,550	260,150
Staff Shortages	-	104,053
Kenyuco Sacco	251,053	932,988
Kenyuco Housing Sacco	228,833	2,034,877
Pension Deductions	4,249,215	16,828,143
Higher Education Loans Board	4,488	107,678
Education Levy	1,876,082	1,876,082
Select Management Services Ltd	44,648	547,584
Faulu Kenya Ltd	647,367	8,315,860
Other Staff Co-operative Societies	1,705,969	32,184,441
Barclays Bank Staff Loans Deductions	120,871	2,360,196
KCB Staff Loan deductions	32,700	3,304,348
Standard Chartered Bank Loan Deduction	189,858	7,846,894
Staff Loans Scheme Deduction Account	3,440,357	7,174,692
Staff Service Charge Account College	786,498	777,461
Staff Service Charge Account Hotel	976,938	1,271,444
Students Control Account	-	1,058,115
Salaries Control Account College	784,935	295,911
Payroll deduction Hotel	8,048,560	17,870,104
Utalii hotel	647,050	621,086
External exams (IATA) Contra	559,384	870,183
Insurance Claims and Others	1,968,124	1,790,363
Staff Welfare Fund Account	2,317,711	2,540,811
Pension Scheme Refunds Account	1,957,585	1,975,262
Deceased Special Fund Account	12,426,134	801,334
Prepaid Fees Account	10,166,532	12,707,100
University of Surrey	351,931	351,931
Total Taxes	23,190,996	29,013,387
Training Levy college	377,338	377,338
Catering Levy College	1,021,286	1,021,286
Catering Levy Hotel	7,545,830	5,757,478
Students' Caution Money	8,032,042	7,505,842
Students' Council Account KUCSA	231,777	271,321
Degree program identity card and Food Handlers	774,404	746,690
Students class funds & clubs	205,069	177,844
Watalamu Renovation Hotel-hotel	6,325,382	6,325,382
Watalamu Renovation Hotel-college	(6,325,382)	(6,325,382)
Deferred Revenue/ Income- College	3,518,701	3,518,701
Accrued Interest for GOK	4,442,113,092	4,442,113,092
Total trade and other payables	5,425,228,567	5,443,315,095

Kenya Utalii College,

Annual Report and Financial Statements For The Year Ended 30th June 2022

Notes to the Financial Statements for the year ended 30th June 2022

18 Current Provisions

Year 2021	Trade receivables	Specific Accounts	Total
	Kshs.	Kshs.	Kshs.
Balance at the beginning of the year	67,265,835	115,097,445	182,363,281
Additional provisions raised	852,966	7,985,065	8,838,031
Balance as at 30 June 2021	68,118,802	123,082,510	191,201,312

Year 2022	Trade receivables	Specific Accounts	Total
	Kshs.	Kshs.	Kshs.
Balance at the beginning of the year	68,118,802	123,082,510	191,201,312
Additional provisions raised	(814,147)	(7,454,515)	(8,268,662)
Balance as at 30 June 2022	67,304,655	115,627,995	182,932,650

19. Borrowings

	2021/2022	2020/2021
	Kshs	Kshs
Loan from G.O.K	122,000,000	122,125,028
Total non-current borrowings	122,000,000	122,125,028

N/B Change of figure is as a result of reconciliation between Kenya Utalii College and National Treasury

Kenya Utalii College,

Annual Report and Financial Statements For The Year Ended 30th June 2022

Notes to the Financial Statements for the year ended 30th June 2022

20. Cash generated from operations

	2021/2022	2020/2021
	Kshs	Kshs
Deficit for the year before tax	(91,941,633)	(259,511,916)
Adjusted for:		
Depreciation	42,532,622	46,359,764
Amortized Reserves	(5,079,262)	(5,079,262)
Contribution to provisions	(8,268,662)	8,838,031
Working capital adjustments:		
Increase/Decrease in inventory	1,101,084	3,279,213
Increase/Decrease in receivables	108,406,604	(236,442,804)
Increase/Decrease in payables	(18,164,398)	473,544,382
Net cash flows from operating activities	28,586,354	30,987,408

Kenya Utalii College,

Annual Report and Financial Statements For The Year Ended 30th June 2022

Notes to the Financial Statements for the year ended 30th June 2022

21. **INCOME AND EXPENDITURE ACCOUNT**
FOR THE YEAR ENDED 30TH JUNE 2022

	2021/2022 Kshs	2020/2021 Kshs
INCOME		
Interest earned from staff loans	431,088	457,503
Bank interest earned		
	431,088	457,503
LESS: EXPENDITURE		
Bank charges	13,800	9,600
Surplus	417,288	447,903

STAFF LOANS SCHEME FUND AS AT 30TH JUNE 2022

	2021/2022 Kshs	2020/2021 Kshs
Staff Loans Scheme Fund	22,628,774	22,180,871
Surplus	417,288	447,903
Amount received from Kenya Utalii College		
	23,046,062	22,628,774

REPRESENTED BY:

Loan Scheme Principal Advances	9,823,226	10,518,860
Bank Account balance	9,782,479	4,935,222
Amount Receivable from Kenya Utalii College	3,440,357	7,174,692
	23,046,062	22,628,774

NOTE: The staff loans is in relations to Car,Housing and Car Insurance Loan to Members of staff

	2021/2022 Kshs	2020/2021 Kshs
Workings.		
Interest. Car loan	245,064	298,631
House loan	186,024	158,872
	431,088	457,503
Less Bank Charges	13,800	9,600
	417,288	447,903

Kenya Utalii College,

Annual Report and Financial Statements For The Year Ended 30th June 2022

Notes to the Financial Statements for the year ended 30th June 2022

22. 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:

	2021/2022	2020/2021
	Kshs	Kshs
Balance at beginning of year	157,823,032	162,902,294
Add: Development Grants		
Less: Amortization	5,079,262	5,079,262
Balance at end of year	152,743,770	157,823,032

23. Revaluation Reserve

The College's Assets were revalued in October 2014 by an independent Valuer, Nile Real Appraisers (EA) 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 4,320,753,492. Amortisation on the revaluation surplus is charged to the revaluation Reserve Account

24. Accumulated Fund as at 30th June 2022

ACCUMULATED FUND AS AT 30TH JUNE 2022

	2021/2022	2020/2021
	Kshs	Kshs
Balance Brought Forward	(2,126,439,552)	(1,943,972,145)
Amortization of Revaluation Reserves	78,329,285	77,044,509
Total	(2,048,110,267)	(1,866,927,636)
Deficit for the Year	(91,941,633)	(259,511,916)
Balance carried Forward	(2,140,051,900)	(2,126,439,552)

26. Capital Grants

This relates to the development grants received in relation to the practical training block

	2021/2022	2020/2021
	Kshs	Kshs
Balance Brought Forward	125,000,000	125,000,000
Capital Grants received during the year		
Total	125,000,000	125,000,000

27. Intangible Assets

Cost/Valuation		9,769,737
Depreciation/Amortization		5,072,307
Charge for the year		1,953,947
Net Book Values as at 30th June 2021		2,743,483
Cost /Valuation	9,769,737	
Depreciation/Amortization as at 1st July 2022	7,026,254	
Charge for the year	-	
Net Book Values as at 30th June 2022	2,743,483	

Annual Report and Financial Statements For The Year Ended 30th June 2022

Notes to the Financial Statements for the year ended 30th June 2022

ITEM	REVALUATION RESERVE AS AT 30TH JUNE 2022							TOTAL
	LAND	BUILDINGS	PLANT AND MACHINERY	FURNITURE TECHNICAL AND EQUIPMENT	MOTOR VEHICLES	COMPUTERS HARDWARE	KSHS	
	KSHS	KSHS	Kshs	KSHS	KSHS	KSHS	KSHS	KSHS
COST / VALUATION								
Revaluation Account College as at 1st July 2020	4,216,634,500	184,271,396	(37,862,769) (1,968,352)	(18,133,580)	(11,748,001)	(33,548,722)	4,299,612,824	21,140,668
Revaluation Account Hotel as at 1st July 2020				23,394,320	(285,300)	-	-	-
At 30th June 2020	4,216,634,500	184,271,396	(39,831,121)	5,260,740	(12,033,301)	(33,548,722)	4,320,753,492	
DEPRECIATION/ARMOTIZATION								
Balance as at 1st July 2020	409,987,923	27,640,710	-	18,715,456	-	-	456,344,089	-
Charge for the Year to Revaluation Reserve Account	72,437,724	4,606,785	-	-	-	-	77,044,509	-
Accumulated Depreciation as at 30th June 2021	482,425,647	32,247,495	-	18,715,456	-	-	533,388,598	
Net Book Value as at 30.6.2020 (Revalued figure)	3,734,208,853	152,023,901	(39,831,121)	(13,454,716)	(12,033,301)	(33,548,722)	3,787,364,894	
COST / VALUATION								
Revaluation Account College as at 1st July 2021	4,216,634,500	184,271,396	(37,862,769) (1,968,352)	(18,133,580)	(11,748,001)	(33,548,722)	4,299,612,824	21,140,668
Revaluation Account Hotel as at 1st July 2021				23,394,320	(285,300)	-	-	-
At 30th June 2021	4,216,634,500	184,271,396	(39,831,121)	5,260,740	(12,033,301)	(33,548,722)	4,320,753,492	
DEPRECIATION/ARMOTIZATION								
Balance as at 1st July 2021	482,425,647	32,247,495	-	18,715,456	-	-	533,388,598	-
Charge for the Year to Revaluation Reserve Account	73,722,500	4,606,785	-	-	-	-	78,329,285	-
Accumulated Depreciation as at 30th June 2022	556,148,148	36,854,280	-	18,715,456	-	-	611,717,883	
Net Book Value as at 30.6.2022 (Revaluation A/c)	3,660,486,352	147,417,116	(39,831,121)	(13,454,716)	(12,033,301)	(33,548,722)	3,709,035,609	
Net Book Value as at 30.6.2021 (Revaluation A/c)	3,734,208,853	152,023,901	(39,831,121)	(13,454,716)	(12,033,301)	(33,548,722)	3,787,364,894	

**Kenya Utalii College,
Annual Report and Financial Statements For The Year Ended 30th June 2022
Notes to the Financial Statements for the year ended 30th June 2022**

25. 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		KSHS	
COST / VALUATION																
Balance as at 1st July 2020 -College	4,900,000,000	1,564,629,890	81,999,138	28,768,919	77,948,186	69,740,790	36,633,800	6,759,720,724								
Balance as at 1st July 2020-Hotel	-	26,325,382	-	2,047,072	38,808,305	9,925,000	9,983,969	87,089,728								
Revaluation College	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation Hotel	-	-	37,125,147	-	136,759	-	1,117,586	38,379,490	-	-	-	-	-	-	-	-
Additions College	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Additions Hotel	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers/adjustments- COLLEGE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers/adjustments- HOTEL	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Less Disposal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
At 30 June 2021	4,900,000,000	1,590,955,272	119,124,285	30,815,991	116,893,250	79,665,790	47,735,355	6,885,189,942								
DEPRECIATION / ARMOTIZATION																
Balance as at 1st July 2020	-	235,203,893	-	14,125,306	111,004,219	83,789,447	50,362,903	494,485,768								
Charge for the Year	-	39,773,883	-	3,081,599	1,177,806	-	372,528	44,405,817								
Disposal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accumulated Depreciation At 30 June 2021	-	274,977,776	-	17,206,905	112,182,025	83,789,447	50,735,431	538,891,585								
Net book values as at 30.6.2021	4,900,000,000	1,315,977,496	119,124,284	13,609,086	4,711,225	(4,123,657)	(3,000,076)	6,346,298,356								
Net book values as at 30.6.2020	4,900,000,000	1,355,751,379	81,999,137	16,690,685	10,851,346	(3,692,407)	(5,004,619)	6,356,595,520								
COST / VALUATION																
Balance as at 1st July 2021 -College	4,900,000,000	1,564,629,890	119,124,285	28,768,919	78,084,945	69,740,790	37,751,386	6,798,100,215								
Balance as at 1st July 2021-Hotel	-	26,325,382	-	2,047,072	38,808,305	9,925,000	9,983,969	87,089,728								
Revaluation College	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation Hotel	-	-	20,475,763	0	(0)	(0)	0	20,475,762	-	-	-	-	-	-	-	-
Additions College	-	(1)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Additions Hotel	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Less: Disposal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
At 30 June 2022	4,900,000,000	1,590,955,272	139,600,048	30,815,991	116,893,250	79,665,790	47,735,355	6,905,665,705								
DEPRECIATION / ARMOTIZATION																
Balance as at 1st July 2022	-	274,977,776	-	17,206,905	112,182,025	83,789,447	50,735,432	538,891,585								
Charge for the Year	-	39,115,747	-	3,081,599	1,177,806	-	335,276	42,532,622								
Accumulated Depreciation At 30 June 2022	-	314,093,523	-	20,288,504	112,182,025	83,789,447	51,070,708	581,424,207								
Net book values as at 30.6.2022	4,900,000,000	1,276,861,748	139,600,048	10,527,487	4,711,225	(4,123,657)	(3,335,353)	6,324,241,501								
Net book values as at 30.6.2021	4,900,000,000	1,315,977,496	119,124,284	13,609,086	4,711,225	(4,123,657)	(3,000,076)	6,346,298,357								

The College's assets were revalued in October 2014 by an independent Valuer, Nile Real Appraisers (EA) 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. 4,320,753,492

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

This is in relation to equipments and other items that will be delivered in the financial year 2022/2023

Kenya Utalii College,

Other Notes

Financial Risk Management

The council maintains investment guidelines it uses to ensure that risks related to investment is well managed. The council also have risk safeguards to assist in mitigating the 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, foreign Exchange risk and market risk.

Types of risk	Low	Medium	High
Liquidity risk	✓		
Foreign Currency Risk	✓		
Market risk	✓		

- **Foreign Currency risk**

KUC has transactional currency exposure. Such exposure arises through purchase of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

- **Market risk**

KUC has put in place an internal audit function to assist it in assessing the risk faced by the entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

- **Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the entity's directors, who have built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. KUC manages liquidity risk through continuous monitoring of forecasts and actual Cash flows.

Kenya Utalii College,

PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS FY 2017/2018

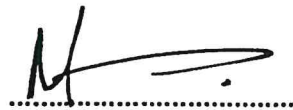
The following is the summary of Observation raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

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.	Financial Performance	Request sent to Min of Tourism and Wildlife for waiver of accrued interest on GOK loan	National Treasury	In progress	
2.	Trade and other payables	This is as a result of interest accrued on GOK	National Treasury	In progress	
3.	Long Outstanding Receivables	Proposal for writeoff	Management	In progress	
4.	Loan from the Government of Kenya	Request sent to Ministry of Tourism and Wildlife for waiver of accrued interest. Principal amount to be converted into Grants	National Treasury	In progress	
5.	Development Grant	Savings to have Kshs. 60 million to be used in Development	Management	In progress	
6.	Delivery and installation of Student Access Control System	To Contact supplier so as to finalise	Management	In progress	
7.	Inventories	To capitalise Library Books	Management	In progress	

Kenya Utalii College,

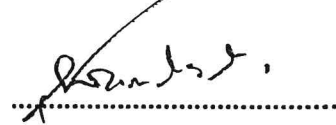
Reference No. on the external audit Report	Issue/ Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved /Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
8.	Unsecured House and Car Loans	Staff to Provide Tittle Deed and Logbooks	Management	In Progress	
1.	Other matters Overall Budget Analysis	Interest on Gok Seeking Waiver	National Treasury	In progress	
2.	Failure to implement IFMIS	In Communication with National Treasury to integrate	Management	In progress	
3.	Mombasa Campus and Nairobi Library Facilities	Books in put to the System	Management	In progress	
4.	Budgetary Control and Performance	Interest on Gok Loan not Budgeted	Management	In Progress	
5.	Non -Recovery of Salary Advance	To handle each case Accordingly	Management	In Progress	
6.	Lack of Contract Agreement for Fuel Supplies	Prepare Contract	Management	In Progress	
7.	Variance between payroll summary (PAYE) and the Accounting System Generated Report	To contact system maintain ace Contractor	Management	In progress	

Principal & CEO



Date 8th may, 2023

Chairman -KUC-Council



Date 8th may, 2023

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