

**THE KENYA ASSOCIATION OF HOTEL KEEPERS AND CATERERS  
(A Company Limited by Guarantee and Not Having Share Capital)**

**STATEMENT OF COMPREHENSIVE INCOME  
YEAR ENDED 31 DECEMBER 2019**

	Note	2019 Kshs	2018 Kshs
Income	2	31,007,340	28,266,842
Other Income	2	<u>3,919,536</u>	<u>4,922,665</u>
Total Income		<u>34,926,876</u>	<u>33,189,507</u>
Administrative Expenses	Appendix I	(13,841,333)	(10,898,328)
Staff Expenses	4	(17,763,067)	(16,323,381)
Affiliation Fees		(3,128,012)	(3,036,920)
Depreciation	5	<u>(1,004,357)</u>	<u>(887,822)</u>
(Deficit)/ Surplus for the year before Taxation		(809,893)	2,043,055
Taxation charge for the year	11	<u>(242,161)</u>	<u>(520,695)</u>
(Deficit)/ Surplus for the year transferred to General Reserve	9	<u><u>(1,052,055)</u></u>	<u><u>1,522,360</u></u>

**THE KENYA ASSOCIATION OF HOTEL KEEPERS AND CATERERS**  
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**FINANCIAL POSITION**  
**31 DECEMBER 2019**

**ASSETS**

	<b>Note</b>	<b>2019 Kshs</b>	<b>2018 Kshs</b>
<b>Non-current Assets</b>			
Equipment	5	4,394,191	2,950,697
Office Premises	6	<u>21,494,220</u>	<u>3,000,000</u>
		<u>25,888,411</u>	<u>5,950,697</u>
<b>Current Assets</b>			
Receivables and Prepayments	7	6,934,891	9,175,468
Short Term Deposits	8	3,262,412	9,876,288
Bank and Cash balances	14	<u>4,667,399</u>	<u>1,377,776</u>
		<u>14,864,702</u>	<u>20,429,532</u>
<b>TOTAL ASSETS</b>		<u><u>40,753,112</u></u>	<u><u>26,380,229</u></u>

**RESERVES AND LIABILITIES**

**Reserves**

General Reserves	9	<u>19,184,779</u>	<u>20,236,834</u>
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**Current Liabilities**

Payable to Apple Wood		13,312,265	-
Payables	10	8,134,987	5,883,048
Tax Payable	11	<u>121,081</u>	<u>260,348</u>
		<u>21,568,333</u>	<u>6,143,396</u>

<b>TOTAL RESERVES &amp; LIABILITIES</b>		<u><u>40,753,112</u></u>	<u><u>26,380,229</u></u>
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The financial statements on pages 6 to 13 were approved by the Board of Directors

on ..... 2020 and signed on its behalf by:-

..... **NATIONAL CHAIRMAN**

..... **CHAIRMAN, FINANCE COMMITTEE**

**THE KENYA ASSOCIATION OF HOTEL KEEPERS AND CATERERS  
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**STATEMENT OF CASHFLOWS  
YEAR ENDED 31 DECEMBER 2019**

<b>OPERATING ACTIVITIES</b>	<b>Note</b>	<b>2019 Kshs</b>	<b>2018 Kshs</b>
Net cash generated from/(used in) Operating activities	14 (a)	17,999,246	(551,428)
Tax paid		<u>(381,429)</u>	<u>(522,694)</u>
Net Cash generated from/ (used in) operating activities		<u>17,617,817</u>	<u>(1,074,122)</u>
<b>INVESTING ACTIVITIES</b>			
Purchase of Office Premises		(18,494,220)	(3,000,000)
Purchase of Equipment		<u>(2,447,850)</u>	<u>(708,930)</u>
Net Cash used in investing activities		<u>(20,942,070)</u>	<u>(3,708,930)</u>
Decrease in cash and cash equivalents during the year		<u><u>(3,324,253)</u></u>	<u><u>(4,783,052)</u></u>
<b>MOVEMENT IN CASH</b>			
At start of year		11,254,064	16,037,116
Decrease in cash during the year		<u>(3,324,253)</u>	<u>(4,783,052)</u>
At end of year	14 (b)	<u><u>7,929,811</u></u>	<u><u>11,254,064</u></u>

**THE KENYA ASSOCIATION OF HOTEL KEEPERS AND CATERERS**  
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**YEAR ENDED 31 DECEMBER 2019**  
**DETAILED INCOME STATEMENT**

	<b>2019</b>	<b>2018</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>INCOME</b>		
Subscriptions	31,007,340	28,266,842
Sundry Income	3,919,536	4,922,665
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<b>TOTAL INCOME</b>	<b>34,926,876</b>	<b>33,189,507</b>
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<b>EXPENSES</b>		
<b>Staff Costs</b>		
Salaries and Wages	14,346,471	13,331,236
Medical Expenses	1,397,645	1,125,744
Staff Welfare	202,096	163,066
Staff Training	191,200	213,100
Insurance (WIBA)	80,949	80,943
Annual Leave Travel Allowance	558,750	499,300
Provident Fund	985,956	909,992
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	<b>17,763,067</b>	<b>16,323,381</b>
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<b>Administrative Expenses</b>		
Bad Debts	729,571	757,582
Office Rent	2,979,161	2,721,819
Postage and Telephone	853,614	738,663
Travelling & Accommodation	2,643,146	2,090,503
Entertainment	139,705	255,665
Audit Fees	220,000	200,000
Printing and Stationery	103,524	143,625
Subscriptions and Donations	50,000	130,000
Legal and Professional Fees	464,219	650,300
Office Expenses	172,039	170,914
Newspaper and Periodicals	37,580	56,990
Bank Charges	58,852	67,704
Repairs and Maintenance	257,136	274,940
Gift and Awards	70,000	65,250
Insurance	139,727	150,384
Advert and Promotion	198,460	-
Website Development Maintenance	13,542	-
Commission	156,959	185,460
Board Sitting Allowance	304,000	175,000
Motor Vehicle Expenses	730,216	365,895
Business Advocacy Cost / Tourism Cocktail Party	3,519,882	1,697,634
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	<b>13,841,333</b>	<b>10,898,328</b>
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<b>Affiliation Fees</b>		
KTF Remittance	2,300,000	2,300,000
FKE Fees	828,012	736,920
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	<b>3,128,012</b>	<b>3,036,920</b>
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Depreciation	1,004,357	887,822
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<b>TOTAL EXPENDITURE</b>	<b>35,736,770</b>	<b>31,146,451</b>
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<b>(DEFICIT)/ SURPLUS FOR THE YEAR</b>	<b>(809,893)</b>	<b>2,043,055</b>
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**THE KENYA ASSOCIATION OF HOTEL KEEPERS AND CATERERS**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2019**

**1. ACCOUNTING POLICIES**

**a) Basis of Preparation**

The financial statements are prepared under the historical cost convention as modified by the revaluation of certain fixed assets.

**b) Income**

Income comprises members' subscriptions and FKE affiliation fees, Sale of Hotel Guide Magazine.

**c) Equipment**

Equipment is depreciated over its estimated useful life using the reducing balance method. The annual rates of depreciation applied are as follows:-

Computers	30%
Office Equipment, Furniture and Fittings	12.5%
Motor Vehicles	25%

**d) Impairment of Assets**

The carrying amounts of the association's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount is estimated and an impairment loss is recognised in the income statement whenever the carrying amount of an asset exceeds its recoverable amount.

**f) Retirement Benefits Obligation**

The Association contributes to the National Social Security Fund (NSSF) . This is a defined contribution scheme registered under the National Social Security Act. The Association's obligations under the scheme are limited to specific contributions legislated from time to time and are currently subject to an upper limit of Kshs 2,160 per month for employees earning above Kshs 18,000. However, KAHC is using the old rates of Kshs 200 per employee as it's awaiting for finalisation of new Bill.

The Association also contributes 7.5% on gross pay per employee to a Provident Fund with Britak Ltd.

**g) Operating Leases**

Leases where significant portion of the risks and rewards of ownership are retained by the lessor, are classified as operating leases. Payments made under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

**h) Taxation**

The Association is not subject to Income Tax per Section 21 of the Income Tax Act Cap. 470 as all its income is made up of members' contributions. Except for income on Investment.

**h) Trade and Other Receivables**

Trade and other debtors are stated at nominal value, less write downs for any amounts considered to be irrecoverable.

**i) Cash and Cash Equivalents**

For the purposes of the cash flow statement, cash and cash equivalents comprise cash and bank balances and deposits net of bank overdrafts.

**THE KENYA ASSOCIATION OF HOTEL KEEPERS AND CATERERS**  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED 31 DECEMBER 2019**

<b>2. INCOME</b>	<b>2019</b>	<b>2018</b>
	<b>Kshs</b>	<b>Kshs</b>
Members Subscriptions	<u>31,007,340</u>	<u>28,266,842</u>
Other Income:		
Interest Income	807,205	1,735,650
Sundry Income	565,725	948,662
Symposium Surplus	2,512,136	2,238,353
Grant	<u>34,470</u>	<u>-</u>
	<u>3,919,536</u>	<u>4,922,665</u>
<b>Total</b>	<u><u>34,926,876</u></u>	<u><u>33,189,507</u></u>

**Note:**

Sundry Income comprises fee from new entrants, sale of Tour guide magazine and Miscellaneous income

**3. ADMINISTRATIVE COSTS**

<b>The (Deficit)/ Surplus for the year is arrived at after charging:-</b>	<b>2019</b>	<b>2018</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>(a)</b> Key Management salaries	4,909,624	7,024,800
Other Staff	<u>9,436,847</u>	<u>6,002,286</u>
	<u>14,346,471</u>	<u>13,027,086</u>
<b>(b)</b> Staff Costs	17,763,067	16,323,381
Auditors Remuneration	220,000	200,000
Bad Debts Written Off	729,571	757,582
Depreciation	<u>1,004,357</u>	<u>887,822</u>

**4. STAFF COSTS**

Salaries and Wages	14,346,471	13,331,236
Provident Fund	985,956	909,992
Medical Expenses	1,397,645	1,125,744
Staff Welfare	202,096	163,066
Staff Training	191,200	213,100
Insurance (WIBA)	80,949	80,943
Leave Pay	<u>558,750</u>	<u>499,300</u>
	<u><u>17,763,067</u></u>	<u><u>16,323,381</u></u>

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED 31 DECEMBER 2019**

**5. EQUIPMENT**

<b>YEAR ENDED 31 DECEMBER 2019</b>	<b>Computer Kshs</b>	<b>Motor Vehicle Kshs</b>	<b>Office Furniture &amp; Fittings Kshs</b>	<b>Office Equipment Kshs</b>
Opening Net book Amount	609,331	1,534,049	588,299	219,018
Additions	178,000	-	1,929,600	340,250
Depreciation Charge	(236,199)	(383,512)	(314,737)	(69,909)
Closing Net Book Amount	<u>551,133</u>	<u>1,150,537</u>	<u>2,203,162</u>	<u>489,360</u>
<b>AT 31 DECEMBER 2019</b>				
Cost/Valuation	3,467,170	4,329,093	3,744,373	1,237,231
Accumulated Depreciation	(2,916,031)	(3,178,555)	(1,541,211)	(747,872)
Net Book Amount	<u>551,133</u>	<u>1,150,537</u>	<u>2,203,162</u>	<u>489,360</u>



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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED 31 DECEMBER 2019**

**6. OFFICE PREMISES**

Sale agreement between Applewood Investments Limited and Kenya Association of Hotel Keepers and Caterers a purchase price of Kshs 21,494,220. Payment of Kshs 8,181,955 has been made.

	<b>2019</b>	<b>2018</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>7. (a) RECEIVABLES AND PREPAYMENTS</b>		
Receivable from members	6,079,170	8,364,979
Prepayments	<u>855,721</u>	<u>810,489</u>
<b>TOTAL</b>	<u><u>6,934,891</u></u>	<u><u>9,175,468</u></u>

**8. SHORT TERM DEPOSITS**

The short term deposits relate to interest bearing deposit placed at CFC Stanbic Investment Ltd, Old Mutual money market fund and Britak Ltd.

	<b>2019</b>	<b>2018</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>9. GENERAL RESERVE</b>		
At 01 January	20,236,834	18,714,474
Surplus for the year	<u>(1,052,055)</u>	<u>1,522,360</u>
At 31 December	<u><u>19,184,779</u></u>	<u><u>20,236,834</u></u>

**10. PAYABLES**

Trade Payables	6,248,204	3,199,974
Accruals	657,476	1,751,934
Advance Subscriptions	<u>1,229,306</u>	<u>931,140</u>
	<u><u>8,134,987</u></u>	<u><u>5,883,048</u></u>

	<b>2019</b>	<b>2018</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>11. TAXATION</b>		
<b>a)</b> As at '01 Jan	260,348	262,347
Tax on Interest @ 30% 807,205	242,161	520,695
Less Withholding tax	(121,081)	(260,347)
Less Tax paid during the year	<u>(260,348)</u>	<u>(262,347)</u>
Balance to pay as at 31 December	<u><u>121,081</u></u>	<u><u>260,348</u></u>
<b>b)</b> Corporation Tax		
30% Tax on Interest Income	<u><u>242,161</u></u>	<u><u>520,695</u></u>

**12. INCORPORATION**

The Association is incorporated in Kenya under the Companies Act.

**13. CURRENCY**

The financial statements are presented in Kenya Shillings (Kshs).



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**NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2019**

**14. NOTE TO THE CASH FLOW STATEMENT**

<b>a) Reconciliation of Operating (Deficit)/ Surplus to cash generated/ (used in) operations</b>	<b>2019 Kshs</b>	<b>2018 Kshs</b>
Operating (Deficit)/ Surplus for the year	(809,893)	2,043,055
Depreciation	1,004,357	887,822
Decrease/ (Increase) in Receivables	2,240,577	(3,293,297)
Increase/(Decrease) in Payables and Accruals	<u>15,564,204</u>	<u>(189,008)</u>
Cash generated from/ (used in) Operations	<u>17,999,246</u>	<u>(551,428)</u>
<b>b) Cash and Cash Equivalents</b>		
Cash and Bank Balance	4,667,399	1,377,776
Short term deposits	<u>3,262,412</u>	<u>9,876,288</u>
	<u>7,929,811</u>	<u>11,254,064</u>

