

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 2020

	Note	2020 Kshs	2019 Kshs
Income	2	30,234,958	31,007,340
Other Income	2	<u>3,806,595</u>	<u>3,919,536</u>
Total Income		<u>34,041,553</u>	<u>34,926,876</u>
Administrative Expenses	Appendix I	(11,127,629)	(13,841,333)
Staff Expenses	4	(17,423,675)	(17,763,067)
Affiliation Fees		(2,951,000)	(3,128,012)
Depreciation	5	<u>(844,146)</u>	<u>(1,004,357)</u>
Surplus/ (Deficit) for the year before Taxation		1,695,102	(809,893)
Taxation charge for the year	11	<u>(168,531)</u>	<u>(242,161)</u>
Surplus/ (Deficit) for the year transferred to General Reserve	9	<u><u>1,526,571</u></u>	<u><u>(1,052,055)</u></u>

THE KENYA ASSOCIATION OF HOTEL KEEPERS AND CATERERS
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FINANCIAL POSITION
31 DECEMBER 2020

ASSETS

		2020	2019
Non-current Assets	Note	Kshs	Kshs
Equipment	5	3,986,903	4,394,191
Office Premises	6	<u>21,494,220</u>	<u>21,494,220</u>
		<u>25,481,123</u>	<u>25,888,411</u>
Current Assets			
Receivables and Prepayments	7	13,877,136	6,934,891
Short Term Deposits	8	6,864,915	3,262,412
Bank and Cash balances	14b	<u>1,677,531</u>	<u>4,667,399</u>
		<u>22,419,583</u>	<u>14,864,702</u>
TOTAL ASSETS		<u><u>47,900,706</u></u>	<u><u>40,753,112</u></u>

RESERVES AND LIABILITIES

Reserves

General Reserves	9	<u>20,711,351</u>	<u>19,184,779</u>
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Current Liabilities

Payable to Apple Wood		13,312,265	13,312,265
Payables	10	13,792,822	8,134,987
Tax Payable	11	<u>84,265</u>	<u>121,081</u>
		<u>27,189,352</u>	<u>21,568,333</u>

TOTAL RESERVES & LIABILITIES		<u><u>47,900,706</u></u>	<u><u>40,753,112</u></u>
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The financial statements on pages 6 to 13 were approved by the Board of Directors

on 2021 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 2020

OPERATING ACTIVITIES		2020	2019
	Note	Kshs	Kshs
Net cash generated from Operating activities	14 (a)	1,254,838	4,686,981
Tax paid		<u>(205,346)</u>	<u>(381,429)</u>
Net Cash generated from operating activities		<u>1,049,492</u>	<u>4,305,552</u>
INVESTING ACTIVITIES			
Purchase of Office Premises		-	(5,181,955)
Purchase of Equipment		<u>(436,856)</u>	<u>(2,447,850)</u>
Net Cash used in investing activities		<u>(436,856)</u>	<u>(7,629,805)</u>
Increase/ (Decrease) in cash and cash equivalents during the year		<u>612,636</u>	<u>(3,324,253)</u>
MOVEMENT IN CASH			
At start of year		7,929,811	11,254,064
Increase/ (Decrease) in cash during the year		<u>612,636</u>	<u>(3,324,253)</u>
At end of year	14 (b)	<u>8,542,447</u>	<u>7,929,811</u>

THE KENYA ASSOCIATION OF HOTEL KEEPERS AND CATERERS
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YEAR ENDED 31 DECEMBER 2020
DETAILED INCOME STATEMENT

INCOME	2020 Kshs	2019 Kshs
Subscriptions	30,234,958	31,007,340
Sundry Income	<u>3,806,595</u>	<u>3,919,536</u>
TOTAL INCOME	<u>34,041,553</u>	<u>34,926,876</u>
EXPENSES		
Staff Costs		
Salaries and Wages	14,459,300	14,346,471
Medical Expenses	1,520,159	1,397,645
Staff Welfare	106,358	202,096
Staff Training	196,200	191,200
Insurance (WIBA)	85,670	80,949
Annual Leave Travel Allowance	0	558,750
Provident Fund	<u>1,055,988</u>	<u>985,956</u>
	<u>17,423,675</u>	<u>17,763,067</u>
Administrative Expenses		
Bad Debts	4,933,631	729,571
Office Rent	1,428,461	2,979,161
Postage and Telephone	714,110	853,614
Travelling & Accomodation	648,224	2,643,146
Entertainment	124,454	139,705
Audit Fees	200,000	220,000
Printing and Stationery	65,652	103,524
Subscriptions and Donations	128,144	50,000
Legal and Professional Fees	708,450	464,219
Office Expenses	165,307	172,039
Newspaper and Periodicals	20,020	37,580
Bank Charges	46,097	58,852
Repairs and Maintenance	329,850	257,136
Gift and Awards	0	70,000
Insurance	177,357	139,727
Advert and Promotion	188,200	198,460
Website Development Maintenance	66,800	13,542
Commission	0	156,959
Board Sitting Allowance	226,000	304,000
Motor Vehicle Expenses	223,445	730,216
Business Advocacy Cost / Tourism Cocktail Party	<u>733,427</u>	<u>3,519,882</u>
	<u>11,127,629</u>	<u>13,841,333</u>
Affiliation Fees		
KTF Remittance	2,100,000	2,300,000
FKE Fees	<u>851,000</u>	<u>828,012</u>
	<u>2,951,000</u>	<u>3,128,012</u>
Depreciation	<u>844,146</u>	<u>1,004,357</u>
TOTAL EXPENDITURE	<u>32,346,451</u>	<u>35,736,769</u>
SURPLUS/ (DEFICIT) FOR THE YEAR	<u><u>1,695,102</u></u>	<u><u>(809,893)</u></u>

THE KENYA ASSOCIATION OF HOTEL KEEPERS AND CATERERS
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NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2020

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. 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 2020

	2020	2019
	Kshs	Kshs
2. INCOME		
Members Subscriptions	<u>30,234,958</u>	<u>31,007,340</u>
Other Income:		
Interest Income	561,769	807,205
Sundry Income	379,826	565,725
Symposium Surplus	2,865,000	2,512,136
Grant	<u>-</u>	<u>34,470</u>
	<u>3,806,595</u>	<u>3,919,536</u>
Total	<u><u>34,041,553</u></u>	<u><u>34,926,876</u></u>

Note:

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

3. ADMINISTRATIVE COSTS

The Surplus/ (Deficit) for the year is arrived at after charging:-	2020	2019
	Kshs	Kshs
(a) Key Management salaries	4,909,624	4,909,624
Other Staff	<u>9,436,847</u>	<u>9,436,847</u>
	<u>14,346,471</u>	<u>14,346,471</u>
(b) Staff Costs	17,423,675	17,763,067
Auditors Remuneration	200,000	220,000
Bad Debts Written Off	4,933,631	729,571
Depreciation	<u>844,146</u>	<u>1,004,357</u>

4. STAFF COSTS

Salaries and Wages	14,459,300	14,346,471
Provident Fund	1,055,988	985,956
Medical Expenses	1,520,159	1,397,645
Staff Welfare	106,358	202,096
Staff Training	196,200	191,200
Insurance (WIBA)	85,670	80,949
Leave Pay	<u>0</u>	<u>558,750</u>
	<u><u>17,423,675</u></u>	<u><u>17,763,067</u></u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 DECEMBER 2020

5. EQUIPMENT

YEAR ENDED 31 DECEMBER 2020	Computer Kshs	Motor Vehicle Kshs	Office Furniture & Fittings Kshs	Office Equipment Kshs	Total Kshs
Opening Net book Amount	551,133	1,150,537	2,203,162	489,360	4,394,191
Additions	-	-	436,856	-	436,856
Depreciation Charge	(165,340)	(287,634)	(330,002)	(61,170)	(844,146)
Closing Net Book Amount	385,794	862,903	2,310,016	428,190	3,986,903
AT 31 DECEMBER 2020					
Cost/Valuation	3,467,170	4,329,093	4,181,229	1,237,231	13,214,723
Accumulated Depreciation	(3,081,371)	(3,466,189)	(1,871,213)	(809,042)	(9,227,815)
Net Book Amount	385,794	862,903	2,310,016	428,190	3,986,903

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 DECEMBER 2020

6. OFFICE PREMISES

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

	2020	2019
	Kshs	Kshs
7. (a) RECEIVABLES AND PREPAYMENTS		
Receivable from members	13,025,006	6,079,170
Prepayments	<u>852,130</u>	<u>855,721</u>
TOTAL	<u><u>13,877,136</u></u>	<u><u>6,934,891</u></u>

8. SHORT TERM DEPOSITS

The short term deposits relate to interest bearing deposit placed at CIC Asset Management, ICEA LION Asset Management Old Mutual money market fund and Britak Ltd.

	2020	2019
	Kshs	Kshs
9. GENERAL RESERVE		
At 01 January	19,184,779	20,236,834
Surplus/ (Deficit) for the year	<u>1,526,571</u>	<u>(1,052,055)</u>
At 31 December	<u><u>20,711,351</u></u>	<u><u>19,184,779</u></u>

10. PAYABLES

Trade Payables	12,776,350	6,248,204
Accruals	943,476	657,476
Advance Subscriptions	<u>72,996</u>	<u>1,229,306</u>
	<u><u>13,792,822</u></u>	<u><u>8,134,987</u></u>

	2020	2019
	Kshs	Kshs
11. TAXATION		
a) As at '01 Jan	121,081	260,348
Tax on Interest @ 30% 561,769	168,531	242,161
Less Withholding tax	(84,265)	(121,081)
Less Tax paid during the year	<u>(121,081)</u>	<u>(260,348)</u>
Balance to pay as at 31 December	<u><u>84,265</u></u>	<u><u>121,081</u></u>

b) Corporation Tax		
30% Tax on Interest Income	<u><u>168,531</u></u>	<u><u>242,161</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).

THE KENYA ASSOCIATION OF HOTEL KEEPERS AND CATERERS
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NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2020

14. NOTE TO THE CASH FLOW STATEMENT

a) Reconciliation of Operating (Deficit)/ Surplus to cash generated/ (used in) operations	2020 Kshs	2019 Kshs
Operating Surplus/ (Deficit) for the year	1,695,102	(809,893)
Depreciation	844,146	1,004,357
(Increase)/ Decrease in Receivables	(6,942,245)	2,240,577
Increase in Payables and Accruals	<u>5,657,835</u>	<u>2,251,939</u>
Cash generated from Operations	<u><u>1,254,838</u></u>	<u><u>4,686,981</u></u>
b) Cash and Cash Equivalents		
Cash and Bank Balance	1,677,531	4,667,399
Short term deposits	<u>6,864,915</u>	<u>3,262,412</u>
	<u><u>8,542,447</u></u>	<u><u>7,929,811</u></u>