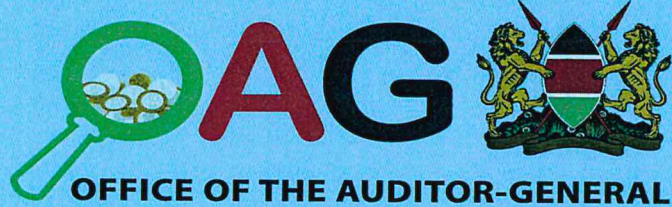



REPUBLIC OF KENYA



*Enhancing Accountability*

**REPORT**

|   |           |
|---|-----------|
|  |           |
| THE NATIONAL ASSEMBLY   |           |
| P.O. BOX 10001, NAIROBI   |           |
| DATE: 01 SEP 2021   | DAY: WED  |
| TABLED BY:  | LOMP      |
| CLERK-AT THE-TABLE:   | S. Kalama |

**OF**

**THE AUDITOR-GENERAL**

**ON**

**BOMAS OF KENYA LIMITED**

**FOR THE YEAR ENDED  
30 JUNE, 2019**

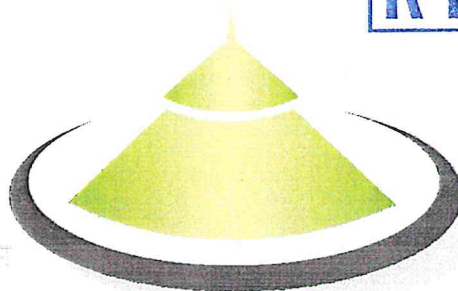




OFFICE OF THE AUDITOR GENERAL  
P. O. Box 30(84) - 00100, NAIROBI  
REGISTRY

02 FEB 2021

**RECEIVED**



**BOMAS**  
OF KENYA LTD

**International Financial Reporting Standards (IFRS)  
Annual Financial Reporting for  
Bomas of Kenya Limited**

---

**BOMAS OF KENYA LIMITED**

**ANNUAL REPORTS AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDING  
JUNE 30, 2019**

---

**Prepared in accordance with the Accrual Basis of Accounting Method under the International Financial  
Reporting Standards (IFRS)**





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## **KEY ENTITY INFORMATION**

### **Background information**

Bomas of Kenya is a body corporate established under the provision of Kenya Companies Acts Cap 486 of the laws of Kenya on 11th September, 1970 and it is domicile in Kenya. at cabinet level the entity is represented by the Cabinet Secretary for Ministry of Tourism who is responsible for the general policy and strategic direction of Bomas of Kenya Limited.

### **Principal Activities**

The principal activity of Bomas of Kenya Limited is to preserve, promote and maintain the diverse cultures of Kenya for tourism development.

### **Directors**

For the Financial year 2018/19, BOK had a board as shown on page (vi).

### **Corporate Headquarters**

Bomas of Kenya Ltd  
Langata Highway / Forest Edge Road  
P.O. Box 40689 - 00100  
Nairobi, Kenya.

### **Corporate Contacts**

Telephone: (254)-20-8891801/2, 8890793/5/8  
Fax: (254)-20-310223  
E-mail: [bomas@africaonline.co.ke](mailto:bomas@africaonline.co.ke).  
Website: [www.bomasofkenya.co.ke](http://www.bomasofkenya.co.ke)

### **Corporate Bankers**

Kenya Commercial Bank  
Moi Avenue Branch  
P.O. Box 30081-00100  
Nairobi, Kenya



**Bomas of Kenya Limited**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2019**

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**Independent Auditors**

Office of the Auditor General Kenya  
Anniversary Towers, University Way  
P.O. Box 30084  
GPO 00100  
Nairobi, Kenya

**Principal Legal Advisors**

Sharpley Barret & Company  
Prudential Assurance Building,  
2nd floor Wabera Street  
P.O. Box 40286-00100  
Nairobi, Kenya

**THE BOARD OF DIRECTORS**

|   |  |
|---|--|
|  <p><b>Mr. Josiah K. Magut (66) OGW,<br/>EBS, Chairman</b></p>       | <p>Appointed as the board Chairman in April 2015 for one year and subsequently re-appointed in May 2016. He has previously served as Board Chairman for Local Authorities Providence Fund and Association for Local Government Authorities of Kenya (ALGAK). Having served as Mayor for Eldoret Municipal council, Magut has vast knowledge in business planning and Management.</p>   |
|  <p><b>Mr. Quresh H. Ahmed,(60)<br/>Retired General Manager</b></p> | <p>He has over 30 years of experience in cultural tourism. Joined Bomas of Kenya Limited in 1982 as an Accountant then rose to Finance Manager and General Manager. He holds Executive Masters in Business Administration from Jomo Kenyatta University of Science and Technology and is a Certified Public Accountant of Kenya and has attended various local and international courses. He served as the Vice Chairperson for International Federation of Arts Councils and Culture Agencies (IFACCA) from 1997 for six years.</p> |

**Bomas of Kenya Limited**  
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**Mr. Peter Korir Gitaa**  
**Ag. General Manager/Chief**  
**Executive Officer**

Mr. Gitaa is an innovative, purpose-driven, and results-oriented manager with over 15 years leadership service in various organizations and institutions, particularly in the hospitality, tourism, and education sectors. He has notably served as the Hospitality Manager at the Kenya Utalii College, Banqueting/Events Manager at the Kenya Utalii College and Utalii Hotel, Deputy General Manager at the Alliance Naro Moru River Lodge and Marketing Executive at the Conqueror Tours and Safaris

He is a holder of a Master of Arts Degree in Diplomacy and Foreign Policy from Moi University, a Bachelor's Degree in Commerce from Kenyatta University and Diploma in Hotel Management from the Kenya Utalii College. Mr. Gitaa has also benefited from various professional trainings and short courses, including in Education Network in Sustainable Tourism (Bologna University), Tourism Resources Planning and Development (Heilongjiang university), Corporate Governance Training for Directors, Strategic Leadership (Maseno University), Customer Service Management among others. He is an Alumni of Riomego Secondary School.



**Mr. Joe R. Okudo, Principal**  
**Secretary, State Department for**  
**Tourism**

Mr. Joe R. Okudo, CBS is the Principal Secretary in charge of the State Department for Tourism at the Ministry of Tourism and Wildlife. He was also the Principal Secretary for Sports responsible for Arts and Culture in Kenya. He previously worked with the Danish Embassy in Kenya (DANIDA) from 2002 – 2014, where he held several senior positions in the Private and Industry Sectors. He also was responsible for DANIDA in the Business, Advocacy Fund and the Climate Innovation Centre. The Programmes looked at Innovative ways of engaging progressive dialogue between Kenyan Private Sector and GOK to improve the business environment. The other programmes addressed innovative ways that the Private Sector could conduct business, while conserving the environment where they operate respectively. He holds a Bachelor of Arts degree from the University of Nairobi and a Master's Degree in Business Administration (MBA) from Copenhagen Business School/Inoorero University.



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**For the year ended June 30, 2019**



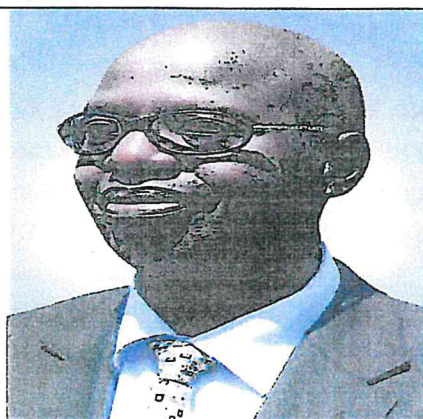
**Mr. Francis Nkoitai**  
**Director**

A Conservationist and Administrator with over 30 years' experience in advocating for protection and preservation of the environment and wildlife in Kenya. He has been a Principal for Secondary school for over 20-year prior joining Bomas of Kenya Board on 17<sup>th</sup> April, 2015. Francis holds Bachelors of Education Science from Kenyatta University.



**Robert Kariuki (58)**  
**Director**




Joined BoK on 20<sup>th</sup> September 2018. He is an Architecture and has special interest in Urban Design with both teaching and practice given his professional and academic qualification in the area of Architectural projects. He holds a Masters of Architecture (Urban Design) from the University Nairobi; Bachelors of Arts and a Bachelors of Landscape Architecture from the University of Canada.



**William O. Osewe (53)**  
**Director**

Mr. Omamo was appointed on 20<sup>th</sup> September, 2018. He has over 20 years in the hospitality industry with special expertise in the operations. He is a Swiss-trained in Hotel Management, having worked with world class brands including Mc Donald's (South Africa) and Innscor Kenya among others. He holds a Diploma in Performance Enhancement Systems and a Diploma in Hotel Management and Administration from Crans-Montana, Switzerland.

**Bomas of Kenya Limited**  
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**For the year ended June 30, 2019**

|   |   |
|---|---|
|  <p><b>Beth Syengo, HSC</b><br/> <b>Director</b></p>   | <p>Joined BoK on 20<sup>th</sup> September 2018. She is a leader in Strategic Planning, Policy and Budget Development and Global Operations Leadership for organizations. Beth is a professionally trained leader with strong skills as exhibited in the current undertakings at the “Maendeleo ya Wanawake” Organization and Kenya Network of Grass root Women. She holds a Bachelors of Education from Kenyatta University and a Diploma in Guidance and Counselling from the University of Nairobi.</p>  |
|  <p><b>Layi Khamisi Jaber (45)</b><br/> <b>Director</b></p>                                     | <p>Joined BoK on 8<sup>th</sup> February 2019 as a board member. She has vast knowledge and expertise in business management in over 20 years of experience in public and private sector having served in different positions in the said economy.</p>  |
|  <p><b>Jonah T. Orumoi, (41),</b><br/> <b>MD – Tourism Finance</b><br/> <b>Corporation</b></p> | <p>Mr. Orumoi was appointed in February, 2016 being the Managing Director for Tourism Finance Corporation. He previously worked as Head of Finance and Information technology department at Kenya Tourist Board (KTB), Finance &amp; Leasing Contracts Manager at G4S Kenya, Acting Head of Procurement at G4S Kenya, Nairobi, and as a Senior Principal Finance Officer, Thurrock Council, UK. He holds a Master of Science degree in Finance and Investment from Queen Mary university of London and a BA (Accounting &amp; Finance) from East London University, UK.</p> |



**Bomas of Kenya Limited**  
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**Kenneth Karani (44),**  
**Rep- Principal Secretary The**  
**National Treasury Director**

Mr. Karani was appointed as on 17<sup>th</sup> April, 2015 as the appointee of the Principal Secretary for the National Treasury. He replaced Mr. Stephen Karani who was appointed as Chief Finance Officers in the Ministry of Industrialization and who rendered exemplary services to BoK. He is a procurement specialist with over 15 years' experience at the managerial level in both the private and public sector. He holds Master's Degree in Procurement and Logistics and a Bachelor of Arts in Economics & Business Administration from the Jomo Kenyatta University of Science & Technology (JKUAT) and Kenyatta University respectively.



**Bomas of Kenya Limited**  
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**MANAGEMENT TEAM**



**Quresh H. Ahmed, (60)**  
**General Manager (Retired)**

He has over 30 years of experience in cultural tourism. Joined Bomas of Kenya Limited in 1982 as an Accountant then rose to Finance Manager and General Manager. He holds Executive Masters in Business Administration from Jomo Kenyatta University of Science and Technology and is a Certified Public Accountant of Kenya and has attended various local and international courses. He served as the Vice Chairperson for International Federation of Arts Councils and Culture Agencies (IFACCA) from 1997 for six years.



**Mr. Peter Koria Gitaa**

**Ag. General Manager/Chief Executive Officer**

Mr. Gitaa is an innovative, purpose-driven, and results-oriented manager with over 15 years leadership service in various organizations and institutions, particularly in the hospitality, tourism, and education sectors. He has notably served as the Hospitality Manager at the Kenya Utalii College, Banqueting/Events Manager at the Kenya Utalii College and Utalii Hotel, Deputy General Manager at the Alliance Naro Moru River Lodge and Marketing Executive at the Conqueror Tours and Safaris

He is a holder of a Master of Arts Degree in Diplomacy and Foreign Policy from Moi University, a Bachelor's Degree in Commerce from Kenyatta University and Diploma in Hotel Management from the Kenya Utalii College. Mr. Gitaa has also benefited from various professional trainings and short courses, including in Education Network in Sustainable Tourism (Bologna University), Tourism Resources Planning and Development (Heilongjiang university), Corporate Governance Training for Directors, Strategic Leadership (Maseno University), Customer Service Management among others. He is an Alumni of Riomego Secondary School.

**Bomas of Kenya Limited**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2019**

|  |   |
|--|---|
|   | <p><b><u>Finance &amp; Administration Manager</u></b></p> <p>Has been with the institution for over 15 years and holds Executive Masters in Business Administration from Moi University (finance), International diploma in Financial Management from Illinois University and is a Certified Public Accountant (CPA-K). Previously he was the Senior Accountant. He is in charge of the finance and administration department.</p>      |
|  <p><b>David K. Rono (48)</b></p>                                  | <p><b><u>Finance &amp; Administration Manager</u></b></p> <p>Has been with the institution for over 15 years and holds Executive Masters in Business Administration from Moi University (finance), International diploma in Financial Management from Illinois University and is a Certified Public Accountant (CPA-K). Previously he was the Senior Accountant. He is in charge of the finance and administration department.</p>      |
|  <p><b>CPA Nixon Mugilwa (35)</b><br/><b>Chief Accountant</b></p> | <p>Mugilwa is a senior management professional with strong expertise and experience in finance, auditing, taxation, and corporate governance for over 10 years. His experience is drawn from working with inter-governmental organizations, public and private sector. He is currently pursuing a PhD in Business Administration (Finance) at the University of Nairobi. Prior to his appointment Mugilwa was the Chief Accountant.</p> |
|  <p><b>Jimmy Okindiang'i (38)</b></p>                             | <p><b><u>Human Resource Officer</u></b></p> <p>He has over 10 years of experience in human capital management. He holds Bachelors of Business administration in human resource and higher diploma in human resource management. He heads the Human resource department.</p>   |
|  <p><b>Thedius Bwire Ojiambo, HSC (54)</b></p>                    | <p><b><u>Production Manager</u></b></p> <p>A career Choreographer with over 30 years' experience both at the National Schools and Colleges festivals and at Bomas of Kenya. An MA graduate of the University of Nairobi (2005) and a B.Ed. Graduate of Kenyatta University (1989). He is in charge of Production and Presentation of Traditional dances, Cultural practices and the arts.</p>   |



**Bomas of Kenya Limited**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2019**

|   |  |
|---|--|
|    | <p><b><u>Property Manager</u></b></p> <p>Has over 10 years of experience in Property Management and Construction. He holds Diploma in Building Technology and Bachelors of Quantity Surveying from Technical University of Kenya. He in charge of the Property Department that institution ensure there is proper asset management and security.</p>   |
|    | <p><b><u>Ag. Food and Beverage Manager</u></b></p> <p>He has over 20 years' experience in hotel, hospitality and events management. Previous served as the Restaurant Manager at All Africa Conference of Churches in Nairobi and Keekorok Lodge in Maasai Mara. He holds Diploma in Food and Beverage Service and Sales and Bachelor's degree in Hospitality from Moi University. He is the in charge of the food and Beverage department</p>   |
|   | <p><b><u>Public Relations and Communications Officer</u></b></p> <p>Joined BoK in 1997 and is in charge of public relations and communication with over 15years experience in customer relationship management having served as Information officer. He holds Diploma in Public relations and Certificate in Purchasing &amp; Supplies and Bachelor's degree in Public relations from University of Nairobi. He oversees management of public relations activities and media monitoring to enhance corporate image of the BoK.</p>   |
|  | <p><b><u>Marketing and Corporate Communication Manager.</u></b></p> <p>Everlyne Lusweti is a devoted, skilled marketing &amp; corporate sales specialist with over 18 years of practical expertise working with leading Media houses in Kenya &amp; Tanzania. She has led marketing &amp; sales teams at Nation Media Group, Standard Media Group and her recent posting was at IPP Media Group in Tanzania. She provides efficient client relationship management, training on selling processes, industry focus and boosting financial growth of business organisation. She is highly driven by corporate customer service and possesses strong sense of urgency with regard to client satisfaction. She holds a Masters of Business Administration (MBA) Degree in Strategic Management from University of Nairobi and a Bachelor of Arts Degree in Communication &amp; Business Administration from Daystar University, and has various certification in marketing, management &amp; leadership.</p> |



**Bomas of Kenya Limited**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2019**

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**CHAIRMAN'S STATEMENT**

I am delighted once again to present to you Bomas of Kenya financial reports for the year ended 30<sup>th</sup> June, 2019. I wish to thank the board members who participated in the overseeing Bomas of Kenya activities in the financial year.

**FINANCIAL RESULTS**

Bomas of Kenya balance sheet grew gradually to Kshs 2.49 Billion, mostly due to various projects that were undertaken including the linkage road to the new conference halls and activities that are expected in the development of the Nairobi International Convention and Exhibition Centre (NAICEC). However, with the decline of 20% in Government Grant, this negatively affected the profits compared to the prior financial year. Revenue is a key driver of Bomas of Kenya in fulfilling its mandate hence need to have robust ways that will ensure sustainability of the company. Bomas of Kenya will continue to spearhead programs and activities that will ensure posterity of the company in the Cultural Tourism niche of the tourism sector.

**CORPORATE GOVERNANCE**

The year under review 2018/2019 one director term expired i.e. Mrs Martha Wariithi. However, Mr Francis Nkoitoi's term was renewed and appointment of Mr Robert Kariuki, Mr William Osewe, Beth Syengo and Mrs Layi Khamisi done by the Cabinet Secretary. I take this opportunity to thank Ms Martha Wariithi for the support she accorded Bomas of Kenya Board during her three-year term and welcome the directors who have joined the Bomas of Kenya team.

**FUTURE OUTLOOK**

Bomas of Kenya is directly affected by tourist's arrival since it concentrates in the ensuring that the cultural niche products of Kenya are well preserved. Thus from the tourism reprints of the tourism performance review 2018 it is expected that the stability in the tourism arrivals will eventually positively affect the performance of Bomas of Kenya. Through MICE as a product, Bomas of Kenya is currently undertaking a vigorous marketing strategy as enshrined in the Strategic Plan 2018-2022 so as to increase in customer base.

**APPRECIATION**

First, I would like to sincerely thank our clients and the stakeholders whose trust and confidence has made this achievement possible. I am extremely thankful to the management and staff, Ministry of Tourism and Wildlife, The National Treasury, Government of Kenya, and other stakeholders for the support during the financial year 2018/2019. Finally, I would like to appreciate my fellow Board members for their service, loyalty and commitment to duty in service of the company.



**JOSIAH K. MAGUT, OGW, EBS**  
**BOARD CHAIRMAN**

## **REPORT OF THE CHIEF EXECUTIVE OFFICER**

The Tourism Sector at large has had a gradual recovery that is majorly due to the 2017 General Election and the effects of terrorism from Somalia and the attacks that led to advisories. Further, the economy is yet to gain momentum as seen on reduction in the both recurrent and development grants that is key in the Bomas of Kenya program execution.

## **PERFORMANCE OVERVIEW**

For the financial year ended 30<sup>th</sup> June, 2019, Bomas of Kenya had revenue of 137 Million from the internally generated and 199 Million grants from the Government of Kenya. This represents a 50 Million decline in the Government grant thus constraint in the activity execution. Further, due to the Government Austerity measures, the development budget was not provided for the purpose of planned activities.

## **EMPLOYEE RETENTION AND MOTIVATION**

The total staff establishment as at 30<sup>th</sup> June, 2019 was 184 for the year from 187 mainly due to staff who retired in the month of December 2018.

## **CONCLUSION AND FUTURE OUTLOOK**

Bomas of Kenya commenced the execution of the Strategic Plan 2018-2022. The company anticipates better performance in business especially considering the available facilities. Further the company is working closely with the Ministry of Tourism and Wildlife and the Public Private Partnership Unit of the National Treasury so as to actualize the National International Convention and Exhibition Centre (NAICEC).

## **APPRECIATION**

I wish to thank the Board, Management and staff of Bomas of Kenya in dedicating their time and effort in ensuring that the company had a very successful year 2018/2019.



**PETER GITAA**  
**AG. GENERAL MANAGER**

## **MANAGEMENT DISCUSSION AND ANALYSIS**

The Board Management has outsourced the bar and restaurant business to Kenya Utalii College during the year since May 2018 so that Bomas of Kenya Limited could concentrate on Key Mandate of preservation of Culture. The Management has been monitoring the performance keenly under which Bomas is paid a commission of 10% on net sales.

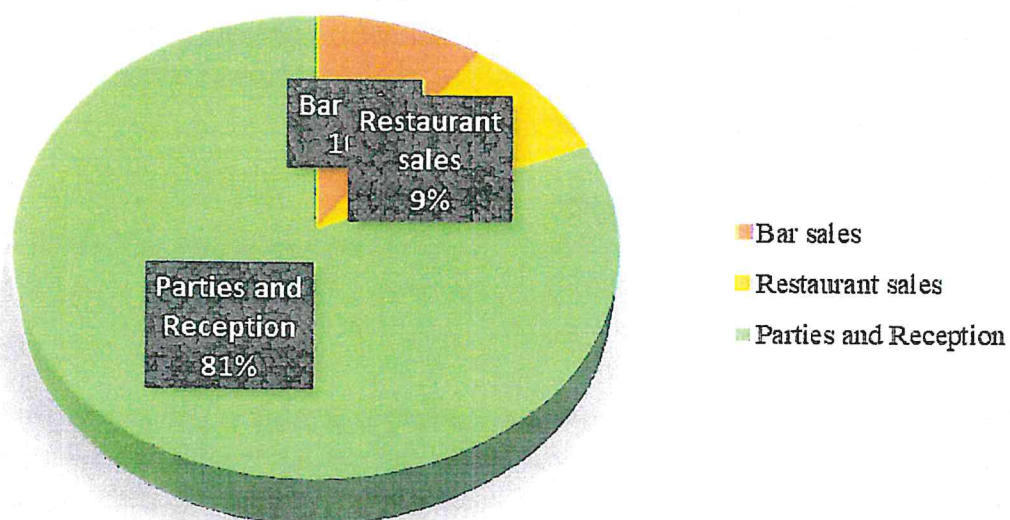
## **COMPLIANCE WITH STATUTORY REQUIREMENTS**

The organisation ensured that there was 100% compliance with relevant statutory requirements including the Kenya Revenue Authority, National Hospital Insurance Fund and National Social Security Fund among others.

## **MAJOR SOURCES OF INCOME**

Major sources of Income for the financial year can be represented in the below

### **INCOME FOR THE YEAR 2018-2019**



## **CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING**

Bomas of Kenya board of directors is responsible for the governance of the company. The board has installed systems to ensure their high practical standards of corporate governance are in place at all levels of the company. The board further ensures there is accountability to the shareholders in legal compliance and maintenance of the highest corporate governance and business ethics.

An independent board manages the board of the corporation. The board is keen in reviewing the framework of the internal controls and assessment of management process and adoption of appropriate code of ethics that will ensure sustainability of the corporations. The board ensures that not only it exercise compliance act as a means during the performance of business while managing and mitigating business risks.

### **COMMITTEES OF THE BOARD OF DIRECTORS**

To enhance the depth of achieving board responsibilities, the Bomas of Kenya board has delegated authority to various sub-committees although the board still retains ultimate collective accountability in performance and corporate governance. The committee of the board are as follows;

- a) Finance and Human Resource Committee
- b) Audit Committee
- c) Development and Investment Committee
- d) Operations Committee

### **RISK MANAGEMENT**

Bomas of Kenya will continue to recognise risk management as an integral part of the internal control systems. The board will ensure that there are measures in risk management functions in the institution in sustainability. This will include monitoring external development to practice of corporate accountability and reporting of specifically associated risks including emerging and prospecting impact, promote independence and objective oversight and review information presented by the management to ensure that risk policies and strategies are effectively monitored and managed and taking account of performance and risk appetite and trends of risk.

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### **OPERATIONAL RISK**

This is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation as well as lead to financial loss. The Corporation cannot expect to eliminate all operational risks, but can manage them through a



**Bomas of Kenya Limited**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2019**

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control framework and by monitoring and responding to potential risks. The controls that the Corporation has put in place to minimize the potential risks include:

- a) Effective duty segregation,
- b) Staff education,
- c) Definition of authorization levels,
- d) Periodic risk assessment,
- e) Use of internal audit; and
- f) Implementation of access controls.

**CREDIT RISK**

This is the risk that arises from trade and other receivables where debtors are not able to meet their obligation as required. The organisation has no significant concentration for credit risk. The finance department assesses credit worthiness of each customer while taking into account its financial position, experience and other factors. The debtors are given 30 days credit period.

**Bomas of Kenya Limited**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2019**  
**REPORT OF THE DIRECTORS**

---

The Directors submit their report together with the audited financial statements for the year ended June 30, 2019 which show the state of the Corporation's affairs.

**Principal activities**

The principal activity of Bomas of Kenya Limited is to preserve, promote and maintain the diverse cultures of Kenya for tourism development.

**Results**

The results of the entity for the year ended June 30, 2019 are set out on page 1 to 2.

**Dividends**

BOK does not pay dividend; all the surpluses are reinvested back into programmes undertaken in development of existing cultural products.

**Directors**

During the year ended 30th June, 2019 Directors who served on the BOK Board are shown on page v-ix.

**Auditors**

The Auditor General is responsible for the statutory audit of the Corporation in accordance with the Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

**By Order of the Board**

  
.....

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**Date**

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## **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Section 81 of the Public Finance Management Act, 2012 and section 14 of the state Corporations Act, it require the Directors to prepare financial statements in respect of that Corporation, which give a true and fair view of the state of affairs of the Corporation at the end of the financial year/period and the operating results of the Corporation for that year/period. The Directors are also required to ensure that the Corporation keeps proper accounting records which disclose with reasonable accuracy the financial position of the Corporation. The Directors are also responsible for safeguarding the assets of the Corporation.

The Directors are responsible for the preparation and presentation of the Corporation's financial statements, which give a true and fair view of the state of affairs of the Corporation for and as at the end of the financial year ended on June 30, 2019. This responsibility includes:

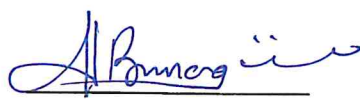
- i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity;
- iii) Designing, implementing 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 Corporation;
- v) Selecting and applying appropriate accounting policies; and
- vi) Making accounting estimates that are reasonable in the circumstances.

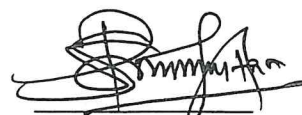
The Directors accept responsibility for the Corporation's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards (IFRS), and in the manner required by the PFM Act 2012. The Directors are of the opinion that the Corporation's financial statements give a true and fair view of the state of Corporation's transactions during the financial year ended June 30, 2019, and of the Corporation's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Corporation, which have been relied upon in the preparation of the Corporation's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the Corporation 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 Corporation's financial statements were approved by the Board on 19<sup>th</sup> September, 2019 and signed on its behalf by:

  
**Director**

  
**Director**

**Bomas of Kenya Limited**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2019**

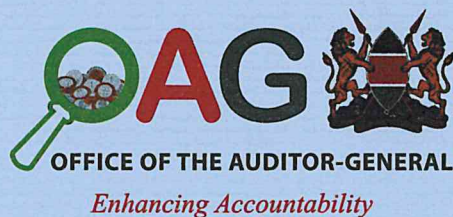
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**REPORT OF THE INDEPENDENT AUDITORS ON BOMAS OF KENYA LIMITED**



# 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 BOMAS OF KENYA LIMITED FOR THE YEAR ENDED 30 JUNE, 2019

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### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Bomas of Kenya Limited set out on pages 1 to 32, which comprise the statement of financial position as at 30 June, 2019, and the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, 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 Bomas of Kenya Limited as at 30 June, 2019, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the Kenya Companies Act, 2015.

#### Basis for Qualified Opinion

##### 1. Unconfirmed Balances

##### 1.1 Unreconciled Sales and Other Income

Notes 6(a) and 9 to the financial statement reflects sales and other income totalling Kshs.137,184,282. The balance includes credit and cash sales totalling Kshs.119,752,375 and Kshs.11,277,901 respectively. However, a recast of revenue receipts for the year revealed cash collections totalling Kshs.14,149,043, but the banking slips provided for audit were for Kshs.3,327,220 only and therefore revenues totalling Kshs.10,821,823 were not accounted for. As a result, the accuracy and completeness of the sales and other income balance totalling Kshs.137,184,282 reflected in the financial statements could not be confirmed.



## **1.2 Trade and Other Receivables**

### **i) Receivables from Unsupported Ushanga Kenya**

The trade and other receivables balance totalling Kshs.72,652,794 disclosed in Note 13(a) to the financial statements includes a sum of Kshs.12,864,831 due from Ushanga Kenya Initiative that promotes traditional bead-making among women in pastoralist communities. Available records indicated that the debts owed by the Initiative as at 30 June, 2018 amounted to Kshs.3,766,026 and increased by Kshs.9,098,805 in the year under review. However, supporting schedules for the new debts totalling Kshs.9,098,805 were not presented for audit.

Other records indicated that the Ministry of Tourism and Wildlife had in June, 2018 requested the Initiative's Coordinator to reimburse the Bomas of Kenya Limited Kshs.14,315,363 spent to operationalize the Initiative. The reimbursement had neither been made as at 30 June, 2019 nor indication given whether the debt was still due for payment. Therefore, the total debts owed to Bomas of Kenya Limited by the Initiative as at 30 June, 2018 may have amounted to Kshs.14,315,363 and not Kshs.3,766,026 as reported in the financial statements for the year then ended.

In view of these issues, the accuracy and completeness of the trade and other receivables balance totalling Kshs.72,652,794 reflected in the statement of financial position as at 30 June, 2019 has not been confirmed.

### **ii) Receivables from Little Theatre Club Mombasa**

As previously reported, a local firm was hired in 2017 to carry out works at Little Theatre Club Mombasa at a contract sum of Kshs.48,739,204. Available records indicated that the certificate of practical completion was issued to the firm on 10 September, 2018 and the completed works handed over to the Company on 28 June, 2019.

However, the Project Status Report as at 30 June, 2019 was not presented for audit verification and as a result, it was not possible to confirm that the expenditure totalling Kshs.36,708,770 reported in the financial statements in relation to the contract is fairly stated.

## **1.3 Valuation of Assets**

The statement of financial position reflects property, plant and equipment balance totalling Kshs.2,399,215,724 as at 30 June, 2019. However, contrary to the International Accounting Standard No.16, and as reported in the previous year, the last revaluation for the assets of the Company was conducted in 1996. Consequently, the Company had not revalued its assets for twenty-three (23) years and consequently, it was not possible to confirm the accuracy of the value of the property, plant and equipment balance totalling Kshs.2,399,215,724 as at 30 June, 2019.



## **2. Long Outstanding Balances**

### **2.1 Trade and Other Receivables**

Trade and other receivables balance totalling Kshs.72,652,794 as at 30 June, 2019, includes long outstanding debtors totalling Kshs.5,844,308 and trade debtors totalling Kshs.24,091,248.

As previously reported, debtors totalling Kshs.5,844,308 have remained outstanding for a long period of time in spite of recommendations made by the Public Investment Committee that the debtors be paid. As a result, the recoverability of the debts is doubtful.

### **2.2 Unpaid Compensation for Compulsory Acquisition of Company Land**

As reported in the previous year, the Kenya Urban Roads Authority compulsorily acquired 0.8055 hectares (2 acres) of land from the Company in 2013 for the purpose of rehabilitating and upgrading the section of Langata Road between the Kenya Wildlife Service (KWS) Head Office and the Company's main premises in Nairobi. The Company was to be paid Kshs.85 million as compensation for the acquisition following a valuation of the land by a professional firm. However, available records indicated that the compensation had not been paid by the close of the year under review on 30 June, 2019.

No explanation has been provided for the failure to compensate the Company for the land it surrendered for public use several years ago.

## **Emphasis of Matter**

### **Delayed Delinking of the Company from the Tourism Finance Corporation**

As previously reported in 2017/2018, and as indicated in Note 15 to the financial statements, the Company is wholly owned by the Tourism Finance Corporation through 254,000 shares of Kshs.20 each with a book value of Kshs.5,080,000.

Available records indicate that, the proposal to delink the Company from Tourism Finance Corporation was authorized by the Corporation's Board in 1992. The Company was, once delinked, expected to have proper management and investment policies that would turn it into a self-sustaining entity.

In 1994, the Public Investment Committee and the Parliamentary Accounts Committee, with the National Treasury's agreement, recommended that the delinking process begin in earnest but no material change occurred for several years thereafter. In 2002, the Attorney-General in his legal interpretation made in reference to the State Corporation Act Cap 446, and concluded that one Government parastatal cannot own another as was the case in this instance.

In spite of these interventions, very minimal progress has been made on the matter. As a result, the Company continues to face operational and legal challenges in meeting its obligations through the Tourism Finance Corporation.



My Opinion is not qualified in respect to this matter.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Bomas of Kenya Limited 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. I have determined that there were no key audit matters to report in the year under review.

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the procedure performed, I confirm that, nothing 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**

#### **Unsatisfactory Implementation of Enterprise Resource Planning System**

An Enterprise Resource Planning (ERP) information system integrates various software applications to manage designated activities in some or all Departments and functions of an organization. Available records indicate that the Company procured an Enterprise Resource Planning (ERP) system in 2017 at a cost of Kshs.1,985,990. According to the user requirements issued for the contract, various modules were to be included in the system:

Although available records indicated that implementation of the system was ongoing, Management did not provide the following information for audit verification:

- i) Status report on the implementation of the system.
- ii) Documentation on the system.
- iii) Inspection and acceptance certificates to confirm whether user requirements were met.
- iv) Users and user access rights on the system and confirmation that rights granted were in line with the user responsibilities.
- v) Evidence of training provided to the users.

In addition, Management did not provide an explanation on the slow pace of implementing the system.

In the absence of sufficient evidence, it was not possible to confirm that the system procured met the user requirements and whether Company will attain obtain value for money on the expenditure and achieve the objectives set for the system.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about 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**

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, except for matters discussed on report on effectiveness of internal controls, risk management and governance section of my report based on the audit procedures performed, I confirm that nothing else, has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

### **Basis for Conclusion**

#### **1. Irregular Payment of Leave Allowance**

Section 4.7.1 and 4.7.2 of the Company's Human Resource Policies and Regulations manual states that leave allowance equivalent to one month's basic salary shall be payable to employees once in each year provided that an employee proceeds for more than half (1/2) of the leave entitlement. However, a review of January, 2019 payroll revealed that one employee was paid leave allowance amounting to Kshs.68,467 instead of the basic salary of Kshs.30,976. Similarly, three employees were paid leave allowance more than once during the financial year ended 30 June, 2019 totaling Kshs.179,101.

The payments therefore contravened the Company's regulations and were, as a result, irregular.

#### **2. Information and Communication Technology Control Environment**

Audit review of the Information Technology (IT) function of the Company further revealed that Management had not established controls on use of information technology. These include governance as well as physical and logical access controls. In addition, there were no documented policies on program change management and on service continuity in the event of unexpected system failures. As a result, there was risk of disruption of operations on occurrence of such events.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, 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.

## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

As required by the Companies Act, 2015, I report based on the audit, that:

- (i) 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;
- (ii) In my opinion, adequate accounting records have been kept by the Company, so far as appears from the examination of those records; and,
- (iii) The financial statements are in agreement with the accounting records and returns.

## **Responsibilities of Management and those Charged with Governance**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (Accrual Basis) and for maintaining effective internal control 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 control.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to liquidate the Company or 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 money is applied in an effective manner.

Those charged with governance are responsible for overseeing the financial reporting process, reviewing the effectiveness of how the entity 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 review is planned and performed to express a conclusion with limited assurance as to 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 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. The nature, timing and extent of the compliance work is limited compared to that designed to express an opinion with reasonable assurance on the financial statements.

Further, in planning and performing the audit of the financial statements and review of compliance, I consider internal control 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 control would not necessarily disclose all matters in the internal control 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 control 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 control.
- 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 going concern 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 Company's ability to continue as a going concern or 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 Company to cease to continue 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 Company 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 control that are identified during the audit.

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

  
**Nancy Gathungu**  
**AUDITOR-GENERAL**

**Nairobi**

**23 July, 2021**

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**STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019**

|  | Note  | 2018-2019           | 2017-2018          |
|--|-------|---------------------|--------------------|
|  |       | Kshs                | Kshs               |
| <b>REVENUES</b>                                |       |                     |                    |
| Sales  | 6(a)  | 97,523,813          | 22,721,538         |
| Revenue from IEBC Event                        | 6(b)  | -                   | 283,051,698        |
| Cost of Sales                                  | 7     | (35,717,137)        | (15,030,264)       |
| <b>Gross profit</b>                            |       | <b>61,806,676</b>   | <b>290,742,972</b> |
| Grants from the National Government            | 8     | 199,822,000         | 249,768,517        |
| Other Income                                   | 9     | 39,660,469          | 15,258,680         |
| <b>TOTAL REVENUES</b>                          |       | <b>301,289,145</b>  | <b>555,770,169</b> |
| <b>OPERATING EXPENSES</b>                      |       |                     |                    |
| Administration Costs                           | 10(a) | 112,439,070         | 117,059,298        |
| Staff Costs                                    | 10(b) | 162,661,605         | 138,396,719        |
| IEBC Costs                                     | 10(c) | -                   | 196,616,312        |
| Board Emoluments                               | 10(d) | 11,421,573          | 8,906,416          |
| Audit Fee                                      |       | 232,000             | 232,000            |
| Depreciation                                   | 11    | 59,776,737          | 69,523,840         |
| <b>TOTAL OPERATING EXPENSES</b>                |       | <b>346,530,985</b>  | <b>530,734,585</b> |
| <b>PROFIT/(LOSS) BEFORE TAXATION</b>           |       | <b>(45,241,840)</b> | <b>25,035,583</b>  |
| <b>PROFIT/(LOSS) AFTER TAXATION</b>            |       | <b>(45,241,840)</b> | <b>25,035,583</b>  |
| <b>OTHER COMPREHENSIVE INCOME</b>              |       |                     |                    |
| Fair value through comprehensive income        |       | -                   | -                  |
| Surplus or deficit on revaluation of PPE       |       | -                   | -                  |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b> |       | <b>(45,241,840)</b> | <b>25,035,583</b>  |



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**STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019**

|                                      | Note | 2018-2019            | 2017-2018            |
|--------------------------------------|------|----------------------|----------------------|
|                                      |      | Kshs                 | Kshs                 |
| <b>ASSETS</b>                        |      |                      |                      |
| <b>Non-Current Assets</b>            |      |                      |                      |
| Property, plant and equipment        | 12   | 2,399,215,724        | 2,310,728,998        |
| <b>Total Non-Current Assets</b>      |      | <b>2,399,215,724</b> | <b>2,310,728,998</b> |
| <b>Current Assets</b>                |      |                      |                      |
| Trade and other receivables          | 13   | 72,652,794           | 57,201,473           |
| Bank and cash balances               | 14   | 18,623,457           | 174,221,877          |
| <b>Total Current Assets</b>          |      | <b>91,276,251</b>    | <b>231,423,350</b>   |
| <b>TOTAL ASSETS</b>                  |      | <b>2,490,491,975</b> | <b>2,542,152,348</b> |
| <b>EQUITY AND LIABILITIES</b>        |      |                      |                      |
| <b>Capital and Reserves</b>          |      |                      |                      |
| Ordinary share capital               | 15   | 5,080,000            | 5,080,000            |
| Revaluation reserve                  | 16   | 126,136,644          | 127,408,965          |
| Retained earnings                    | 18   | 164,359,885          | 208,329,404          |
| Deferred capital grant               | 20   | 2,143,001,445        | 2,143,001,445        |
| <b>Capital and Reserves</b>          |      | <b>2,438,577,974</b> | <b>2,483,819,814</b> |
| <b>Non-Current Liabilities</b>       |      |                      |                      |
| <b>Total Non-Current Liabilities</b> |      | <b>-</b>             | <b>-</b>             |
| <b>Current Liabilities</b>           |      |                      |                      |
| Trade and other payables             | 19   | 51,914,001           | 58,068,814           |
| Provision for leave pay              |      | -                    | 263,720              |
| <b>Total Current Liabilities</b>     |      | <b>51,914,001</b>    | <b>58,332,534</b>    |
| <b>TOTAL EQUITY AND LIABILITIES</b>  |      | <b>2,490,491,975</b> | <b>2,542,152,348</b> |

The financial statements were approved by the Board on 29<sup>th</sup> January, 2021 and signed on its behalf by:

Ag. General Manager/C.E.O

Name: Peter K. Gitaa

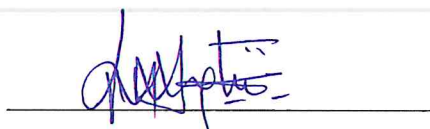
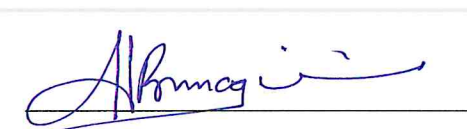
Ag. Finance Manager

Name: Nixon Mugilwa

CHAIRMAN OF THE BOARD

Name: Josiah K. Magut

ICPAK M/NO: 11710

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**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019**

|  | Ordinary<br>share capital | Retained<br>earnings | Revaluation<br>reserve | Capital/<br>Development<br>Grants/Fund | Total                |
|--|---------------------------|----------------------|------------------------|--|----------------------|
| <b>At July 1, 2017</b>                             | <b>5,080,000</b>          | <b>181,988,868</b>   | <b>128,713,918</b>     | <b>2,123,001,445</b>                   | <b>2,438,784,343</b> |
| Revaluation gain                                   | -                         | 1,304,953            | (1,304,953)            | -                                      | -                    |
| Net surplus/(Deficit) for the year 30th June, 2018 | -                         | 25,035,583           | -                      | -                                      | 25,035,583           |
| Capital Grant                                      |                           |                      |                        | 20,000,000                             | 20,000,000           |
| <b>At June 30, 2018</b>                            | <b>5,080,000</b>          | <b>208,329,404</b>   | <b>127,408,965</b>     | <b>2,143,001,445</b>                   | <b>2,483,819,814</b> |
| <b>At July 1, 2018</b>                             | <b>5,080,000</b>          | <b>208,329,404</b>   | <b>127,408,965</b>     | <b>2,143,001,445</b>                   | <b>2,483,819,814</b> |
| Revaluation gain                                   |                           | 1,272,321            | (1,272,321)            | -                                      | -                    |
| Net surplus/(Deficit) for the year 30th June, 2019 |                           | (45,241,840)         | -                      | -                                      | (45,241,840)         |
| Capital Grant                                      | -                         | -                    | -                      | -                                      | -                    |
| <b>At June 30, 2019</b>                            | <b>5,080,000</b>          | <b>164,359,885</b>   | <b>126,136,644</b>     | <b>2,143,001,445</b>                   | <b>2,438,577,974</b> |

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**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019**

|   | Note | 2018-2019            | 2017-2018            |
|---|------|----------------------|----------------------|
|   |      | Kshs                 | Kshs                 |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                   |      |                      |                      |
| Net Surplus / (Deficit) for the year                          |      | (45,241,840)         | 25,035,583           |
| Add:  |      |                      |                      |
| Provision for depreciation                                    | 11   | 59,776,737           | 69,523,840           |
|   |      |                      |                      |
| <b>Add: Changes in Working Capital:</b>                       |      |                      |                      |
| (Increase)/ Decrease in Inventories                           |      | -                    | 3,745,424            |
| (Increase)/ Decrease in Receivables                           | 13   | (15,451,321)         | (37,921,272)         |
| Increase/ (Decrease) in Payables                              | 19   | (6,418,533)          | 38,458,511           |
|   |      | <b>(21,869,854)</b>  | <b>4,282,663</b>     |
| <b>Cash generated from Operations</b>                         |      | <b>(7,334,957)</b>   | <b>98,842,086</b>    |
|   |      |                      |                      |
| <b>Net Cash from Operating Activities</b>                     |      | <b>(7,334,957)</b>   | <b>98,842,086</b>    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                   |      |                      |                      |
|   |      |                      |                      |
| Purchase of Fixed Assets/Work in progress/BICEC               |      | (148,263,465)        | (231,383,296)        |
|   |      |                      |                      |
| <b>Net cash generated from/(used in) investing activities</b> |      | <b>(148,263,465)</b> | <b>(231,383,296)</b> |
|   |      |                      |                      |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                   |      |                      |                      |
| Development Grant   |      | -                    | 20,000,000           |
| <b>Net cash flows used in financing activities</b>            |      | <b>-</b>             | <b>20,000,000</b>    |
| <b>INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>       |      | <b>(155,598,421)</b> | <b>(112,541,210)</b> |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>         |      | <b>174,221,878</b>   | <b>286,763,088</b>   |
| <b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>           |      | <b>18,623,457</b>    | <b>174,221,878</b>   |



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**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30 JUNE 2019**

|   | Original budget    | Adjustments        | Final budget          | Actual on comparable basis | Performance difference | Remarks                        |
|---|--------------------|--------------------|-----------------------|----------------------------|------------------------|--------------------------------|
|   | 2018-2019<br>Kshs  | 2018-2019<br>Kshs  | 2018-2019<br>Kshs     | 2018-2019<br>Kshs          | 2018-2019<br>Kshs      | 2018-2019                      |
| <b>Revenue</b>                              |                    |                    |                       |                            |                        |                                |
| Sale of goods                               | -                  | -                  | -                     | -                          | -                      |                                |
| Sale of services                            | 121,976,094        | -                  | 121,976,094           | 137,184,282                | 15,208,188             | Favourable                     |
| Transfers from the Government - Recurrent   | 203,000,000        | (3,178,000)        | 199,822,000           | 199,822,000                | -                      |                                |
| Transfers from the Government - Development | 200,000,000        | (200,000,000)      | -                     |                            | -                      |                                |
| Donations in kind                           | -                  | -                  | -                     | -                          | -                      |                                |
| Other income                                | -                  | -                  | -                     | -                          | -                      |                                |
| <b>Total income</b>                         | <b>524,976,094</b> | <b>203,178,000</b> | <b>321,798,094</b>    | <b>337,006,282</b>         | <b>-15,208,188</b>     | <b>Favourable</b>              |
| <b>Expenses</b>                             |                    |                    |                       |                            |                        |                                |
| Staff Costs                                 | 199,515,462        |                    | 199,515,462           | 162,661,605                | 36,853,857             | Favourable                     |
| Boards Emoluments                           | 14,900,400         |                    | 14,900,400            | 11,421,573                 | 3,478,827              | Favourable                     |
| Administration expenses                     | 74,454,246         |                    | 74,454,246            | 106,448,961.00             | 31,994,715             | Unfavourable due to low budget |
| Selling and distributions expenses          | 23,826,948         |                    | 23,826,948            | 35,717,137                 | -11,890,189            | Unfavourable due to low budget |
| Finance & Professionals costs               | 12,279,038         |                    | 12,279,038            | 6,222,110                  | 6,056,928              | Favourable                     |
| Depreciation Charge                         |                    |                    |                       | 59,776,737                 |                        |                                |
| <b>CAPITAL</b>                              |                    |                    |                       |                            |                        |                                |
| Naicac Project                              | 200,000,000        | -                  | -                     | -                          | -                      |                                |
| <b>Total expenditure</b>                    | <b>524,976,094</b> | <b>-</b>           | <b>324,976,094.00</b> | <b>382,248,123.00</b>      | <b>-57,272,029.00</b>  |                                |
| <b>Surplus / Deficit for the period</b>     | <b>-</b>           | <b>-</b>           | <b>(3,178,000)</b>    | <b>(45,241,840)</b>        | <b>-</b>               |                                |

**Bomas of Kenya Limited**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2019**

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**NOTES TO THE FINANCIAL STATEMENTS**

**1. GENERAL INFORMATION**

Bomas of Kenya Limited is a body corporate established under the provision of Kenya Companies Acts Cap 486 of the laws of Kenya on 11th September, 1970 and it is domicile in Kenya. at cabinet level the entity is represented by the Cabinet Secretary for Ministry of Tourism who is responsible for the general policy and strategic direction of Bomas of Kenya Limited.

The principal activity of Bomas of Kenya Limited is to preserve, promote and maintain the diverse cultures of Kenya for tourism development

**2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION**

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the entity's accounting policies.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency.

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act and International Financial Reporting Standards (IFRS). The accounting policies adopted have been consistently applied to all the years presented.

**3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)**

**i) Relevant new standards and amendments to published standards effective for the year ended 30 June 2019**

***IFRS 16: Leases***

The new standard, effective for annual periods beginning on or after 1st January 2019, introduces a new lessee accounting model, which requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) (Continued)**

**i) Relevant new standards and amendments to published standards effective for the year ended 30 June 2019**

Application of IFRS 16 requires right-of-use assets and lease liabilities to be recognised in respect of most operating leases where the Company is the lessee. (Bok has not been affected by standard)

***IFRIC 23: Uncertainty Over income tax treatments***

The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers:

- Whether tax treatments should be considered collectively
- Assumptions for taxation authorities' examinations
- The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- The effect of changes in facts and circumstances

***Amendments to IFRS 9 titled Prepayment Features with Negative Compensation (issued in October 2017)***

The amendments, applicable to annual periods beginning on or after 1 January 2019, allow entities to measure prepayable financial assets with negative compensation at amortised cost or fair value through other comprehensive income if a specified condition is met.

***Amendments to IAS 28 titled Long-term Interests in Associates and Joint Ventures (issued in October 2017)***

The amendments, applicable to annual periods beginning on or after 1st January 2019, clarify that an entity applies IFRS 9, rather than IAS 28, in accounting for long-term interests in associates and joint ventures.

***Amendments to IFRS 3 - Annual Improvements to IFRSs 2015–2017 Cycle , issued in December 2017.***

The amendments, applicable to annual periods beginning on or after 1st January 2019, provide additional guidance on applying the acquisition method to particular types of business combination.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

**3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) (Continued)**

**i) Relevant new standards and amendments to published standards effective for the year ended 30 June 2019(Continued)**

*Amendments to IFRS 11 - Annual Improvements to IFRSs 2015–2017 Cycle, issued in December 2017*

The amendments, applicable to annual periods beginning on or after 1st January 2019, clarify that when an entity obtains joint control of a business that is a joint operation, it does not re-measure its previously held interests

*Amendments to IAS 12 - Annual Improvements to IFRSs 2015–2017 Cycle, issued in December 2017*

The amendments, applicable to annual periods beginning on or after 1st January 2019, clarify that all income tax consequences of dividends should be recognised when a liability to pay a dividend is recognised, and that these income tax consequences should be recognised in profit or loss, other comprehensive income or equity according to where the entity originally recognised the transactions to which they are linked.

*Amendments to IAS 23 - Annual Improvements to IFRSs 2015–2017 Cycle, issued in December 2017*

The amendments, applicable to annual periods beginning on or after 1st January 2019, clarify that the costs of borrowings made specifically for the purpose of obtaining a qualifying asset that is substantially completed can be included in the determination of the weighted average of borrowing costs for other qualifying assets.

*Amendments to IAS 19 titled Plan Amendment, Curtailment or Settlement (issued in February 2018)*

The amendments, applicable to plan amendments, curtailments or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1st January 2019, requires an entity to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement when the entity re-measures its net defined benefit liability (asset) in the manner specified in the amended standard.

(Bok has not been affected by standard)

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) (Continued)**

- ii) **New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2019**

***IFRS 17 Insurance Contracts (Issued 18 May 2017)***

IFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 *Insurance Contracts* as of 1 January 2021.

***Amendments to References to the Conceptual Framework in IFRS Standards (Issued 29 March 2018- Applicable for annual periods beginning 1 January 2020)***

Together with the revised *Conceptual Framework* published in March 2018, the IASB also issued *Amendments to References to the Conceptual Framework in IFRS Standards*. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32. Not all amendments, however update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised *Conceptual Framework*. Some pronouncements are only updated to indicate which version of the framework they are referencing to (the IASC framework adopted by the IASB in 2001, the IASB framework of 2010, or the new revised framework of 2018) or to indicate that definitions in the standard have not been updated with the new definitions developed in the revised *Conceptual Framework*.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) (Continued)

#### iii) Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2018/2019.

#### iii) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principle accounting policies adopted in the preparation of these financial statements are set out below:

##### a) Revenue recognition

Revenue is recognised to the extent that it is probable that future economic benefits will flow to the entity and the revenue can be reliably measured. Revenue is recognised at the fair value of consideration received or expected to be received in the ordinary course of the entity's activities, net of value-added tax (VAT), where applicable, and when specific criteria have been met for each of the entity's activities as described below.

- i) **Revenue from the sale of goods and services** is recognised in the year in which the *entity* delivers products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured.
- ii) **Grants from National Government** are recognised in the year in which the *entity* actually receives such grants. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.
- iii) **Finance income** comprises interest receivable from bank deposits and investment in securities, and is recognised in profit or loss on a time proportion basis using the effective interest rate method.
- iv) **Dividend income** is recognised in the income statement in the year in which the right to receive the payment is established.
- v) **Rental income** is recognised in the income statement as it accrues using the effective lease agreements.
- vi) **Other income** is recognised as it accrues.

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##### b) In-kind contributions

In-kind contributions are donations that are made to the entity in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the entity includes such value in the statement of comprehensive income both as revenue and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.



**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**c) Property, plant and equipment**

All categories of property, plant and equipment are initially recorded at cost less accumulated depreciation and impairment losses.

Certain categories of property, plant and equipment are subsequently carried at re-valued amounts, being their fair value at the date of re-valuation less any subsequent accumulated depreciation and impairment losses. Where re-measurement at re-valued amounts is desired, all items in an asset category are re-valued through periodic valuations carried out by independent external valuers.

Increases in the carrying amounts of assets arising from re-valuation are credited to other comprehensive income. Decreases that offset previous increases in the carrying amount of the same asset are charged against the revaluation reserve account; all other decreases are charged to profit or loss in the income statement.

Gains and losses on disposal of items of property, plant and equipment are determined by comparing the proceeds from the disposal with the net carrying amount of the items, and are recognised in profit or loss in the income statement.

**d) Depreciation and impairment of property, plant and equipment**

Freehold land and capital work in progress are not depreciated. Capital work in progress relates mainly to the costs of ongoing but incomplete works on buildings and other civil works and installations.

Depreciation is calculated on the reducing balance method except for buildings which is depreciated at cost.

|                                 |              |
|---------------------------------|--------------|
| Land                            | Nil          |
| Motor Vehicles                  | 25.00%       |
| Furniture, Fittings & Equipment | 12.50%       |
| Loose Tools                     | 50.00%       |
| Pumps & Pipes                   | 20.00%       |
| Buildings                       | 2.50% (cost) |
| Computers                       | 30.00%       |

A full year's depreciation charge is recognised both in the year of asset purchase and in the year of asset disposal.

Items of property, plant and equipment are reviewed annually for impairment. Where the carrying amount of an asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognised so that the asset is written down immediately to its estimated recoverable amount.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**e) Intangible assets**

Intangible assets comprise purchased computer software licences, which are capitalised on the basis of costs incurred to acquire and bring to use the specific software. These costs are amortised over the estimated useful life of the intangible assets from the year that they are available for use, usually over three years.

**f) Amortisation and impairment of intangible assets**

Amortisation is calculated on the straight-line basis over the estimated useful life of computer software of three years.

All computer software is reviewed annually for impairment. Where the carrying amount of an intangible asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognised so that the asset is written down immediately to its estimated recoverable amount.

**g) Investment property**

Buildings, or part of a building (freehold or held under a finance lease) and land (freehold or held under an operating lease) held for long term rental yields and/or capital appreciation, and which are not occupied by the entity, are classified as investment property under non-current assets.

Investment property is carried at fair value, representing open market value determined periodically by independent external values. Changes in fair values are included in profit or loss in the income statement.

**h) Finance and operating leases**

Leases which confer substantially all the risks and rewards of ownership to the entity are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments, and the asset is subsequently accounted for in accordance with the accounting policy applicable to that asset.

All other leases are treated as operating leases and the leased assets are recognised in the statement of financial position to the extent of prepaid lease rentals at the end of the year. Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense over the term of the lease.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**i) Fixed interest investments (bonds)**

Fixed interest investments refer to investment funds placed under Central Bank of Kenya (CBK) long-term infrastructure bonds and other corporate bonds with the intention of earning interest income upon the bond's disposal or maturity. Fixed interest investments are freely traded at the Nairobi Securities Exchange. The bonds are measured at fair value through profit or loss.

**j) Quoted investments**

Quoted investments are classified as non-current assets and comprise marketable securities traded freely at the Nairobi Securities Exchange or other regional and international securities exchanges. Quoted investments are stated at fair value.

**k) Unquoted investments**

Unquoted investments stated at cost under non-current assets, and comprise equity shares held in other Government owned or controlled entities.

**l) Inventories**

Inventories are stated at the lower of cost and net realisable value. The cost of inventories comprises purchase price, import duties, transportation and handing charges, and is determined on the moving average price method.

**m) Trade and other receivables**

Trade and other receivables are recognised at fair values less allowances for any uncollectible amounts. These are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off after all efforts at recovery have been exhausted.

**n) Taxation**

***Current income tax***

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance.



**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**n) Taxation (Continued)**

**Current income tax (Continued)**

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

*Deferred tax*

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**n) Taxation (Continued)**

*Deferred tax (Continued)*

Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**o) 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 the Central Bank of Kenya and at various Commercial Banks at the end of the reporting period. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

**p) Borrowings**

Interest bearing loans and overdrafts are initially recorded at fair value being received, net of issue costs associated with the borrowing. Subsequently, these are measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any issue cost and any discount or premium on settlement. Finance charges, including premiums payable of settlement or redemption are accounted for on accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. Loan interest accruing during the construction of a project is capitalised as part of the cost of the project.

**q) Trade and other payables**

Trade and other payables are non-interest bearing and are carried at amortised cost, which is measured at the fair value of contractual value of the consideration to be paid in future in respect of goods and services supplied, whether billed to the entity or not, less any payments made to the suppliers.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**r) Retirement benefit obligations**

The company contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The company's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at on a graduated tier scale i.e. I & II per employee per month.

**s) Provision for staff leave pay**

Employees' entitlements to annual leave are recognised as they accrue at the employees. At provision is made for the estimated liability for annual leave at the reporting date.

**t) Exchange rate differences**

The accounting records are maintained in the functional currency of the primary economic environment in which the entity operates, Kenya Shillings. Transactions in foreign currencies during the year/period are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Any foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

**u) Budget information**

The original budget for FY 2018-2019 was approved by the National Assembly on 18<sup>th</sup> December, 2018. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations of less Kshs.3,178,000 on the 2018-2019 budget following the governing body's approval.

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.



**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**u) Budget information (Continued)**

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section statement of budget and actual performance of these financial statements.

**v) Service concession arrangements**

The Entity analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Entity recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Entity also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

**w) Comparative figures**

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

**x) Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2018.

**5 SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION  
UNCERTAINTY**

The preparation of the Entity's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

**5 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY**  
**(Continued)**

**Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur.

**Useful lives and residual values**

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset based on the assessment of experts employed by the Entity
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the assets
- Changes in the market in relation to the asset

**Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 13.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**6 REVENUE**

|                                  | 2018/2019         | 2017/2018          |
|----------------------------------|-------------------|--------------------|
| <b>a) SALES</b>                  | <b>Kshs</b>       | <b>Kshs</b>        |
| Bar sales                        | 9,455,051         | 2,208,156          |
| Restaurant sales                 | 8,960,715         | 4,287,329          |
| Staff meals                      | -                 | 2,149,675          |
| Parties and Reception            | 79,108,047        | 14,076,378         |
| <b>Total sales</b>               | <b>97,523,813</b> | <b>22,721,538</b>  |
| <b>b) IEBC EVENT REVENUE</b>     |                   |                    |
| Bar and restaurant sales         | -                 | 81,252,367         |
| Parties and reception sales      | -                 | 155,686,572        |
| Hire of Auditorium / halls       | -                 | 29,400,000         |
| Rent income                      | -                 | 16,712,758         |
| <b>Total</b>                     |                   | <b>283,051,697</b> |
| <b>DIRECT COSTS</b>              |                   |                    |
| Purchases for Bar and Restaurant | -                 | 57,962,731         |
| Food and Accommodation           | -                 | 27,316,003         |
| Hiring Charges                   | -                 | 109,793,710        |
| Casual wages                     | -                 | 1,543,867          |
| <b>Total</b>                     | -                 | <b>196,616,312</b> |
| <b>Net revenue</b>               |                   | <b>86,435,385</b>  |

**7 COST OF SALES**

|                                   | 2018/2019         | 2017/2018         |
|-----------------------------------|-------------------|-------------------|
|                                   | <b>Kshs</b>       | <b>Kshs</b>       |
| Purchase - Nyama Choma Bar        | -                 | 4,031,679         |
| Purchases - Parties/ Reception    | 35,717,137        | 8,658,374         |
| Purchase - Nyama Choma Restaurant | -                 | 2,340,211         |
| <b>Total</b>                      | <b>35,717,137</b> | <b>15,030,264</b> |

**8. GRANTS FROM NATIONAL GOVERNMENT**

|  | 2018/2019          | 2017/2018          |
|--|--------------------|--------------------|
|  | <b>Kshs</b>        | <b>Kshs</b>        |
| Reccurent grants received                | 199,822,000        | 249,768,517        |
| Capital grants realized (see note below) | -                  | 20,000,000         |
| <b>Total</b>                             | <b>199,822,000</b> | <b>269,768,517</b> |



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| Name of the Entity sending the grant | Amount recognized in the Statement of Comprehensive Income KShs | Amount deferred under deferred income KShs | Amount recognised in capital fund. KShs | Total grant income during the year KShs | 2018-2019 KShs     |
|--------------------------------------|---|--|---|---|--------------------|
| Ministry of Tourism & Wildlife       | 199,822,000   | -  | -                                       | 199,822,000                             | 199,822,000        |
| <b>Total</b>                         | <b>199,822,000</b>  | <b>-</b>                                   | <b>-</b>                                | <b>199,822,000</b>                      | <b>199,822,000</b> |

**9. OTHER INCOME**

This is revenue received from the various sources of income

|                                 | 2018- 2019        | 2017-2018         |
|---------------------------------|-------------------|-------------------|
| Description                     | Kshs              | Kshs              |
| Gate collection & playground    | 11,427,660        | 3,072,683         |
| Hire of Dancers/halls           | 16,698,962        | 8,336,025         |
| Rent Income                     | 4,856,617         | 2,819,578         |
| Sundry Income                   | 523,226           | 878,376           |
| Income from KUC                 | 6,154,004         | --                |
| Gain on provision for bad debts | -                 | 152,018           |
| <b>Total</b>                    | <b>39,660,469</b> | <b>15,258,680</b> |

**a) Gate Collections & Video & Filming**

This is revenue from gate charges for entertainment i.e viewing traditional dance and tour of the villages.

**b) Hire of Dancers, Hall/ Auditorium**

This is revenue received /receivable from the public for hire of dancers and auditorium hall

**c) Rent Income**

This is revenue received /receivable from tenants who occupy part of the company facilities.

**d) Sundry Income**

This comprises items which are not regularly received. This comprises of items not included in the vote heads e.g. consultancy, adverts.

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**10. (a) ADMINISTRATION COSTS**

| Description                         | 2018-2019          | 2017-2018          |
|-------------------------------------|--------------------|--------------------|
|                                     | Kshs               | Kshs               |
| Motor Vehicle Running & transport   | 5,442,760          | 8,997,886          |
| Traveling & Entertainment           | 12,322,260         | 6,676,960          |
| Medical Expenses                    | 16,920,318         | 7,857,138          |
| Dancers Expenses                    | 5,812,957          | 5,951,238          |
| Food & Accommodation                | 6,812,399          | 4,006,277          |
| Uniforms for Staff                  | 2,034,853          | 2,055,174          |
| Publicity & Promotion               | 3,111,620          | 2,879,965          |
| Printing & Stationery               | 4,142,130          | 3,981,205          |
| Telephone & Postage                 | 2,432,700          | 1,832,930          |
| Cleaning & laundry                  | 6,538,330          | 5,988,256          |
| Security Charges                    | 7,292,124          | 5,009,500          |
| Hiring Charges                      | 8,890,387          | 11,514,670         |
| Staff Training                      | 4,149,198          | 2,754,470          |
| Sundry Expenses                     | 1,761,709          | 1,165,500          |
| Vat Paid                            | -                  | 18,113,319         |
| Subscriptions & Donations           | 170,000            | 235,912            |
| Interest & Bank Charges             | 191,173            | 370,020            |
| Insurance & Licenses                | 5,128,800          | 4,268,356          |
| Legal & professional                | 670,137            | 837,374            |
| Land Rates                          | 403,240            | 403,240            |
| Electricity & Water charges         | 8,910,603          | 8,208,042          |
| Repairs & Maintenance               | 8,621,684          | 13,951,866         |
| Provisions for bad & doubtful debts | 679,689            | -                  |
| <b>Total</b>                        | <b>112,439,070</b> | <b>117,059,298</b> |

**(b) STAFF COSTS**

|  |                    |                    |
|--|--------------------|--------------------|
| Salaries and allowances of permanent employees                     | 129,505,742        | 107,461,545        |
| Wages of temporary employees, Attachment and internships           | 16,315,871         | 15,389,639         |
| General Managers salary  | 5,210,088          | 4,689,084          |
| Compulsory national social security schemes                        | 2,496,838          | 2,443,728          |
| Terminal Benefits / Gratuity                                       | 9,133,064          | 8,149,003          |
| Provision for leave paid   | -                  | 263,720            |
| <b>Total</b>   | <b>162,661,604</b> | <b>138,396,719</b> |
| <b>c) IEBC Costs</b>   | <b>-</b>           | <b>196,616,312</b> |
| <b>The average number of employees at the end of the year was:</b> |                    |                    |
| Permanent employees – Management                                   | 19                 | 20                 |
| Permanent employees – Unionisable                                  | 109                | 110                |
| Temporary and contracted employees                                 | 56                 | 57                 |
| <b>Total</b>   | <b>184</b>         | <b>187</b>         |

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

| <b>d) Directors Emoluments</b> | <b>2018-2019</b>  | <b>2017-2018</b> |
|--------------------------------|-------------------|------------------|
|                                |                   |                  |
| Chairman Honorarium            | 960,000           | 960,000          |
| Sitting Allowance              | 2,683,663         | 3,581,640        |
| Travel & Subsistence           | 7,777,910         | 4,364,776        |
| <b>Total</b>                   | <b>11,421,573</b> | <b>8,906,416</b> |

**11. DEPRECIATION**

|   | <b>2018-2019</b>  | <b>2017-2018</b>  |
|---|-------------------|-------------------|
|   | <b>Kshs</b>       | <b>Kshs</b>       |
| Buildings & civil works                 | 40,145,842        | 47,259,051        |
| Loose tools                             | 480,495           | 575,621           |
| Pumps and Pipes                         | 2,214,945         | 2,571,829         |
| Motor vehicles, including, motor cycles | 1,450,012         | 1,933,349         |
| Computers & related equipment           | 2,353,061         | 2,728,094         |
| Office equipment, furniture & fittings  | 13,132,382        | 14,455,897        |
|   | <b>59,776,737</b> | <b>69,523,840</b> |



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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**12. (a) PROPERTY, PLANT AND EQUIPMENT**

| 2019                                   | Freehold Land | Buildings & Civil Works | Loose Tools | Pumps and Pipes | Motor Vehicles, | Computers & related equipment | Office Equipment, Furniture & Fittings | Capital Work in Progress | Total         |
|--|---------------|-------------------------|-------------|-----------------|-----------------|-------------------------------|--|--------------------------|---------------|
| <b>COST OR VALUATION</b>               |               |                         |             |                 |                 |                               |  |                          |               |
| At July 1, 2018                        | 76,950,000    | 1,890,362,049           | 24,166,519  | 46,224,016      | 21,499,815      | 15,585,063                    | 248,042,084                            | 504,542,784              | 2,827,372,330 |
| Additions                              | -             | 817,282                 | 385,371     | 787,410         | -               | 1,477,986                     | 3,867,780                              | 140,927,635              | 148,263,465   |
| Transfers                              | -             | -                       | -           | -               | -               | -                             | -                                      | -                        | -             |
| Disposals                              | -             | -                       | -           | -               | -               | -                             | -                                      | -                        | -             |
| At June 30, 2019                       | 76,950,000    | 1,891,179,331           | 24,551,890  | 47,011,426      | 21,499,815      | 17,063,049                    | 251,909,864                            | 645,470,419              | 2,975,635,795 |
| <b>DEPRECIATION</b>                    |               |                         |             |                 |                 |                               |  |                          |               |
| At July 1, 2018                        | -             | 285,345,646             | 23,590,899  | 35,936,702      | 15,699,769      | 9,219,512                     | 146,850,805                            | -                        | 516,643,333   |
| Charge for the year                    | -             | 40,145,842              | 480,495     | 2,214,945       | 1,450,012       | 2,353,061                     | 13,132,382                             | -                        | 59,776,737    |
| Impairment loss                        | -             | -                       | -           | -               | -               | -                             | -                                      | -                        | -             |
| Eliminated on disposal                 | -             | -                       | -           | -               | -               | -                             | -                                      | -                        | -             |
| At June 30, 2019                       | -             | 325,491,488             | 24,071,394  | 38,151,647      | 17,149,781      | 11,572,573                    | 159,983,187                            | -                        | 576,420,070   |
| <b>NET BOOK VALUE At June 30, 2019</b> | 76,950,000    | 1,565,687,843           | 480,495     | 8,859,779       | 4,350,035       | 5,490,476                     | 91,926,677                             | 645,470,419              | 2,399,215,724 |

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**(b) PROPERTY, PLANT AND EQUIPMENT**

| 2018                     | Freehold land     | Buildings & civil works | Loose tools    | Pumps and pipes   | Motor vehicles, including motor cycles | Computers & related equipment | Office equipment, furniture & fittings | Capital work in progress | Total                |
|--------------------------|-------------------|-------------------------|----------------|-------------------|--|-------------------------------|--|--------------------------|----------------------|
| <b>COST OR VALUATION</b> |                   |                         |                |                   |  |                               |  |                          |                      |
| At July 1, 2017          | 76,950,000        | 1,816,765,525           | 23,815,657     | 46,224,016        | 21,499,815                             | 12,566,051                    | 234,925,030                            | 363,242,944              | 2,595,989,036        |
| Additions                | -                 | 73,596,524              | 350,862        | -                 | -                                      | 3,019,012                     | 13,117,054                             | 141,299,840              | 231,383,292          |
| Transfers                | -                 | -                       | -              | -                 | -                                      | -                             | -                                      | -                        | -                    |
| Disposals                | -                 | -                       | -              | -                 | -                                      | -                             | -                                      | -                        | -                    |
| At June 30, 2018         | 76,950,000        | 1,890,362,049           | 24,166,519     | 46,224,016        | 21,499,815                             | 15,585,063                    | 248,042,084                            | 504,542,784              | 2,827,372,330        |
| <b>DEPRECIATION</b>      |                   |                         |                |                   |  |                               |  |                          |                      |
| At July 1, 2017          | -                 | 238,086,595             | 23,015,278     | 33,364,873        | 13,766,420                             | 6,491,418                     | 132,394,908                            | -                        | 447,119,492          |
| Impairment loss          | -                 | -                       | -              | -                 | -                                      | -                             | -                                      | -                        | -                    |
| Charge for the year      | -                 | 47,259,051              | 575,621        | 2,571,829         | 1,933,349                              | 2,728,094                     | 14,455,897                             | -                        | 69,523,840           |
| At June 30, 2018         | -                 | 285,345,646             | 23,590,899     | 35,936,702        | 15,699,769                             | 9,219,512                     | 146,850,805                            | -                        | 516,643,332          |
| <b>NET BOOK VALUE</b>    | <b>76,950,000</b> | <b>1,605,016,403</b>    | <b>575,621</b> | <b>10,287,314</b> | <b>5,800,046</b>                       | <b>6,365,552</b>              | <b>101,191,279</b>                     | <b>504,351,566</b>       | <b>2,310,728,998</b> |

**NOTE.** The revaluation of the assets was done in August 1996 By Gatheru Irungu Mugo Co Ltd. The total value of the assets was Kshs 194,020,600 :-(while the value of Fixed assets was Kshs 29,191,433 as at 30/6/1996)as below:-

1. Land - 76,950,000.00
2. Buildings and site works -109,185,000.00
3. Furniture and equipments - 5,085,600.00 0

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**WORK IN PROGRESS**

This refers to the amount spent in putting up the Perimeter wall, NAICEC Project and the cultural / Conference centre within the organization.

|                                      | 2019<br>Kshs       | 2018<br>Kshs       |
|--------------------------------------|--------------------|--------------------|
| <b>Work in progress analysis</b>     |                    |                    |
| Balance brought forward              | 504,542,784        | 363,242,944        |
| Additions for the year               | 140,927,635        | 141,299,840        |
| <b>Total balance carried forward</b> | <b>645,470,419</b> | <b>504,542,784</b> |

13. (a) **TRADE AND OTHER RECEIVABLES**

|   | 2018-2019<br>Kshs | 2017-2018<br>Kshs |
|---|-------------------|-------------------|
| Debtors- long outstanding                         | 5,844,308         | 5,844,308         |
| Trade Debtors                                     | 24,091,248        | 17,295,568        |
| Staff Debtors                                     | 325,698           | 589,700           |
| Deposits Paid                                     | 1,183,500         | 1,183,500         |
| Little Theatre & Ushanga Kenya Receivables        | 49,573,607        | 39,935,196        |
| <b>Total</b>                                      | <b>81,018,361</b> | <b>64,887,472</b> |
| Provision for bad & Doubtful Debts-               |                   |                   |
| -(10% of trade debtors)                           | (2,409,245)       | (1,729,556)       |
| -(100% of long outstanding debtors over 10 years) | (5,844,308)       | (5,844,308)       |
| Provision for ex- staff debtors                   | (112,014)         | (112,135)         |
| <b>Total</b>                                      | <b>72,652,794</b> | <b>57,201,472</b> |
| <b>Provision for bad &amp; Doubtful Debts</b>     |                   |                   |
| Opening balance                                   | 1,729,556         | 1,881,575         |
| Closing balance                                   | 2,409,245         | 1,729,556         |
| Gain / Loss on Provisions                         | (679,689)         | 152,018           |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(b) TRADE RECEIVABLES

|  | 2018-2019         | 2017-2018         |
|--|-------------------|-------------------|
|  | Kshs              | Kshs              |
| Gross trade receivables  | 24,091,248        | 17,295,568        |
| Provision for doubtful receivables   | (2,409,245)       | (1,729,556)       |
|  | <b>21,682,003</b> | <b>15,566,012</b> |
|  | =====             | =====             |
| At June 30, the ageing analysis of the gross trade receivables was as follows: |                   |                   |
| Less than 30 days  | 4,518,300         | 6,786,470         |
| Between 30 and 60 days   | 5,702,027         | -                 |
| Between 61 and 90 days   | -                 | 3,450,840         |
| Between 91 and 120 days  | 2,869,171         | -                 |
| Over 120 days  | 11,001,750        | 7,058,258         |
|  | <b>24,091,248</b> | <b>17,295,568</b> |
|  | =====             | =====             |

(c) STAFF RECEIVABLES

|                                   | 2018-2019      | 2017-2018      |
|-----------------------------------|----------------|----------------|
|                                   | Kshs           | Kshs           |
| Gross staff loans and advances    | 325,698        | 589,700        |
| Provision for impairment loss     | -              | -              |
|                                   | <b>325,698</b> | <b>589,700</b> |
| Less: Amounts due within one year | <b>325,698</b> | <b>589,700</b> |
| Amounts due after one year        | -              | -              |
|                                   | =====          | =====          |



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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**14. (a) BANK AND CASH BALANCES**

|  | <b>2018-2019</b>  | <b>2017-2018</b>   |
|--|-------------------|--------------------|
|  | <b>Kshs</b>       | <b>Kshs</b>        |
| Cash at bank - Current A/c No (1108986668) | 14,452,369        | 6,899,322          |
| Cash in bank – Current A/c No (1108985580) | 3,190,241         | 167,047,265        |
| M-Pesa - Account                           | 796,347           | 60,089             |
| Cash in hand                               | 144,500           | 215,200            |
| Cash Float                                 | 40,000            |                    |
| <b>Total</b>                               | <b>18,623,457</b> | <b>174,221,877</b> |
|  | =====             |                    |

The company operates two current accounts with Kenya Commercial Bank Moi Avenue branch

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(b) BANK AND CASH BALANCES (Continued)

The make – up of bank balances and short term deposits is as follows:

Detailed analysis of the cash and cash equivalents

|                             |                | 2018-2019  | 2017-2018   |
|-----------------------------|----------------|------------|-------------|
| Financial institution       | Account number | KShs       | KShs        |
| a) Current account          |                |            |             |
| Kenya Commercial bank       |                | 17,642,610 | 173,946,587 |
| Sub- total                  |                | 17,642,610 | 173,946,587 |
| b) On - call deposits       |                |            |             |
| Kenya Commercial bank       |                | -          | -           |
| Sub- total                  |                | -          | -           |
| c) Fixed deposits account   |                |            |             |
| Kenya Commercial bank       |                | -          | -           |
| Sub- total                  |                | -          | -           |
| d) Staff car loan/ mortgage |                |            |             |
| Kenya Commercial bank       |                | -          | -           |
| Sub- total                  |                | -          | -           |
| e) Others(specify)          |                |            |             |
| Cash in transit             |                | -          | -           |
| cash in hand                |                | 184,500    | 215,200     |
| M pesa                      |                | 796,347    | 60,089      |
| Sub- total                  |                | 980,847    | 275,289.00  |
| Grand total                 |                | 18,623,457 | 174,221,877 |

15. ORDINARY SHARE CAPITAL

|   | 2018-2019 | 2017-2018 |
|---|-----------|-----------|
|   | Kshs      | Kshs      |
| <b>Authorised:</b>                                |           |           |
| 254,000 ordinary shares of Kshs.20 par value each | 5,080,000 | 5,080,000 |
| <b>Issued and fully paid:</b>                     |           |           |
| 254,000 ordinary shares of Kshs.20 par value each | 5,080,000 | 5,080,000 |

All the Issued Share Capital is held by Kenya Tourist Development Company, now Tourism Finance Corporation (TFC).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. REVALUATION RESERVE

|   | 2018-2019          | 2017-2018          |
|---|--------------------|--------------------|
|   | Kshs               | Kshs               |
| Balance brought forward                 | 127,408,965        | 128,713,918        |
| Less:-depreciation surplus for the year | 1,272,321          | 1,304,953          |
| Balance carried forward                 | <u>126,136,644</u> | <u>127,408,965</u> |

17. FAIR VALUE ADJUSTMENT RESERVE

The fair value adjustment reserve arises on the revaluation of available-for-sale financial assets, principally the marketable securities. When a financial asset is sold, the portion of the reserve that relates to that asset is reduced from the fair value adjustment reserve and is recognised in profit or loss. Where a financial asset is impaired, the portion of the reserve that relates to that asset is recognised in profit or loss.

18. RETAINED EARNINGS

|                                    | 2018-2019          | 2017-2018          |
|------------------------------------|--------------------|--------------------|
|                                    | Kshs               | Kshs               |
| Balance brought forward            | 208,329,404        | 181,988,868        |
| Net Surplus / Deficit for the year | (45,241,840)       | 25,035,583         |
| Total                              | <u>163,087,564</u> | <u>207,024,451</u> |
| Revaluation Reserve(amortization)  | 1,272,321          | 1,304,953          |
| Balance carried forward            | <u>164,359,885</u> | <u>208,329,404</u> |

19. TRADE AND OTHER PAYABLES

|                               | 2018-2019         | 2017-2018         |
|-------------------------------|-------------------|-------------------|
|                               | Kshs              | Kshs              |
| Trade Creditors               | 46,202,948        | 54,222,302        |
| Provision for leave           |                   | 263,720           |
| <b>Other payables</b>         |                   |                   |
| Auditor General               | 492,000           | 492,000           |
| Jaribu Credit Traders         | 6,550             | 6,550             |
| Deposit received from tenants | 452,175           | 452,175           |
| Withholding VAT               | 712,954           | 712,954           |
| Deferred VAT Income           | 2,046,253         | -                 |
| KUDHEIHA                      | -                 | -                 |
| Paymaster General             | 2,001,121         | 1,781,257         |
| NSSF                          | -                 | 401,576           |
| <b>Total</b>                  | <u>5,711,053</u>  | <u>3,846,512</u>  |
| <b>Total Payable</b>          | <u>51,914,001</u> | <u>58,332,534</u> |

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**20. DEFERRED CAPITAL GRANT**

|                                       | <b>2018-2019</b>            | <b>2017-2018</b>            |
|---------------------------------------|-----------------------------|-----------------------------|
| Balance for the year 2017/2018        | 2,143,001,445               | 2,123,001,445               |
| Differed Grant for the year 2018/2019 | -                           | 20,000,000                  |
| Balance Carried Forward               | <u><b>2,143,001,445</b></u> | <u><b>2,143,001,445</b></u> |

**21. TAXATION**

The company has been making losses over the years realized a surplus and therefore did not provide for tax in the financial statements. However during the year the company realized a deficit of Kshs.45,241,840 of which a substantial amount of income was from the Government Grants and therefore no provision for tax made

**22. RELATED PARTY DISCLOSURES**

- a. The Government of Kenya is the principal Shareholder of the company holding 100% of the Company equity.
- b. Tourism Finance Company (TFC) issued is in process of issuing title deed to Ministry of Tourism for further direction and procedures.

**23. INCORPORATION**

The entity is incorporated in Kenya under the Kenyan Companies Act and is domiciled in Kenya.

**24. EVENTS AFTER THE REPORTING PERIOD**

There were no material adjusting and non- adjusting events after the reporting period.

**25. CURRENCY**

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



# APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues 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.

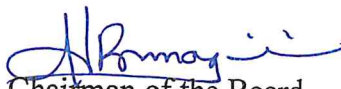
| Reference No. on the external audit Report | Issue / Observations from Auditor                   | Management comments   | Focal Point person to resolve the issue (Name and designation) | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|--|---|---|--|-----------------------------------|--|
|  | Trade and Other Receivables                         | Management has requested the Board of Directors to get approval from the National Treasury to write off the long outstanding debts. | Mr. David Rono, Finance Manager                                | Not Resolved                      | One Year   |
|  | Valuation of Assets                                 | Ministry of Tourism & Wildlife is working on a model to carry out valuation of State Corporation under it                           | Mr. Peter Gitaa General Manager                                | Not Resolved                      | One Year   |
|  | Unpaid Compensation for Compulsory Land Acquisition | The Matter has been referred to our Lawyer and now being pursued through a tribunal for settlement.                                 | Mr. Peter Gitaa General Manager                                | Not Resolved                      | One Year   |

## Guidance Notes:

- Use the same reference numbers as contained in the external audit report;
- Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management;
- Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;
- Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.

General Manager 

Date.....

  
Chairman of the Board

Date.....

**APPENDIX I1: PROJECTS IMPLEMENTED BY THE ENTITY**

**Projects**

Projects implemented by the State Corporation/ SAGA Funded by development partners

| Project title | Project Number | Donor | Period/ duration | Donor commitment | Separate donor reporting required as per the donor agreement (Yes/No) | Consolidated in these financial statements (Yes/No) |
|---------------|----------------|-------|------------------|------------------|---|---|
| 1             | -              | -     | -                | -                | -   | -   |
| 2             | -              | -     | -                | -                | -   | -   |

APPENDIX III: INTER-ENTITY TRANSFERS

|   |           |                            |                      |  |
|---|-----------|----------------------------|----------------------|--|
| ENTITY NAME:  |           |                            |                      |  |
| Break down of Transfers from Ministry of Tourism & Wildlife |           |                            |                      |  |
| FY 2018/2019  |           |                            |                      |  |
|   |           |                            |                      |  |
| a. Recurrent Grants   |           |                            |                      |  |
|   |           | <u>Bank Statement Date</u> | <u>Amount (KShs)</u> | <u>Indicate the FY to which the amounts relate</u> |
|   | Recurrent | 12/09/2018                 | 50,975,000           | FY2018/2019  |
|   | Recurrent | 10/12/2018                 | 49,616,000           | FY2018/2019  |
|   | Recurrent | 18/02/2019                 | 49,615,500           | FY2018/2019  |
|   | Recurrent | 13/05/2019                 | 49,615,500           | FY2018/2019  |
|   |           | <b>Total</b>               | <b>199,822,000</b>   |  |
| b. Development Grants                                       |           |                            |                      |  |
|   |           | <u>Bank Statement Date</u> | <u>Amount (KShs)</u> | <u>Indicate the FY to which the amounts relate</u> |
|   |           |                            | -                    |  |
|   |           | <b>Total</b>               | -                    |  |
| c. Direct Payments  |           |                            |                      |  |
|   |           | <u>Bank Statement Date</u> | <u>Amount (KShs)</u> | <u>Indicate the FY to which the amounts relate</u> |
|   |           |                            | -                    |  |
|   |           | <b>Total</b>               | -                    |  |
| d. Donor Receipts   |           |                            |                      |  |
|   |           | <u>Bank Statement Date</u> | <u>Amount (KShs)</u> | <u>Indicate the FY to which the amounts relate</u> |
|   |           |                            | -                    |  |

The above amounts have been communicated to and reconciled with the parent Ministry of Tourism & Wildlife

Finance Manager  
Bomas of Kenya Limited

Sign 

Date 29<sup>th</sup> January, 2021

Head of Accounting Unit  
Ministry of Tourism & Wildlife

Sign -----

Date -----

