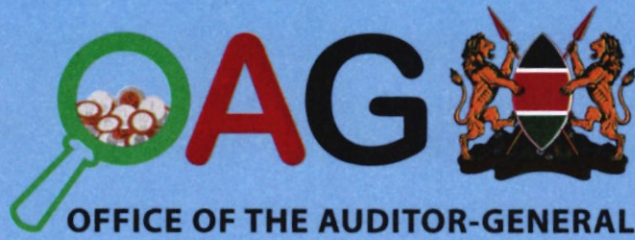


REPUBLIC OF KENYA



*Enhancing Accountability*

**REPORT**

PARLIAMENT  
OF KENYA  
LIBRARY

THE NATIONAL ASSEMBLY

DATE: 11 APR 2024

OFFICED BY: Hon Naomi waoko  
Deputy majority whip

CLERK AT THE TABLE: Fintayo

**THE AUDITOR-GENERAL**

**ON**

**GOLF HOTEL LIMITED**

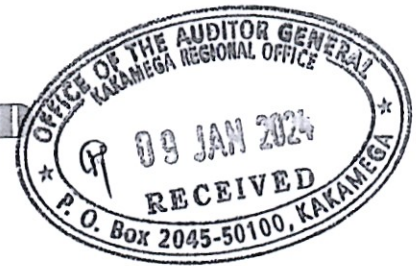
**FOR THE YEAR ENDED  
30 JUNE, 2023**







**GOLF HOTEL LIMITED**



**INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)**

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**ANNUAL REPORTS AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDING**

**JUNE 30, 2023**

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**PREPARED IN ACCORDANCE WITH THE ACCRUAL BASIS OF ACCOUNTING METHOD UNDER THE  
INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)**

**Golf Hotel Limited**  
**Reports and Financial Statements**  
**For the year ended 30 June, 2023**

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**ACRONYMS AND GLOSSARY OF TERMS**

<b>IFRS</b>	International Financial Reporting Standards
<b>CEO</b>	Chief Executive Officer
<b>NT</b>	National Treasury
<b>PFM</b>	Public Finance Management.
<b>KDC</b>	Kenya Development Corporation
<b>GHL</b>	Golf Hotel Limited
<b>Govt.</b>	Government
<b>PSASB</b>	Public Sector Accounting Standards Board
<b>CPA-K</b>	Certified Public Accountant Kenya
<b>CPS- K</b>	Certified Public Secretary Kenya
<b>ICPAK</b>	Institute of Certified Public Accountants Kenya
<b>IHRM</b>	Institute of Human Resource Management
<b>FCIPS-UK</b>	Fellow of the Chartered Institute of Procurement and Supply

**Golf Hotel Limited**  
**Reports and Financial Statements**  
**For the year ended 30 June, 2023**

**KEY HOTEL INFORMATION**

**Background information**

Golf Hotel Limited was established on 20 December 1979 and is governed by the Companies Act 2015 and is a subsidiary of Kenya Development Corporation (KDC); a parastatal of the Ministry of trade and industry. It's a limited liability company with 80% shareholding to Kenya Development Corporation and 20% shareholding by the County Government of Kakamega. The shareholders through the directors are responsible for the general policy and strategic direction of the Hotel.

**Principal Activities**

Hospitality is the principal activity for Golf Hotel, limited with accommodation and conferencing being its main revenue centers. The Hotel currently boasts of a 3 star in property rating. It has been able to offer affordable price yet premium customer care as a 5 stars' luxury Hotel.

Founded in 1979, the hotel strives to provide exceptional experiences to our guests, while providing an excellent work environment for our staff and obtaining industry leading results.

Golf Hotel offers a comprehensive range of services and tools tailor-made to each project to ensure maximum return on investment to its stakeholders and investors.

Our 62 elegantly furnished luxury rooms are made up of the Standard Superior, Executive and Suite with various in – room facilities and amenities that provide the highest level of comfort for ultimate luxurious accommodation

We do also have a dedicated conference floor with rooms of different capacities furnished to the highest standards. Our experienced professional team will assist you with the events you are planning, from private celebrations to corporate events. All meeting spaces are well equipped with the latest State-Of-The-Art facilities that include build – in audio-visual equipment's, Wi-Fi and video conferencing facilities

Our Mosaic restaurant do showcase modern fine dining at its best with the freshest flavors in an ambiance of distinctive contemporary design, merging focus on local ingredients and cooking styles with an array of international specialties.

Other facilities include Team Building Grounds, State of the art Topaz bar, Fully Equipped Kids play area & an outdoor swimming pool – an oasis of relaxation. Our hotel is 5 minutes' drive from the newly built Kakamega Airstrip, 53.6Kms from Kisumu International Airports respectively using the Kisumu – Kakamega Road



**Golf Hotel Limited**  
**Reports and Financial Statements**  
**For the year ended 30 June, 2023**

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**Vision**

A world class hotel recognized for exceptional hospitality experience.

**Tagline**

In the Heart and Mind of our stakeholders

**Mission**

We are dedicated to providing high standards of accommodation, conferencing and other hospitality services to satisfy the demands and expectations of our stakeholders.

**Core Values**

1. Professionalism and Confidentiality: Maintain best practices by developing our staff to perform their duties with expertise and dedication as well as treating client and organizational information confidential.
2. Continuous Learning: Development of staff by building capacity in both professional and artisan skills in order to be at par with emerging trends in hospitality industry.
3. Integrity and Transparency: Remaining accountable and open, devoid of corrupt practices.
4. Teamwork: Building strong teams to realize synergies of working together
5. Customer centricity: Putting customer at the centre of all we do.
6. Creativity and Innovation: Creating environment that embraces new ideas and ways of doing business.

**Strategic Objectives**

1. Business Growth
2. Operational Efficiency
3. Organizational Capacity Development

**Golf Hotel Limited**  
**Reports and Financial Statements**  
**For the year ended 30 June, 2023**

**Directors**

The Directors who served the Hotel during the year ending 30 June 2023 were as follows:

- |    |                      |                   |                            |
|----|----------------------|-------------------|----------------------------|
| 1. | Ms. Faith Nene       | -Chairman         | - Appointed January 2023   |
| 2. | Ms. Gumato Abudo     | - Chief Executive | - Appointed September 2021 |
| 3. | Ms. Patricia Njambi  |                   | - Appointed January 2023   |
| 4. | Ms. Anne Gitau       |                   | - Appointed January 2023   |
| 5. | Ms. June Mwajuma     |                   | - County Govt. of Kakamega |
| 6. | Mr. Saxon Kweyu      |                   | - County Govt. of Kakamega |
|    |                      |                   |                            |
| 1. | Mr. Christopher Huka | - Chairman        | - Left On December 2022    |
| 2. | Ms. Grace Magunga    |                   | - Left On December 2022    |
| 3. | Mr. Kennedy Wanderi  |                   | - Left On December 2022    |
| 4. | Dr. Beatrice Sabana  |                   | - Left On December 2022    |

**Corporate Secretary**

Kenya Development Corporation  
P.O. Box 126665-00100. Nairobi

**Registered Office**

Khasakhala Road  
Milimani Area  
P.O. Box 118-50100. Kakamega, Kenya

**Corporate Headquarters**

Uchumi House  
Aga Khan Walk  
P.O. Box 126665-00100. Nairobi, Kenya

**Corporate Contacts**

Telephone: (254) 056 2030150/1  
E-mail: [info@golfhotellkakamega.com](mailto:info@golfhotellkakamega.com)  
Website: [www.golfhotellkakamega.com](http://www.golfhotellkakamega.com)

**Corporate Bankers**

Kenya Commercial Bank  
P.O Box 152-50100. Kakamega, KENYA

**Independent Auditors**

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

**Principal Legal Advisers**

Office of the Attorney General  
Sheria House  
P.O. Box 40112  
GPO 00100. Nairobi, Kenya



**Golf Hotel Limited**

**Reports and Financial Statements**

**For the year ended 30 June, 2023**

**BOARD OF DIRECTORS AND MANAGEMENT**



BOARD CHAIRPERSON  
FAITH NENE



DIRECTOR ANNE GITAU



DIRECTOR JUNE MWALUMA



COMPANY SECRETARY JOHN KARIA



DIRECTOR PATRICIA NJAMI



DIRECTOR SAXON KWEYU



CHIEF EXECUTIVE OFFICER  
GUMATO ABUDO



MANAGER FINANCE AND ICT  
LEENA MUGADIA



MANAGER SUPPLY CHAIN  
EUNICE RUTO



MANAGER HUMAN RESOURCE &  
ADMIN  
MAUREEN NJURU



MANAGER HOTEL PLANNING &  
MARKETING  
HELLEN CHILLA



MANAGER INTERNAL AUDIT  
ROBERT ROTICH



**Golf Hotel Limited**  
**Reports and Financial Statements**  
**For the year ended 30 June, 2023**

**THE BOARD OF DIRECTORS**

**MS. FAITH NENE** is the Director Corporate Services at KDC. She has significant knowledge and expertise in the fields of HR, Strategy and Policy formulation gained over a period of two decades, with over sixteen years being at Senior Management level. She has extensive Board Room experience having served on the Boards of Kenya Wines Agencies Ltd Mount Kenya Bottlers, Uchumi Supermarkets, Funguo Registrars, Njimia Kenya Limited (a pharmaceutical company) currently serving on the Board of Isuzu East Africa, Agro Processing & Food Company and Mountain Lodge limited. Ms. Faith holds a Master of Science Degree in Human Resource Management from the University of Manchester, UK and a Bachelor of Arts degree from the University of Nairobi. She is a certified Executive Coach from the Academy of Executive Coaching, UK. She is a member of the Institute of Human Resource Management (IHRM) and the Kenya Institute of Management.

**MS. PATRICIA N. GACHUNGI** is the Manager, Supply Chain Management at Kenya Development Corporation. She has solid experience in Supply Chain Management, with rich knowledge and understanding in Public Procurement and Logistics. Prior to joining KDC, she was the Head of Procurement at Tourism Finance Corporation. She has also worked at the Public Procurement Regulatory Authority in the Compliance Department. Ms. Patricia holds a Master of Science Degree in Procurement and Logistics from the Jomo Kenyatta University of Science and Technology and a Bachelor of Commerce Degree, Business Administration Option from Strathmore University. She also holds Graduate Diploma from The Chartered Institute of Procurement and Supply, United Kingdom. She is a Fellow of the Chartered Institute of Procurement and Supply (FCIPS-UK) and a Licensed Member of the Kenya Institute of Supplies Management.

**MRS. ANNE GITAU** is the Deputy Director Debt Management. She has over 30 years' experience in finance and accounting gained while working at IDB Capital Ltd where she rose through the ranks to the position of Manager Finance and Accounts. She is a holder of a Bachelor of Commerce Degree (Accounting Option) from the University of Nairobi and is a Certified Public Accountant and Secretary, (CPA-K, CPS- K) and is a member of ICPAK

**MS. GUMATO ABUDO** is the Chief Executive Officer of Golf hotel limited. She holds a Degree in Management and Leadership from Management University of Africa, A degree in Hotel and Hospitality Management from Moi University and a Diploma in Hotel & Catering from Mt Kenya University. She has undertaken her Senior Leadership Development Programme (SLDP) from the Kenya school of Government. She also has certified trainings in CBA Negotiation and Job Evaluation from the Kenya School of Government. Ms. Gumato is currently pursuing her Master's in Management & Leadership. She holds a wide range of experience in Hospitality Management, having worked in the field of for over 15 years.

**Mr. John Karia** is the Company Secretary to the board of Golf Hotel Limited. He is a seasoned legal and governance professional with wide and varied experience gained in the financial services industry and has previously worked for Kenindia Assurance Co. Ltd, Laptrust/CPF Group and Tourism Finance Corporation where he was the Head of Legal Services and Corporation Secretary. Mr. Karia is an Advocate of the High Court of Kenya and a Certified Secretary. He is an active Member of the Law Society of Kenya, the Institute of Certified Public Secretaries of Kenya and an Associate Member of the Chartered Institute of Arbitrators (Kenya Branch). He holds a Master's degree in Law (LLM) from the University of Exeter (UK), a Postgraduate Diploma in Law from the Kenya School of Law and a Bachelor of Laws degree (LLB) from University of Nairobi.

**Ms. June Mwajuma** is the Chief Office Finance and budget at the County Government of Kakamega

**Mr. Saxon Kweyu** is the Chief Officer industrialization and Tourism at the County Government of Kakamega. He has a wide experience of over 20 years in public service. He Holds a Bachelor of Education degree in economics and geography from the University of Nairobi and a diploma in Human Resource Management from Kenya Institute of Management.



**Golf Hotel Limited**  
**Reports and Financial Statements**  
**For the year ended 30 June 2023**

**THE MANAGEMENT TEAM**

**MS. GUMATO ABUDO** is the Chief Executive Officer of Golf hotel limited. She holds a Degree in Management and Leadership from Management University of Africa, A degree in Hotel and Hospitality Management from Moi University and a Diploma in Hotel & Catering from Mt Kenya University. She has undertaken her Senior Leadership Development Programme (SLDP) from the Kenya school of Government. She also has certified trainings in CBA Negotiation and Job Evaluation from the Kenya School of Government. Ms. Gumato is currently pursuing her Master's in Management & Leadership. She holds a wide range of experience in Hospitality Management, having worked in the field of for over 15 years. She was born in 1985.

**MS. HELLEN CHILLA** is the Manager Hotel Planning and Marketing for Golf Hotel Limited. She has a Master's in Business Administration, Strategic Management option from Jomo Kenyatta University, A Degree in Economics & Sociology from the University of Nairobi and a Diploma in Front Office Operations from Kenya Utalii College. She has undertaken a course in Senior Management (SMC) from the Kenya School of Government and is a member of Tourism Professional Association (TPA). Hellen has over 20 years' wealth of working experience in operations management, planning and marketing in the hospitality industry and was born on 28 June 1977.

**CPA MUGADIA LEENA** is the Manager Finance and ICT for Golf Hotel Limited. She is a holder of Master's in Business Administration Finance Option from Jomo Kenyatta University, Degree in Business Management - Accounting from Masinde Muliro University, a Certified Public Accountant (CPA-K), and Distinction Certificate in Senior Management Course from the Kenya School of Government. She is member of the Institute of Certified Public Accountants (ICPAK No. 14454) and has also acquired certified trainings in CBA Negotiation and Job Evaluation from the Kenya School of Government. She holds a wide range of experience in Finance Accounting and ICT, having worked in the field for over 12 years. Ms. Mugadia was born on 16 November 1987.

**MS. MAUREEN NJURU** serves Golf Hotel Limited as a Manager, Human Resource and Administration. She holds an MBA in Human Resource Management from the University of Nairobi, a Bachelor of Science in Human Resources Management from the Maasai Mara University and is a Certified Human Resource Professional (CHRP-K) from College of Human Resource Management. Ms. Njuru has over 8 years' experience and a wealth of knowledge in Human Resources Management in both Private and Public Service having worked for Enashpai Resort & Spa. She is a Full Member of the Institute of Human Resource Management and has attended several trainings and seminars in pursuit for knowledge and skills in Human Resource Management. She was Born in 1990.

**CPA Robert Kiplangat Rotich** serves Golf Hotel Limited as a Manager, Internal Audit. He holds Bachelor of Commerce Accounting option from Egerton University. He is also CPA (K) and a member of ICPAK (member no 15137) and has also completed a course in Senior Management (SMC) from the Kenya School of Government. Mr. Rotich is currently pursuing Masters in Business Administration from Kenyatta University. Robert has valuable experience of over 11 years in Internal Audit Management, Finance and Accounting, Risk Management, Governance and Compliance, Project Management and Strategic planning both in Private and Public Organization and was born on 11<sup>th</sup> June 1985.

**EUNICE RUTO** is the Manager Supply Chain Management. She holds a Master's degree in Business Management (Strategic Management) and Bachelors of Business Management (Purchasing and Supplies Management). She is also a member of Kenya Institute of Supplies Management (Member No 77892). Eunice has wide experience in Supply Chain Management having worked in the field for 7 years.



**Golf Hotel Limited**  
**Reports and Financial Statements**  
**For the year ended 30 June, 2023**  
**CHAIRMAN'S STATEMENT**

The Golf Hotel Limited Strategic Plan 2022/23 - 2026/27 sets out the vision of the Hotel in the just completed planning and Financial period 2022-2023 which is to be A world class hotel recognized for exceptional hospitality experience. We are dedicated to providing high standards of accommodation, conferencing and other hospitality services to satisfy the demands and expectations of our stakeholders'.

Three pillars through which this will be achieved are Business Growth, Operational Efficiency and Organization Capabilities Development.

The hotel begun the Implementation of the strategic plan 2022-2026 targets in the financial year 2022-2023. The Plan requires a resource of Kshs. 972.35 Million. The resource requirements are within the Hotel Revenue, with the exception of the first and second years with a deficit of Kshs. 54.73 Million and Kshs. 29.08 Million respectively

To cover the strategic plan deficit in year one ending 30 June 2023, the hotel applied for a stimulus loan from the Kenya Development Corporation. In December 2022 The hotel received an offer letter to the application it had made for a loan of Kshs. 49,192,172 on a 10 years' repayment at an interest rate of 5% under the Economic stimulus program to be used for the refurbishment of the existing rooms. During the year under review, Refurbishment of the 62 guest rooms commenced with the approval from the Kenya Development Corporation.

The hotel was also able to record remarkable transformation in its performance and customer service from improvements during the year geared towards guest satisfaction. This resulted in customer loyalty and growth in revenue as registered in the year 2022/2023 standing the highest achieved revenue in the last five years.

With the promising growth, driven by the prevailing Proper Management, motivated staff, stable macroeconomic environment, the ongoing implementation of the strategic plan 2022-2026, we are confident of the hotel being able to maintain the performance trajectory in subsequent year.

On behalf of the Board, I would like to thank the Company's Management and Staff for their diligence and dedication during the year ended 30<sup>th</sup> June 2023.



**FAITH NENE**  
**BOARD CHAIRPERSON**



**Golf Hotel Limited**  
**Reports and Financial Statements**  
**For the year ended 30 June, 2023**  
**REPORT OF THE ACCOUNTING OFFICER**

Am pleased to present to you the Hotel's Annual Report and Financial statements for the year ended 30<sup>th</sup> June 2023 on behalf of the Management of Golf Hotel Limited.

During the year under review, we continued to integrate the implementation of the Strategic Plan to the Performance Management System to enhance realization of set targets. The objectives of the Strategic Plan were cascaded to individual level targets in the Staff Performance Appraisal System.

Through this the Hotel was able to achieve its strategic objectives as set out in the annual work plan which were within the Hotels resource ability except for the following strategic objectives that remained pending by the close of year one;

Fencing of the hotel, integration of all hotel operation services into ERP, Automation of the internal audit services, Implementation of Staff Mortgage schemes and the Implementation of Staff car loan schemes.

The Hotel is however confident of the execution of these activities in the subsequent periods within the strategic plan with the availability of resources.

The Hotel was also able to complete from internal Financing the construction of a new Mandhari Hall which is accessible to meet the increasing needs of the physically challenged group of clients. Other Major Projects executed by the Hotel was the setup of a new Cold room and Chiller, Refurbishment of the existing Conference halls and the Establishment of the Executive Conference Launch.

Marketing strategies has taken a central locum in the year ended 30 June 2023. Through this During the year ended 30 June 2023, the Hotel recorded a 31% improvement in revenue performance from the performance of 2021/2022 with an achievement of a turnover of 201.1million compared to Kshs.153.3 million registered in the same period last year.

The hotel has continued to invested in training its staff to ensure continuous learning and staff capacity building. In the year under review three management staff were trained in Senior Management Course, Senior Leadership Development Program, at Kenya School of Government supervisory staff were trained on Management Development Programmes at both the Kenya Utalii College and Kenya School of Government. Other staff were taken for refresher courses offered by the Kenya Utalii College to sharpen their service delivery skills. The Hotel also offered attachment opportunities for continuing students and plans on proving training opportunities to students who have completed their studies on internship programs as provided by the Public Service Commission.

I wish to convey my appreciation to the board of directors for their continued support during the year ended 30 June 2023. I wish to also express my gratitude to the shareholders and staff for their dedication and support to the company which saw the improved service delivery during this year.

  
**GUMATO ABUDO**  
**CHIEF EXECUTIVE OFFICER**



**Golf Hotel Limited**

**Reports and Financial Statements**

**For the year ended 30 June 2023**

**STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2022-2023**

During the year under review, Golf Hotel Ltd developed a Strategic Plan that has identified three (3) focus areas that include: **Business Growth** with the objective of increasing hotel revenues; **Operational Efficiency** aimed at increasing the Hotel profits; and **Organization Capabilities Development** aimed at enhancing hotel performance.

The strategic plan has also identified strategies that have been translated to specific activities against each strategic objective. The Strategic Plan also presents the implementation and coordination framework that will ensure effective and efficient implementation of the set targets for the five-year period of the strategic plan FY2022 - FY2026. The framework gives the staff establishment, staff development strategies, strategies for ensuring efficiency within the Hotel, its organizational structure, expected financial in-flow and out-flow as well as resource gaps, resource mobilization strategies, and possible risks and their mitigation measures.

For effective tracking and reporting of the progress and achieved results, the Plan has developed a Monitoring & Evaluation Framework to guide the monitoring, evaluation, reviews of the strategic plan. A result Matrix has been developed to enable reporting at the outcomes level.

Golf Hotel Kakamega develops its annual work plans based on the above 3 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis.

The process of establishing the objectives was consultative as all staff were involved through initial propositions and sensitization in compilation of the strategic plan.

The performance contract of the CEO for this financial year was based on the work plan for the financial year.

This PC is cascaded to the PCs for senior management staff and appraisal forms used for biannual staff evaluation.

The Hotel achieved its performance targets set for the FY 2022/2023 period for its 3 strategic pillars, as indicated in the diagram below:



**Golf Hotel Limited**  
**Reports and Financial Statements**  
**For the year ended 30 June, 2023**

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Pillar/ theme/ issue 1: Business Growth	To increase hotel revenue	Infrastructure development	Complete the construction of presidential suite building	Construction was completed as a conference hall (Mandarin Hall) which is now a revenue center
			Rehabilitation and equipping of conference rooms	Various halls fitted with gypsum, carpeting, suspended LCD
			Refurbish Hotel van	Interior works for Hotel van done i.e. Seats upholstery and carpet
		Establish and operationalize appropriate marketing structure	Establish and re-source marketing department	Marketing department established
			Participate in exhibitions and events	Hotel participated in 3 exhibitions
			Identify and engage brand ambassadors/ influencers	Hotel engaged 1 brand ambassador
			Design, print and disseminate IEC materials	Brochures, Charge sheets, Fliers etc were printed
			Use of mainstream media (radio and TV) to advertise hotel services	Hotel engaged Lubao FM for advertisement of Hotel services.
			Leverage e-marketing platforms	Hotel contracted Travel book
			Participate in market surveys and prepare a marketing plan	Participated in market surveys and prepared a marketing plan
		Business diversification	Operate sport bar	Operationalized a sport bar
			Operate Executive lounge	Operationalized an Executive lounge
			Review the Standard Operating Procedures	Reviewed the Standard Operating Procedures
		Improve customer satisfaction	Undertake customer satisfaction surveys	Undertook customer satisfaction surveys
			Develop and implement a customer service charter	Developed and implemented a customer service charter
Develop and implement Service Level Agreements	Developed and implemented Service Level Agreements			
Pillar/ theme/ issue 2: Operational Efficiency	To increase profitability	Production management	Undertake a market survey	Undertook a procurement market survey

**Golf Hotel Limited**  
**Reports and Financial Statements**

			Prepare and implement a framework of agreement with primary producers of essential services and goods	Prepared and implemented framework of agreement with primary producers
		Energy efficiency	Implement energy saving initiatives	LED Lighting system timers for heaters and water pumps
		Outsourcing of services	Identify services/goods that need to be outsourced, Prepare steps to outsource, seek approval	Outsourced Security services, Printer
		Pricing Policy	Prepare/review and implement a pricing policy	Prepared a pricing policy
Pillar/ theme/ issue 3: Organization capacity Development	To enhance performance of the hotel	Resource mobilization	Apply for loans	Applied for a Loan from KDC
			Fixed deposits with Commercial Banks	Executed for Dollar Account
		Develop and implement people processes	Train staff on various courses <sup>1</sup>	Refresher courses, Job Evaluation, SLDP and SMC by KSG
			Provide attachment opportunities	Provided Attachments
			Undertake team building activities	Carried out one team Building
			Participate in Sports activities	Participated on various sports
			Conduct Employee satisfaction survey and implement feasible recommendations	Conducted Employee satisfaction survey
			Develop and implement Annual Work Plans	Developed and implement Annual Work Plans
			Conduct Staff Performance Appraisals	2 staff appraisals were done
			Implement a recognition programme	Implemented a recognition programme
		Develop and implement policies, and procedure	Develop and implement staff rewards and sanctions policy	Developed and implement staff rewards and sanctions policy
		Improve Governance and Internal controls	Prepare reports to KDC and the Board	Monthly, Quarterly and annual reports
			Prepare annual reports on the implementation of the strategic plan	Prepared reports on the implementation of the strategic plan
			Prepare and Implement a risk register	Prepared a implement a risk register
			Remediation and closure of audit and compliance findings	Most Matters closed in audit reports



## **Golf Hotel Limited**

### **Reports and Financial Statements**

**For the year ended 30 June, 2023**

#### **CORPORATE GOVERNANCE STATEMENT**

To embrace good governance and ensure integrity in our operations, the Hotel requires that all its staff conform to the Code of Conduct and Ethics for the Hotel. We strive to continuously improve the effectiveness of our service delivery and undertake periodic performance reviews of our operations to assess our performance and take corrective actions on time to minimize deviations of our performance from targets. We acknowledge the importance of Diversity, Gender, equity, and inclusivity to support good governance. Looking ahead, we will strive to maintain our high standards of corporate governance as it is central to provision of quality services. We are committed to leading practices that continuously seek to promote effective corporate governance.

To this end, and in order to enhance and streamline our operations, the Chief Executive Officer established the following Committees as a strategy to provide oversight, enhance efficiency and effectiveness in service delivery as well as improve on staff welfare; Strategic Committee, Human Resources Management Advisory Committee, Job Description and Analysis Committee, Performance Management Committee, Risk Compliance Committee, ICT Committee, OSHA Committee, Corporate Social Responsibility Committee, Project Implementation Committee and the Pricing Committee.

#### **BOARD CHARTER**

The Board Charter guides the Board in the exercise of its responsibilities. It enables the Board Members understand their individual and collective roles to ensure they help the Hotel fulfil its mandate. It provides an overview of:

- The roles, functions, responsibility and powers of the Board and individual directors.
- The functions and powers of the Board Committees and the Full Board
- The policies and practices of the Board

The principles and policies contained in the Charter are in addition to and are not limited to change or interpret any statute, law or regulation.

The Board's mandate is to define the Hotel's strategies, objectives and values and ensures that its procedures and practices ensures effective control over strategic, financial, operational and compliance issues.

The Board is committed to ensuring that good Corporate Governance are obeyed throughout the Hotel. Except for direction and guidance on general policy, the Board delegates authority of its day-to-day activities to the Management through the Chief Executive Officer. The Board nonetheless is responsible for the overall stewardship of the Hotel and assumes responsibility for effective direction and control.

#### **BOARD COMPOSITION**

The Corporation's Board is made up of four (5) members comprising of three directors representing Kenya Development Corporation and two Directors representing Kakamega County The composition of the Board is as outlined in the Companies Act and the Company's Articles of Association.

The Directors who held office during the year under review to the date of this report are listed under the Board of Directors section in this report.

The Corporation Secretary who as the custodian of corporate governance within the institution, works closely with the Board and the Management. In this regard, the Corporation Secretary facilitates all Directors to have full and timely access to all relevant information, ensures that the correct board procedures are followed, convenes meetings and advises the Board on all Corporate Governance matters and prevailing statutory requirements.



**Golf Hotel Limited**  
**Reports and Financial Statements**  
**For the year ended 30 June, 2023**  
**BOARD MEETINGS**

The Board schedule of meetings is prepared annually in advance. The Board holds its regular meetings at least once every three (3) months and special meetings may be called when necessary.

**COMMITTEES OF THE BOARD**

The Board has one committee which meet on a quarterly basis or more frequently as deemed necessary as presented below;

- Audit Committee

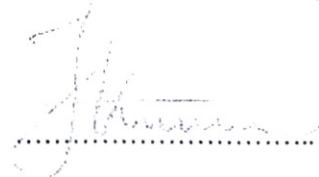
**BOARD ACCOUNTABILITY**

**Conflict of Interest**

The Board Members are required to make disclosures of any transaction in which they have interest and which would constitute a conflict of interest and abstain from voting when such matters are being considered.

**Board of Management Emoluments**

The Board of Management are entitled to a sitting and other allowances (where applicable) for every meeting attended, within the set Government guidelines. The aggregate number of emoluments paid to the Board Members during the financial year for services rendered are disclosed in the accounts.



**JOHN KARIA**  
**COMPANY SECRETARY**



**Golf Hotel Limited**  
**Reports and Financial Statements**  
**For the year ended 30 June, 2023**

**MANAGEMENT DISCUSSION AND ANALYSIS**

**REVENUE REPORT**

Revenue for the hotel has grown through the Years 2018/2019 to 2022/2023 with the lowest income standing at Kshs. 98,480,408 in 2019/2020 from the effects of Covid- 19 to the highest income recorded in 2022/2023 with Kshs. 201,141,042.46 as presented below. The Hotel subjects its gross income to 25% taxes when computing its net earnings (16% VAT, 2% Catering Levy and 7% Service charge);

UNIT - GHL		STATEMENT OF COMPREHENSIVE INCOME				
Income		Jul '18 - Jun 19	Jul '19 - Jun 20	Jul '20 - Jun 21	Jul '21 - Jun 22	Jul '22 - Jun 23
		AUDITED	AUDITED	AUDITED	AUDITED	DRAFT
Sales						
	Accommodation	42,332,788.75	29,049,517.52	23,214,607.21	39,984,675.36	43,531,771.20
	Company Service Charge	949,333.92	683,543.61	700,930.13	1,063,729.91	1,387,197.17
	Drinks	15,350,236.80	10,186,757.00	10,372,808.86	15,042,688.41	22,253,335.18
	Food Casual	51,790,679.20	35,138,666.78	51,000,424.67	72,951,260.79	101,340,718.24
	Food Resident	16,746,680.00	13,234,904.07	7,313,647.48	12,785,584.00	16,921,120.00
	Gain/Loss in Forex	23,901.32	147,778.96	62,441.88	379,078.87	1,568,768.99
	Gain/(Loss) on Disposal	0.00	-	-	17,504.93	-
	Laundry	397,240.00	358,625.59	469,075.94	610,120.00	955,640.80
	Other Income	7,184,625.82	8,498,568.12	6,649,519.00	8,963,730.24	11,635,370.88
	Shop	99,782.40	103,388.02	117,230.44	81,236.80	209,120.00
	Swimming Pool	1,716,100.00	1,078,657.72	995,482.92	1,406,120.00	1,281,880.00
	Tobacco	0.00	-	-	5,032.00	56,120.00
	Sales - Other	0.00	-	-	-	-
Total Sales		136,591,368.21	98,480,407.39	100,896,248.53	153,290,761.31	201,141,042.46
Total Income		136,591,368.21	98,480,407.39	100,896,248.53	153,290,761.31	201,141,042.46

The year 2022-2023 has recorded the highest sales in all Revenue centers except from Swimming pool which the hotel is experiencing decline in performance from the location of the pool being in a public environment and the size of the pool being small in the wake of modern pool facilities within the region.

Conferencing revenue has drastically increased in the year 2022-2023 as compared to other years by over 30% as compared to the prior year and over 100% as compared to the pre-Covid-19 period of 2018-2019.



**Golf Hotel Limited**  
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**COST OF SALES**

Cost of Sales of the hotel was lowest in the year 2020/2021 with Kshs. 18,881,721.37 and highest in 2022/2023 with Kshs. 47,981,037.32 as presented below

		Jul '18 - Jun 19	Jul '19 - Jun 20	Jul '20 - Jun 21	Jul '21 - Jun 22	Jul '22 - Jun 23
Cost of Goods Sold						
Cost of Sales						
	Accommodation	1,023,879.48	394,692.29	591,296.87	1,522,521.52	2,069,992.49
	Conferencing	1,246,264.61	1,042,739.07	1,872,651.94	3,098,931.34	3,909,963.71
	Drinks	5,872,512.04	4,274,569.71	3,366,740.83	5,479,939.34	10,395,580.64
	Food	20,444,413.85	14,175,814.96	13,051,022.73	23,638,662.73	32,258,113.06
	Tobacco	49,716.84	14,047.49		13,189.96	82,656.02
	Non Consumables					- 735,268.60
Total Cost of Sales		28,636,786.82	19,901,863.54	18,881,712.37	33,753,244.89	47,981,037.32
<b>GROSS PROFIT</b>		<b>107,954,581.39</b>	<b>78,578,543.85</b>	<b>82,014,536.16</b>	<b>119,537,516.42</b>	<b>153,160,005.14</b>

**COMPARISON OF OPERATING EXPENDITURE AND GROSS PROFIT**

Total operating expenditure was highest in the year 2022/2023 with Kshs. 146,713,453.76 and lowest in the year 2020/2021 with Kshs. 76,661,545.47.

		Jul '18 - Jun 19	Jul '19 - Jun 20	Jul '20 - Jun 21	Jul '21 - Jun 22	Jul '22 - Jun 23
Expense						
	Administration Expenses	2,743,727.02	2,418,292.96	1,716,971.33	7,556,666.89	2,623,546.75
	Advertising and Promotion	3,000,851.57	2,967,809.82	2,422,539.15	5,127,751.07	7,467,007.25
	Deferred tax (P&L)	520,409.00	352,744.00	- 2,124,941.00	- 3,263,929.00	244,696.00
	Depreciation Expense	12,170,666.01	14,766,478.05	13,841,134.53	18,213,617.55	18,437,830.90
	General Charges	56,347.89	23,581.90	14,385.96	24,440.34	40,205.17
	Interest & Other Charges	4,102,295.99	3,411,482.68	2,685,445.36	3,314,003.43	2,334,990.95
	Office Expenses	1,250,784.25	1,140,662.51	863,546.00	1,387,294.13	2,622,552.99
	Operating Expenses	12,795,442.07	10,604,738.84	10,146,735.67	14,952,484.21	17,813,820.62
	Property Upkeep	2,118,973.39	1,989,033.94	1,765,925.88	2,465,269.77	1,639,038.03
	Repairs and Renewals	2,895,556.82	1,595,715.43	1,937,439.65	4,496,777.98	1,846,641.94
	Salaries and Wages	29,948,856.53	29,911,911.71	25,281,423.73	32,788,053.88	60,865,535.95
	Staff Expenses	19,666,882.52	15,860,025.57	13,909,613.47	17,405,082.37	22,764,796.77
	Staff Travel	2,832,855.27	2,853,420.43	4,201,275.74	5,393,063.15	8,012,790.57
Total Expense		94,103,648.33	87,895,947.84	76,661,545.47	109,860,575.77	146,713,453.76



**Golf Hotel Limited**

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Net Profit before tax for the Hotel has been improving since the Dip during the covid-19 period that saw the Hotel achieve its lowest Pretax position of -9,317,404 in 2019/2020. The Net profit before taxes for the year 2022/2023 stands at Kshs 7,172,083.

**CURRENT RATIO**

The hotels liquidity ratio as at 30 June 2023 was 3.46:1 which indicates that the hotel is in a position to meet its current obligations as and when they fall due.

**CAPITAL RESERVES**

The Hotels Reserves closed at Kshs. 642,199,603. This composes of shareholders Equity, Revaluation Reserves, Share Capital and Profit for the year.

**LONG TERM DEBT TO EQUITY RATIO**

The Hotels Debt to equity ratio as at 30 June 2023 closed at 0.01:1 this means the hotel is not highly geared or financed by debt.

## **Golf Hotel Limited**

### **Reports and Financial Statements**

**For the year ended 30 June, 2023**

#### **ENVIRONMENTAL AND SUSTAINABILITY REPORTING**

Golf Hotel exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the customer first, delivering relevant goods and services, and improving operational excellence. Golf Hotel has remained sensitive towards improving and preserving the environment in which it operates. Responsible management of natural resources in our operations has been a part of our business since the construction of our hotel.

#### **COMPLIANCE**

The management ensures that all licenses and statutory deductions are applied and filed on time to avoid non-compliance issues. The remittances are as follows:

- HELB-Up to date
- NHIF-Up to date
- NSSF-Up to date
- PAYE-Up to date

The Hotel is also up to date with the following licenses; Health, Tourism Levy, Single Business Permit, TRA, Music Copyright, Food Drugs and chemical Abuse, Fire Compliance and OSHA

#### **STRATEGIC PLAN IMPLEMENTATION OF 2022 2023.**

Within the scope of our 3 KRAs i.e. Business Growth, Operational efficiency and Organizational Capability development, the following is a Summary of key activities completed/implemented in the 1<sup>st</sup> year of the strategic plan:

- Establishing and re-sourcing marketing department
- Leveraging on e-marketing platforms (Travel book)
- Operational Sport Bar
- Operational executive lounge
- Review of the Standard Operating Procedures and training
- Developing and implementing a customer service charter
- Pricing policy prepared/reviewed and implemented
- Application for loans (KDC)
- Fixed deposits with Commercial Banks
- Training staff on various courses
- Conducting Employee satisfaction survey
- Developing and implementing Annual Work Plans
- Conducting Staff Performance Appraisals
- Implementing a recognition program
- Preparation and implementation of a risk register
- Refurbishment of conference halls



**Golf Hotel Limited**  
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**POLICY DEVELOPMENT AND REPORTING**

In the financial year the management also developed various policies for board approval to be in line with the governance structure of the hotel. The approved policies included:

- a) Discount policy
- b) Commission Policy
- c) Pricing policy
- d) Risk Management policy
- e) CSR Policy
- f) Staff Induction policy

With the implementation of the approved policies there was a notable change in the organizational culture.

Policies that are under Development in the second year of the strategic plan are as follows

1. Data Protection Policy
2. Business continuity Policy
3. ICT Policy
4. Stakeholders policy
5. Communication Policy
6. Whistle Blowing Policy
7. Conflict of Interest policy
8. Eco- Policy
9. Brand Manual

**Professional Development and Organizational training**

One of the core values for the organization include continuous learning to enhance the continuity and embracing any new trends in the industry. The hotel undertook various trainings both in house and externally to support the capabilities of employees. The trainings also ensured covering of any gaps that existed from the new implemented HR instruments. The hotel also supported the professional development of members of professional bodies.

**Employee Participation and involvement**

The employees highly participated and were involved in most of the management decisions that saw a very high change in the organizational culture and performance. The employees were highly motivated from the surveys conducted to show employee engagement and motivation.

**Work life Balance**

The hotel management continuously tries to enhance a work life balance for the team by creating a safe and conducive work environment. To achieve this in the FY 2022/23 the management ensured all staff took off and their annual leave as per the scheduled leave roster. The hotel also introduced sporting activities such as football, exercises and team building activities that enhanced on work life balance.



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**PERFORMANCE MANAGEMENT**

In the beginning of the financial year 2022/23, all employees set targets to be measured at the end of the period. The management undertook a mid-year review of the level of achievement of targets, where employees were given areas on which to focus on. At the end of the year, the employees had a joint review of the performance targets with the supervisors who then forwarded the results to the Performance Management Committee. The committee is made up of all the departmental managers and its main work is to undertake the review of the achievement performance targets set at the beginning of the financial year. The employees performed as follows:

S/No	Ranges of Performance	DEPARTMENTS						No. of Employees
		F&B	HP&M	F&I	H&A	SCM	IA	
1	Above 100%	-	-	-	-	-	-	
2	99%-85%	4	8	2	3	2	2	18
3	84%-70%	30	25	4	3	2	-	67
4	69%-50%	-	-	-	-	-	-	
5	Below 49%	-	-	-	-	-	-	

The total number of employees evaluated was 85.

The employees with the performance of 99%-85% and above to be issued with commendation letters as a reward for performance as per the provisions of the performance management policy.

The next financial year 2023/24 targets will be set following the approval of the performance contract.

**Employee welfare & Health, Security and safety**

The hotel has approved HR instruments and is guided by the HR manual in hiring process and compliance with ethnic and gender ratio. The Hotel engages its stakeholder quarterly to improve its services to the stakeholders. It has in place policies guiding conducive work environment for staff, Commensurate remuneration, Training and development opportunities, Staff Recognition rewards and sanctions and Career growth opportunities. The Hotel has instituted safety and compliance with Occupational Safety and Health Act of 2007 (OSHA) in its HR manual.



**Golf Hotel Limited****Reports and Financial Statements****For the year ended 30 June, 2023**

The staff welfare has been managed through the following activities

1. Staff participate in sporting activities such as football.
2. Ensuring provision of clean changing rooms, canteen and staff facilities.
3. Provision of a good diet for the staff meals and clean water for consumption.
4. Provision of proper uniform, PPEs and shoes to ensure the staff are safe.

Conducting health and safety trainings.

**ECO-POLICY FOCUS**

As the Hotel grows over the years it has worked toward development of appropriate policies to continue to guide it's an eco-policy focusing on concrete actions and projects related to climate change, water and energy conservation, air pollution, as well as facilitating the transfer of knowledge on environmental responsibility to our guests, communities and various stakeholders.

The Hotel has invested in Solar and other forms of renewable energy over the years, this has helped contribute to the global efforts in relation to climate change. We have continued with our energy and water conservation efforts across all our user departments. The hotel also has a borehole that supplies water to the entire hotel and also has rain water reserves to maximize on rain water harvest given the good rains experienced in the region.

Below is an outline of the organization's policies and activities that promote sustainability.

**i) Sustainability strategy and profile**

The top management especially the accounting officer makes reference to sustainable efforts, broad trends in political and macroeconomic affecting sustainability priorities, reference to international best practices and key achievements and failure through the effective use of the resources and the environment to meet the present needs of the customers, while at the same time not depriving future generations the ability to meet their needs. The hotel uses the Strategic plan as a tool for monitoring the current hotel activities in line with future needs and challenges. It explains how issues of sustainability are practically tackled, which has formed part of the competitive organizational strategy in profit maximization. Sustainability at Golf Hotel works to minimize as much as possible the impact of our business operations on the immediate natural environment while meeting the current and potential stakeholders' needs. This also leads to a competitive advantage by minimizing the adverse effects of environmental challenges to the Hotel.

**ii) Environmental performance**

The Hotel is located in a serene environment, suitable for conferences. In the medium term, the Hotel continues to leverage on its locality to attract more clients.

The Hotel has also invested in the following activities towards Environmental sustainability

- A. Tree planting activities
- B. Use of Gas instead of Charcoal for Production
- C. Use of LED lighting to conserve electricity



**Golf Hotel Limited**  
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4. Use of Rain Water Harvest for gardening and cleaning purposes
5. Use of Borehole water
6. Move from Plastic bottles to Glass water bottles

To reduce the operational cost, the hotel has insisted on compliance to the use of locally available food resources in its supply chain and advocates for Organic Food products supplied to ensure Healthy Living for its clients and the environment protection from effects of use of chemical products on food items.

1. The Hotel also disposes its kitchen waste to the organized groups which uses them as input for generating organic manures that are used in thereafter used in the farms for planting instead of Chemical fertilizer in an effort to conserve the ecosystem from chemical pollutions.
2. Hotel has explored the installation of clean energy sources. It is also working towards elimination of plastic water bottles.
3. Tree planting and Beautification of the Hotel Environment creates attracting environment for the hotel hence building a more client confidence and satisfaction. It also ensures clean air free from pollution from urbanization growth in the region of The hotel leverages also on the existing natural attractions sites through partnerships with County Government to diversify its products.
4. The Hotel has also minimized its carbon emission by utilizing its solar panels in cases of power failure and water heating.
5. Reliable rainfall in the region ensures constant supply of rain water that reduces cost of operations. The Hotel will commit to harvest adequate rainwater.

**iii) Market place practices-**

The following are the hotels efforts to:

**a) Responsible competition practice.**

The Hotel has leveraged on economic benefits over its competitors as a result of introduction of green and organic product for its clients. It has also invested in;

1. Investment in Proper standard operating Procedures during food preparation process,
2. Having an elaborate food receiving procedures to ensure compliance to set food safety measures,
3. Ensuring clean and conducive food preparation environment and that staff handling food are certified food handlers with up to date certificates.
4. The Hotel has also invested in an organic garden for its production use leading to enhanced revenue, and customer satisfaction.

All this inputs are considered during its pricing process to ensure fair market pricing of its products met its customer demand and preferences.

**b) Responsible supply chain and supplier relations**

The Hotel has a credit policy that ensures all contracted suppliers are settled within 30 days. This has led to good business relationship with our suppliers and this



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ensures the supply chain process does not experience any disruption and keeps the company growth sustainable.

**c) Responsible marketing and advertisement**

Our commitment to meeting the highest standards for responsible marketing covers all forms of marketing and communications

to all audiences globally in any medium (television, radio, print, online, mobile, social media, streaming platforms, podcasts, email, text/SMS messaging, in-store, out-of-home, packaging, and any other form of media).

Regardless of the medium, Golf Hotel will ensure that our marketing messages are inclusive and respectful.

We will not produce marketing that is vulgar, insulting, or demeaning, or that undermines the role of parents and family or respect for community authorities.

Golf Hotel Kakamega is also committed to ensuring that it conducts ethical marketing and advertising of the hospitality services & products.

We are committed to ensuring that marketing processes provide an accurate customer perception on the range and quality of services we offer.

We are committed to provide up-to-date and accurate information to the general public and industry stakeholders on services, products & any other undertaking under the Golf Hotel brand.

GHL acknowledges that maintaining a competitive edge and a point of difference is the key element in attaining business growth and profitability.

GHL markets its products and services in an ethical manner ensuring integrity and accuracy, avoiding misleading or ambiguous statements

**d) Product stewardship**

This policy Outline effort to safeguard consumer rights and interests. The purpose of Product Stewardship policy is to ensure that our products can be safely used by our stakeholders, and that chemical risks and their impacts are incorporated in our production decision making as we work towards ensuring full compliance to organic food production practices. The proactive management of safe use of food products and the protection of the environment and human health are fundamental pre-requisites for conducting our business.

Golf Hotel strives to protect the environment, human health and safety in all of its business operations, as defined in Golf Hotel Code of Conduct. Product stewardship approach is also contributing to the efficient risk management at golf hotel, as defined in golf Hotel Risk Management Policy.



**Golf Hotel Limited**  
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**CORPORATE SOCIAL RESPONSIBILITY STATEMENT**

For Golf Hotel, Corporate Social Responsibility (CSR), Environmental Conservation and Sustainability means corporate culture, a culture which holds the Company's responsibility not only for making profit, but also for the conditions under which profits are made. Finding a balance between financial successes, social responsibility and protecting the environment is a fundamental approach that lies at the heart of Golf Hotel corporate culture and is reflected in our corporate values.

Sustainability is a key pillar of our strategy and has always played a fundamental role within our business. We continue to strive to combine a powerful business sense and a strong sense of social responsibility towards our stakeholders which has over decades of existence been created, managed and sustained through long-term relationships, marked by mutual respect and trust.

Reflecting on our success over the years, from a CSR, Environmental and Sustainability perspective, our material concerns have not changed significantly, but our guiding principles and approach has continued to evolve in an ethical manner through various partnerships so as to widen our footprint with an increased emphasis on quality, value addition and visible measures of impact and success within the ecosystem and communities in which we operate.

Golf Hotel is committed to implementing all its Corporate Social Responsibility programmes that promotes society's sustainable development. This commitment is deeply ingrained in the hotels' core values.

The Hotel is committed to address the needs of the vulnerable and marginalized members of the society including the orphans through participation in project construction and implementation and has partner with non for profit, registered trusts/ societies and other corporates including county Governments who are engaged in activities or programs within the purview of the hotel's CSR Policy and areas of focus.

The hotel is committed to integrate social and environmental considerations in all the projects, programs and activities during the planning and implementation phase through environmental and social impact assessment, environmental monitoring and tree planting ventures.

**COMMUNITY ENGAGEMENT AND EDUCATIONAL SUSTAINABILITY**

Our Sustainable approach towards sourcing and production helps us to create value for a wide group of stakeholders from farmers to community groups to customers. Golf Hotel continues to give priority to the local communities and farmers living around our areas of operation so as to ensure economic independence. The Hotels deco includes artefacts and handicrafts from various local community groups and the Company continues to hire local performers to entertain guests through dance, song, musical and theatrical displays. This enhances guest experience by exposing them to the diverse range of local cultures and ethnic groups whilst economically empowering the local people. Research indicates that being read to as a child is one of the strongest predictors of later academic success and reading for pleasure helps to develop children's language, literacy, critical thinking and communication, social and emotional skills. The hotel is largely engaged in supporting education especially for the physically challenged children in our communities. In addition, it dedicated to supporting our discipline forces within the region.

**CHARITABLE DONATIONS**

In line with the approves CSR policy the Hotel undertook CSR valued at Kshs. 4,310 in food supplies, towards assistance of Orphanage Homes. It was also able to Donate to the small Children at the Women Prison and The Rush Children's Home Its old Linen Cutlery and Pool Mattress under disposal approved list for the year.



**Golf Hotel Limited**  
**Reports and Financial Statements**  
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**REPORT OF THE DIRECTORS**

The Directors submit their report together with the audited financial statements for the year ended June 30, 2023 which show the state of the Hotel's affairs.

**Principal activities**

The principal activity of the Hotel are the provision of accommodation and conference facility services.

**Results**

The results of the Hotel for the year ended June 30, 2023 are set out on pages 1-42.

**Dividends**

Subject to the approval of the shareholders, the Directors recommend the payment of a first and final dividend for the year of 20% of the Net profit after tax, amounting to Kshs. 1,434,416.60, subject to withholding tax where applicable. No interim dividend was paid in the year ended 30 June 2023. If approved, the dividend will be paid on or before 31<sup>st</sup> December of the Subsequent Year to shareholder registered in the books of the Hotel. The register of members will be closed for one day only to facilitate the preparation of dividend warrants.


**Directors**

The members of the Board of Directors who served during the year are shown on page vi. The following board members existed the from service Mr. Christopher Huka, Mr. Kennedy Wanderi, Ms. Grace Magunga and Ms. Sabana Beatrice in December 2022.

**Auditors**

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

By Order of the Board



**JOHN KARIA**  
**SECRETARY TO THE BOARD**

DATE: 09/01/2024



**Golf Hotel Limited**  
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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, require the Board to prepare financial statements in respect of Golf Hotel Limited, which give a true and fair view of the state of affairs of the Hotel at the end of the financial year and the operating results of the Hotel for that year/period. The Companies Act 2015 requires the directors to ensure that the Hotel keeps proper accounting records which disclose with reasonable accuracy the financial position of the Hotel. The Directors are also responsible for safeguarding the assets of the Hotel.

The Directors are responsible for the preparation and presentation of the Hotel's financial statements, which give a true and fair view of the state of affairs of the Hotel for and as at the end of the financial year ended on June 30, 2023. This responsibility includes: (i) maintaining adequate financial management policies 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 hotel; (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 Hotel; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors responsibility for the Hotel'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 and the State Corporations Act.

The Directors are of the opinion that the Hotel's financial statements give a true and fair view of the state of Hotel's transactions during the financial year ended June 30, 2023, and of the Hotel's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Hotel, which have been relied upon in the preparation of the Hotel'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 Hotel will not remain a going concern for at least the next twelve months from the date of this statement.

**Approval of the financial statements**

Golf Hotel's financial statements were approved by the Board on 09/01/2024 and signed on its behalf by:

  
.....

**FAITH NENE**  
**CHAIRPERSON OF THE BOARD**

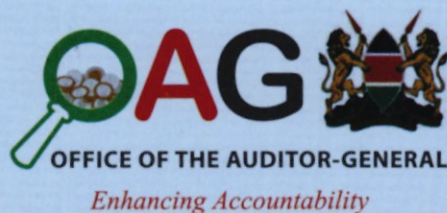
  
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**GUMA ABUDU**  
**ACCOUNTING OFFICER**



# REPUBLIC OF KENYA

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NAIROBI

## REPORT OF THE AUDITOR-GENERAL ON GOLF HOTEL LIMITED FOR THE YEAR ENDED 30 JUNE, 2023

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### PREAMBLE

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

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

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Golf Hotel Limited set out on pages 1 to 42, which comprise of the statement of financial position as at 30 June, 2023,

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*Report of the Auditor-General on Golf Hotel Limited for the year ended 30 June, 2023*



and the statement of 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 effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Golf Hotel Limited as at 30 June, 2023, 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 Companies Act, 2015 and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **Procurement of Insurance Services**

The statement of comprehensive income reflects an amount Kshs.124,066,480 in respect of administration costs which, as disclosed in Note 12(a) to the financial statements, includes Kshs.681,915 relating to insurance costs. Eight (8) bids were received and opened on 8 March, 2022. However, the professional opinion was approved by the accounting officer on 22 May, 2022 while the notification of the award was issued on 25 April, 2022. It was not explained how the letter of award was issued before the recommendation of the professional opinion. Further procurement of general insurance services was not included in the annual procurement plan for the financial year 2022-2023.

In the circumstances, the propriety of general insurance expenditure of Kshs.681,915 could not be confirmed.

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

#### **Key Audit Matters**

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

#### **Other Information**

The Directors are responsible for the other information, which comprises the Chairman's Statement, Report of the Accounting Officer, Statement of Performance Against



Predetermined Objectives for financial year 2022/2023, Report of the Directors, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting and Statement of Directors' Responsibilities. The other information does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance or conclusion thereon.

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **Non-compliance with the Law on Staff Ethnic Diversity**

Human resource records maintained by the Company, including the payroll, indicate that during the year under review, the Hotel had eighty-seven (87) employees on both permanent and contractual terms. However, out of the total, sixty-four (64) employees, or 74% were from the same community. This is contrary to Section 7(2) of the National Cohesion and Integration Act, 2008, which states that no public establishment shall have more than one third of its staff from the same community.

In the circumstances, Management was in breach of the law.

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, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.



## **Basis for Conclusion**

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 overall 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 Companies Act, 2015 I report based on my 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 Company financial statements are in agreement with the accounting records and returns.

## **Responsibilities of Management and the Board of Directors**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

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 going concern and using the going concern basis of accounting unless Management is aware of the intention to liquidate the Company or to cease its operations.

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

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

The Board of Directors is responsible for overseeing the Company's financial reporting process, reviewing the effectiveness of how the Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and



systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

### **Auditor-General's Responsibilities for the Audit**

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal 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. 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 as a going concern.
- 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 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 to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

  
**FCPA Nancy Gathungu, CBS**  
**AUDITOR-GENERAL**

**Nairobi**

**30 January, 2024**



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**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2023**

	Note	2022-2023 Kshs	2021-2022 Kshs
<b>REVENUES</b>			
Sales Income	10	201,141,042	153,290,761
<b>TOTAL REVENUES</b>		<u>201,141,042</u>	<u>153,290,761</u>
<b>COST OF SALES</b>			
	11	47,981,037	33,753,245
<b>GROSS PROFIT</b>		<u>153,160,005</u>	<u>119,537,516</u>
<b>OPERATING EXPENSES</b>			
Administration Costs	12(a)	124,066,480	87,790,897
Selling and Distribution Costs	13	4,164,642	3,757,778
Depreciation of property, plant and equipment	19(a)	18,437,831	18,213,618
<b>TOTAL OPERATING EXPENSES</b>		<u>146,668,953</u>	<u>109,762,293</u>
<b>OPERATING PROFIT</b>	14	6,491,052	9,775,224
Finance Costs	15	-	(98,283)
<b>PROFIT/LOSS BEFORE TAXATION</b>		6,491,052	9,676,940
<b>INCOME TAX EXPENSE (CREDIT)</b>	16(b)	(271,215)	(2,708,778)
<b>PROFIT/LOSS AFTER TAXATION</b>		<u>6,219,837</u>	<u>6,968,162</u>
Earnings per share – basic and diluted	17	24.88	27.87
Dividend per share	18	5	6



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**STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023**

	Note	2022-2023 Kshs	2021-2022 Kshs
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	19(a)	596,184,712	583,979,292
Intangible Asset	19(a)	2,239,776	3,302,967
Deferred Tax Asset	20(a)	3,562,416	3,807,111
<b>Total Non-Current Assets</b>		<b>601,986,904</b>	<b>591,089,369</b>
<b>Current Assets</b>			
Inventories	21	3,250,019	1,689,927
Trade and other receivables	22	61,271,164	50,062,871
Bank and cash balances	23	9,103,571	28,862,975
Taxation Claim	16(b)	384,319	-
<b>Total Current Assets</b>		<b>74,009,073</b>	<b>80,615,773</b>
<b>NET ASSETS</b>		<b>675,995,976</b>	<b>671,705,143</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and Reserves</b>			
Ordinary share capital	24	5,000,000	5,000,000
Revaluation reserve	25	471,040,687	479,990,507
Retained earnings	26	165,887,699	151,700,896
<b>Capital and Reserves</b>		<b>641,928,386</b>	<b>636,691,403</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	27	12,622,925	13,661,565
<b>Total Non-Current Liabilities</b>		<b>12,622,925</b>	<b>13,661,565</b>
<b>Current Liabilities</b>			
Trade and other payables	28	19,809,910	18,680,462
Leave Provisions	29	1,634,754	2,335,114
Taxation Liability	16(a)	-	336,597
<b>Total Current Liabilities</b>		<b>21,444,664</b>	<b>21,352,174</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>675,995,976</b>	<b>671,705,143</b>

The financial statements were approved by the Board on 09/01/2024 and signed on its behalf by:

  
 Chief Executive Officer

Name: Ms. Gumato Abudo

  
 Head of Finance

Name: Ms. Leena Mugadia  
 ICPAK M/NO: 14454

  
 Chairman of Board

Name: Ms. Faith Nene



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**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2023**

	Ordinary share capital (250000 Shares@20)	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Proposed dividends	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
<b>At July 1, 2021</b>	5,000,000	488,940,328	-	135,782,911	-	629,723,238
Transfer of excess depreciation Note 25		(8,949,820)		8,949,820		-
Total comprehensive income	-	-	-	9,676,941	-	9,676,941
Tax Claim on Period Loss Note 16(b)				(2,708,777)		(2,708,777)
<b>At June 30, 2022</b>	5,000,000	479,990,508	-	151,700,895	-	636,691,403
<b>At July 1, 2022</b>	5,000,000	479,990,508	-	151,700,895	-	636,691,403
Transfer of excess depreciation Note 25		-8,949,820		8,949,820		-
Total comprehensive income	-	-	-	6,491,052	-	6,491,052
Dividend Payable 2021/2022 Note 30				-1,393,632		-1,393,632
Corporate Tax Credit 2021/2022				410,781		410,781
Corporate Tax on Period Profit ( Note 16(b))				-271,215		-271,215
<b>At June 30, 2023</b>	5,000,000	471,040,687	-	165,887,699	-	641,928,386
<b>At June 30, 2022</b>	5,000,000	479,990,507	-	151,700,894	-	636,691,403



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STATEMENT OF CASH FLOWS AS AT 30 JUNE 2023

	Note	2022-2023 Kshs	2021-2022 Kshs
<b>OPERATING ACTIVITIES</b>			
Cash generated from / (used in) operations	32(a)	11,842,153	17,922,406
Taxation	16(b)		(1,731,676)
<b>Net cash generated from/ (used in) operating activities</b>		<b>11,842,153</b>	<b>16,190,730</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	19(a)	(29,580,065)	(13,184,997)
Disposal of property, plant and equipment	19(a)	-	1,107,026
<b>Net cash generated from/ (used in) investing activities</b>		<b>(29,580,065)</b>	<b>(12,077,971)</b>
<b>FINANCING ACTIVITIES</b>			
Repayment of borrowings	27	(1,038,640)	(1,649,616)
Corporate tax	16(c)	410,781	(977,103)
Dividend Payable	30	(1,393,632)	
<b>Net cash generated from / (used in) financing activities</b>		<b>(2,021,462)</b>	<b>(2,626,718)</b>
<b>INCREASE /DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(19,759,404)</b>	<b>1,486,041</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	23	<b>28,862,975</b>	<b>27,376,937</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	23	<b>9,103,571</b>	<b>28,862,975</b>



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**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2023**

	Original budget 2022-2023	Adjustments 2022-2023	Final budget 2022-2023	Actual on comparable basis 2022-2023	Performance difference 2022-2023	% of utilization 2022-2023	EXPLANATION OF VARIANCE
	Shs	Shs	Shs	Shs	Shs	%	
Revenue							
Sales	199,422,825	-	199,422,825	201,141,042	1,718,218	1%	
Other income						0%	
Total Revenues	199,422,825	-	199,422,825	201,141,042	1,718,218	1%	
Cost of sales	40,301,274	-	40,301,274	47,981,037	7,679,764	-19%	High Cost product from inflation
Gross profit	159,121,551	-	159,121,551	153,160,005	9,397,982	-4%	
Expenses							
Administration costs	89,333,612	-	89,333,612	124,066,480	34,732,868	-39%	Business growth and inflation
Selling and distribution costs	4,791,370	-	4,791,370	4,164,042	626,727	13%	Increased business levels
Depreciation of PPE	19,723,260	-	19,723,260	18,437,831	1,285,429	7%	
Total operating expenses	113,848,242	-	113,848,242	146,668,953	32,820,711	-29%	Increase in Level of activities
Operating profit/(loss)	45,273,309	-	45,273,309	6,491,052	42,218,692	-86%	Increase in Level of activities
Finance income							
Finance costs	3,500,000	-	3,500,000	-	3,500,000	100%	Loan Completion
Profit/(loss) before taxation	41,773,309	-	41,773,309	6,491,052	35,282,257	-92%	
Income tax expense(credit)	(12,531,993)	-	(12,531,993)	(681,031)	(11,850,962)	95%	Reduction in Profit Before tax



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**NOTES TO THE FINANCIAL STATEMENTS**

**1. GENERAL INFORMATION**

Golf Hotel Ltd is established by and derives its authority and accountability from PFM Act 2012. The hotel is wholly owned by the Government of Kenya both national and county and is domiciled in Kenya. The Hotel's principal activity is Accommodation and Conferencing services.

For Kenyan Companies Act reporting purposes, the balance sheet is represented by the statement of financial position and the profit and loss account by the statement of comprehensive income in these financial statements

**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 Hotel's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5.

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

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 present.

**3. Application of New and Revised International Financial Reporting Standards (IFRS)**

1. *New and amended standards and interpretations to have effective in the year ended 30 June 2023*

TITLE	DESCRIPTION	EFFECTIVE DATE
IFRS 17 Insurance Contracts (issued in May 2017)	The new standard establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The objective is to ensure that entities provide relevant information in a way that faithfully represents those	Effective for annual periods beginning on or after 1 <sup>st</sup> January 2023.



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TITLE	DESCRIPTION	EFFECTIVE DATE
	contracts. <i>The Hotel Does not issue insurance contracts. The adoption of IFRS 17 has not had the effects in the Financial statements presented.</i>	
IAS 8- Accounting Policies, Errors, and Estimates	The amendments, applicable to annual periods beginning on or after 1st January 2023, introduce a definition of 'accounting estimates' and include other amendments to IAS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. <i>The Hotel has adopted the new definition of accounting estimates that has helped the hotel properly distinguish between its accounting policies and changes in accounting estimates</i>	The amendments are effective for annual reporting periods beginning on or after January 1, 2023.
Amendments to IAS 1 titled Disclosure of Accounting Policies (issued in February 2021)	The amendments, applicable to annual periods beginning on or after 1st January 2023, require entities to disclose their <b>material</b> accounting policy information rather than their <b>significant</b> accounting policies. <i>The hotel has discloses material accounting policy information in its financial statements</i>	The amendments are effective for annual periods beginning on or after January 1, 2023.
Amendments to IAS 12 titled Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (issued in May 2021)	The amendments, applicable to annual periods beginning on or after 1st January 2023, narrowed the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. <i>Management evaluated the standard and determined it does not have material implication in its reporting</i>	The amendments are effective for annual periods beginning on or after January 1, 2023.
IFRS 17 Insurance Contracts (issued in May 2017)	The new standard establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The objective is to ensure that entities provide relevant information in a way that faithfully represents those contracts. <i>The Hotel Does not issue insurance contracts. The adoption of IFRS 17 has not had the effects in the Financial statements presented.</i>	Effective for annual periods beginning on or after 1 <sup>st</sup> January 2023.

The Directors have assessed the applicable standards and amendments. Based on their assessment of impact of application of the above, they do not expect that there will be a significant impact on the company's financial statements.



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NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

*New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.*

TITLE	DESCRIPTION	EFFECTIVE DATE
Amendments to IAS 1 titled Classification of Liabilities as Current or Non-current (issued in January 2020, amended in October 2022)	The amendments, applicable to annual periods beginning on or after 1st January 2024, clarify a criterion in IAS 1 for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.
Amendment to IFRS 16 titled Lease Liability in a Sale and Leaseback (issued in September 2022)	The amendment, applicable to annual periods beginning on or after 1st January 2024, requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss.	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.
Amendments to IAS 1 titled Non-current Liabilities with Covenants (issued in October 2022)	The amendments, applicable to annual periods beginning on or after 1st January 2024, improve the information an entity provides about liabilities arising from loan arrangements for which an entity's right to defer settlement of those liabilities for at least twelve months after the reporting period is subject to the entity complying with conditions specified in the loan arrangement.	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.
Amendments to IAS 1 titled Classification of Liabilities as Current or Non-current (issued in January 2020, amended in October 2022)	The amendments, applicable to annual periods beginning on or after 1st January 2024, clarify a criterion in IAS 1 for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.



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

The Directors do not plan to apply any of the above until they become effective. Based on their assessment of the potential impact of application of the above, they do not expect that there will be a significant impact on the company's financial statements.

**ii. Early adoption of standards**

The Hotel did not early – adopt any new or amended standards in the financial year.



**Golf Hotel Limited**  
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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**4. SUMMARY OF ACCOUNTING POLICIES**

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

**a) Revenue recognition**

Revenue is measured based on the consideration to which the Hotel expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Hotel recognizes revenue when it transfers control of a product or service to a customer.

- a. **Revenue from the sale of goods and services** is recognised in the year in which the Hotel delivers products/services to the customer, the customer has accepted the products/services and collectability of the related receivables is reasonably assured.
- b. **Finance income** comprises interest receivable from bank deposits and is recognised in profit or loss on a time proportion basis using the effective interest rate method.
- c. **Other income** is recognised as it accrues.
- d. In order to improve on the reporting of the hotels annual Sales performance, the year 2022-2023 sales have been accounted for independently per revenue centre to reflect the individual revenue centre performance in addition to the tax breakdown.
- e. Final Revenue not subject to further sales tax have been separated from the sales tax subject revenue in the year 2022-2023 for proper accounting of tax paid during the year.

**b) 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.



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**For the year ended 30 June, 2023**

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

**Summary of Accounting Policies**

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**

Depreciation on property, plant and equipment is recognised in the income statement on a straight-line basis to write down the cost of each asset or the re-valued amount to its residual value over its estimated useful life. The annual rates in use are:

Buildings and civil works	2.5%
Plant and machinery	12.5%
Motor vehicles, including motor cycles	25%
Computers and related equipment	30%
Office equipment, furniture and fittings	12.5%
Computer Software	20%
Land	Over 99 years or the unexpired lease period

Depreciation charge is recognised both in the year of asset purchase and in the year of asset disposal on a time proportion basis.

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.

**e) Wear and tear allowances**

The wear and tear allowances are charged on capital expenditure on machinery and equipment where they are classified into five classes all of which are offered the allowances at different rates.

Class 1 - includes heavy earth moving equipment and self-propelling vehicles e.g. Lorries above 3 tonnes, forklifts, trucks. The rate is 37.5 % p.a.

Class 2 - computers, photocopiers, scanners. The rate is 30%

Class 3 - includes light self-propelling vehicles and other machines such as aircrafts, motorbikes, Lorries under 3 tonnes. The rate is 25%.

Class 4 - e.g telephone sets, switch boards, bicycles. The rate is 12.5%.

**Industrial building allowance**

The hotel Adopted Industrial building allowance rate at 10% in the year 2021-2022 and in subsequent years as per the change in the income tax wear and tear schedule.



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

Summary of Accounting Policies

**e) Intangible assets**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

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

Amortisation is calculated on the straight-line basis over the estimated useful life of the intangible asset. All intangible assets are 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) Investments Property**

Investment property, which is property held to earn rentals and/or for capital appreciation (including property under construction for such purposes), is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise. An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on de-recognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

**f) Inventories**

Inventories are stated at the lower of cost and net realizable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average cost method or First In First Out (FIFO) (*amend as appropriate*). Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.



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NOTES TO THE FINANCIAL STATEMENTS (Continued)

g) **Trade and other receivables**

Trade and other receivables are recognized at amortized cost 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.

h) **Taxation**

1. *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 Hotel 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.

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 Hotel operates and generates taxable income.

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.

i) **Right of Use Asset**

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the hotel incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Hotel expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as a separate line in the consolidated statement of financial position.



**Golf Hotel Limited**

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**For the year ended 30 June, 2023**

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

**ii) Fixed interest investments**

Fixed interest investments refer to investment funds placed under Central Bank of Kenya or an approved Commercial bank long-term infrastructure bonds and other corporate Fixed Deposits with the intention of earning interest income upon the Deposits Maturity. Fixed interest investments are freely traded at the Nairobi Securities Exchange or Investment portfolios held by the commercial banks.

**iii. Deferred tax**

Included in the non-current assets of the hotel is Deferred tax asset. Deferred tax having been calculated on all temporary differences under the liability method using the enacted tax rate, currently 30%.

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.



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

**Summary Of Significant Accounting Policies**

**h) Taxation (Continued)**

*Deferred tax*

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.

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 hotel and the same taxation authority.

**a. 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.



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

*Summary of Accounting Policies*

**j) Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. To the extent that variable rate borrowings are used to finance a qualifying asset and are hedged in an effective cash flow hedge of interest rate risk, the effective portion of the derivative is recognized in other comprehensive income and reclassified to profit or loss when the qualifying asset impacts profit or loss. To the extent that fixed rate borrowings are used to finance a qualifying asset and are hedged in an effective fair value hedge of interest rate risk, the capitalized borrowing costs reflect the hedged interest rate. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

**k) 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.

**l) 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 hotel or not, less any payments made to the suppliers.

**m) Retirement benefit obligations**

The hotel operates a defined contribution scheme for all full-time employees from July 1, 2011. The scheme is administered by an independent pension provider; the company contributes 5% and the employee 5%. The employer's contribution is recognised as an expense in the Income Statement. The company also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The company contributes 6% and the employee 6% of the pensionable wage. The company's obligation under the scheme is limited to specific contributions legislated from time to time and is currently subject to an upper limit of Kshs. 2,160 per employee per month for employees earning above Kshs. 18,000.



**Golf Hotel Limited**  
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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

*Summary of Accounting Policies*

**n) Provision for staff leave pay**

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

**o) Exchange rate differences**

The accounting records are maintained in the functional currency of the primary economic environment in which the Hotel 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.



**Golf Hotel Limited**  
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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

Summary of Accounting Policies

**p) Budget information**

The original budget for FY 2022/2023 was approved by the National Assembly on 30 June 2022.

The hotel'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.

**q) Service concession arrangements**

The Hotel 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 Hotel 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 Hotel also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

**r) Comparative figures**

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

**s) 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, 2023.



**Golf Hotel Limited**  
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**5. SUMMARY OF ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING THE ACCOUNTING POLICIES**

The preparation of the Hotel'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. State all judgements, estimates and assumptions made:

**a) 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 Hotel 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 hotel. Such changes are reflected in the assumptions when they occur.

**b) 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 Hotel
- 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

**c) Revaluation of PPE**

The company carries Land and buildings of PPE at fair value, with changes in fair value being recognised in the comprehensive income and revaluation reserves respectively.

**d) 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 29. 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.



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**EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS**

	2022-2023	2021-2022
	Kshs	Kshs
<b>10</b>		
<b>1. (a) Revenue from contract with customers</b>		
Accommodation sales	43,531,771	39,984,675
Beverage Sales	22,253,335	15,042,688
Food Ala carte sales	101,340,718	72,951,261
Food Residents Sales	16,921,120	12,785,584
Laundry Sales	955,641	610,120
Shop Rent Sales	209,120	81,237
Swimming Pool sales	1,281,880	1,406,120
Tobacco Sales	56,120	5,032
Company Service Charge	-	1,063,730
Other Misc. Sales	<u>11,621,319</u>	<u>9,360,314</u>
Net Sales	<u>198,171,024</u>	<u>153,290,761</u>
	=====	=====
<b>(b) OTHER INCOME</b>		
Gain in Forex	1,568,769	-
Interest from commercial banks	14,052	-
Company Service Charge	<u>1,387,197</u>	-
Total Other Income	<u>2,970,018</u>	-
	=====	=====
<b>Total sales of goods, services &amp; Other Income</b>	<b><u>201,141,042</u></b>	<b><u>153,290,761</u></b>
	=====	=====
<b>C) Sales Taxes Notes</b>		
Net Sales	198,171,024	153,290,761
Add back		
7% Service Charge tax on gross sales	13,871,972	10,637,651
2% Catering Levy tax on gross sales	3,963,420	3,039,339
16% Value added tax on gross sales	<u>31,707,364</u>	<u>24,314,632</u>
Total Sales Taxes	49,542,756	37,991,622
Gross sales of goods and services	<u>250,683,798</u>	<u>191,282,373</u>
	=====	=====

Revenue increased by 130% Compared to the same period last year. The Hotel Generated Other Income from Exchange gain on its dollar account, Service charge and Finance income from Its Fixed deposit. These three were not subjected to Sales tax as withholding tax had already been subjected to the revenue before reporting at source. Misc. Sales includes Disposal income, Venue Hires, Decorations, Equipment Hires, Van Hire, Kids park and Gaming revenue, Printing Parking and Photo sessions revenue

**11. COST OF SALES**

Food	32,258,113	23,638,663
Beverage	10,395,581	5,479,939
Tobacco	82,656	13,190
Accommodation	2,069,993	1,522,522
Conferencing	3,909,964	3,098,931
Non Consumables	(735,269)	-
	<u>47,981,037</u>	<u>33,753,245</u>
	=====	=====



*...In the heart and mind of our stakeholders...*



**Golf Hotel Limited**  
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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

Cost of sales increased by 42% from the increase in sales and the high inflation within the country during the reporting period year. Non consumables constitutes stationary, cleaning agents, Guest Amenities and Electrical stock items that were still in the store as at the close of the reporting period. This unutilized purchases have been reported separate from the operating Expense for the first time in the year 2022-2023.

	2022-2023 Kshs	2021-2022 Kshs
<b>12 (a) ADMINISTRATION COSTS</b>		
Staff costs (note 12b)	89,399,575	53,211,765
Directors' emoluments	1,984,196	2,470,039
Electricity water Fuel & Gas	11,763,597	9,368,120
Communication services and supplies ( <i>Tel. &amp; postage</i> )	694,057	325,582
Transportation, travelling and subsistence ( <i>Travel expenses, Staff transport</i> )	2,661,433	2,163,573
Printing, stationery and photocopying	1,913,592	1,047,772
Staff training expenses	2,884,480	1,580,834
Hospitality Supplies and Services ( <i>Cleaning, Toilet requisites, Vehicle operating, Licenses, Laundry, KRB, Guest supplies, security</i> )	8,673,718	5,661,899
Insurance costs	681,915	908,902
Bank charges and commissions ( <i>Bank charges &amp; Commission on Visa cards</i> )	989,557	877,433
Office and general supplies ( <i>Office Miscellaneous</i> )	14,904	13,940
Auditors' remuneration	150,000	150,000
Consultancy fees	5,010,564	1,190,045
Legal Fees,	(3,306,477)	534,533
Repairs and maintenance ( <i>Garden &amp; grounds, Building maintenance &amp; Repairs &amp; renewals</i> )	2,803,765	4,496,778
Provision for bad and doubtful debts	(2,537,297)	-
Deferred tax Expense	244,696	
KRA Penalties	-	3,765,242
Other operating expenses ( <i>Delivery, Donations, Flowers &amp; deco</i> )	40,205	24,440
	<u>124,066,480</u>	<u>87,790,897</u>
<b>(b) STAFF COSTS</b>		
Salaries and allowances of permanent employees ( <i>Salaries, Housing, Entertainment, Transport Allowance</i> )	72,896,601	38,359,779
Wages of temporary employees ( <i>Casual wages</i> )	2,945,369	3,700,059
Compulsory national health insurance schemes	1,490,050	1,071,700
Employer's contributions to NSSF	1,284,790	1,062,350
Employer's contributions to pension scheme	1,825,399	1,399,072
Leave Pay	2,048,315	1,851,408
Leave Provision	(636,856)	373,663
Staff welfare ( <i>Welfare, Medical, Food, professional Fee</i> )	7,545,910	5,393,733
	<u>89,399,575</u>	<u>53,211,765</u>



**Golf Hotel Limited**  
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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

During the year the hotel absorbed its seasonal staff as per the approved staff establishment moving the number from 64 staff to 87 staff under the new approved instrument to cater for the growth in business and revenue centres established during the year.

<b>12 STAFF COSTS</b>	<b>2022-2023</b>	<b>2021-2022</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>The average number of employees at the end of the year was:</b>		
Permanent employees – Management	12	15
Permanent employees – Union	30	33
Temporary and contracted employees	45	51
	<u>87</u>	<u>99</u>
	<u><u>87</u></u>	<u><u>99</u></u>
 Female employees – 37 (43%) Male Employees – 50 (57%)		
 Total Revenue Turnover per staff Ratio	 2,881,422	 1,932,145
<b>13 SELLING AND DISTRIBUTION COSTS</b>		
Marketing and promotional ( <i>Marketing &amp; Advertising</i> )	4,164,642	3,757,778
	<u>4,164,642</u>	<u>3,757,778</u>
	<u><u>4,164,642</u></u>	<u><u>3,757,778</u></u>
Marketing cost comprises of Annual DSTV subscription, Cost of Exhibitions, cost of events, Commission to Travels agents, Annual subscription to online booking engines and internet Annual subscription costs		
<b>14 OPERATING PROFIT/LOSS</b>		
The operating profit is arrived at after charging;		
Staff costs (note 12b)	89,399,575	53,211,765
Depreciation of property, plant and equipment	18,437,836	18,213,618
Directors' emoluments	1,531,748	2,470,039
Auditors' remuneration - current year fees	150,000	150,000
Other	32,985,153	35,716,871
Cost of sales	47,981,037	-
Selling and Distribution cost	4,164,642	-
Against the Gross Profit for the period under review		
 Total Operating Cost	 <u>194,649,990</u>	 <u>109,792,293</u>
	<u><u>194,649,990</u></u>	<u><u>109,792,293</u></u>
 Operating Profit	 6,491,052	 9,775,224
	<u>6,491,052</u>	<u>9,775,224</u>

Selling and distribution cost, cost of sales have been introduced in the analysis of operating profit in the year 2022/2023 in contrast to the rear 2021/2022 in order to better demonstrate the composition of the operating profit and loss.



**Golf Hotel Limited**  
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2022-2023 Kshs	2021-2022 Kshs
<b>15 FINANCE COSTS (INTEREST ON LOAN)</b>		
Interest expense on loans	-	98,283
	<u>-</u>	<u>98,283</u>
	<u>-</u>	<u>98,283</u>
<b>16 INCOME TAX EXPENSE/ (CREDIT)</b>		
<b>(a) Current taxation</b>		
Current taxation based on the adjusted profit/loss 30% (30% 2022)	1,947,316	2,708,778
	<u>1,947,316</u>	<u>2,708,778</u>
	<u>1,947,316</u>	<u>2,708,778</u>
<b>(b) Reconciliation of tax expense/ (credit) to the Expected tax based on accounting profit</b>		
i) Profit/Loss before taxation	6,491,052	9,676,940
	<u>6,491,052</u>	<u>9,676,940</u>
Tax at the applicable tax rate of 30% (2022: 30%)	1,947,316	2,903,082
	<u>1,947,316</u>	<u>2,903,082</u>
ii) Tax effects of expenses not deductible for tax purposes		
(Donations 6,000*30%)	1,800	1,293
(Leave Provision)	-	112,099
(Bad Debt Provision)	-	1,129,573
(Excess Depreciation -5,593,001*30%)	<u>-1,677,900</u>	<u>-1,437,269</u>
Total Tax Effects	<u>-1,676,100</u>	<u>-194,304</u>
<b>Tax Charge to Statement of Financial position (i)+(ii)</b>	<b>271,216</b>	<b>2,708,778</b>
<b>(c) Less</b>		
Tax Bfwd	336,599	(640,503)
Instalment Adjustment Voucher IAV6020220000572	(410,781)	-
Tax prepayment Instalment tax. 2022/2023	(574,873)	(1,731,676)
Tax prepayment M/vehicle tax. 2022/2023	<u>(6,480)</u>	<u>-</u>
Tax Payable	<u>(384,319)</u>	<u>336,599</u>
<b>17 EARNINGS PER SHARE</b>		
The earnings per share is calculated by dividing the profit after tax of Kshs. 6,219,837 (2022: Kshs. 6,968,162) by the average number of ordinary shares of 250,000 (2022: 250,000). There were not dilutive or potentially dilutive ordinary share as at the reporting date.		
Net profit After Tax (A)	6,219,837	6,968,162
Ordinary Shares (B)	250,000	250,000
Earnings Per share (A)/ (B)	24.88	27.87



**Golf Hotel Limited**  
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

**18 DIVIDEND**

Proposed dividends are accounted for as a separate component of equity until they have been ratified and declared at the relevant Annual General Meeting (AGM). At the AGM to be held before the end of the year 2023/2024, a final dividend in respect of the year ended June 30, 2023 at a rate of 20% of Earning after Tax (2022/2023: Kshs. 1,393,632.40) is to be proposed. No interim dividend was declared and paid during the year.

20% Dividend on Net Profit After Tax (A)	1,243,967	1,393,632
Ordinary Shares (B)	250,000	250,000
Dividend Per share (A)/ (B)	5	6



**Golf Hotel Limited**  
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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**19(a) PROPERTY, PLANT AND EQUIPMENT**

	LAND	FIXED ASSETS (INCL. AIRCRAFTS)	FIXED ASSETS (EXCL. AIRCRAFTS)	ACCUMULATED DEPRECIATION ON THE ABOVE ASSETS	ACCUMULATED DEPRECIATION ON FIXED ASSETS (EXCL. AIRCRAFTS)	ACCUMULATED DEPRECIATION ON FIXED ASSETS (EXCL. AIRCRAFTS)	ACCUMULATED DEPRECIATION ON FIXED ASSETS (EXCL. AIRCRAFTS)	ACCUMULATED DEPRECIATION ON FIXED ASSETS (EXCL. AIRCRAFTS)	NET BOOK VALUE
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
<b>COST OR VALUATION</b>									
At July 1, 2021	415,000,000	175,831,926	20,080,069	7,692,217	8,072,993	4,869,738	41,787,951	8,519,428	681,854,321
Additions	-	5,307,048	912,532	-	1,025,045	639,000	7,101,570	(2,907,225)	12,077,972
At June 30, 2022	415,000,000	181,138,974	20,992,604	7,692,217	9,098,040	5,508,738	48,889,521	5,612,203	693,932,297
Additions		6,987,345	830,933	-	4,530,288	-	5,663,456	11,568,044	29,580,066
Disposal									
At June 30, 2023	415,000,000	188,126,319	21,823,537	7,692,217	13,628,328	5,508,738	54,552,976	17,180,247	723,512,362
<b>DEPRECIATION</b>									
At July 1, 2022	33,908,590	4,450,795	16,416,629	7,692,217	7,621,678	2,205,772	34,354,360	-	106,650,037
Charge for the year	6,281,720	4,615,403	1,429,511	-	1,426,428	1,063,190	3,621,581	-	18,437,833
Disposal									
At June 30, 2023	40,190,311	9,066,198	17,846,140	7,692,217	9,048,106	3,268,962	37,975,940	-	125,087,874
<b>NET BOOK VALUE</b>									
At June 30, 2023	374,809,689	179,060,120	3,977,397	-	4,580,223	2,239,776	16,577,036	17,180,247	598,424,488

Work in progress relates to hotel renovation project that was uncompleted as at the end of the financial year 2022/2023

**Valuation**

Land and buildings were valued by ark Consultants an independent valuer in 2016/2017 basis of valuation. These amounts were adopted on 2018/2019.



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

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

Property plant and Equipment includes the following assets that are fully depreciated:

	COST VALUATION	NORMAL ANNUAL DEPRECIATION CHARGE
2022/2023	Kshs	Kshs
Plant And Machinery	10,380,868	6,712,032
Motor Vehicles, ( Motor Cycles)	7,692,217	7,692,217
Computers And Related Equipment	7,500,916	6,109,717
Office Equipment, Furniture & Fittings	23,135,792	20,779,104
<b>Total</b>	<b>48,709,793</b>	<b>41,293,070</b>

	COST VALUATION	NORMAL ANNUAL DEPRECIATION CHARGE
2021/2022	Kshs	Kshs
Plant And Machinery	9,377,239	6,155,531
Motor Vehicles, Including Motor Cycles	7,692,217	7,692,217
Computers And Related Equipment	5,797,765	5,691,118
Office Equipment, Furniture and Fittings	20,403,925	6,155,530
<b>Total</b>	<b>43,271,146</b>	<b>25,694,396</b>



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19(c) **PROPERTY, PLANT AND EQUIPMENT (Continued)**

NOTE	LAND AND BUILDINGS	PROPERTY, PLANT AND EQUIPMENT	VEHICLES	FINANCIAL INVESTMENTS	PROPERTY, PLANT AND EQUIPMENT	PROPERTY, PLANT AND EQUIPMENT	PROPERTY, PLANT AND EQUIPMENT	PROPERTY, PLANT AND EQUIPMENT	PROPERTY, PLANT AND EQUIPMENT
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
<b>COST OR VALUATION</b>									
At July 1, 2020	415,000,000	175,831,926	20,015,586	7,692,217	7,707,997	4,869,738	41,478,650	5,266,153	677,862,269
Additions	-	-	64,483	-	364,996	-	309,301	3,253,275	3,992,055
<b>At June 30, 2021</b>	<b>415,000,000</b>	<b>175,831,926</b>	<b>20,080,069</b>	<b>7,692,217</b>	<b>8,072,993</b>	<b>4,869,738</b>	<b>41,787,951</b>	<b>8,519,428</b>	<b>681,854,321</b>
Additions	-	5,307,048	912,532	-	1,025,047	639,000	8,208,595	(2,907,225)	13,184,997
Disposal							(1,107,026)		(1,107,026)
<b>At June 30, 2022</b>	<b>415,000,000</b>	<b>181,138,974</b>	<b>20,992,604</b>	<b>7,692,217</b>	<b>9,098,040</b>	<b>5,508,738</b>	<b>48,889,521</b>	<b>5,612,203</b>	<b>693,932,295</b>
<b>DEPRECIATION</b>									
At July 1, 2021	27,126,870	-	14,768,417	7,692,217	6,805,560	1,199,874	31,832,014	-	89,424,950
Charge for the year	6,781,720	4,450,795	1,648,212	-	816,118	1,005,898	3,510,875	-	18,213,618
Disposal			-	-	-		(988,531)		(988,531)
<b>At June 30, 2022</b>	<b>33,908,590</b>	<b>4,450,795</b>	<b>16,416,629</b>	<b>7,692,217</b>	<b>7,621,678</b>	<b>2,205,772</b>	<b>34,354,360</b>	<b>-</b>	<b>106,650,037</b>
<b>NET BOOK VALUE At June 30, 2022</b>	<b>381,091,410</b>	<b>176,688,179</b>	<b>4,575,975</b>	<b>-</b>	<b>1,476,362</b>	<b>3,302,967</b>	<b>14,535,161</b>	<b>5,612,203</b>	<b>587,282,258</b>



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20(a) DEFERRED TAX COMPUTATION

DEFERRED TAX SCHEDULE 2022-2023									
FY 2022/2023		Permanent	Qualifying	Tax	Prior Year	Adjusted Tax	Temporary	Deferred Tax	Deferred Tax
Assets/Liabilities	Asset base	Difference	NBV	Base	Adj.	Base	Difference	(Asset)/liability	(Asset)/liability
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	FY 2022/2023	FY 2021/2022
Building	179,060,120	-	179,060,120	165,307,972		165,307,972	13,752,149	4,125,645	2,720,357
Computer Software	2,239,776		2,239,776	2,642,374		2,642,374	(402,598)	(120,779)	7,252
Plant, Machinery Furniture & Fitting	20,554,433	-	20,554,433	22,404,834		22,404,834	(1,850,402)	(555,120)	477,850
Motor Vehicles	-	-	-	-		-	-	-	424,785
Computers	4,580,223	-	4,580,223	4,204,655		4,204,655	375,568	112,670	176,867
<b>Total</b>	<b>206,434,552</b>	<b>-</b>	<b>206,434,552</b>	<b>194,559,834</b>	<b>-</b>	<b>194,559,834</b>	<b>11,874,717</b>	<b>3,362,415</b>	<b>3,807,111</b>
Movement in Deferred Tax Asset									(244,696)



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20(a) DEFERRED TAX COMPUTATION

WEAR AND TEAR ALLOWANCE SCHEDULE		CLASS II	CLASS III	CLASS IV	
FY '2022/2023	COMPUTER SOFTWARE	COMPUTERS & ACCESSORIES	MOTOR VEHICLE	PLANT & FFE	TOTAL
	20.0%	30% ( 2021: 30%)	25% ( 2021: 25%)	12.5% ( 2021: 12.5%)	
	KES	KES	KES	KES	KES
Written Down Value 1/7/2022	3,302,967.00	1,476,362		19,111,136	23,890,465
Additions		4,530,288		6,494,389	11,024,677
Total WDV 30/06/2023	3,302,967	6,006,650		25,605,525	34,915,142
	3,302,967	6,006,650		25,605,525	34,915,142
Wear and Tear Allowance charge	660,593.40	1,801,995		3,200,690.60	5,663,279.04
Written Down Value 30/06/2023	2,642,374	4,204,655		22,404,834	29,251,863
<b>INDUSTRIAL BUILDING ALLOWANCE SCHEDULE</b>					
FY '2022/2023	QUALIFYING COST	RESIDUAL B/F 01/07/2022	ADDITIONS	IBA @ 10% PA ( 2022: 10%)	RESIDUAL 30/06/2023
	KSHS	KSHS	KSHS	KSHS	KSHS
Hotel Building	172,000,000	176,688,179	6,987,345	18,367,552.40	165,307,972
TOTAL BUILDING QUALIFYING FOR IBA				18,367,552	165,307,972

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**20(b) DEFERRED TAX COMPUTATION**

DEFERRED TAX SCHEDULE 2021-2022									
FY 2021/2022	Asset base	Permanent Difference	Qualifying NBV	Tax Base	Prior Year Adj.	Adjusted Tax Base	Temporary Difference	Deferred Tax (Asset)/liability FY 2021/2022	Deferred Tax (Asset)/liability FY 2020/2021
Building	176,688,179	-	176,688,179	163,025,077	4,595,246	167,620,323	9,067,856	2,720,357	2,697,312
Computer Software	3,302,967	-	3,302,967	3,302,967	(24,174)	3,278,793	24,174	7,252	-
Plant, Machinery Furniture & Fitting	19,111,136	-	19,111,136	20,371,481	(2,853,179)	17,518,302	1,592,834	477,850	(1,617,120)
Motor Vehicles	-	-	-	-	(1,415,949)	(1,415,949)	1,415,949	424,785	(492,069)
Computers	1,476,365	-	1,476,365	1,317,975	(431,168)	886,807	589,557	176,867	(44,941)
<b>Total</b>	<b>200,578,646</b>	<b>-</b>	<b>200,578,646</b>	<b>188,017,499</b>	<b>(129,224)</b>	<b>187,888,276</b>	<b>12,690,370</b>	<b>3,807,111</b>	<b>543,182</b>
									<b>3,263,929</b>

WEAR AND TEAR ALLOWANCE SCHEDULE					
FY '2021/2022	CLASS I MACHINERY 37.5% (2021: 37.5%)	CLASS II COMPUTERS & ACCESSORIES 30% (2021: 30%)	CLASS III MOTOR VEHICLE 25% (2021: 25%)	CLASS IV PLANT & FFE 12.5% (2021: 12.5%)	TOTAL
	KES	KES	KES	KES	KES
Written Down Value 1/7/2021	-	4,937,299	-	15,267,591	20,204,890
Additions	-	1,664,047	-	9,121,127	10,785,174
	-	6,601,346	-	24,388,718	30,990,064
Prior Year Adj.	-	-	-	-	-
Disposal	-	-	-	1,107,026	1,107,026
	-	6,601,346	-	23,281,692	29,883,038
Wear and Tear Allowance	-	1,980,404	-	2,910,211.52	4,890,615.24
Written Down Value 30/06/2022	-	4,620,942	-	20,371,481	24,992,423

INDUSTRIAL BUILDING ALLOWANCE SCHEDULE					
FY '2021/2022	QUALIFYING COSTS	RESIDUAL B/F 01/07/2021	ADDITIONS 2021/2022	IBA @ 10% PA (2021: 2.5)	RESIDUAL C/F
	172,000,000	175,831,926	5,307,048	18,113,897.42	-
Prior Year Adj.	-	-	-	-	-
<b>TOTAL BUILDING QUALIFYING FOR IBA 2022</b>			<b>5,307,048</b>	<b>18,113,897</b>	<b>163,025,077</b>



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

**20. (b) Deferred Tax (Continued)**

	2021-2022 Kshs	2020-2021 Kshs
Accelerated capital allowances	3,562,416	3,780,970
Net deferred tax liability	<u>3,562,416</u>	<u>3,780,970</u>

(c)

The movement on the deferred tax account is as follows:

Balance Brought forward	3,807,111	543,183
Charge for the Year	<u>(244,696)</u>	<u>3,263,929</u>
Balance Carried forward	<u>3,562,416</u>	<u>3,807,111</u>

**21. INVENTORIES**

Food	1,120,080	585,946
Drinks	1,180,674	925,809
Tobacco	18,299	19,015
Conferencing	40,280	36,709
Accommodation	155,417	122,450
	<u>735,269</u>	<u>-</u>
	<u>3,250,019</u>	<u>1,689,929</u>

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

Trade receivables (note 22 (b))	52,045,355	34,577,730
Deposits	310,000	310,000
Prepayments ( <i>insurance &amp; DSTV</i> )	704,497	4,873,644
VAT recoverable	3,476,188	3,345,236
Staff receivables (note 22 (c))	933,667	475,038
Mt. Elgon Receivable	3,065,453	2,338,863
Kabarnet Receivable	390,300	390,300
Sunset Receivable	-	3,517,570
Mt. Lodge Serena Receivable	143,500	143,500
PDQ Receivable ( <i>KCB, Equity, Spire, Barclays</i> )	188,126	90,471
Accrued Interest on Fixed Deposit	<u>14,052</u>	<u>-</u>
Gross trade and other receivables	<u>61,271,138</u>	<u>50,062,871</u>



**Golf Hotel Limited****Reports and Financial Statements****For the year ended 30 June, 2023****NOTES TO THE FINANCIAL STATEMENTS (Continued)**

	2022-2023	2021-2022
	Kshs	Kshs
<b>22(b) TRADE RECEIVABLES</b>		
Gross trade receivables	53,432,750	38,844,383
Provision for doubtful receivables	(686,266)	(3,223,564)
Unknown Bank Deposits as at 30 <sup>th</sup> June 2023	(701,102)	(1,043,090)
	<u>52,045,382</u>	<u>34,577,730</u>
<p>Provision for doubtful dates was adjusted to align it with the Debt policy that provides for 3% of the over 120 days outstanding balance as at 30 June 2023 as presented in the workings in note 22 (d);</p> <p>At June 30, the ageing analysis of the gross trade receivables was as follows:</p>		
Less than 30 days	20,205,670	7,794,290
Between 30 and 60 days	5,311,930	2,153,407
Between 61 and 90 days	292,422	2,271,034
Between 91 and 120 days	4,747,178	1,272,396
Over 120 days	22,875,550	25,353,256
	<u>53,432,750</u>	<u>38,844,383</u>
<b>22(c) STAFF RECEIVABLES</b>		
Gross staff loans and advances	933,578	475,038
Provision for impairment loss	(-)	(-)
	<u>933,578</u>	<u>181,630</u>
Less: Amounts due within one year	(933,578)	(181,630)
Amounts due after one year	<u>-</u>	<u>-</u>
<b>22. (d) Bad Debt Provision</b>		
Balance at beginning of the Year 2022-2023	3,223,564	3,223,564
Reduction in Doubtful date	(2,537,297)	-
Balance as at end of the year	<u>686,266</u>	<u>3,223,564</u>
<b>23. BANK AND CASH BALANCES</b>		
Cash in hand (M-Pesa, Cashier Float & Petty cash)	28,032	70,450
Cash at bank KSHS (A/C) KCB 1101729023	1,681,874	24,492,617
Cash at bank USD A/C KCB 1222758385 USD 22,615.15	3,177,960	4,299,908
Fixed Deposit Account USD 30,000	<u>4,215,705</u>	<u>-</u>
	<u>9,103,571</u>	<u>28,862,975</u>

Cash at bank was held at Kenya Commercial Bank, the Hotel's main bankers. All cash denominated in foreign currency have been restated based on Central Bank of Kenya Mean Exchange, at 30 June 2023 of 140.5235 and respective gain/loss recognised in the statements of comprehensive income.



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NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2022-2023 Kshs	2021-2022 Kshs
<b>24. ORDINARY SHARE CAPITAL</b>		
<b>Authorised:</b>		
250,000 ordinary shares of Kshs.20 par value each	5,000,000	5,000,000
	<u>          </u>	<u>          </u>
<b>Issued and fully paid:</b>		
250,000 ordinary shares of Kshs.20 par value each	5,000,000	5,000,000
	<u>          </u>	<u>          </u>

**25. REVALUATION RESERVE**

The revaluation reserve relates to the revaluation of certain items of property, plant and equipment. As indicated in the Statement of Changes in Equity, this is stated after transfer of excess depreciation net of related deferred tax to retained earnings. Revaluation surpluses are not distributable.

Date	Num	Memo	Debit	Credit	Balance
Revaluation Surplus					
30/06/2022	5065	BEING TRANSFER OF EXCESS DEPRECIATION OF REVALUATION SURPLUS ONM/VEHICLE FOR THE YEAR 2021/2022			479,990,507.48
30/06/2023	4200	BEING TRANSFER OF EXCESS DEPRECIATION OF REVALUATION SURPLUS ON BUILDING FOR THE YEAR 2022/2023	2,077,688.88		477,912,818.60
30/06/2023	4200	BEING TRANSFER OF EXCESS DEPRECIATION OF REVALUATION SURPLUS ON LAND FOR THE YEAR 2022/2023	6,672,131.16		471,240,687.44
30/06/2023	4200	BEING TRANSFER OF EXCESS DEPRECIATION OF REVALUATION SURPLUS ONM/VEHICLE FOR THE YEAR 2022/2023	200,000.00		471,040,687.44
Total Revaluation Surplus			<u>8,949,820.04</u>	<u>0.00</u>	<u>471,040,687.44</u>
TOTAL			<u>8,949,820.04</u>	<u>0.00</u>	<u>471,040,687.44</u>

**26. RETAINED EARNINGS**

The retained earnings represent amounts available for distribution to the Hotel's shareholders. Undistributed retained earnings are utilised to finance the Hotel's business activities.

Type	Date	Num	Memo	Amount	Balance
Retained Earnings					
General Journal	24/01/2023	2751	BEING CREDIT ON CORPORATE RETURNS 2021/2022	410,760.00	151,700,898.30
General Journal	15/04/2023	3429	Dividends for 2021/2022	-1,393,632.40	150,718,043.80
General Journal	30/06/2023	4200	BEING TRANSFER OF EXCESS DEPRECIATION OF REVALUATION SURPLUS FOR THE YEAR YEAR 2022/2023	8,949,820.04	159,657,853.94
General Journal	30/06/2023	4200	BEING TRANSFER OF OPERATING PROFIT FOR THE YEAR 2022/2023	6,491,051.00	166,158,914.94
General Journal	30/06/2023	4542	BEING CORPORATION TX FOR 2022/2023	-271,215.00	165,887,699.94
Total Retained Earnings				<u>14,186,803.64</u>	<u>165,887,699.94</u>
TOTAL				<u>14,186,803.64</u>	<u>165,887,699.94</u>

**27. BORROWINGS**

Repayments during the year (Loan II)	412,346
Repayments during the year (Loan I)	<u>626,294</u>
Total Repayment	1,038,640

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

	2022-2023 Kshs	2021-2022 Kshs
Distributed as follows;		
Balance at beginning of the year Loan II	412,346	2,061,962
Repayments during the year ( <i>Loan II</i> )	<u>(412,346)</u>	<u>(1,649,616)</u>
Balance During the year Loan II	-	412,346
Balance at beginning of the year Loan I	13,249,219	13,249,219
Repayments during the year ( <i>Loan I</i> )	<u>(626,294)</u>	<u>-</u>
Balance During the year Loan I	12,622,925	13,249,219

The loan repaid during the year was obtained from KDC in 2007. In 2011 the loan was proposed for capitalization but to date the process was not complete. The loan was then restructured in 2023 to facilitate its repayment and repayment of the loan began in January 2023

The analyses of both external and domestic borrowings are as follows:

**a) Domestic Borrowings**

Kenya Shilling loan from KDC	12,622,925	13,661,565
	<u>                    </u>	<u>                    </u>
Total balance at end of year	12,622,925	13,661,565
	<u>                    </u>	<u>                    </u>
<b>28. TRADE AND OTHER PAYABLES</b>		
Trade payables	8,411,740	5,285,293
Accrued expenses ( <i>Audit fee, Rent &amp; Rates</i> )	970,277	634,148
Other payables ( <i>Payroll liabilities, clt.,</i> <i>(Dividend, KAHK, VAT liability)</i> )	10,427,893	12,761,022
	<u>19,809,910</u>	<u>18,680,462</u>

**29. LEAVE PROVISIONS**

Balance at beginning of the year	2,335,114	2,055,321
Decrease in provision for the year	(700,359)	373,663
Payment during the year	-	(93,870)
Balance at end of the year	<u>1,634,754</u>	<u>2,335,114</u>

Leave Provision is computed by Basic pay multiply by (Total Leave days earned plus pending days) /30 as at the end of the financial year.



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NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2022-2023	2021-2022
	Kshs	Kshs

**30. (a) DIVIDENDS PAYABLE**

**Dividends Payable**

The balance of dividends payable relates to dividends payable to different shareholders. The balances are analysed in annual amount below.

At the beginning of the year	1,393,632	-
Additional declared during the year		1,393,632
Paid during the year	-	-
Balance at end of the year	1,393,632	1,393,632

(Dividends payable to ordinary shareholder's amounts to Kshs. 1,393,632, while No dividends were payable to preference shareholders).

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

32. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of operating profit/(loss) to  
Cash generated from/ (used in) operations

	2022-2023 Kshs	2021-2022 Kshs
Operating profit/ (loss)	6,491,054	9,676,940
Depreciation	18,437,833	18,033,150
Disposal write off	-	(988,531)
Operating profit/ (loss) before working capital changes	<u>24,928,887</u>	<u>26,902,027</u>
(Increase)/decrease in inventories	-1,560,092	-733,962
(Increase)/decrease in trade and other receivables	-11,208,294	-6,424,912
Increase/ (decrease) in trade and other payables	1,129,447	186,285
Increase/ (decrease) in corporate tax	-992,132	-
Increase/ (decrease) in provision for staff leave pay	-700,359	279,792
Increase/ (decrease) in provision for Deferred Tax	244,696	-3,263,929
Cash generated from/ (used in) operations	<u><u>11,842,153</u></u>	<u><u>17,922,406</u></u>
 (b) Analysis of changes in loans		
Balance at beginning of the year	13,661,565	15,311,181
Repayments during the year	(1,038,640)	(1,649,616)
Balance at end of the year	<u><u>12,622,925</u></u>	<u><u>13,661,565</u></u>



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NOTES TO THE FINANCIAL STATEMENTS (Continued)

**33. RELATED PARTY DISCLOSURES**

(a) **Government of Kenya**

The Government of Kenya is the principal shareholder of the Golf Hotel, holding 80% of the Hotels equity interest. Other related parties include:

- i) The Parent Ministry'
- ii) Kenya Development Corporation
- iii) County Government of Kakamega
- iv) Key management
- v) Board of directors

(b) **Key management compensation**

Directors' emoluments	1,984,196	2,470,039
	<u>1,984,196</u>	<u>2,470,039</u>

Directors' remuneration during the year includes; Night Out Allowance at the rate of Kshs. 18,200 per night, Sitting Allowance at the Rate of 20,000 per sitting which is also subject to 30% PAYE.

**34. FINANCIAL RISK MANAGEMENT**

The Hotel's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The company's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimize the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The company does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history. The company's financial risk management objectives and policies are detailed below:

(i) **Credit risk**

The Hotel has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the company's management based on Credit policy and their assessment of the current economic environment.

The carrying amount of financial assets recorded in the financial statements represents the Hotel's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:



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NOTES TO THE FINANCIAL STATEMENTS (Continued)

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
<b>At 30 June 2023</b>				
Receivables from exchange transactions	52,045,371	30,557,200	22,174,448	(686,267)
Receivables from non-exchange transactions	-	-	-	-
Bank balances	9,103,571	-	-	-
<b>Total</b>	<b>61,148,942</b>	<b>30,557,200</b>	<b>22,174,448</b>	<b>(686,267)</b>
	Neither past due nor impaired Kshs	Past due but not impaired Kshs	Impaired Kshs	Total Kshs
<b>30 June 2022</b>				
Trade receivables	13,491,127	25,353,256	3,223,564	35,620,819
Due from related parties	475,038	-	-	475,038
	13,966,165	25,353,256	(3,223,564)	36,095,867

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and management does not provide for an allowance for uncollectible amounts under this category as there is minimal possibility of any potentially irrecoverable amounts from this category. The Hotel has significant concentration of credit risk on amounts due from over 120 days and has provided for bad debt allowance the rate of 3% of the outstanding balance over 120 days. The board of directors sets the company's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

**ii) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the Hotel's directors, who have built an appropriate liquidity risk management framework for the management of the Hotel's short, medium and long-term funding and liquidity management requirements. The Hotel manages liquidity risk through continuous monitoring of forecasts and actual cash flows. The table below represents cash flows payable by the company under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.



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NOTES TO THE FINANCIAL STATEMENTS (Continued)

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2023</b>				
Trade payables	6,958,110	387,678	1,065,951	8,411,740
Current portion of borrowings	213,948	-	-	213,948
Provisions	1,634,755	-	-	1,634,755
Deferred income	-	-	-	-
Employee benefit obligation	5,833,537	-	-	5,833,537
<b>Total</b>	<b>14,640,350</b>	<b>387,678</b>	<b>1,065,951</b>	<b>16,093,980</b>
<b>At 30 June 20xx</b>				

	Less than 1 month Kshs	Between 1-3 months Kshs	Over 3 months Kshs	Total Kshs
<b>At 30 June 2022:</b>				
Trade payables	4,377,004	126,645	781,644	5,285,293
Parent company funding	-	-	13,661,565	13,661,565
	<u>4,418,471</u>	<u>99,195</u>	<u>14,443,209</u>	<u>18,946,858</u>

**(iii) Market risk**

The board has put in place an internal audit function to assist it in assessing the risk faced by the Hotel on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls. Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Hotel's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The company's Internal Audit Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies.

There has been no change to the Hotel's exposure to market risks or the manner in which it manages and measures the risk.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

**a) Foreign currency risk**

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

The carrying amount of the Hotel's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Description	Current Account	Fixed Deposit	Total
	Kshs	Kshs	Kshs
<b>At 30 June 2023</b>			
<b>Financial assets</b>			
Investments	-	-	-
Cash	3,177,960	4,215,705	7,393,665
Debtors	-	-	-
<b>Financial liabilities</b>			
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	3,177,960	4,215,705	7,393,665

The Hotels manages foreign exchange risk form future commercial transactions and recognized assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.



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NOTES TO THE FINANCIAL STATEMENTS (Continued)

**b) Interest rate risk**

Interest rate risk is the risk that the Hotel's financial condition may be adversely affected as a result of changes in interest rate levels. The company's interest rate risk arises from bank deposits. This exposes the company to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the company's deposits.

**Management of interest rate risk**

To manage the interest rate risk, management has endeavored to bank with institutions that offer favorable interest rates.

**35. CAPITAL MANAGEMENT**

*Internally generated capital requirements*

The objective of the Hotel's capital risk management is to safeguard the Board's ability to continue as a going concern. The Hotel capital structure comprises of the following funds:

	2022-2023	2021-2022
	Kshs.	Kshs.
Revaluation Reserve	471,040,687	479,990,508
Retained Earnings	166,158,916	151,700,896
Capital Reserve	5,000,000	5,000,000
<b>Total Equity</b>	<b>642,199,603</b>	<b>636,691,403</b>
<b>Total Borrowing</b>	<b>13,661,565</b>	<b>13,661,565</b>
<b>Less: Cash and Bank Balances</b>	<b>(9,103,571)</b>	<b>(28,862,975)</b>
<b>Net Debt/ (Excess Cash and Cash Equivalent)</b>	<b>4,557,994</b>	<b>(15,201,410)</b>
<b>Gearing</b>	<b>0.01%</b>	<b>-0.02%</b>

**36. INCORPORATION**

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

**37. EVENTS AFTER THE REPORTING PERIOD**

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

**38. CURRENCY**

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

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**APPENDIX 1: PROGRESS ON FOLLOW-UP OF AUDITORS 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.

Issue	Description of Issue	Management Comments	Focal Person	Resolution	Resolution Date
	<p><b>Unsupported Borrowings</b></p> <p>The statement of financial position reflects borrowings totaling to 13,661,565 which comprises of balances amounting to Kshs. 13,249,219 and 412,346. However, Management has defaulted in the repayment of the loan amounting to Kshs. 13,249,219. In the absence of the relevant records, the validity of the loan balance could not be confirmed</p>	<p>Management has since reconciled the loan issued from KDC and has begun the repayment of the loan in Financial year 2022/2023</p>	<p>Manager Finance</p>	<p>Resolved</p>	

Accounting officer

Golf Hotel Ltd

Sign.....

Date.....09/01/2024.....



...in the heart and mind of our stakeholders...



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