

REPUBLIC OF KENYA



*Paper Laid by  
Leader of Majority  
(Hon. Adam Shauki)*  
24/3/15  
X

PARLIAMENT  
OF KENYA  
LIBRARY

KENYA NATIONAL AUDIT OFFICE

PARLIAMENT  
OF KENYA  
LIBRARY

TABLE OFFICE  
S/No.....  
24 MAR 2015  
Sign.....  
PAPER LAID

**REPORT**

**OF**

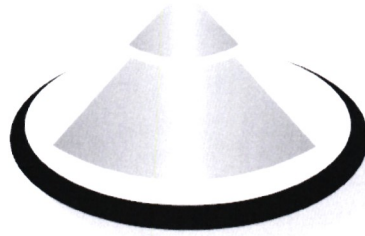
**THE AUDITOR-GENERAL**

**ON**

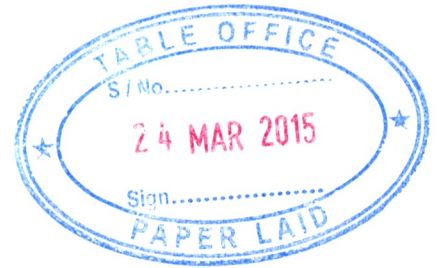
**THE FINANCIAL STATEMENTS OF  
BOMAS OF KENYA LIMITED**

**FOR THE YEAR ENDED  
30 JUNE 2014**





**BOMAS**  
OF KENYA



**REPORTS  
AND  
FINANCIAL STATEMENTS**

**FOR THE FINANCIAL  
YEAR ENDED**

**30<sup>TH</sup> JUNE 2014**

**BOMAS OF KENYA LIMITED.**

**REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED  
JUNE,30,2014 (Kshs)**

**CONTENTS**

	<b>Pages</b>
Key Entity Information	3
Board of Directors	4
Management Team	5-9
Chairman's Statement	10
Report of the Chief Executive Officer	11
Corporate Governance Statement	12
Corporate Social Responsibility Statement	13-14
Report of the Directors	15-16
Statement of Directors Responsibilities	17
Report of The Auditor General	18-19
Report of the Independent Auditor /Auditor General	

**FINANCIAL STATEMENTS**

Statement Of Profit / (Loss) and other Comprehensive Income	20
Statement Of Financial Position	21
Statement Of Changes In Equity	22
Statement Of Cash Flows	23
Summary Of Significant Accounting Policies	24-27
Explanatory Notes To The Financial Statements	28-35

## **BOMAS OF KENYA LIMITED.**

### **REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE,30,2014 (Kshs)**

#### **KEY ENTITY INFORMATION**

Bomas of Kenya is a body corporate established under the provision of Kenya Companies Acts Cap 486 of the laws of Kenya ON 11<sup>TH</sup> September 1970 and it is domicile in Kenya. At cabinet level the entity is represented by the Cabinet Secretary for East African Affairs Commerce And Tourism who is responsible for the general policy and strategic direction of Bomas Of Kenya Limited.

#### **Principal Activities**

The principal activity of Bomas of Kenya limited is to preserve, promote and maintain the kenya's diverse culture.

#### **DIRECTORS**

The directors who served Bomas of Kenya during the year /period were as follows:

1. JOHN GITAU MAKUMI CHAIRMAN APPOINTED ON February 2013
2. QURESH HUSSEIN AHMED CHIEF EXECUTIVE APPINTEED ON 26<sup>th</sup> July 2011

*NOTE: During the financial year there was a chairman of the board in place and no directors were appointed as at June 30, 2014.*

#### **CORPORATE HEADQUARTERS**

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

#### **CORPORATE CONTACTS**

Telephone 8891801/2,8890793/5/8  
E-mail: [bomas@africaonline.co.ke](mailto:bomas@africaonline.co.ke)  
Website: <http://www.bomasofkenya.or.ke>

#### **BANKERS**

Kenya Commercial Bank  
Moi Avenue branch  
P. O. Box 30081  
Nairobi, Kenya

**BOMAS OF KENYA LIMITED.**

**REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED  
JUNE,30,2014 (Kshs)**

**INDEPENDENT AUDITORS**

Auditor General  
Kenya National Audit Office  
Anniversary towers, University way  
P.O. Box 30084-00100 GPO  
Nairobi, Kenya

**PRINCIPAL LEGAL ADVISORS**

Punit D. Vadagma  
P.O. Box 40286-00100  
Nairobi  
Kenya

**THE BOARD OF DIRECTORS**

- |                         |                         |
|-------------------------|-------------------------|
| 1. JOHN GITAU MAKUMI    | CHAIRMAN                |
| 2. QURESH HUSSEIN AHMED | CHIEF EXECUTIVE OFFICER |

*NOTE: during the financial year there was aboard chairman in place but there were no board members appointed to date.*

**BOMAS OF KENYA LIMITED.**

**REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED  
JUNE,30,2014 (Kshs)**

**MANAGEMENT TEAM**



1. QURESH H. AHMED - General Manager

<b>Key profession/academic qualifications</b>	<b>Responsibility</b>
<ul style="list-style-type: none"><li>• EMBA</li><li>• CPA K</li></ul>	<ul style="list-style-type: none"><li>• Creating, communicating and implementing the organization vision, mission and overall direction</li><li>• Leading, guiding, directing and evaluating the work of unit managers</li><li>• Soliciting advice and guidance when appropriate from unit managers</li><li>• Formulating and implementing the strategic plan that guides the direction of institution</li><li>• Overseeing the complete operation of an organization in accordance with direction establishment in strategic plans</li><li>• Evaluating the success of organization</li><li>• Demonstrating the leadership necessary to make the organization's mission a success</li></ul>

**BOMAS OF KENYA LIMITED.**

**REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED  
JUNE,30,2014 (Kshs)**



2. Thedius Bwire - Production Manager

<ul style="list-style-type: none"><li>• Masters in Swahili</li><li>• Bachelors of Education(Arts)</li><li>• Certificate in dance choreography</li></ul>	<ul style="list-style-type: none"><li>• Planning and coordinating theatre activities</li><li>• Selection of artiste for local and overseas performances</li><li>• Designing curriculum for training and choreography of dancers</li><li>• Publishing and circulating research findings and training programmes for artiste</li><li>• Participate in recruitment of new artiste</li><li>• Carrying out administrative duties like keeping leaves schedule, tabulating overtimes off duties etc</li></ul>
---	---



3. Benard Ongeru – Senior Information Officer

<ul style="list-style-type: none"><li>• Diploma In Public Relations</li><li>• Computer Technology Course</li></ul>	<ul style="list-style-type: none"><li>• Management of public relations activities at both institution and other stakeholders.</li><li>• Media monitoring to enhance the corporate image of the organization.</li><li>• Overall in charge of the Public relations department to ensure excellent service to customer.</li><li>• Classifying, collating and storing information, usually using special computer applications, for easy access and retrieval.</li><li>• Lead person in promotion and advertising of the organizations activities to the stake holders.</li></ul>
--	---

**BOMAS OF KENYA LIMITED.**

**REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED  
JUNE,30,2014 (Kshs)**



4. Jimmy Okindiang'i – Human Resource Officer

- |  |   |
|--|---|
| <ul style="list-style-type: none"><li>• BBA (Human resource)</li><li>• Lead auditors course</li><li>• Higher Diploma in Human Resource Management</li><li>• Diploma in Human Resources</li></ul> | <ul style="list-style-type: none"><li>• Recruitment placement,</li><li>• Staff training and development</li><li>• Involved in development, implementation of career guidelines for all staff</li><li>• Interpreting personnel regulations, policies with stipulated terms and conditions of service</li><li>• Processing retirement cases</li><li>• Processing disciplinary cases in consultation with HODs</li></ul> |
|--|---|

**BOMAS OF KENYA LIMITED.**

**REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE,  
30, 2014 (Kshs)**



5. David K. Rono – Finance Manager

- EMBA
- CPA K

- Overseeing the Finance and administration department operations.
- Monitoring and interpreting cash flows and predicting future trends
- Managing organizations financial accounting, monitoring and reporting systems.
- Preparation and managing budgets ; producing accurate financial reports to specific deadlines
- Keeping abreast of changes in financial regulations and legislation
- Controlling income, cash flow and expenditure
- Carrying out business modelling and risk assessments and staff Supervision on matters such as monthly Payroll, bank reconciliation and expenses
- Ad hoc reporting to General Manager on special projects

**BOMAS OF KENYA LIMITED.**

**REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED  
JUNE,30,2014(Kshs)**



6. Joseph W. Njoroge Kamau – Property Manager

- |  |  |
|--|--|
| <ul style="list-style-type: none"><li>• Diploma in building</li><li>• BA in survey</li></ul> | <ul style="list-style-type: none"><li>• Ensure repair and maintenance of institution, building, villages (properties)</li><li>• Ensure delegation of tasks to the personnel to maintain the general cleanliness of the institution at large</li><li>• Carrying out administrative duties like keeping leaves schedule, overtime off duties e.t.c</li></ul> |
|--|--|



7. John S. Ekhal Swenson

- |  |   |
|--|---|
| <ul style="list-style-type: none"><li>• Food and Beverage Service and Sales<br/>Advanced Level</li></ul> | <ul style="list-style-type: none"><li>• Overall organization and management of all Catering and Housekeeping Services at the Bomas,</li><li>• Planning and scheduling work for the division,</li><li>• Coming up with proposals on how to improve the catering, housekeeping and restaurant services,</li><li>• Maintenance of occupational standards,</li><li>• Supervision, guidance, development and appraisal of all staff working under him.</li></ul> |
|--|---|

**BOMAS OF KENYA LIMITED.**

**REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED  
JUNE, 30, 2014(Kshs)**

**CHAIRMAN'S STATEMENT**

The accounts for the financial year ended 30th June 2014 are encouraging for the company realizing a profit of Kshs13,502,936/= ,however there was a decrease in the restaurant sales mainly due to closure the Forest edge road which is our entry way during the construction of the Langata/Bomas interchange.

There is an increase in the asset base of the assets of the company for the year under review by Kshs.215, 375,771

The company is planning to be a major player in the Tourism industry in Kenya where we intent to construct Bomas International convention exhibition centre within the next three years.

The company will through the board of directors and the ministry of East Africa affairs commerce and tourism continuously review its business strategies in place to ensure that it plays its role in national development as the custodian and lead conservator of Kenya culture for cultural tourism.

**FINANCIAL RESULTS**

The institution made a net profit of Kshs 13,502,936.00 compared to the previous year of kshs 26,210,369.00. the decrease in profits was due to the closure of our main entry to the organization during the construction of Langata road / Bomas interchange and the travel advisories to tourists.

CHAIRMAN:

*Juma*

DATE:

16.2.2015

**BOMAS OF KENYA LIMITED.**

**REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED  
JUNE, 30, 2014 (Kshs)**

**REPORT OF THE CHIEF EXECUTIVE OFFICER**

The Kenyan economy expanded at a rate of 5.6%. The recovery in tourism arrival numbers in the country did not translate to increased revenue for the Company. The tourists who arrive in Kenya spend considerable time of their holiday in the coast and plans are underway for the Ministry of Tourism to allocate land for a Bomas of Kenya branch to be established in North Coast – Mombasa for the Institution to tap into the revenue from tourism arrivals in the Kenyan coast. This will also enable us diversify our operations from Nairobi to other parts of the country.

There was a favourable increase in sales but inflation and cost of labor caused by collective bargaining agreement decreased the overall profits.

The Bomas of Kenya is mandated to conserve, preserve, maintain, promote and educate Kenyans and visitors to the country about our cultural heritage. The highest number of visitors who patronize Bomas facilities and activities are school parties who are charged a small entrance fee of Kshs20/= per child to nurture inclusively and equality in the Kenyan society, therefore adequate revenue cannot be raised from the company's operations for growth and sustainability. Culture all over the world is not commercialized. It is in realization of this that the Company is undertaking commercial ventures which will subsidize the cultural activities.

The Company is keen in diversifying its product range and attains sound profitability.

MR. QURESH .H. AHMED..........DATE.   
GENERAL MANAGER

**BOMAS OF KENYA LIMITED.**

**REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED  
JUNE, 30, 2014 (Kshs)**

**CORPORATE GOVERNANCE STATEMENT**

**INTRODUCTION**

Corporate governance is the manner in which the power over and the power of a company is exercised in the stewardship of its total portfolio of assets and resources with the primary objective of increasing and sustaining shareholders value while satisfying the needs of the other shareholders in the context of the vision and the mission of the company.

**BOMAS OF KENYA LIMITED.**

**REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED  
JUNE, 30, 2014(Kshs)**

**CORPORATE SOCIAL RESPONSIBILITY STATEMENT**

**Introduction**

The Board and management of BOK is committed to maintaining the highest standards of corporate governance. This statement describes BOK's governance principles and practices. This statement also describes how BOK has applied the principles set out in the Kenya's Corporate Governance Code.

**Chairman**

At BOK, we are committed to sustained high performance, supported by good governance. We want to run our BOK in a manner which is responsible and consistent with our belief in honesty, transparency and accountability. For us, good governance means managing our business well and engaging effectively with our stakeholders. It is never simply an exercise in compliance, but a key element underpinning the long-term growth of tourism Industry. As such, it is of key importance in these challenging times especially putting into consideration the effects of various threats to our tourists.

I am aware too of the need to have the keenest eye on product diversification given the BOK's capability as far as cultural tourism is concern. BOK's is well on track to ensure that this diversification is well done by the development of Bomas International Convention and Exhibition Centre (BICEC) that is at a critical stage now. Under BICEC, proper disclosure have been put in place to assist investors and other stakeholders in understanding our project better so as to ensure success in public private partnership (PPP). In addition, in the last year Cabinet Secretary has offered needed assistance to ensure the various modalities for the project are done successfully.

I am confident that BOK will continue to demonstrate resilience in these challenging times through its effective mix of good governance, a clear and consistent corporate strategy and excellent management. This has also been explicitly been slotted in the Strategic plan 2013-2017 cycle that is at approval final stage.

## **BOMAS OF KENYA LIMITED.**

### **REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE, 30, 2014. (Kshs)**

#### **Risk management**

Management continuously develops and enhances its risk and control procedures to improve risk identification, assessment and monitoring. The Management considers business risks when setting strategies, approving budgets and monitoring progress against budgets. Management adopts internal controls, including policies, procedures and processes to provide reasonable assurance in safeguarding assets, preventing and detecting errors, the accuracy and completeness of accounting records, and the reliability of financial statements. Internal audit provides independent, objective assurance of the system of internal controls within the BOK.

#### **Compliance**

BOK actively works to comply with relevant laws, regulations and company policies applicable across Kenya. The legal compliance programme includes a compliance management framework which sets target dates for full compliance with legal obligations, guides the implementation of internal controls, and manages the implementation and monitoring of the framework together with compliance stakeholders.

**BOMAS OF KENYA LIMITED.**

**REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED  
JUNE, 30, 2014 ( Kshs)**

**REPORT OF THE DIRECTORS**

There was no Board of directors during the financial year under review. The previous board expired on 15<sup>th</sup> October, 2012.

1. Results

The trading results for the year is set out in page 13

**DIRECTORS**

An independent board manages the business of the company. The board is keen on reviewing the overall framework of the internal controls. Assessment of management process and the adoption of the appropriate codes of ethic standards.

It's also responsible for ensuring that the company complies with the law and highest standards of the corporate and business ethics. The board currently comprises of members drawn from public & private sectors. Currently the Board of Directors has not been appointed.

**Board Committee**

These are committees of the board

1. Finance, and Administration committee
2. Operations committee
3. Audit committee

**BOMAS OF KENYA LIMITED.**

**REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED  
JUNE, 30, 2014 (Kshs)**

**RISK MANAGEMENT**

The company will continue to recognize risk management as an integral part of the internal control. We will therefore continue to logically and systematically engage in the process of establishing, identifying, analyzing, evaluating and communicating risks associated with any activities, function or process in a way that would enable the company to minimize losses and maximize opportunities.

Nothing has come to the attention of the Board to indicate that the company will not remain a going concern for at least twelve months from the date of this statement.

**BOMAS OF KENYA LIMITED.**

**REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED  
JUNE, 30, 2014 (Kshs)**

**STATEMENT OF DIRECTORS RESPONSIBILITIES**

The Companies Act requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the Company's profit or loss. It also requires the directors to ensure that Company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company. They are also responsible for safeguarding the assets of the Company.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable estimates, in conformity with International Financial Reporting Standards and the requirements of the Companies Act and State Company Act (Cap 446). The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of the Company's profit in accordance with International Financial Reporting Standards. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement.

Nothing has come to the attention of the directors to indicate that the Company will not remain a going concern for at least twelve months from the date of this statement.

  
.....

Chairman

16.2.2015  
.....

Date:

  
.....

General Manager

16<sup>th</sup> Feb. 2015  
.....

Date:

# REPUBLIC OF KENYA

Telephone: +254-20-342330  
Fax: +254-20-311482  
E-Mail: [oag@oagkenya.go.ke](mailto:oag@oagkenya.go.ke)  
Website: [www.kenao.go.ke](http://www.kenao.go.ke)



P.O. Box 30084-00100  
NAIROBI

## KENYA NATIONAL AUDIT OFFICE

### REPORT OF THE AUDITOR-GENERAL ON BOMAS OF KENYA LIMITED FOR THE YEAR ENDED 30 JUNE 2014

---

#### REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Bomas of Kenya Limited set out on pages 20 to 34, which comprise the statement of financial position as at 30 June 2014, and the statement of comprehensive income, statement of changes in equity and statement of cash flows 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 14 of the Public Audit Act, 2003. 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.

#### **Management's Responsibility for the Financial Statements**

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

The management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 13 of the Public Audit Act, 2003.

#### **Auditor-General's Responsibility**

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 15 of the Public Audit Act, 2003 and submit report in compliance with Article 229(7) of the Constitution of Kenya. The audit was conducted in accordance with International Standards on Auditing. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the

financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

### **Basis for Qualified Opinion**

#### **1. Delinking from Tourism Finance Corporation**

The Company is fully (100%) owned by Tourism Finance Corporation (formerly Kenya Tourist Development Corporation). The issue of premise on which a subsidiary company fully owned indebtedness to its parent Company was addressed in the 8<sup>th</sup> Parliamentary Public Investments Committee(PIC) report, where it was resolved that the two institutions delink in order for them to be separate entities. Further, the Permanent Secretary, Ministry of Tourism and Wildlife Letter Ref. No. MWT S.23/3/(22) of 10 September 1996 and Ministry of Finance Letter Ref. No.CONF.71/53/01 of 3 September 1996 also endorsed the separation.

As a result of failure to implement the PIC recommendation, the Company continues to face legal challenges in meeting its obligations to the Tourism Finance Corporation since it's not a separate entity.

#### **2. Trade and other Receivables**

The trade and other receivables balance of Kshs.15,137,670 as at 30 June 2014 is net of Kshs.5,844,308 which has been outstanding for over 10 years and which is fully provided for. However, in spite of the Parliamentary Investments Committee recommendations to have the board approval to regularise the bad and the doubtful debts, no efforts have been made to have the matter resolved.

Consequently, it has not been possible to confirm the accuracy of the trade and other receivables balance of Kshs.15,137,670 as at 30 June 2014.

#### **3. Valuation of Assets**

The last valuation of assets was conducted in 1996. With a time lapse of over eighteen (18) years the values of assets must have changed drastically yet the Company has not taken this into cognizance in order to revalue its assets. Further, International Accounting Standard No.16 stipulates that property, plant and equipment should be revalued after every five years.

As a result it has not been possible to ascertain that property, plant and equipment balance of Kshs.1,211,106,796 is fairly stated in the financial statements as at 30 June 2014.

### **Qualified Opinion**

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Company as at 30 June 2014, 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, Cap.486 of the Laws of Kenya.

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

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

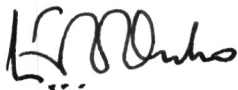
- (i) I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit;
- (ii) In my opinion, proper books of account have been kept by the Company, so far as appears from my examination of those books; and,
- (iii) The Company's statement of financial position and statement of comprehensive income are in agreement with the books of account.

### **Emphasis of Matter**

#### **Lack of Board of Directors**

Without qualifying my opinion, I draw attention that the company has been operating without a Board for over two years after the expiry of the term of the previous Board in June 2012, contrary to Article 8 to 12 of the Articles of Association of the Company. The Board is the supreme organ of any organization in terms of policy matters and oversight over implementation of the laid down procedures and regulations of the organization. As a result, the Company has not been able to fully implement its mandate.

No proper explanation has been provided for the delay in constitution of the Board as required by the Tourism Act, 2011.



**Edward R. O. Ouko, CBS**  
**AUDITOR-GENERAL**

Nairobi

2 March 2015

**BOMAS OF KENYA LIMITED.**

**REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE, 30, 2014**

**STATEMENT OF PROFIT /(LOSS) AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2014**

	<u>NOTE</u>	<b>2014</b> <b>KSHS</b>	<b>2013</b> <b>KSHS</b>
<b><u>REVENUE</u></b>			
Bar & Restaurant Sales	1	47,687,438	101,391,311
Grant from National Government	2	260,190,000	169,000,000
Other income	3	33,474,350	48,531,498
<b>TOTAL REVENUE</b>		<b>341,351,788</b>	<b>318,922,809</b>
<b><u>OPERATING EXPENSES</u></b>			
Administration Costs	4	236,183,626	174,639,424
Board Emoluments	4(c)	720,000	745,344
Selling and distribution costs	5	44,773,220	75,542,528
Audit fee	6	232,000	232,000
Provisions for bad debts	7	-	2,205,595
Depreciation	8	45,870,074	39,347,549
		<b><u>327,058,920</u></b>	<b><u>292,712,440</u></b>
<b>FINANCE COSTS</b>			
Interest expense on KTDC loan	9	789,932	968,043
<b>Net Surplus / (Deficit) before tax</b>		<b>13,502,936</b>	<b>26,210,369</b>
<b>INCOME TAX EXPENSE</b>		<b>-</b>	<b>-</b>
<b>PROFIT /(LOSS) AFTER TAX</b>		<b><u>13,502,936</u></b>	<b><u>26,210,369</u></b>

**BOMAS OF KENYA LIMITED.**

**REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED  
JUNE, 30, 2014(Kshs)**

**STATEMENT OF FINANCIAL POSITION AS AT 30<sup>TH</sup> JUNE 2014**

		2014	2013
<b>ASSETS</b>			
<b>Non –current assets</b>			
Property Plant & Equipment	10	1,211,106,796	1,041,601,098
<b>TOTAL NON CURRENT ASSET</b>		<b>1,211,106,796</b>	<b>1,041,601,098</b>
<b>CURRENT ASSETS</b>			
Inventories	11	385,593	541,871
Trade and other Receivables	12	15,137,670	32,309,438
Pre-payments	13	-	19,416,000
Cash and cash equivalents	14	<u>251,437,347</u>	<u>201,464,449</u>
<b>TOTALCURRENT ASSETS</b>		<b><u>266,960,610</u></b>	<b><u>253,731,758</u></b>
<b>TOTAL ASSETS</b>		<b><u>1,478,067,406</u></b>	<b><u>1,295,332,856</u></b>
<b><u>EQUITY AND LIABILITIES:</u></b>			
Share Capital	15	5,080,000	5,080,000
Retained Earnings	16	145,271,839	130,320,434
Revaluation Reserve	17	132,876,621	134,325,011
Deferred Capital Grant	18	<u>1,168,001,445</u>	<u>1,003,001,445</u>
<b>TOTAL CAPITAL AND RESERVES</b>		<b><u>1,451,229,905</u></b>	<b><u>1,272,726,890</u></b>
<b>NON –CURRENT LIABILITIES</b>			
Kenya Tourist Development Corp. loan interest	19	<u>6,119,883</u>	<u>6,249,627</u>
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>1,457,349,788</b>	<b>1,278,976,517</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	20	18,505,972	13,131,019
Kenya Tourist Development Corp. loan	21	<u>2,211,647</u>	<u>3,225,319</u>
		<b><u>20,717,619</u></b>	<b><u>16,356,338</u></b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b><u>1,478,067,407</u></b>	<b><u>1,295,332,855</u></b>

Chairman..... *jmca* ..... Date..... *16.2.2015* .....

Chief executive..... *PAHmede* ..... Date..... *16<sup>th</sup> feb. 2015* .....

**BOMAS OF KENYA LIMITED.**

**REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED  
JUNE, 30, 2014 (Kshs)**

**STATEMENT OF CHANGES IN EQUITY**

	ORDINARY SHARE CAPITAL	RETAINED EARNINGS	REVALUATION RESERVE	DEFERRED CAPITAL GRANT	TOTAL
	<u>KSHS</u>	<u>KSHS</u>	<u>KSHS</u>	<u>KSHS</u>	<u>KSHS</u>
<b>1ST JULY 2012</b>	<b>5,080,000</b>	<b>103,591,263</b>	<b>135,811,856</b>	<b>782,201,445</b>	<b>1,026,684,564</b>
Net surplus/(Deficit) for the year 30th June,2013		25,242,405			25,242,405
Revaluation reserve		1,486,845	-1,486,845		
Capital Grant				220,800,000	220,800,000
<b>30<sup>th</sup> June,2013</b>	<b>5,080,000</b>				
<b>AT JULY 1,2013</b>	<b>5,080,000</b>	<b>130,320,513</b>	<b>134,325,011</b>	<b>1,003,001,445</b>	<b>1,272,726,969</b>
		<b>130,320,513</b>	<b>134,525,011</b>	<b>1,003,001,445</b>	<b>1,272,726,969</b>
Net surplus/(Deficit) for the year 30th June,2014		13,502,936			11,120,816
Revaluation reserve		1,448,390	-1,448,390		
Capital Grant				165,000,000	165,000,000
<b>At June 2014</b>	<b>5,080,000</b>	<b>145,271,839</b>	<b>132,876,621</b>	<b>1,168,001,445</b>	<b>1,451,229,905</b>

**BOMAS OF KENYA LIMITED.**

**REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED  
JUNE, 30, 2014 (Kshs)**

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2014**

	NOTES	2014	2013
		KSHS	KSHS
Net Surplus/(Deficit) for the year		<u>13,502,936</u>	<u>25,242,326</u>
<b><u>Add: Items not involving Movement of Cash:</u></b>			
Provision for Depreciation	10(a)	45,870,074	39,347,549
Provision for audit fee	6	232,000	232,000
Interest on KTDC Loan	9	789,932	968,043
Gain on provision for bad debt	3	(1,715,459)	-
		<b>45,176,547</b>	<b>40,547,592</b>
<b><u>Add: Changes in Working Capital:</u></b>			
(Increase)/ Decrease in Inventories	11	156,278	300,916
(Increase)/ Decrease in Receivables	12	17,171,768	(21,279,686)
Increase/ (Decrease) in Payables	20	5,374,953	1,819,237
(Increase) / Decrease in pre-payments	13	19,416,000	(19,416,000)
		<b>42,118,999</b>	<b>(38,575,533)</b>
<b>Cash Generated From Operations</b>		<b>100,798,482</b>	<b>27,214,385</b>
KTDC loan payment	9	<u>(449,813)</u>	<u>(1,680,972)</u>
		-	-
<b>Net Cash from Operations</b>		<b>100,348,669</b>	<b>25,533,413</b>
<b><u>INVESTING ACTIVITIES.</u></b>			
Purchase of Fixed Assets/Work in progress	10(a)	(215,375,771)	(207,810,570)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Development Grants		181,650,000,000	<u>220,800,000</u>
Net Increase/(Decrease) in Cash and Cash equivalents		<u>49,972,898</u>	<u>38,522,843</u>
<b><u>Add: Beginning Balance of Cash and Cash Equivalents</u></b>		<u>201,464,449</u>	<u>162,941,606</u>
<b>ENDING BALANCE OF CASH &amp; CASH EQUIVALENTS</b>	14	<b>251,437,347</b>	<b>201,464,449</b>

**BOMAS OF KENYA LIMITED.**

**REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED  
JUNE,30,2014 (Kshs)**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

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

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

The Company prepares its financial statements under the 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 their fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value.

The preparation of financial statements is in conformity with International Reporting Standards (IFRS) allows the use of estimates and assumptions .It also requires management to exercise judgment in the process of applying the *entity's* accounting policies.

**a) PROPERTY, PLANT & EQUIPMENT**

Property, plant &equipment are stated at cost as modified by revaluation. Depreciation is calculated on the reducing balance method except for buildings which is depreciated at cost.

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

**BOMAS OF KENYA LIMITED.**

**REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED  
JUNE,30,2014 (Kshs)**

The assets revaluation was done in August 1996 By Gatheru Irungu Mugo Co ltd at a valuation of Kshs 194,020,600 :- ( value of Fixed assets was Kshs 29,191,433 as at 30/6/1997) as below:-

1. Land	- 76,950,000.00
2. Buildings and site works	-109,185,000.00
3. Furniture and equipments	- 5,085,600.00
4. Motor Vehicles	- 2,800,000.00

**b) INVENTORIES:**

Inventories are stated at the lower Cost or net realizable value.

**c) CAPITAL GRANT:**

- i) In 1987 a Hall was constructed by the Government on the grounds belonging to Bomas of Kenya Limited at a cost of Kshs. 20,201,445/=. The building has been handed over to the Company. The value of the Hall has been treated as a Capital Grant in the Accounts.
- ii) In 2002 the Company received a Cultural Grant (Lighting and Sound Equipment) of Kshs.30, 000,000 from the Japanese Government.

**d) PRINCIPAL ACTIVITY OF THE COMPANY**

To persevere and promote the diverse culture of the people of Kenya

**e) PROVISION FOR BAD AND DOUBTFUL DEBTS:**

A general provision for bad and doubtful debts has been made at 10% of the Trade

Receivable figure and 100% of long outstanding receivable figure

**f) FINANCIAL RISK MANAGEMENT**

**Introduction and overview**

The Company's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risks is paramount to the Company's business, and the operational risks are an inevitable

**BOMAS OF KENYA LIMITED.**

**REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED  
JUNE,30,2014 (Kshs)**

consequence of being in business. The Company's aim is therefore to achieve a balance between risk and return and minimize potential adverse effects on its financial performances.

**i) Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty will default on its contractual obligations resulting in financial loss to the Company.

**Management of Credit risks.**

The responsibility for credit control management lies to the Financial Controller in conjunction with the credit committee and role includes;

Formulating credit policies in consultation with the Marketing department, covering credit assessment, risk assessment, risk grading and reporting, documentary and legal procedures and compliance with regulatory and statutory requirements.

Establishing the authorisation levels for the approval and renewal of credit facilities. Authorisation limits are allocated to the financial controller. Larger facilities require approval the General Manager.

Reviewing and assessing credit risk by the credit committee for all credit exposures in excess of designated limits, prior to facilities being committed to customers. Renewals and reviews of facilities are subject to the same review process.

Providing advice, guidelines and specialist skills to the Company to promote best practice throughout the Company in the management of credit risk.

**BOMAS OF KENYA LIMITED.**

**REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED  
JUNE,30,2014 (Kshs)**

**ii) Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations from its financial liabilities.

**Management of liquidity risk**

The Company's approach to managing liquidity is to ensure, as far as possible, that it always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk damage to the Company reputation.

**iii) Market risk**

**(i) Foreign exchange risk**

The Company operates wholly within Kenya but has international customers who pay in various currencies primarily the US dollar. Foreign exchange risk arises from future commercial transactions, i.e. international clients making present payments for future events.

The Company aims to minimise volatility arising from fluctuations in exchange rates risk by converting its foreign currency collections into local currency on an ongoing basis to cater for its operational requirements as a result, the Company does not hold large amounts of foreign currency deposits.

**BOMAS OF KENYA LIMITED.**

**REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE,30,2014**

**Notes**

	<b>2014</b>	<b>2013</b>
	<b>KSHS</b>	<b>KSHS</b>
<b>1. SALES</b>		
Bar sales	2,282,893	5,518,676
Restaurant sales	10,482,280	7,891,976
Staff meals	4,621,785	17,644,910
Parties & receptions	30,300,480	70,335,746
Total sales	<b><u>47,687,438</u></b>	<b><u>101,391,311</u></b>

**2. GOVERNMENT GRANTS**

These are annual receipts from Kenyan government as provided for in the printed estimates.

Recurrent grant	260,190,000	169,000,000
Development grants	165,000,000	220,800,000

**3. OTHER INCOME**

This is revenue received from the various sources of income.

a) Gate collection & playground	3,249,765	4,570,409
b) Hire of Dancers/halls	7,001,438	29,152,785
c) Rent Income	19,006,652	13,367,244
d) Sundry Income	2,501,036	1,441,060
e) Gain on provision for bad debts	1,715,4590	-
	<b><u>33,474,350</u></b>	<b><u>48,531,498</u></b>

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

This is revenue collection at the entrance gate for entertainment by visitors who are entertained by the traditional .Entry fee to the children's amusement park and sales for video & filming.

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

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

**c) Rent Income**

This is revenue received /receivable from tenants who occupy part of the company facilities. During the year we extended lease (4. Acres) part of our land to China WuYi co. limited which they have put up a site during construction of the Langata Road.

**d) Sundry Income**

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

**REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED  
JUNE, 30, 2014(Kshs)**

NOTE		2014KSHS	2013KSHS
	<b><u>ADMINISTRATION COSTS</u></b>		
<b>4.(a)</b>	Staff costs ( <i>note no. 4b</i> )	88,109,135	68,846,744
	Motor Vehicle Running& transport	5,012,839	4,750,988
	Traveling & Entertainment	10,416,558	7,026,502
	Medical Expenses	7,803,539	6,412,223
	Dancers Expenses	7,176,652	5,833,328
	Food & Accommodation	10,714,314	4,295,476
	Acrobats wages	0	4,936,620
	Guest Dancers	3,717,690	3,920,461
	Uniforms for Staff	2,790,617	3,193,540
	Publicity & Promotion	13,936,778	8,990,731
	Printing & Stationery	5,312,104	3,630,890
	Telephone & Postage	2,046,505	2,074,759
	Cleaning & laundry	2,815,744	3,278,155
	Security Charges	5,186,733	3,814,799
	Hiring Charges	10,270,451	5,011,570
	Staff Training	3,350,445	1,131,483
	Sundry Expenses	4,610,207	2,019,817
	Subscriptions & Donations	878,736	569,380
	Diverse cultural promotion	17,299,454	5,432,766
	Computer services	634,415	1,246,024
	Interest & Bank Charges	455,683	302,100
	Insurance & Licenses	1,434,368	2,034,572
	Legal & professional	2,323,052	2,393,500
	Land Rates	403,240	250,000
	Electricity & Water charges	12,746,986	10,568,350
	Repairs & Maintenance	<u>16,017,381</u>	<u>12,674,646</u>
		<b><u>235,463,626</u></b>	<b><u>174,639,424</u></b>
	<b><u>4(b)Staff costs</u></b>		
	Salaries and allowances for permanent employees	66,834,222	
	Wages of temporary employees(casuals)	16,282,193	
	General Managers salary	3,600,000	
	Compulsory national health insurance schemes	610,320	
	Compulsory national social security schemes	<u>782,400</u>	
		<b>88,109,135</b>	
	<b>4 ( c) Directors emoluments</b>	<b>720,000</b>	<b>745,344</b>
	<b>5.SELLING AND DISTRIBUTION COSTS</b>		
	Purchase – NyamaChoma Bar	4,927,785	4,711,740
	Purchases- Parties/ Reception	16,504,795	52,923,685
	Purchase – NyamaChoma Restaurant	23,340,640	17,907,103
		<b>44,773,220</b>	<b>75,542,528</b>
	<b>6.AUDIT FEES</b>	<b>232,000</b>	<b>232,000</b>
	<b>7.PROVISION FOR BAD DEBTS</b>	<b>1,715,459</b>	<b>2,205,595</b>
	<b>8.DEPRECIATION</b>	<b>45,870,074</b>	<b>39,347,549</b>
	<b>9.FINANCE COSTS (interest on KTDC Loan</b>	<b>789,932</b>	<b>968,043</b>

**BOMAS OF KENYA LIMITED.**

**REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED  
JUNE,30,2014(Kshs)**

10. (a)

PROPERTY, PLANT & EQUIPMENTS	LAND	WORK IN PROGRESS	BUILDINGS & CIVIL WORKS	MOTOR VEHICLES	FURNITURE FITTINGS & EQUIPMENT	COMPUTERS	LOOSE TOOLS	PUMPS & PIPES	TOTALS
Depreciation Rate	0%	0%	2.50%	25%	12.50%	30%	50%	20%	
(A)COST/VALUATION	KSHS	KSHS	KSHS	KSHS	KSHS	KSHS	KSHS	KSHS	KSHS
As at 1.7.2013	76,950,000	-	969,278,247	12,716,938	156,243,954	1,760,100	17,413,104	33,304,934	1,267,667,277
Additions	-	159,659,917	24,716,420	-	21,963,351	1,604,163	3,277,560	4,154,360	215,375,771
DEPRECIATION									
As at 1.7.2013									
Charge for the year -on revaluation surplus			1,444,020	4,056	-	-	-	313	1,448,389
Charge for the year -on Profit/(loss)			24,849,867	905,668.75	12,222,707.38	646,933.20	2,336,274.50	3,460,234.40	44,421,685
As at 1.7.2014	-	-	125,456,100	10,003,988	92,648,353	1,854,752	18,354,390	23,618,669	271,936,252
NBV as at 30.6.2014	<u>76,950,000</u>	<u>159,659,917</u>	<u>868,538,567</u>	<u>2,712,950</u>	<u>85,558,952</u>	<u>1,509,511</u>	<u>2,336,275</u>	<u>13,840,625</u>	<u>1,211,106,796</u>
(B)COST/VALUATION									
AS AT 1/7/2012	76,950,000	425,761,825	370,943,639	12,716,938	120,093,409	1,700,100	16,593,104	32,646,834	1,057,405,849
Additions As at 30.6.2013	-	84,283,419	88,289,364	-	36,150,545	60,000	820,000	840,100	210,443,428
Capitalization of WIP	-	(510,045,244)	510,045,244	-	-	-	-	-	-
DEPRECIATION									
AS AT 1.7.2011(A)	-	-	75,294,548	7,877,692	69,594,459	971,127	14,623,126	16,870,833	185,231,785
Charge for the year-on revaluation			1,481,046	5,408	-	-	-	391	1,486,845
Charge for the year - on Profit/(loss)			22,386,619	1,211,163	10,831,187	236,692	1,394,989	3,286,898	39,347,549
As at 30.6.2013	-	-	99,162,213	9,094,263	80,425,646	1,207,819	16,018,115	20,158,122	226,066,179
NBV as at 30.6.13	<u>76,950,000</u>	<u>0</u>	<u>870,116,034</u>	<u>3,622,675</u>	<u>75,818,308</u>	<u>552,281</u>	<u>1,394,989</u>	<u>13,146,812</u>	<u>1,041,601,098</u>

NOTE: The revaluation of the assets was done In August 1996 By Gatherirungumugo Co ltd at a valuation of Kshs 194,020,600:- (Value of Fixed assets was kshs 29,191,433 as at 30/6/1997) as below:-

1. Land	- 76,950,000.00
2. Buildings and site works	-109,185,000.00
3. Furniture and equipments	- 5,085,600.00
4. Motor Vehicles	- 2,800,000.00

**BOMAS OF KENYA LIMITED.**  
**REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**JUNE, 30, 2014(Kshs)**

**10 (b) WORK IN PROGRESS**

This refers to the amount spent in putting up the Utamaduniboma restaurant and the cultural /conference centre within the organization.

	<b>2014</b>	<b>2013</b>
	<b>KSHS</b>	<b>KSHS</b>
Work in progress analysis		
Balance brought forward	0	425,761,825
Additions for the year	<u>159,659,917</u>	<u>84,283,419</u>
Balance carried forward	<b><u>159,659,917</u></b>	<b><u>510,045,244</u></b>
<b>11. <u>INVENTORIES</u></b>		
Drinks	192,489	301,142
Cigarettes	1,660	6,337
Provisions(general food stuffs)	<u>191,444</u>	<u>234,392</u>
	<b><u>385,593</u></b>	<b><u>541,871</u></b>
<b>12. <u>TRADE AND OTHER RECEIVABLES</u></b>		
Debtors- long outstanding	5,844,308	5,844,308
Trade Debtors	15,050,002	32,204,625
Staff Debtors	1,521,305	3,253,910
Deposits Paid	<u>183,500</u>	<u>183,500</u>
	<b><u>22,599,115</u></b>	<b><u>41,486,343</u></b>
<b>Provision for bad &amp; Doubtful Debts-</b>		
- (10% of trade debtors)	<u>(1,505,002)</u>	<u>(3,220,462)</u>
- (100% of long outstanding debtors over 10 years)	<u>(5,844,308)</u>	<u>(5,844,308)</u>
Provision for ex- staff debtors	<u>(112,135)</u>	<u>(112,135)</u>
	<b><u>15,137,670</u></b>	<b><u>32,309,438</u></b>
Pre-payment( Arcs &Angle)	0	<u>19,416,000</u>
	<b><u>15,137,670</u></b>	<b><u>51,725,438</u></b>
<b>13. <u>PRE-PAYMENTS</u></b>		
This is a payment made as per the contract and provisions of the tender document.	<u>0</u>	<b><u>19,416,000</u></b>
<b>14. <u>CASH AND CASH EQUIVALENTS.</u></b>		
The company operates two current accounts with Kenya Commercial Bank Moi Avenue branch		
ACCOUNT TYPE	ACCOUNT NO	BANK
CURRENT A/C	1108986668	KCB
CURRENT A/C	1108985580	KCB
CASH AT HAND		
	<u>192,385</u>	<u>207,130</u>
TOTALS	<b><u>251,437,347</u></b>	<b><u>201,464,449</u></b>

NB. There was change of policy as per the requirements IAS 7 on cash and cash equivalent reporting, hence cash adopted in 2014 was as per cash book..

**BOMAS OF KENYA LIMITED.**

**REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED  
JUNE,30,2014(Kshs)**

	<b><u>2014</u></b> <b><u>KSHS</u></b>	<b>2013</b> <b><u>KSHS</u></b>
<b>15. <u>SHARE CAPITAL</u></b>		
Authorized & Issued		
254,000 ordinary shares of Ksh.20/= each	5,080,000	5,080,000
All the issued Share Capital is held by Kenya Tourist Development Company		
<b>16. <u>RETAINED EARNINGS</u></b>		
<b><u>PROFITS/ (LOSSES)</u></b>		
Balance brought forward	130,320,435	103,591,263
Net Surplus for the year	13,502,936	25,242,327
Total	143,823,371	128,833,590
Revaluation Reserve(amortization)	<u>1,448,390</u>	<u>1,486,845</u>
<b>Balance carried forward</b>	<b><u>145,271,839</u></b>	<b><u>130,320,435</u></b>

**17. REVALUATION RESERVES**

Balance brought forward	134,325,011	<u>135,811,856</u>
Less:-depreciation surplus for the year	<u>(1,448,390)</u>	<u>(1,486,845)</u>
Balance carried forward	<b><u>132,876,621</u></b>	<b><u>134,325,011</u></b>

**BOMAS OF KENYA LIMITED.**

**REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE, 30, 2014**

**Notes (Continued)**

**18. DEFFERED CAPITAL GRANTS**

In 1987 a hall was constructed by the government of Kenya on the Bomas of Kenya limited grounds at a cost of **KSh20, 201,445**. The building has since been handed over to the company. The value of the hall has been treated as capital grant in the accounts.

The accumulated grant for development of Utamaduni restaurant and Conference Centre to date is **Kshs. 1,168,001,445** this amounts have been received since 2006.

Similarly in 2002 the company received a cultural grant (lighting and sound equipments) of **kshs.30,000,000** from the Japanese government.

<b>CAPITAL GRANTS</b>	<b>2014</b>	<b>2013</b>
Balance brought forward	1,003,001,445	782,201,445
Addition for the year	<u>165,000,000</u>	<u>220,800,000</u>
<b>Balance carried forward</b>	<b><u>1,168,001,445</u></b>	<b><u>1,003,001,445</u></b>

**19. KTDC LOAN INTEREST**

This is amount of KTDC loan interest payable within twelve months being a current liability during the financial year.

**20. TRADE AND OTHER PAYABLES**

	<b><u>2014</u></b>	<b><u>2013</u></b>
(a) Trade Creditors	14,551,889	8,930,169
(b) Other Payables	3,954,083	4,201,803
<b>TOTALS</b>	<b><u>18,505,972</u></b>	<b><u>13,131,972</u></b>

## **BOMAS OF KENYA LIMITED.**

### **REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE, 30, 2014**

#### **Notes (Continued)**

##### **21. KTDC LOAN**

This is loan advanced by KTDC in 1971 of Kshs. 5,080,000 which has accumulated over the years to kshs. 11,193,402 at an interest rate of 9%. p.a. payable within 10 years (120 months). This loan was restructured in 2007 in order to enable the institution to pay the outstanding loan at a harmonized rate.

##### **22. AUDIT FEE**

This is the annual fees payable to the Auditor General (KENAO) for auditing our Annual Accounts.

##### **23. DIRECTORS ALLOWANCES**

These are allowances payable to the board members while attending board meetings of the company.

##### **24. CURRENCY**

The annual report and financial statements are presented in Kenya shillings (Kshs)

##### **25. EMPLOYEES**

The average number of employees of the company during the year was one hundred and Seventy three (173) compared to 174 in 2012/2013

##### **26. TAXATION.**

The company has been making losses over the years and therefore did not provide for tax in the financial statements .However during the year the company realized a surplus of kshs5, 157,235.00  
90% of this income was in the form of Government Grants and therefore no provision for tax was made.

##### **27 RELATED PARTY TRANSACTION**

- a. The Government of Kenya is the principal Shareholder of the company holding 100% of the Company equity.
- b. Tourism Finance Company (TFC) issued a loan to the company; however the Company is in process of clearing the loan and consequently delinking its operations from TFC.

**BOMAS OF KENYA LIMITED.**

**REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE, 30, 2014**

**OTHER PAYABLES AS AT 30<sup>TH</sup> JUNE, 2013**

	<b>2014</b>	<b>2013</b>
	<b>KSHS</b>	<b>KSHS</b>
1 Auditor-General	596,000	764,000
2 Jaribu Credit Traders	6,550	6,550
3 NCC-Land Rates	0	201,620
4 Deposit Received From Tenants	452,175	452,175
5 With Holding VAT	712,954	712,954
6 Miriam Thiriku	31,024	0
7 Ambrose Riasi	44,567	0
8 Cotu	23,000	2,800
9 Kuemie	116,364	12,202
10 Nhif	51,840	49,600
11 Nssf	129,600	66,000
12 John Gitau	42,000	42,000
13 Ktdc	0	140,081
14 Safaricom Ltd	0	171,267
15 Co-Operative Bank	538,574.55	538,791
16 Paymaster General	1,209,434.40	803,097
17 Kent Fashion	0	238,566
	<b><u>3,954,082.95</u></b>	<b><u>4,201,803</u></b>