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Enhancing Accountability

THE NATIONAL ASSEMBLY	
DATE: 18 APR 2023	
TUESDAY	
TABLED BY:	Hon. Owen Bayo, MP Deputy Leader, Majority
CLERK-AT THE-TABLE:	Ann Shubuko

THE AUDITOR-GENERAL

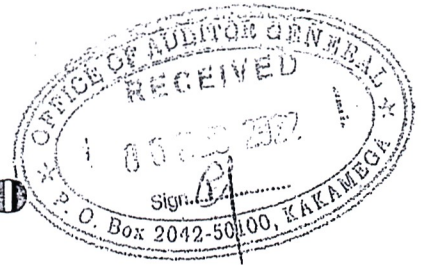
ON

GOLF HOTEL LIMITED

**FOR THE YEAR ENDED
30 JUNE, 2022**



GOLF HOTEL LIMITED



INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)



ANNUAL REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDING

JUNE 30, 2022

**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, 2022

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KEY ENTITY 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 National Treasury. 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

The principal activity of the Hotel is to provide accommodation and conference facility services.

Directors

The Directors who served the entity during the year ending 30 June 2022 were as follows:

- | | | |
|----|----------------------|--|
| 1. | Mr. Christopher Huka | - Director - Appointed August 2021 |
| 2. | Ms. Grace Magunga | - Director - Appointed August 2021 |
| 3. | Mr. Kennedy Wanderi | - Director - Appointed August 2021 |
| 4. | Dr. Beatrice Sabana | - Director - Alternate to Governor Kakamega County |

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@golfhotelkakamega.com
Website: www.golfhotelkakamega.com

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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

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BOARD OF DIRECTORS AND MANAGEMNET



BOARD CHAIRPERSON
CHRISTOPHER G. HUKA



DIRECTOR BEATRICE SABANA



DIRECTOR GRACE MAGUNGA



DIRECTOR KENNEDY WANDERI



CHIEF EXECUTIVE OFFICER
GUMATO ABUDO



MANAGER SUPPLY CHAIN
EUNICE RUTO



MANAGER FINANCE & ICT
LEENA MUGADIA



MANAGER HUMAN RESOURCE &
ADMIN
MAUREEN NJURU



MANAGER HOTEL PLANNING &
MARKETING
HELLEN CHILLA



MANAGER INTERNAL AUDIT
ROBERT ROTICH

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THE BOARD OF DIRECTORS

MR. CHRIS GUYO HUKA Mr. Huka is a Human Resources Professional with over 24 years' experience. Mr. Huka holds a Master of Business Administration in Human Resource Management from the University of Nairobi. He also holds a Bachelor of Education (Arts) degree from Moi University as well as a Higher National Diploma in Human Resource Management. He also earned a Practitioners Diploma in Executive Coaching from the Academy of Executive Coaching and an Advanced Certificate in Strategic Human Resource Management from Cornell University. He is the Acting Director General of Kenya Development Corporation. He has a wealth of experience in the corporate sector having worked with DIB Bank Kenya Ltd, Subsidiary of Dubai Islamic Bank, UAE as Human Resources and Administration Director. He also worked with Barclays Bank of Kenya Ltd as Senior HR Business Partner for the Risk, Compliance and Governance Functions. He was also held Employee Relations and Wellness Manager roles in the same organization. Before joining Barclays, he worked in three senior managerial positions as Country HR Manager at Chevron Kenya Limited (Formerly Caltex – Kenya and Rwanda), Human Resources Officer at the Shell Managed Refinery and Senior Human Resources Officer at Post Bank.

MR. KENNEDY M. WANDERI Mr. Wanderi is Director Finance for Kenya Development Corporation. He has wide experience of over 20 years in Finance, Accounting and investments gained at ICDC. He has previously served as the ICDC Eldoret Branch Manager. He sits on the Boards of Centum Investments Limited, General Motors E.A Limited and Almasi Beverages Limited. He holds a Master of Business Administration degree in Finance and Banking, and a Bachelor of Business Management degree from Moi University. He is a Certified Public Accountant.

MRS. GRACE MAGUNGA Ms. Magunga has been the Company Secretary of ICDC since 2006. She has wide experience spanning over 19 years in Legal Matters and Corporate Secretarial Services, gained at ICDC. She is also the Company Secretary of Almasi Beverages Limited, Funguo Investments Ltd, Kenya National Trading Corporation Limited and Focus Container Freight Station Limited. She holds a Bachelor of Law degree from the University of Nairobi and a Diploma in Legal Practice. She is a Certified Public Secretary, (CPS- K).

DR. BEATRICE SABANA holds an a PhD (Business Administration) degree from the University of Nairobi, a Master of Business Administration (MBA) degree from Leeds University, U.K and a Bachelor of Education (Business and Economics) degree from the University of Nairobi. Dr. Sabana has had a hybrid career combining Public Sector and Private Sector experience. She is the Founder Director of the Kenya Private Sector Alliance and NEPAD and Vice Chair, Kenya Institute of Management among others.. She has also worked as a consultant for various international agencies including World Bank, IFAD, FAO, ILO,USAID, UN, AUSAID among others. She currently works as the County Executive Member, Finance, Economic Planning and ICT, Kakamega County and represents the County on the Board of Directors of Golf Hotel.

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THE MANAGEMENT TEAM

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 is currently pursuing her Master's in Management & Leadership. She was born in 1985.

HELLEN CHILLA is the Manager Hotel Planning and Marketing for Golf Hotel Limited. She has a Master's in Business Administration from Jomo Kenyatta University, A Degree in Economics & Sociology from the University of Nairobi and a Diploma in Front Office from Utalii College. She was Born 28 June 1977.

LEENA MUGADIA 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 a member of ICPAK No. 14454. Leena has wide experience in Finance and Accounting, having worked in the field of for over 11 years. She was born on 16 November 1987.

MAUREEN NJURU is the Manager Human Resource and Administration. She holds a Bachelor of Science Degree in Human Resource Management. She is currently undertaking her Master's in Business Administration and a member of IHRM.

ROBERT ROTICH is the Manager Internal Audit. He holds Bachelor of Commerce Accounting option. He is also CPA (K) and a member of ICPAK (member no 15137). He is currently pursuing Masters in Business Administration. Robert has wide experience in Audit having worked in the field of Auditing for 11 years.

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.

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CHAIRMAN'S STATEMENT

During the year ended 30 June 2022, the hotels budgeted for annual turnover of Kshs. 147.7 million and was able to achieve a turnover of 153.2 million. In the same period last year, net sales registered was Kshs.100.9 million making this year's performance achieve a 53% improvement as compared to the year 2020/2021.

Total operating Expenditure for the year 2021/2022 recorded Kshs. 109.7 million against the budget of Kshs. 105.4 million which was an over absorption of 4% and compared to 76.3 million recorded in the period 2020/2021. The year ended 30 June 2022 also saw arise in basic food commodities in the economy that impacted an integral part of production cost of the hotel and as a result the Hotel registered a Cost of sales of -13% unfavorable variance losing with Kshs. 33.8 million against the projected Kshs. 29.8 million and 18.8 million recorded the same period last year.

However, in the year under review, the hotel was able to record remarkable transformation from improvements geared towards guest satisfaction by focusing on; covid compliance, rebranding of the hotel, Customer centricity, Extensive marketing initiatives, staff motivation, improvements in food and general customer services. This resulted in customer loyalty and growth in revenue as registered in the year 2021/2022 standing the highest achieved revenue in the last five years.

Net profit before tax of the Hotel in the year 2021/2022 recorded Kshs. 9,6 million against the projected Kshs. 9,4 million and compared to Kshs. 5,3million recorded the same period last year.

With the promising growth, driven by the prevailing Proper Management, motivated staff, stable macroeconomic environment, the ongoing implementation of the strategic plan 2022-2026 and the economic recovery of the country, 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 30th June 2022.


CHRISTOPHER G. HUKA
BOARD CHAIRPERSON

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REPORT OF THE ACCOUNTING OFFICER

Am pleased to present to you the Hotel's Annual Report and Financial statements for the year ended 30th June 2022 on behalf of the Management of Golf Hotel Limited.

The year 2021/2022 was a transition period in Strategic planning as we rolled over from the 2016/2017-2021/2022 to 2022/2023-2026/2027 Strategic plans. The process for formulation of the incoming plan was comprehensive with all staff participating and input from the Board including guidance from economists from the State Department for Planning. We launched the strategic plan successfully and in attendance were representatives of our stakeholders, including: Board of Directors, County Government of Kakamega, Corporates, NGOs, Religious organizations, individual clients, financial institutions and staff.

The new vision of the Hotel is to be: **A world class hotel recognized for exceptional hospitality experience** and the mission: **'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 of focus through which this will be achieved are: Business Growth, Operational Efficiency and Organization Capabilities Development.

Marketing strategies has taken a central locum in the year ended 30 June 2022 and the strategic plan period, with this is the establishment of a marketing department without which the Hotel has not made much headway in marketing initiatives. The Hotel managed for the first time to participate in two exhibitions in the year under review which were, Sarit expo and Africities conference. The Hotel also hosted the Churchill Show, Kakamega edition, for the first time ever in the region, which not only boosted food and beverage revenues but also gave us visibility on Events hosting, which has translated to increase in bookings.

During the year 2021/2022 the Hotel recorded a 53% improvement in revenue performance from the performance of 2020/2021 with an achievement of a turnover of 153.2 million against the forecast of Kshs. 147.7 million and compared to Kshs.100.9 million registered in the same period last year.

The hotel also recruited competitively three management staff i.e., Chief Executive Officer, F & B Manager and Manager, Supply Chain Management. This was a replacement following separation caused by natural attrition and resignation. In the year the Board of directors approved the issue of short-term contracts to 15 staff due to the high levels of business with very low staff complement.

In the year ended 30 June 2022, the hotel received it's approved **Human Resource Instruments** i.e., Organisational Structure, Staff establishment, Career guidelines and Human Resource Manual from State Corporation Advisory Committee. The hotel has continued to invested in training its staff to ensure continuous learning and staff capacity building. In the year two management staff

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were trained in Senior Management Course at Kenya School of Government and three supervisory staff were trained on Management Development Programmes at the Kenya Utalii College. Three other staff were taken to Kenya Utalii College for refresher courses. The Hotel also offered attachment opportunities for continuing students and plans on providing training opportunities to students who have completed their studies on internship programs as provided by the Public Service Commission.

The Hotels Management was able to spearhead improvement and adherence to existing standard operating procedures and policies, submit timely reports to the Board for deliberation and approval based on the approved work plans and organisation charter. They also ensured implementation of audit findings and recommendation for the FY 2021/2022. The focus now is the development of Performance contracts and service level agreements, policy and ensuring implementation of strategic plan 2022-2026 in line with adherence to set policies and procedures that enhances transparency and accountability.

I wish to convey my appreciation to the board of directors for their continued support during the year ended 30 June 2022. 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

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STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2021-2022
Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the national government entity's performance against predetermined objectives.

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 an 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 Ltd has developed its annual work plans based on the above three pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Hotel has implemented for the first time the result matrix to monitor the achievement of its performance targets and will for the first time be reported for the FY 2022-2023 period for its strategic pillars.

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CORPORATE GOVERNANCE STATEMENT

Corporate Governance comprises the rules, practices and processes by which Golf Hotel Ltd is operated and controlled. It also provides the framework for attaining our objectives in a manner that adds value and benefits all our stakeholders. The Board and Management of Golf Hotel Ltd is responsible for the Hotel's Governance. Both the Board and Management of the Hotel are committed to the highest levels of Corporate Governance, which it considers critical in achieving the Hotel's mandate. Accordingly, the Hotel therefore fosters a culture that values and rewards the highest ethical standards and personal and corporate integrity.

The Hotel is also in compliance with tenets of the Code of Governance for State Corporations (Mwongozo Code of Governance) which offers a corporate governance code for all state corporations. The Hotel has also endeavoured to incorporate the governance standards set by the Kenya Association of Hotel Keepers and Caterers (KAHC) wherever possible.

In addition to the Forgoing, the Hotel continues to participate in the Associations peer review to gauge its level of compliance with the association's governance and compliance standards.

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 General Manager. 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 (4) members comprising of three directors representing Kenya Development Corporation and one 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.

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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 four committees which meet on a quarterly basis or more frequently as deemed necessary. These committees are;

- Finance Committee
- Human Resource Committee
- Administration Committee.
- 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.


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JOHN KARIA
COMPANY SECRETARY

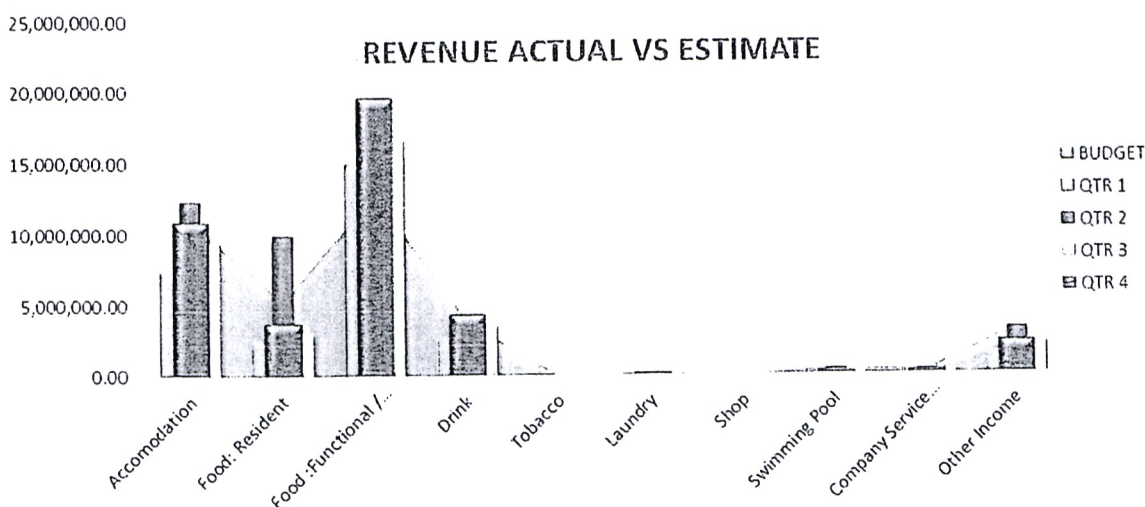
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MANAGEMENT DISCUSSION AND ANALYSIS

The principal activity of Golf Hotel Ltd is the provision of accommodation and conference facilities. The Hotel’s Main revenue generating centers are; 60 standard rooms and 2 Executive suites, Ala Carte Restaurant, coffee Shop, poolside bar, Laundry, conference facilities, swimming pool & Kid Park.

REVENUE REPORT

Revenue for the year closed with Kshs. 153,290,761 as compared with Kshs 100,896,249 achieved in the period 2020/2021 and the forecast of Kshs.147,720,611 representing 4% favourable variance as presented below per quarter;

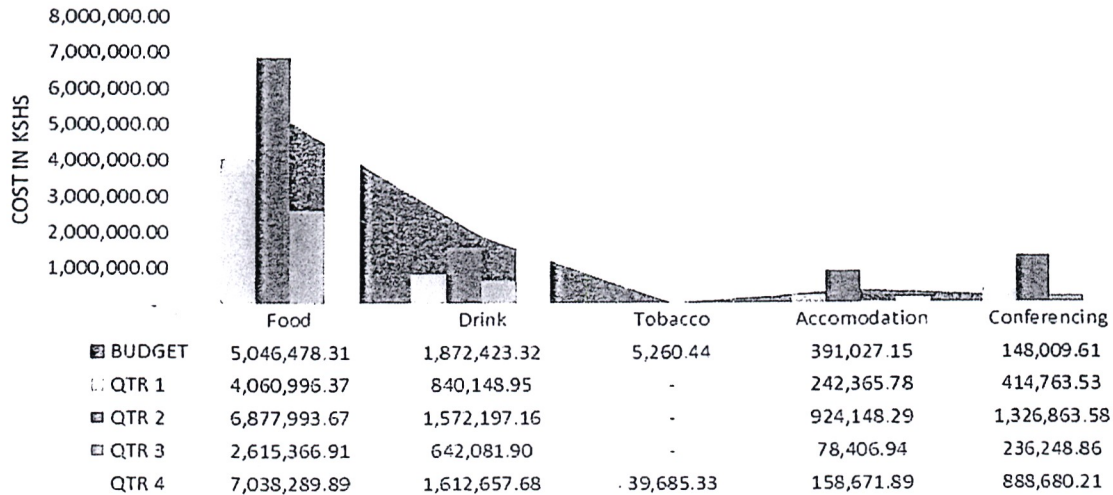


COST OF SALES

COS for the year closed with Kshs. 33,808,155 as compared with Kshs 18,877,803 achieved in the period 2020/2021 and the forecast of Kshs.29,852,795 representing -13% unfavourable variance. Cost of commodities in the Kenyan economy experiences significant increase as a result of increases in fuel costs thus affecting the Cost of production for the hotel as presented in the graph below;

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COS TREND ANALYSIS 2021/2022



OE for the year 2021/2022 closed with Kshs.109,762,293 as compared with Kshs 76,385,717 achieved in the period 2020/2021 and the forecast of Kshs.105,412,680 thus an over absorption of -4%. During the year, the hotel settled pending KRA case penalty of Kshs. 3,765,242 and a pending legal case was settled at a cost of kshs.534,533 outside its approved legal budget thus the over absorption.

Finance cost closed with Kshs. 98,283 against the budget sum of Kshs. 2,859,916 and compared to Kshs. 279,741 achieved the same period last year.

Net profit before taxes for the current year stands at Kshs 9,676,940 against the budget of Kshs. 9,496,936 and compared to Kshs. 5,352,988 realized the same period last year.

Included in the non-current assets of the hotel is Deferred tax asset of Kshs. 3,807,111. Deferred tax having been calculated on all temporary differences under the liability method using the enacted tax rate, currently 30%. On 25 April 2020, the President of Kenya assented to an Act of Parliament, the *Tax Laws (Amendment) Act, 2020* (the Act). The Act repealed the Second Schedule to the Income Tax Act (ITA) and replaced it with a new schedule. Under the new

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schedule the hotel has adopted the new rates for wear and tear allowance and industrial building allowance in the year 2021/2022 with the following effects on computed deferred tax.

	Year 2020/2021	Year 2021/2022
Wear & Tear Class 1	37.5%	37.5%
Wear & Tear Class 2	30%	30%
Wear & Tear Class 3	25%	25%
Wear & Tear Class 4	12.5%	12.5%
Industrial Building allowance	2.5%	10%

Tax is computed at the rate of 30% after adding back disallowable expenditures to the net profit before tax. The Hotel had a tax credit of Kshs. 640,503 from previous years loses and installment tax paid of Kshs. 1,731,676 thus tax liability of Kshs. 336,597 payable before 31st December 2022.

Net profit after tax stands at Kshs. 6,968,162 compared to Kshs. 2,216,266 for the same period last year.

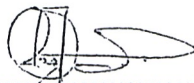
DIVIDEND

The Hotel has 250,000 Ordinary shares Valued at Kshs. 20 per share 80% shareholding by KDC and 20% shareholding by County Government of Kakamega.

The Directors declared dividend in 2021/2022 at the rate of 20% of the hotels net profit after tax payable before 31st December 2022.

FIXED ASSET

The Hotel had a Non-current Asset base of Kshs. 587,282,258 as at 30 June 2022. Valuation of Building Land and Motor vehicle was carried out in the financial year 2017/2018. Additions during the year amounted to Kshs. 13,184,997 against the approved budget of Kshs. 12,309,000 Kshs. 875,997.



.....
 CPA. MUGADIA LEENA
 MANAGER FINANCE & ICT

DATE: 4/12/2022

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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. As the Company grows over the years, developments and operations have and continue to be guided by 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 Company has investments 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. This has mainly been achieved through: the installation of solar water heating systems and the hotel also has a borehole that supplies water to the entire hotel thus saving on the water from the county government supply. 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. It is a corporate method and approach to tailor the current hotel activities in line with future needs and challenges. It explains how issues of sustainability are practically tackled, which usually forms a part of the competitive organizational strategy in profit maximization. Sustainability at Golf Hotel is the works to minimize as much as possible the impact of its 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. To reduce the operational cost, the Hotel has explored the installation of clean energy sources. It has also considered elimination of plastic water bottles. Beautification of the Hotel Environment creates attracting environment for the hotel hence building a more client base. The hotel leverages also on the existing natural attractions sites through partnerships with County Government to diversify its products. Reliable rainfall in the region ensures constant supply of rain water that reduces cost of operations. The Hotel will commit to harvest adequate rainwater.

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iii) Employee welfare

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.

iv) 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 products and processes to leverage on cost, ensure clean environment and be sensitive to clients clean eating options. The Hotel has also invested in an organic garden for its production use leading to enhanced revenue, and customer satisfaction.

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 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.

d) Product stewardship

Outline efforts to safeguard consumer rights and interests

The purpose of Product Stewardship is to ensure that our products can be safely used by our stakeholders, and that chemical risks and their impacts are incorporated in decision making relating to our operations, strategy implementation and long-term strategic development. The proactive management of safe use of chemicals 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.

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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 company 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.

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

Golf and its staff support a broad range of charitable causes and community initiatives. During the year the hotel made in kind charitable donations the Local universities and supported the discipline forces with amounting to Kshs 4,310.

Golf Hotel Limited
Reports and Financial Statements
For the year ended 30 June, 2022

REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2022 which show the state of the Hotel's affairs.

Principal activities

The principal activity of the Hotel is to provide accommodation and conference facility services.

Results

The results of the entity for the year ended June 30, 2022 are set out on pages 1-40

Dividends

The Board wishes to recommend payment of Dividends for the year ended 30 June 2022 at the rate of 20% of the net profit after tax.


Directors

The members of the Board of Directors who served during the year are shown on page (i).

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
COMPANY SECRETARY

DATE: 2/4/22.....

Golf Hotel Limited
Reports and Financial Statements
For the year ended 30 June, 2022

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/period 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, 2022. 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 entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Hotel; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Board of Directors accept 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 confirm 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, 2022, 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 4/12/ 2022 and signed on its behalf by:

Signature.....

Name.....

Chairperson of the Board

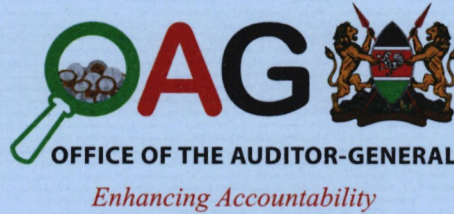
Signature.....

Name.....

Accounting officer

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON GOLF HOTEL LIMITED FOR THE YEAR ENDED 30 JUNE, 2022

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 40, which comprise the statement of financial position as at 30 June, 2022, and the statement of comprehensive income, statement of changes in equity, statement

Report of the Auditor-General on Golf Hotel Limited for the year ended 30 June, 2022

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 Golf Hotel Limited as at 30 June, 2022, 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.

Basis for Qualified Opinion

Unsupported Borrowings

The statement of financial position and as disclosed in Note 27 to the financial statements, reflects borrowings totalling to Kshs.13,661,565 which, comprise of two loan balances amounting to Kshs.13,249,219 and Kshs.412,346. However, the Hotel has defaulted in repaying the loan amounting to Kshs.13,249,219. The Management reported that there were no records indicating how and when the loan was obtained, interest payable thereon, and the repayment period, among other conditions.

In the absence of the relevant records, the validity of the loan balance totalling to Kshs.13,661,565 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 Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources. However, the Management has not resolved the issues or given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board templates.

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 matters 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

1. Presentation of the Financial Statements

The financial statements were not prepared according to the reporting template issued by the Public Sector Accounting Standards Board (PSASB) where the summary of significant accounting policies, policy number 3(d) indicates that buildings and civil works are depreciated at 2.5% while the audited financial statements for 2020/2021 indicated that the rate was 0%. The Management has not disclosed the reason for the change of policy from 0% to 2.5%. Further, the notes to the financial statements start from Note 10 to Note 38 instead of 1 to 38.

In the circumstances, the financial statements were not prepared in accordance with the requirements of the reporting template issued by the Board and Management was in breach of the law.

2. Non-Compliance with the Hotel's Finance Manual, Policies and Procedures

The statement of financial position and as disclosed under Note 28 to the financial statements reflects a balance of Kshs.18,680,462 in respect of trade and other payables as at 30 June, 2022. However, an ageing analysis provided to support the balance indicates that out of the balance, payables totalling Kshs.908,289 had not been settled for periods exceeding thirty (30) days. This is contrary to Paragraph 3 of the Hotel's Finance Manual, Policies and Procedures which provides that amounts owed by the hotel should be paid within 30 days.

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

3. Non-Compliance with Ethnic Diversity law

Human resource records maintained by the Hotel and the payroll, indicate that during the year under review, the Hotel had seventy-seven (77) employees on both permanent and contractual terms. However, out of the total, fifty-three (53) employees, or 69% were from the same ethnic 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 ethnic 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, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

Information and Communication Technology (ICT) Environment

Review of IT documents and records revealed that the Hotel does not have an approved Information and Communication Technology Policy, Information Technology (IT) Strategic Committee at the Board level and in addition, the Hotel has not implemented firewalls to control access and encrypt data shared over the IT infrastructure.

In the circumstances, the confidentiality, integrity and availability of IT infrastructure and data could not be ascertained.

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.

Responsibilities of Management and 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 Hotel'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 the Management is aware of intention to liquidate the Hotel 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 Hotel'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 controls in order to give an assurance on the effectiveness of internal controls, risk management and overall 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 controls would not necessarily disclose all matters in the internal controls 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 controls 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 controls 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 Hotel's 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 controls.
- 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 Hotel'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 Hotel 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 Hotel to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls 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.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

06 January, 2023

Golf Hotel Limited
Reports and Financial Statements
For the year ended 30 June, 2022

**STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE
2022**

	Note	2021-2022 Kshs	2020-2021 Kshs
REVENUES			
Sales Income	10	153,290,761	100,896,249
TOTAL REVENUES		<u>153,290,761</u>	<u>100,896,249</u>
COST OF SALES	11	33,753,245	18,877,803
GROSS PROFIT		<u>119,537,516</u>	<u>82,018,446</u>
OPERATING EXPENSES			
Administration Costs	12(a)	87,790,897	61,493,276
Selling and Distribution Costs	13	3,757,778	1,051,255
Depreciation of property, plant and equipment	19(a)	18,213,618	13,841,185
TOTAL OPERATING EXPENSES		<u>109,762,293</u>	<u>76,385,717</u>
OPERATING PROFIT	14	9,775,224	5,632,729
Finance Costs	15	(98,283)	(279,741)
PROFIT/LOSS BEFORE TAXATION		<u>9,676,940</u>	<u>5,352,988</u>
INCOME TAX EXPENSE (CREDIT)	16(a)	2,708,778	3,136,722
PROFIT/LOSS AFTER TAXATION		<u>6,968,162</u>	<u>2,216,266</u>
Earnings per share – basic and diluted	17	<u>27.87</u>	<u>8.87</u>
Dividend per share	18	<u>6</u>	<u>0</u>

Golf Hotel Limited
Reports and Financial Statements
For the year ended 30 June, 2022

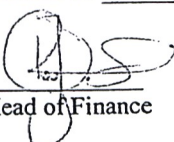
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	Note	2021-2022 Kshs	2020-2021 Kshs
ASSETS			
Non-Current Assets			
Property, plant and equipment	19(a)	583,979,292	592,429,372
Intangible Asset	19(a)	3,302,967	3,669,864
Deferred Tax Asset	20(a)	3,807,111	543,183
Total Non-Current Assets		591,089,369	592,972,555
Current Assets			
Inventories	21	1,689,927	955,968
Trade and other receivables	22	50,062,871	43,637,958
Bank and cash balances	23	28,862,975	27,376,934
Taxation Claim	16(b)	-	640,503
Total Current Assets		80,615,773	72,611,363
NET ASSETS		671,705,143	665,583,918
EQUITY AND LIABILITIES			
Capital and Reserves			
Ordinary share capital	24	5,000,000	5,000,000
Revaluation reserve	25	479,990,507	488,940,328
Retained earnings	26	151,700,896	135,782,911
Capital and Reserves		636,691,403	629,723,238
NON-CURRENT LIABILITIES			
Borrowings	27	13,661,565	15,311,181
Total Non-Current Liabilities		13,661,565	15,311,181
Current Liabilities			
Trade and other payables	28	18,680,462	18,494,177
Leave Provisions	29	2,335,114	2,055,321
Taxation Liability	16(a)	336,597	-
Total Current Liabilities		21,352,174	20,549,498
TOTAL EQUITY AND LIABILITIES		671,705,143	665,583,918

The financial statements were approved by the Board on 4/12/ 2022 and signed on its behalf by:


 Chief Executive Officer

Name: Gumato Abudo


 Head of Finance

Name: Leena Mugadia
 ICPAK M/NO: 14454


 Chairman of Board

Name: Christopher Huka

Golf Hotel Limited
Reports and Financial Statements
For the year ended 30 June, 2022

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2022

	Ordinary share capital (250000 Shares@20)		Revaluation reserve		Fair value adjustment reserve		Retained earnings		Proposed dividends		Total	
	Kshs		Kshs		Kshs		Kshs		Kshs		Kshs	
At July 1, 2020	5,000,000		497,890,148		-		126,504,756		-		629,394,903	
Transfer of excess depreciation Note 25			(8,949,820)				8,949,820				-	
Total comprehensive income							5,352,988				5,352,988	
Tax Claim on Period Loss Note 16(b)							(3,136,722)				(3,136,722)	
Prior Year Excess Depreciation M/v Adj.							(1,887,931)				(1,887,931)	
At June 30, 2021	5,000,000		488,940,328				135,782,911				629,723,238	
At July 1, 2021	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)	
At June 30, 2022	5,000,000		479,990,507				151,700,894				636,691,403	

Golf Hotel Limited
Reports and Financial Statements
For the year ended 30 June, 2022

STATEMENT OF CASH FLOWS AS AT 30 JUNE 2022

	Note	2021-2022 Kshs	2020-2021 Kshs
OPERATING ACTIVITIES			
Cash generated from / (used in) operations	32	17,922,406	5,727,255
Taxation Paid	16(c)	(1,731,676)	(252,681)
Net cash generated from/ (used in) operating activities		16,190,730	5,474,574
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	19(a)	(13,184,997)	(3,992,055)
Disposal of property, plant and equipment	19(a)	1,107,026	-
Net cash generated from/ (used in) investing activities		(12,077,971)	(3,992,055)
FINANCING ACTIVITIES			
Repayment of borrowings	27	(1,649,616)	(1,649,616)
Corporate tax 2021-2022	30	(977,103)	-
Net cash generated from / (used in) financing activities		(2,626,718)	(1,649,616)
INCREASE /DECREASE IN CASH AND CASH EQUIVALENTS		1,486,041	(167,098)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	23	27,376,937	27,544,034
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	23	28,862,975	27,376,934

Golf Hotel Limited
Reports and Financial Statements
For the year ended 30 June, 2022

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30 JUNE 2022

	ORIGINAL BUDGET	ADJUSTMENTS	FINAL BUDGET	ACTUAL ON COMPARABLE BASIS	PERFORMANCE DIFFERENCE	% OF UTILIZATION	EXPLANATION OF % DIFFERENCE
	2021-2022	2021-2022	2021-2022	2021-2022	2021-2022	2021-2022	
	Kshs	Kshs	Kshs	Kshs	Kshs	%	
Revenue	147,720,611	-	147,720,611	153,290,761	5,570,150	4%	
Sales	-	-	-	-	-		
Other income	147,720,611	-	147,720,611	153,290,761	5,570,150	4%	
Total Revenues	29,852,795	-	29,852,795	33,753,245	3,955,360	-13%	High Cost of Prices and Fuel
Cost of sales	117,867,815	-	117,867,815	119,537,516	1,669,701	1%	
Gross profit	-	-	-	-	-		
Expenses	88,649,936	-	88,649,936	87,790,897	859,039	1%	
Administration costs	1,870,644	-	1,870,644	3,757,778	1,887,134	-101%	Increase in Marketing Strategy
Selling and distribution costs	14,892,100	-	14,892,100	18,213,618	3,321,518	-22%	Investments in Fixed assets
Depreciation of PPE	105,412,680	-	105,412,680	109,762,293	4,349,613	-4%	Increase in marketing and capital Investments
Total operating expenses	12,455,135	-	12,455,135	9,775,224	2,679,911	-21%	Increase in Level of activities
Operating profit/(loss)	-	-	-	-	-		
Finance income	2,958,199	-	2,958,199	98,283	2,859,916	97%	Loan Completion
Finance costs	9,496,936	-	9,496,936	9,676,940	180,004	2%	Increase in business Level
Profit/(loss) before taxation	-	-	-	(2,708,778)	1,027,763	28%	
Income tax expense(credit)	-	-	-	-	-		
Profit/(loss) after taxation	5,760,396	-	5,760,396	6,968,162	1,207,766	21%	Increase in Business Level

Golf Hotel Limited
Reports and Financial Statements
For the year ended 30 June, 2022

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 entity is wholly owned by the Government of Kenya both national and county and is domiciled in Kenya. The entity'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)

- i. *New and amended standards and interpretations in issue effective in the year ended 30 June 2022*

TITLE	DESCRIPTION	EFFECTIVE DATE
Amendments to IAS 16 titled Property, Plant and Equipment:	The amendments, applicable to annual periods beginning on or after 1 January 2022, prohibit a company from deducting from the cost of property, plant and equipment amounts	The amendments are effective for annual periods beginning on or after January 1, 2022. Early

Golf Hotel Limited
Reports and Financial Statements
For the year ended 30 June, 2022

TITLE	DESCRIPTION	EFFECTIVE DATE
Proceeds before Intended Use (issued in May 2020)	received from selling items produced while the company is preparing an asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss	application is permitted.
Amendments to IAS 37 titled Onerous Contracts - Cost of Fulfilling a Contract (issued in May 2020)	The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts. They are effective for contracts for which an entity has not yet fulfilled all its obligations on or after 1 January 2022.	The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted
Amendment to IFRS 1 titled Subsidiary as a First-time Adopter	The amendment, applicable to annual periods beginning on or after 1 January 2022, provides a subsidiary that becomes a first-time adopter later than its parent with an exemption relating to the measurement of its assets and liabilities. The exemption does not apply to components of equity.	The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted.
Amendment to IFRS 9 titled Fees in the '10 per cent' Test for De-recognition of Financial Liabilities	The amendment, applicable to annual periods beginning on or after 1 January 2022, to IFRS 9 clarifies the fees that a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.	The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted
Amendment to IAS 41 titled Taxation in Fair Value Measurements (issued in May 2020 as part of the Annual Improvements to IFRS Standards 2018-2020)	The amendment, applicable to annual periods beginning on or after 1 January 2022, to IAS 41 removed the requirement to exclude taxation cash flows when measuring fair value. This amendment aligned the requirements in IAS 41 on fair value measurement with those in other IFRS	The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted.

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.

Golf Hotel Limited
Reports and Financial Statements
For the year ended 30 June, 2022

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

TITLE	DESCRIPTION	EFFECTIVE DATE
IFRS 17 Insurance Contracts (issued in May 2017)	The new standard, effective for annual periods beginning on or after 1st January 2023, 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. The Company does not issue insurance contracts.	The amendments are effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted
Amendments to IAS 1 titled Classification of Liabilities as Current or Non-current (issued in January 2020)	The amendments, 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, 2023. Earlier application is permitted.
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 material accounting policy information rather than their significant accounting policies	The amendments are effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted.
IAS 12 — Income Taxes	IAS 12, "Income Taxes" implements a so-called 'comprehensive balance sheet method' of accounting for income taxes which recognizes both the current tax consequences of transactions and events and the future tax consequences of the future recovery or settlement of the carrying amount of an entity's assets and liabilities. Differences between the carrying amount and tax base of assets and liabilities, and carried forward tax losses and	The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Early adoption is permitted.

Golf Hotel Limited
Reports and Financial Statements
For the year ended 30 June, 2022

TITLE	DESCRIPTION	EFFECTIVE DATE
IFRS 17 Insurance Contracts (issued in May 2017)	The new standard, effective for annual periods beginning on or after 1st January 2023, 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. The Company does not issue insurance contracts.	The amendments are effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted
	credits, are recognized, with limited exceptions, as deferred tax liabilities or deferred tax assets, with the latter also being subject to a 'probable profits' test.	
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.	The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Early adoption is permitted.

i. Early adoption of standards

The hotel did early – adopt IAS 12 in year 2021/2022 in the computation of deferred tax

Golf Hotel Limited
Reports and Financial Statements
For the year ended 30 June, 2022

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary Of Significant Accounting Policies

e) Intangible assets

Intangible assets are initially recognized at cost. The cost of intangible assets is their fair value at the date of the transaction. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Intangible assets comprise purchased computer software licences, which are capitalised on the basis of costs incurred to acquire and bring to use the specific software. These costs are amortised over the estimated useful life of the intangible assets from the year that they are available for use, usually over three years.

Golf Hotel Limited
Reports and Financial Statements
For the year ended 30 June, 2022

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary Of Significant Accounting Policies

f) Amortisation and impairment of intangible assets

Amortisation is calculated on the straight-line basis over the estimated useful life of computer software of three years. All computer software is reviewed annually for impairment. Where the carrying amount of an intangible asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognised so that the asset is written down immediately to its estimated recoverable amount.

g) Fixed interest investments (bonds)

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

f) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on First in First out. Net realizable value is estimate of the selling price in the ordinary course of business less selling expenses.

g) Trade and other receivables

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

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 Entity operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance.

Golf Hotel Limited
Reports and Financial Statements
For the year ended 30 June, 2022

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary Of Significant Accounting Policies

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

2. 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%. On 25 April 2020, the President of Kenya assented to an Act of Parliament, the *Tax Laws (Amendment) Act, 2020* (the Act). The Act repealed the Second Schedule to the Income Tax Act (ITA) and replaced it with a new schedule. Under the new schedule the hotel has adopted the new rates for wear and tear allowance and industrial building allowance in the year 2021/2022 with the following effects on computed deferred tax. The net deferred tax liability for the year end is attributable to the following items;

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.

Golf Hotel Limited
Reports and Financial Statements
For the year ended 30 June, 2022

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 entity and the same taxation authority.

i) 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.

j) 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.

Golf Hotel Limited
Reports and Financial Statements
For the year ended 30 June, 2022

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies

f) 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.

g) Retirement benefit obligations

The entity 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.

h) Provision for gratuity, leave and retirement benefits

The total liability for employee's accrued annual leave and compensatory off days as at the end of the financial year is recognised as an accrual with the respective movement in the balances passing through the statement of comprehensive income accordingly.

i) 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.

j) Budget information

The original budget for FY 2021-2022 was approved by the National Assembly on 30 June 2021. Accordingly, the hotels recorded no additional appropriations on the 2021-2022 budget.

Golf Hotel Limited

Reports and Financial Statements

For the year ended 30 June, 2022

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies

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. 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. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under page 5 of these financial statements.

k) 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.

l) Comparative figures

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

m) 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, 2022.

n) Going Concern

The financial statements were prepared on a going concern basis. The going concern basis assumes that the company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business

Golf Hotel Limited
Reports and Financial Statements
For the year ended 30 June, 2022

5. SUMMARY OF ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING THE ACCOUNTING POLICIES

In the process of applying the company's accounting policies, the directors make some judgements and estimates. Such estimates and judgements are based on historical experience among other factors that are deemed reasonable under the prevailing circumstances. The judgements are evaluated each financial year to ensure that they remain reasonable under the circumstances and based on available information. The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities when reporting. The judgements made in the process of applying the company's accounting policies that have the most significant effect on the amounts reported in the financial statements include:

u) Property, Plant and equipment

The company's management makes estimates in determining the depreciation rates for PPE. The rates used are as set out in accounting policies note 5.

v) 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

w) 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.

x) Receivables

Estimates and judgements are made when determining the recoverable amount of receivables. Trade and other receivables are recognised at fair values less allowances for any uncollectible amounts. These are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

y) Contingent liabilities

In the course of day to day running of the company's affairs, the company is exposed to contingent liabilities including public liability and legal cases. The status of these exposures are evaluated by the management from time to time to ascertain the likelihood of the liabilities crystalizing. Provisions are subsequently made in the financial statements where an obligation has been established. Judgements are required in determining the amount of financial obligation on the company.

Golf Hotel Limited
Reports and Financial Statements
For the year ended 30 June, 2022

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

	2021-2022 Kshs	2020-2021 Kshs
10		
(a) SALES INCOME		
Accommodation sales	39,984,675	-
Beverage Sales	15,042,688	-
Food Ala carte sales	72,951,261	-
Food Residents Sales	12,785,584	-
Laundry Sales	610,120	-
Shop Rent Sales	81,237	-
Swimming Pool sales	1,406,120	-
Tobacco Sales	5,032	-
Company Service Charge	1,063,730	-
Other Income	9,360,314	-
Net Sales	153,290,761	100,896,249
	<u> </u>	<u> </u>
Add back		
7% Service Charge tax on gross sales	10,637,651	7,014,965
2% Catering Levy tax on gross sales	3,039,339	2,002,658
16% Value added tax on gross sales	24,314,632	15,334,565
Gross sales of goods and services	191,282,373	125,248,437
	<u> </u>	<u> </u>
11.		
COST OF SALES		
Food	23,638,663	13,047,113
Beverage	5,479,939	3,366,741
Tobacco	13,190	-
Accommodation	1,522,522	591,297
Conferencing	3,098,931	1,872,652
	<u> </u>	<u> </u>
	33,753,245	18,877,803
	<u> </u>	<u> </u>

Golf Hotel Limited
Reports and Financial Statements
For the year ended 30 June, 2022

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2021-2022 Kshs	2020-2021 Kshs
Tax effects of expenses not deductible for tax purposes		
<i>(Donations 4,310*30%)</i>	1,293	1,316
<i>(Leave Provision 373,663*30%)</i>	112,099	305,429
<i>(Fines and Penalties 3,765,242*0.3)</i>	1,129,573	-
<i>(Excess Depreciation -4,790,895*30%)</i>	<u>-1,437,269</u>	<u>1,224,079</u>
Tax Charge	2,708,778	3,136,722
(c) Less		
Instalment tax paid	(1,731,676)	(252,681)
Tax Claim b-fwd. 2021	<u>(640,503)</u>	<u>(3,524,544)</u>
Tax liability at the end of the year	336,599	(640,503)
	=====	=====

17 EARNINGS PER SHARE

The earnings per share is calculated by dividing the profit/loss after tax of Kshs. 6,968,162 (2021: Kshs. 2,216,266) by the average number of ordinary shares of 250,000 (2021: 250,000). There were not dilutive or potentially dilutive ordinary share as at the reporting date.

Net profit/loss After Tax (A)	6,968,162	2,216,266
Ordinary Shares (B)	250,000	250,000
Earnings Per share (A)/ (B)	27.87	8.87

18 DIVIDEND

Dividend for the year 2021/2022 was declared at the rate of 20% of the net profit after tax.

No dividend was declared in the financial year 2020/2021

Golf Hotel Limited
Reports and Financial Statements
For the year ended 30 June, 2022

NOTES TO THE FINANCIAL STATEMENTS (Continued)

19(a) PROPERTY, PLANT AND EQUIPMENT

2022	LEASEHOLD LAND	BUILDINGS & CIVIL WORKS	PLANT AND MACHINERY	MOTOR VEHICLES INCLUDING MOTOR CYCLES	COMPUTERS HARDWARE AND RELATED EQUIPMENTS	COMPUTERS SOFTWARE	OFFICE EQUIPMENT FURNITURE & FITTINGS	CAPITAL WORK IN PROGRESS	TOTAL
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
COST OR VALUATION									
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
At June 30, 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	-	1,025,047	639,000	8,208,595	(2,907,225)	13,184,997
Disposal							(1,107,026)		(1,107,026)
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	693,932,295
DEPRECIATION									
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)
At June 30, 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
NET BOOK VALUE									
At June 30, 2022	381,091,410	176,688,179	4,575,975	-	1,476,362	3,302,967	14,535,161	5,612,203	587,282,258

Golf Hotel Limited
Reports and Financial Statements
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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
	Kshs	Kshs
2021/2022		
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
Total	43,271,146	25,694,396

	COST VALUATION	NORMAL ANNUAL DEPRECIATION CHARGE
	Kshs	Kshs
2020/2021		
Plant And Machinery	4,535,351	566,919
Motor Vehicles, Including Motor Cycles	5,804,286	1,451,072
Computers And Related Equipment	5,682,997	1,704,899
Office Equipment, Furniture and Fittings	16,254,649	2,031,831
Total	32,277,283	5,754,721

Golf Hotel Limited

**Reports and Financial Statements
For the year ended 30 June, 2022**

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

2021	LEASEHOLD LAND	BUILDINGS & CIVIL WORKS	PLANT AND MACHINERY	MOTOR VEHICLES, INCLUDING MOTOR CYCLES	COMPUTER S & RELATED EQUIPMENT	OFFICE EQUIPMENT, FURNITURE & FITTINGS	CAPITAL WORK IN PROGRESS	TOTAL
COST OR VALUATION								
At July 1, 2020	415,000,000	175,831,926	20,015,586	7,692,217	12,577,734	41,478,650	5,266,153	677,862,269
Additions	-	-	64,483	-	364,996	309,301	3,253,275	3,992,055
At June 30, 2021	415,000,000	175,831,926	20,080,069	7,692,217	12,942,730	41,787,951	8,519,428	681,854,321
DEPRECIATION								
At July 1, 2020	20,345,150	-	12,954,980	5,505,242	6,325,929	28,564,532	-	73,695,833
Charge for the year	6,781,720	-	1,813,437	299,043	1,679,502	3,267,483	-	13,841,182
Prior Year Adj. Bal Asset Allocation				1,887,932				1,887,932
At June 30, 2021	27,126,870	-	14,768,417	7,692,217	8,005,431	31,832,014	-	89,424,949
NET BOOK VALUE At June 30, 2021	387,873,130	175,831,926	5,311,652	-	4,937,299	9,955,937	8,519,428	592,429,372

Work in progress relates to Executive Rooms project not yet completed as at 30 June 2021 and Kitchen Equipment's pending Delivery as at the close of the financial year.

	Fully Depreciated		Normal		Work in Progress Closing Balances
	annual Cost or Valuation	depreciation charge	2021 depreciation charge	2021 Closing Balances	
Building	-	-	566,919	5,260,153	3,259,275
Plant and machinery	4,535,351	-	1,451,072	-	-
Motor vehicles, including motor cycles	5,804,286	-	1,704,899	-	-
Computers and related equipment	5,682,997	-	2,031,831	-	-
Office equipment, furniture and fittings	16,254,649	-	5,754,721	-	8,519,428
	<u>32,277,283</u>		<u>5,754,721</u>		<u>8,519,428</u>



In the heart and mind of our stakeholders

Golf Hotel Limited
Reports and Financial Statements
For the year ended 30 June, 2022

20(a) DEFERRED TAX COMPUTATION

DEFERRED TAX SCHEDULE 2021-2022									
FY 2021/2022	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	
Assets/Liabilities	Asset base								
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)	
Total	200,578,646	200,578,646	188,017,499	(129,224)	187,888,276	12,690,370	3,807,111	543,182	
									3,263,929

WEAR AND TEAR ALLOWANCE SCHEDULE									
	CLASS I MACHINERY	CLASS II COMPUTERS & ACCESSORIES	CLASS III MOTOR VEHICLE	CLASS IV PLANT & FFE	TOTAL				
FY '2021/2022	37.5% (2021: 37.5%)	30% (2021: 30%)	25% (2021: 25%)	12.5% (2021: 12.5%)					
Written Down Value 1/7/2021	KES -	KES 4,937,299	KES -	KES 15,267,591	KES 20,204,890				
Additions	-	1,664,047	-	9,121,127	10,785,174				
Prior Year Adj.	-	6,601,346	-	24,388,718	30,990,064				
Disposal	-	-	-	-	-				
Wear and Tear Allowance	-	6,601,346	-	23,281,692	29,883,038				
Written Down Value 30/06/2022	-	1,980,404	-	2,910,211.52	4,890,615.24				
	-	4,620,942	-	20,371,481	24,992,423				
INDUSTRIAL BUILDING ALLOWANCE SCHEDULE									
	RESIDUAL B/F 01/07/2021	ADDITIONS 2021/2022	IBA @ 10% PA (2021: 2.5)	RESIDUAL C/F					
FY '2021/2022	QUALIFYING COSTS 172,000,000	175,831,926	5,307,048	18,113,897.42					
Prior Year Adj.	-	-	-	-					
TOTAL BUILDING QUALIFYING FOR IBA 2022		5,307,048	18,113,897	163,025,077					



In the heart and mind of our stakeholders.

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FY 2020/2021	Deferred Tax						Deferred Tax (Asset)/liability FY 2020/2021
	Assets/Liabilities	Asset base	Permanent Difference	Qualifying NBV	Tax Base	Temporary Difference	
Building	175,831,926	-	175,831,926	166,840,885	8,991,041	2,697,312	2,167,200
Computer Software	3,669,864	-	3,669,864	3,694,038	(24,173)	(7,252)	182,272
Plant, Machinery Furniture & Fitting	15,267,724	-	15,267,724	20,658,123	(5,390,399)	(1,617,120)	(477,684)
Motor Vehicles	-	-	-	1,640,231	(1,640,231)	(492,069)	(301,659)
Computers	1,267,436	-	1,267,436	1,393,065	(125,629)	(37,689)	11,628
Total	196,036,950	-	196,036,950	194,226,342	1,810,609	543,183	1,581,757
							(1,038,574)

DEFERRED TAX SCHEDULE 2021-2022

	WEAR AND TEAR ALLOWANCES SCHEDULE					TOTAL
	CLASS I HEAVY MACHINERY 37.5%	CLASS II COMPUTERS & ACCESSORIES 30%	CLASS III MOTOR VEHICLE 25%	CLASS IV PLANT & FFE 12.50%	KES	
2020-2021	KES	KES	KES	KES	KES	
WDV 1/7/2020	-	6,251,805	2,186,975	19,974,724	28,413,504	
Additions	-	364,996	(1,887,932)	373,784	(1,149,152)	
Disposals	-	6,616,801	299,043	20,348,508	27,264,352	
WTA	-	(1,985,040.39)	(74,760.72)	(2,543,563)	(4,603,365)	
WDV 30/06/2021	-	4,631,761	224,282	17,804,944	22,660,987	

YEAR	INDUSTRIAL BUILDING ALLOWANCES SCHEDULE			RESIDUAL C/F
	QUALIFYING COSTS	RESIDUAL B/F 01/07/2020	ADDITIONS 2021	
	172,000,000	175,831,926	-	171,436,128
TOTAL BUILDING QUALIFYING FOR IBA 2021		171,436,128		4,395,798
				171,436,128



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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

20. (b) Deferred Tax (Continued)

	2021-2022 Kshs	2020-2021 Kshs
Accelerated capital allowances	3,780,970	543,183
Net deferred tax liability	<u>3,780,970</u>	<u>543,183</u>

(c)

The movement on the deferred tax account is as follows:

Balance Brought forward	543,183	1,581,758
Charge for the Year	<u>3,263,929</u>	<u>(1,038,575)</u>
Balance Carried forward	<u>3,807,111</u>	<u>543,183</u>

21. INVENTORIES

Food	585,946	215,586
Drinks	925,809	605,484
Tobacco	19,015	-
Conferencing	36,709	34,519
Accommodation	122,450	100,3791
	<u>1,689,929</u>	<u>955,968</u>

22. (a) TRADE AND OTHER RECEIVABLES

Trade receivables (note 22 (b))	34,577,730	30,186,264
Deposits	310,000	310,000
Prepayments (<i>insurance & DSTV</i>)	4,873,644	3,283,680
VAT recoverable	3,345,236	3,401,371
Staff receivables (note 22 (c))	475,038	181,630
Mt. Elgon Receivable	2,338,863	2,212,643
Kabarnet Receivable	390,300	390,300
Sunset Receivable	3,517,570	3,517,570
Mt. Lodge Serena Receivable	143,500	143,500
PDQ Receivable (<i>KCB, Equity, Spire, Barclays</i>)	90,471	11,000
Gross trade and other receivables	<u>50,062,871</u>	<u>43,637,958</u>

Golf Hotel Limited**Reports and Financial Statements
For the year ended 30 June, 2022****NOTES TO THE FINANCIAL STATEMENTS (Continued)**

	2021-2022 Kshs	2020-2021 Kshs
22(b) TRADE RECEIVABLES		
Gross trade receivables	38,844,383	34,108,372
Provision for doubtful receivables	(3,223,564)	(3,223,564)
Unknown Bank Deposits as at 30 th June 2022	(1,043,090)	(698,544)
	<u>34,577,730</u>	<u>30,186,264</u>
At June 30, the ageing analysis of the gross trade receivables was as follows:		
Less than 30 days	7,794,290	5,121,147
Between 30 and 60 days	2,153,407	2,927,656
Between 61 and 90 days	2,271,034	2,459,588
Between 91 and 120 days	1,272,396	2,448,390
Over 120 days	25,353,256	21,151,589
	<u>38,844,383</u>	<u>34,108,372</u>
22(c) STAFF RECEIVABLES		
Gross staff loans and advances	475,038	181,630
Provision for impairment loss	(-)	(-)
	<u>475,038</u>	<u>181,630</u>
Less: Amounts due within one year	(475,038)	(181,630)
	<u>-</u>	<u>-</u>
Amounts due after one year	<u>-</u>	<u>-</u>
22. (d) Bad Debt Provision		
Balance at beginning of the Year 2021-2022	3,223,564	3,223,564
Current Year Provision	-	-
Balance as at end of the year	<u>3,223,564</u>	<u>3,223,564</u>
23. BANK AND CASH BALANCES		
Cash in hand (<i>M-Pesa, & Petty cash</i>)	70,450	22,390
Cash at bank KSHS (A/C) KCB 1101729023	24,492,617	23,809,660
Cash at bank USD A/C KCB 1222758385 (USD 36,491.73@ CBK Closing Rate 117.8324)	4,299,908	3,544,884
	<u>28,862,975</u>	<u>27,376,934</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 2022 and respective gain/loss recognised in the statements of comprehensive income.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2021-2022	2020-2021
	Kshs	Kshs
24. ORDINARY SHARE CAPITAL		
Authorised:		
250,000 ordinary shares of Kshs.20 par value each	5,000,000	5,000,000
	=====	=====
Issued and fully paid:		
250,000 ordinary shares of Kshs.20 par value each	5,000,000	5,000,000
	=====	=====

25. REVALUATION RESERVE

The revaluation reserve relates to the revaluation of Land Building and Motor Vehicle carried out during the year. As indicated in the Statement of Changes in Equity and PPE, this is stated after transfer of excess depreciation net of related deferred tax to retained earnings as depicted below. Revaluation surpluses are not distributable.

Date	Num	Memo	Amount	Balance
		Revaluation Surplus		488,940,328
06/30/2022	5065	BEING TRANSFER OF EXCESS DEPRECAATION OF REVALUATION SURPLUS ON BUILDING FOR THE YEAR	-2,077,689	486,862,639
06/30/2022	5065	BEING TRANSFER OF EXCESS DEPRECAATION OF REVALUATION SURPLUS ON LAND FOR THE YEAR	-6,672,131	480,190,507
06/30/2022	5065	BEING TRANSFER OF EXCESS DEPRECAATION OF REVALUATION SURPLUS ON M/VEHICLE FOR THE YEAR	-200,000	479,990,507
		Total Revaluation Surplus	-8,949,820	479,990,507
		TOTAL	-8,949,820	479,990,507

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.

	Share capital Shs	Revaluation Reserve Shs	Retained earnings Shs	Total Shs
Year ended 30 June 2022				
At start of year	5,000,000	488,940,327	135,782,914.00	629,723,241
Profit for the year			9,676,940.29	9,676,940
Deferred Tax on Excess Depreciation Taxarion		(8,949,820)	8,949,820.00	-
			(2,708,778.22)	(2,708,778)
At end of year	5,000,000	479,990,507	151,700,896.08	636,691,403

27. BORROWINGS

Balance at beginning of the year Loan I	13,249,219	13,249,219
Balance at beginning of the year Loan II	2,061,962	3,991,319
Repayments during the year (Loan II)	(1,649,616)	(1,929,357)
Balance at end of the year	13,661,565	15,311,181

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

The Hotel is servicing a loan from TFC of Kshs. 16,496,102 (September 2011) advanced for the clearance of KRA principal Arrears at an interest of 11% (2019:9%) per annum to be repaid within 10 years. Principal repaid during the year amounts to Kshs. 1,649,616
The analyses of both external and domestic borrowings are as follows:

	2021-2022	2020-
	Kshs	Kshs
2021		
a) Domestic Borrowings		
Kenya Shilling loan from TFC	13,661,565	15,311,181
Total balance at end of year	<u>13,661,565</u>	<u>15,311,181</u>
28. TRADE AND OTHER PAYABLES		
Trade payables	5,285,293	6,370,038
Accrued expenses (<i>Audit fee, Rates, Central charges</i>)	634,148	484,144
Other payables (<i>Payroll liabilities,</i>)	12,761,022	11,639,995
	<u>18,680,462</u>	<u>18,494,177</u>
29. LEAVE PROVISIONS		
Balance at beginning of the year	2,055,321	1,176,561
Increase in provision for the year	373,663	1,018,097
Payment during the year	(93,870)	(139,337)
Balance at end of the year	<u>2,335,114</u>	<u>2,055,321</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.

30. (a) DIVIDENDS PAID

Dividends for the year ending 30 June 2022 was declared in the Annual general meeting and will be paid before the end of December 2022.

Golf Hotel Limited**Reports and Financial Statements**

For the year ended 30 June, 2022

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**

	2021-2022 Kshs	2020-2021 Kshs
Operating profit/ (loss)	9,676,940	5,352,987
Depreciation	18,033,150	13,841,186
Disposal write off	(988,531)	-
Operating profit/ (loss) before working capital changes	<u>26,902,027</u>	<u>19,194,174</u>
(Increase)/decrease in inventories	-733,962	-235,242
(Increase)/decrease in trade and other receivables	-6,424,912	-17,523,356
Increase/ (decrease) in trade and other payables	186,285	5,537,860
Increase/ (decrease) in corporate tax claim	-	-543,183
Increase/ (decrease) in provision for staff leave pay	279,792	878,760
Increase/ (decrease) in provision for Deferred Tax	-3,263,929	-1,581,758
Cash generated from/ (used in) operations	<u><u>17,922,406</u></u>	<u><u>5,727,255</u></u>

(b) Analysis of changes in loans

Balance at beginning of the year	15,311,181	16,960,797
Repayments during the year	(1,649,616)	(1,649,616)
Balance at end of the year	<u><u>13,661,565</u></u>	<u><u>15,311,181</u></u>

(c) Analysis of interest paid

Interest on loans (note 16)	98,283	279,741
Interest on loans capitalised	-	-
Balance at beginning of the year	-	-
Balance at end of the year	(-)	(-)
Interest paid	<u><u>98,283</u></u>	<u><u>279,741</u></u>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

33. RELATED PARTY DISCLOSURES

(a) Government of Kenya

The Government of Kenya through Tourism Finance Corporation is the principal shareholder of Golf Hotel Limited, holding 80% of the equity interest with the remaining 20% being held by the County government of Kakamega.

(b) Staff Advances

In line with the company policy, employees are entitled to advance salary not exceeding two thirds of their net salary. Total advance recoverable as at 30 June 2022 was as follows:

	2021-2022 Kshs	2020-2021 Kshs
Due from directors	-	-
Due from other staff	475,038	181,630
	<u>475,038</u>	<u>181,630</u>
(c) Directors' expenses		
Sitting allowance (<i>Inclusive of PAYE & Lunch Allow</i> <i>, Flight, Taxi & Night Out</i>)	2,470,039	1,998,622
	<u>2,470,039</u>	<u>1,998,622</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.

(d) Borrowing from TFC

The following are the balance for the related party relationship between Golf Hotel and KDC as at 30 June 2022 in relation to a loan acquired for the purpose of settlement of outstanding KRA Tax in 2011. Amount of Kshs. 13,249,219 which represents loan from proceeds for privatization remains in the Hotels book but payments to the said loan was suspended pending Capitalization by the Majority shareholder and issuer of the facility.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

34. FINANCIAL RISK MANAGEMENT

The company's activities expose it to a variety of financial risks, including credit risk and the effects of changes in foreign currency exchange rates and interest rates. The company's overall risk management programme focuses on the unpredictability of the industry and seeks to minimise potential adverse effects on its financial performance. Risk management is carried out by the finance and the internal audit departments under policies approved by the Board of Directors. The Board provides principles for overall risk management.

a) Market risk

Foreign exchange risk

The entity has transactional currency exposures. Such exposure arises through payment of goods and services that are done in USD currency. Invoices denominated in foreign currencies are paid before service delivery to the companies USD bank account. Monies in this account are maintained in foreign currency and conversion is only done in the financial statements to the local currency using the prevailing mean CBK exchange rate as at the reporting Period. This minimizes exposures to exchange rate fluctuations.

b) Credit risk

Credit risk arises from cash and cash equivalents as well as trade receivables and balances due from related parties.

The amount that best represents the company's maximum exposure to credit risk as at 30 June 2022 is as shown below:

	Neither past due nor impaired Kshs	Past due but not impaired Kshs	Impaired Kshs	Total Kshs
30 June 2022				
Trade receivables	13,491,127	25,353,256	(3,223,564)	35,620,819
Due from related parties	475,038	-	-	475,038
	<u>13,966,165</u>	<u>25,353,256</u>	<u>(3,223,564)</u>	<u>36,095,867</u>

	Neither past due nor impaired Kshs	Past due but not impaired Kshs	Impaired Kshs	Total Kshs
30 June 2021				
Trade receivables	12,956,782	21,151,589	(3,223,564)	30,884,808
Due from related parties	181,630	-	-	181,630
	<u>13,138,412</u>	<u>21,151,589</u>	<u>(3,223,564)</u>	<u>31,066,438</u>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

b) Credit risk

Bank balances are held with creditable financial institutions and are fully performing. Trade receivables are due from customers with good credit rating.

c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash to meet company obligations. The company manages this risk by maintaining adequate cash balances in the bank, maintaining banking facilities and by continuously monitoring forecast and actual cash flows.

The table below analyses the company's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows. Balances due within 12 months as well as parent company funding equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 Month Kshs	Between 1-3 Months Kshs	Over 3 Months Kshs	Total Kshs
At 30 June 2022:				
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>
	Less than 1 month Kshs	Between 1- 3 months Kshs	Over 3 months Kshs	Total Kshs
At 30 June 2021:				
Trade payables	5,890,476	1,772	480,766	6,373,014
Parent company funding	-	-	15,311,181	15,311,181
	<u>5,890,476</u>	<u>1,772</u>	<u>15,791,947</u>	<u>21,684,195</u>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

35. CAPITAL MANAGEMENT

Internally imposed 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 entity capital structure comprises of the following funds:

	2021-2022	2020-2021
	Kshs.	Kshs.
Revaluation Reserve	479,990,508	488,940,328
Retained Earnings	151,700,896	135,782,911
Capital Reserve	5,000,000	5,000,000
Total Equity	636,691,403	629,723,238
Total Borrowing	13,661,565	15,311,181
Less: Cash and Bank Balances	<u>(28,862,975)</u>	<u>(27,376,934)</u>
Net Debt/ (Excess Cash and Cash Equivalent)	(15,201,410)	(12,065,753)
Gearing	-0.02%	-0.02%

36. INCORPORATION

The entity 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.

REFERENCE NO ON THE EXTERNAL AUDIT REPORT	ISSUE / OBSERVATIONS FROM AUDITOR	MANAGEMENT COMMENTS	FOCAL POINT PERSON TO RESOLVE THE ISSUE (NAME AND DESIGNATION)	STATUS (RESOLVED / NOT RESOLVED)	TIMEFRAME (PUT A DATE WHEN YOU EXPECT THE ISSUE TO BE RESOLVED)
1	The statement of comprehensive income reflects an amount of Kshs. 61,493,276 under administration cost as shown under note 12(a) includes 41,493,835 relating to staff cost. Included in the amount is Kshs. 36,365,288 represents salaries and allowances differs from the amount of Kshs. 41,224,908 reflected in supporting schedules. The variance of Kshs. 4,859,620 was not explained or reconciled	The variance is service charge to staff with is distributable from sales at a rate of 7% and is not a constant payroll liability thus the variance in the staff cost and the payroll system support schedules	Leena Mugadia Manager Finance & ICT	Resolved	September 2022

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2	<p>Trade and other payables balance of Kshs 18,494,177 which as shown under note 28 includes Kshs. 6,370,037 related to levies charges for secretarial services incurred between 2005/2006 and 2011/2012 no Explanation was provided for failing to clear the long outstanding balances.</p>	<p>Management noted the findings of and given the historic nature of the unresolved transactions Management has presented to the board of Golf Hotel to consider its right off due to lack of sufficient support to settle the outstanding.</p>	<p>Leena Mugadia Manager Finance & ICT</p>	<p>Pending</p>	<p>November 2022</p>
3	<p>The statement of comprehensive income reflects total revenue of Kshs.100,896,249 generated from hotel sales as shown under note 10. The sales are collected and managed by an ERP (Enterprise Resource Planning) system called Fidel Opra.</p> <p>However, the efficiency of the system could not be confirmed as it was found not to be able to manage and reconcile purchases, stores, sales, accommodation services and accounting services. Consequently, the accuracy of the revenue of Kshs.100,896,249 reflected in the financial statements could not be confirmed.</p>	<p>Management noted the finding, after intensive interrogation of the system given it was less than one year in use, noted that the staff had not acquired sufficient training to understand the system. During the year under review this training was carried out and now the system is efficient in reporting as required.</p>	<p>Leena Mugadia Manager Finance & ICT</p>	<p>Resolved</p>	<p>January 2022</p>

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4	<p>The trade and other receivable balance of Kshs. 43,637,958 as shown in note 22(a) are amounts due from 4 hotels totalling Kshs. 6,264,013 out of which Kshs. 5,848,213 relate to period between 2017 to 2020. No explanation was provided for failure to recover the outstanding. In addition, no provision for bad debt has been set aside in the financial statements to cushion the hotel in case of non-recoverability of the amounts.</p>	<p>Management noted the findings and has presented to the board of Golf Hotel to assist in the settlement by the sister subsidiaries once operations in the said institutions have begun. A provision for doubtful debts has been provided in the proposed budget 2023-2021</p>	<p>Gumato Abudo Chief Executive Officer</p>	<p>Pending</p>	<p>November 2022</p>
5	<p>The balance of Kshs.15,311,181 reflected in the statement of financial position under borrowings comprises of, as shown under Note 27, two loans: Kshs.13,249,219, and Kshs.2,061,962 (net of Kshs.1,929,357 repaid during the year), which were advance by Kenya Development Corporation (formerly Kenya Tourist Development Corporation).</p> <p>However, during the audit, it was observed that the first loan with a balance of Kshs.13,249,219 is not being serviced. Management explained that the failure to service the loan is attributed to the fact that there are no records indicating how the loan was obtained, when it was obtained, and terms and conditions of the loan, including: interest, repayment period, moratorium terms.</p>	<p>Management noted the findings and has presented to the board of Golf Hotel to assist in the capitalization of the outstanding loans as passed by the Board resolution of 2011. The verification process of the balance is still ongoing and will be resolved once this has been cleared.</p>	<p>Gumato Abudo Chief Executive Officer</p>	<p>Pending</p>	<p>November 2022</p>

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6	<p>The statement of financial position reflects a bank and cash balance of Kshs. 27,376,934 comprising of cash at hand of Kshs. 22,390, Kshs. 23,809,660 and 3,544,884 both in KCB bank. However, a bank reconciliation for the month of June 2021 reflects payments cash book and not in the bank and uncredited lodgements of Kshs. 329,137 and 138,413. No explanation was provided for the failure to clear these reconciling items.</p> <p>In addition, the same bank statements reflect Kshs. 24,063,383 which differs from the cash book balance of Kshs. 23,525,071 the variance of Kshs. 538,312 was not explained. Consequently, the accuracy and validity of the bank and cash balance of Kshs. 27,376,934 could not be confirmed</p>	<p>Management noted this finding and the uncredited lodgments represents Mpesa and PDQ transactions of 30 June that were settled automatically in the bank after midnight on 1 July 2021 and fully accounted for.</p> <p>The Variance of Kshs. 538,312 represents payments by clients who had not provided the hotel with remittance advice thus identification and allocation of the payments under individual debtor accounts was still pending as at the close of the year.</p>	<p>Leena Mugadia Manager Finance & ICT</p>	<p>Resolved</p>	<p>September 2022</p>
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Accounting officer

Golf Hotel Ltd

Sign.....
(Signature)

Date..... 30/11/2022

