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REPORT

THE AUDITOR-GENERAL

ON

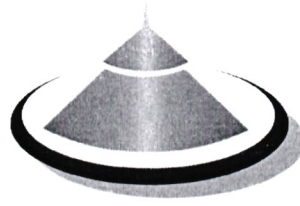
**THE FINANCIAL STATEMENTS OF
BOMAS OF KENYA LIMITED**

**FOR THE YEAR ENDED
30 JUNE 2013**

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By leader of
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Hon. Gen
On Wednesday
20/8/2014
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BOMAS
OF KENYA

ANNUAL REPORT
AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED

30TH JUNE 2013

BOMAS OF KENYA LIMITED.

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BOMAS OF KENYA LIMITED.

COMPANY DETAILS

Bomas of Kenya is a body corporate established under the provision of Kenya Companies Acts Cap 486 of the laws of Kenya and it is domicile in Kenya.

REGISTRATION OFFICE AND THE PRINCIPAL PLACE OF THE BUSINESS

Bomas Of Kenya Ltd
Langata / Forest Edge Road
P. O Box 40689
Nairobi
Kenya

BANKERS

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

LAWYERS

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

AUDITORS GENERAL

Auditor General
Kenya National Audit Office
Anniversary towers
P.O. Box 30084
Nairobi
Kenya

BOMAS OF KENYA LIMITED.

BOARD OF DIRECTORS

NAME	POSITION
MR. JOHN GITAU MAKUMI	CHAIRMAN

As at the close of the financial year the Parent ministry had not yet appointed the Board members with the exception of the chairman due to the new constitutional dispensation which required that the board members should be appointed competitively .

BOMAS OF KENYA LIMITED.

SENIOR MANAGEMENT STAFF

NO.	NAME	POSITION
1.	Mr. Quresh H. Ahmed	Chief Executive Officer
2	Mr. David K. Rono	Finance manager
3	Mr. Thedius O. Bwire	Production Manager
4	Mr. John S. Ekalh	Ag.Food & Beverage Manager
5	Mr. Benard Onger	Senior Information Officer
6.	Mrs. Miriam Thiriku	Marketing Officer
7.	Mr. Joseph Njoroge	Caretaker/Security Officer

BOMAS OF KENYA LIMITED.

BOARD OF DIRECTORS REPORT

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

1. Results

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

CORPORATE GOVERNANCE STATEMENT

INTRODUCTION

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

BOMAS OF KENYA LIMITED.

THE BOARD

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

of the appropriate codes of ethic standards.

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

Board Committee

These are committees of the board

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

RISK MANAGEMENT

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

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

BOMAS OF KENYA LIMITED.

CHAIRMAN'S STATEMENT

The accounts for the financial year ended 30th June 2013 are encouraging for the Company. The restaurant sales increased by Kshs.49, 972,712.00 resulting in a gross profit of Kshs.25, 848,783.00

There is an increase in the asset base of the company for the year under review by Kshs.168, 082,311.00. The operating expenses increased by Kshs.11, 999,053.00 because of rise in salaries and wages and increase in depreciation of assets.

The Company is planning to be a major player in the Tourism industry in Kenya. The projects to be undertaken include a completed conference centre / art gallery and the construction of a hotel and shopping mall, amusement park, open air theatre and sports ground.

The Company will through the Board of Directors and the Ministry of East Africa Community, Commerce and Tourism continuously review its various business strategies in place to ensure that it plays its role in national development and as the custodian and lead conservator of Kenya culture for cultural tourism.

MR. JOHN GITAU MAKUMI *jmau* DATE... *15/1/2014*

CHAIRMAN

BOMAS OF KENYA LIMITED.

GENERAL MANAGER'S STATEMENT

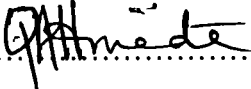
The annual arrival of tourists in the country reached the 1.2 million mark resulting in total recovery from the decline caused by the post election violence of 2008.

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

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

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

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

MR. QURESH .H. AHMED..........DATE...15/11/2014
GENERAL MANAGER

BOMAS OF KENYA LIMITED.

STATEMENT OF DIRECTORS RESPONSIBILITIES

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

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

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

JMCU
.....

Chairman

.....15/1/2014.....

REPORT OF THE AUDITOR GENERAL

REPUBLIC OF KENYA

Telephone: +254-20-342330
Fax: +254-20-311482
E-Mail: oag@oagkenya.go.ke
Website: www.kenao.go.ke

P.O. Box 30084-00100
NAIROBI



KENYA NATIONAL AUDIT OFFICE

REPORT OF THE AUDITOR-GENERAL ON BOMAS OF KENYA LIMITED FOR THE YEAR ENDED 30 JUNE 2013

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Bomas of Kenya Limited set out on pages 13 to 26, which comprise the statement of financial position as at 30 June 2013, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 14 of the Public Audit Act, 2003. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

Management's Responsibility for the Financial Statements

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

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

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 15(2) of the Public Audit Act, 2003 and submit the audit report in compliance with Article 229(7) of the Constitution of Kenya. The audit was conducted in accordance with International Standards on Auditing. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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

Basis for Qualified Opinion

1. Delinking from Kenya Tourist Development Corporation (KTDC)

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

As a result of failure to implement PIC recommendation, the Company continues to face legal challenges in meeting its obligations to KTDC since it is not a separate entity.

2. Trade and other Receivables

The trade and other receivables balance of Kshs.32,309,438 as at 30 June 2013 is net of Kshs.5,844,308 which has been outstanding for over 10 years and which is fully provided for. However, inspite of the Parliamentary Investments Committee recommendations to have the board approval to regularise the bad and the doubtful debts, no efforts have been made to have the matter resolved.

Consequently, it has not been possible to confirm that trade and other receivables balance of Kshs.32,309,438 as at 30 June 2030 is fairly stated.

3. Valuation of Assets

Records made available indicate that the last valuation of the Company's assets was conducted in 1996. With a time lapse of over seventeen (17) years, the values of the property must have changed drastically yet the Company has not taken this into cognizance in order to revalue its assets. International Accounting Standard No. 16

stipulates that property, plant and equipment should be revalued after every five years.

As a result, it has not been possible to ascertain that property, plant and equipment balance of Kshs.1,041,601,098 as at 30 June, 2013 is fairly stated in the financial statements.

Qualified Opinion

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Company as at 30 June 2013, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the Companies Act, Cap.486 of the Laws of Kenya.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

Emphasis of Matter

Lack of Board of Directors

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

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



Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

25 April 2014



F. J. ...

BOMAS OF KENYA LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30TH JUNE, 2013

	NOTE	2013 KSHS	2012 KSHS
<u>REVENUE</u>			
BAR & RESTAURANT SALES	2	101,391,311	51,418,599
COST OF SALES	3	<u>75,542,528</u>	<u>42,298,513</u>
Gross Profit/ (Loss)		<u>25,848,783</u>	<u>9,120,086</u>
Grant from Government (MOT)	4	169,000,000	160,000,000
Other income	5	<u>48,531,498</u>	<u>40,420,788</u>
		<u>217,531,498</u>	<u>200,420,788</u>
TOTAL INCOME		<u>243,380,281</u>	<u>209,540,874</u>
EXPENSES			
Operating expenses	6	175,607,467	163,608,414
Board expenses	7	745,344	4,918,512
Depreciation expense	8	39,347,549	24,284,231
Provisions for bad debts	9	2,205,595	6,000,640
Audit fee	10	<u>232,000</u>	<u>232,000</u>
		<u>218,137,955</u>	<u>199,043,797</u>
Net Surplus / (Deficit) for the year		<u>25,242,326</u>	<u>10,497,077</u>

BOMAS OF KENYA LIMITED.

STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2013

	NOTE	<u>2013</u> <u>KSHS</u>	<u>2012</u> <u>KSHS</u>
ASSETS			
Non –current assets			
Property Plant & Equipment	11&12	<u>1,041,601,098</u>	<u>873,518,787</u>
CURRENT ASSETS			
Inventories	13	541,871	842,787
Trade and other Receivables	14	32,309,438	11,029,752
Pre-payments	15	19,416,000	0
Cash and cash equivalents	16	<u>201,464,449</u>	<u>162,941,606</u>
TOTAL ASSETS		<u>253,731,758</u>	<u>174,814,145</u>
		<u>1,295,332,856</u>	<u>1,048,332,932</u>
 <u>EQUITY AND LIABILITIES:</u>			
Equity attributable to owners of the parent			
Share Capital			
General reserve	17	5,080,000	5,080,000
Revaluation Reserve	18	130,320,434	103,591,263
Capital Grant	19	134,325,011	135,811,856
	20	<u>1,003,001,445</u>	<u>782,201,445</u>
Non –current liabilities		<u>1,272,726,890</u>	<u>1,026,684,564</u>
Kenya Tourist Development Corp. loan	21	<u>6,249,627</u>	<u>5,913,290</u>
Current Liabilities		<u>1,278,976,517</u>	<u>1,032,597,854</u>
Trade and other payables	22	13,131,019	11,311,782
Kenya Tourist Development Corp. loan interest	23	<u>3,225,319</u>	<u>4,423,296</u>
		<u>16,356,338</u>	<u>15,735,078</u>
TOTAL EQUITY & LIABILITIES		<u>1,295,332,855</u>	<u>1,048,332,932</u>

Chief Executive.....*Q. Ahmed*.....Date.....*15/1/2014*.....

Chairman*man*.....Date.....*15/1/2014*.....

BOMAS OF KENYA LIMITED
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE, 2013

	2013 KSHS	2012 KSHS
Net Surplus/(Deficit) for the year	<u>25,242,326</u>	<u>10,497,077</u>
<u>Add: Items not involving Movement of Cash:</u>		
Provision for Depreciation	39,347,549	24,284,231
Provision for audit fee	232,000	232,000
Interest on KTDC Loan	<u>968,043</u>	<u>957,357</u>
	<u>40,547,592</u>	<u>25,473,588</u>
<u>Add: Changes in Working Capital:</u>		
(Increase)/ Decrease in Inventories	300,916	155,100
(Increase)/ Decrease in Receivables	(21,279,686)	385,967
Increase/ (Decrease) in Payables	1,819,237	(124,591)
(Increase)/ Decrease in pre-payments	(19,416,000)	<u>0</u>
	<u>(38,575,533)</u>	<u>416,476</u>
	27,214,385	36,387,141
Cash generated from Operations	<u>(1,680,972)</u>	<u>(1,745,373)</u>
Interest paid on KTDC loan	25,533,413	34,641,768
Net Cash from Operating Activities		
RETURN ON INVESTMENTS & SERVICING OF FINANCE		
<u>CASH FLOWS FROM INVESTING ACTIVITIES.</u>		
	(207,810,570)	(174,115,216)
Purchase of Fixed Assets/Work in progress		
CASH FLOWS FROM FINANCING ACTIVITIES		
	<u>220,800,000</u>	<u>300,000,000</u>
Development Grants	<u>38,522,843</u>	<u>160,526,552</u>
Net Increase/(Decrease) in Cash and Cash equivalents		
	<u>162,941,606</u>	<u>2,415,054</u>
<u>Add: Beginning Balance of Cash and Cash Equivalents</u>		
	<u>201,464,449</u>	<u>162,941,606</u>
ENDING BALANCE OF CASH & CASH EQUIVALENTS		

BOMAS OF KENYA LIMITED

STATEMENT OF CHANGES IN EQUITY

	ORDINARY SHARES	REVENUE RESERVE	REVALUATION RESERVE	CAPITAL GRANT	TOTAL
	<u>KSHS</u>	<u>KSHS</u>	<u>KSHS</u>	<u>KSHS</u>	<u>KSHS</u>
1ST JULY 2011	5,080,000	91,567,464	137,338,578	482,201,445	716,187,487
Net surplus/(Deficit) for the year 30th june,2012		10,497,077			10,497,077
Revaluation reserve		1,526,722	(1,526,722)		
Capital Grant				300,000,000	300,000,000
1ST JULY 2012	5,080,000	103,591,263	135,811,856	782,201,445	1,026,684,564
Net surplus/(Deficit) for the year 30th june,2013		25,242,405			25,242,405
Revaluation reserve		1,486,845	(1,486,845)		
Capital Grant				220,800,000	220,800,000
30 th June,2013	5,080,000	130,320,513	134,325,011	1,003,001,445	1,272,726,969

BOMAS OF KENYA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2013.

1.ACCOUNTING POLICIES:

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

a) BASIS OF PREPARATION

The Company prepares its financial statements under the historical cost convention.

b) PROPERTY, PLANT & EQUIPMENT

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

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

c) INVENTORIES:

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

d) CAPITAL GRANT:

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

e) PRINCIPAL ACTIVITY OF THE COMPANY

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

f) PROVISION FOR BAD AND DOUBTFUL DEBTS:

A general provision for bad and doubtful debts has been made at 10% of the Trade Receivable figure and 100% of long outstanding receivable figure.

g) CREDIT POLICY

The credit policy of the company is 30 (thirty) days from the date of the invoice.

BOMAS OF KENYA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2013

<u>2.SALES</u>		<u>2012/2013</u>	<u>2011/2012</u>
Bar sales	Kshs	5,518,679	9,277,046
Restaurant sales	Kshs	7,891,976	9,890,280
Staff meals	Kshs	17,644,910	6,325,140
Parties & receptions	Kshs .	<u>70,335,746</u>	<u>25,926,133</u>
Total sales kshs.		<u>101,391,311</u>	<u>51,418,599</u>

3. COST OF SALES

The cost of sales is calculated as follows:-

		<u>2012/2013</u>	<u>2011/2012</u>
Opening stock	Kshs	842,787	997,887
Add: purchases	Kshs	<u>75,241,612</u>	<u>42,143,413</u>
	Kshs	76,084,399	43,141,290
Less: closing stock	Kshs	<u>(541,871)</u>	<u>(842,787)</u>
Cost of sales		<u>75,542,528</u>	<u>42,298,513</u>

4.GOVERNMENT GRANTS

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

		<u>2012/2013</u>	<u>2011/2012</u>
Recurrent grant	Kshs.	169,000,000	160,000,000
Development grants	Kshs.	220,800,000	300,000,000

5. OTHER INCOME

This is revenue received from the various sources of income.

		<u>2012/2013</u>	<u>2011/2012</u>
a).Gate collection & playground	Kshs	4,570,409	5,054,525
b).Hire of Dancers/halls	Kshs	29,152,785	21,902,647
c).Rent Income	Kshs	13,367,244	12,565,779
d). Sundry Income	Kshs	1,441,060	897,837
		<u>Kshs 48,531,498</u>	<u>40,420,788</u>

a).Gate Collections & Playground, Video & Filming

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

b).Hire Of Dancers, Hall/ Auditorium

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

BOMAS OF KENYA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2013

c). Rent Income

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

d).Sundry Income

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

BOMAS OF KENYA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2013

ANALYSIS OF EXPENSES FOR THE YEAR ENDED 30TH JUNE, 2013

NOTE	2013 KSHS	2012 KSHS
6.		
<u>OPERATING EXPENSES</u>		
Salaries and Wages	68,846,744	57,460,030
Motor Vehicle Running	4,750,988	4,390,966
Traveling & Entertainment	7,026,502	7,148,118
Medical Expenses	6,412,223	6,635,317
Dancers Expenses	5,833,328	6,401,149
Food & Accommodation	4,295,476	4,329,495
Acrobats Expenses	4,936,620	3,926,200
Guest Dancers	3,920,461	3,590,995
Uniforms for Staff	3,193,540	3,033,776
Publicity & Promotion	8,990,731	8,234,401
Printing & Stationery	3,630,890	3,517,154
Telephone & Postage	2,074,759	2,006,113
Cleaning & laundry	3,278,155	2,657,952
Security Charges	3,814,799	3,429,994
Hiring Charges	5,011,570	5,342,882
Staff Training	1,131,483	4,008,690
Sundry Expenses	2,019,817	3,319,932
Subscriptions & Donations	569,380	883,858
Diverse cultural promotion	5,432,766	6,035,217
Computer services	1,246,024	1,443,885
Interest & Bank Charges	302,100	256,200
Insurance & Licenses	2,034,572	1,542,533
Legal & professional	2,393,500	1,641,470
Interest on KTDC Loan	968,043	957,357
Land Rates	250,000	287,000
Electricity & Water charges	10,568,350	10,132,756
Repairs & Maintenance	<u>12,674,646</u>	<u>10,994,974</u>
	<u>175,607,467</u>	<u>163,608,414</u>
<u>BOARD EXPENSES</u>		
Sitting Allowance	179,693	1,664,106
Chairman's Honoraria	274,600	720,000
Others	<u>291,051</u>	<u>2,534,406</u>
	<u>745,344</u>	<u>4,918,512</u>
8.		
PROVISION FOR DEPRECIATION	<u>39,347,549</u>	<u>24,284,231</u>
9.		
PROVISION FOR BAD DEBTS	<u>2,205,595</u>	<u>6,000,640</u>
10.		
AUDIT FEES	<u>232,000</u>	<u>232,000</u>

BOMAS OF KENYA LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2013

11.

PROPERTY, PLANT & EQUIPMENTS	LAND	WORK IN PROGRESS	BUILDINGS & CIVIL WORKS	MOTOR VEHICLES	FURNITURE FITTINGS & EQUIPMENT	COMPUTERS	LOOSE TOOLS	PUMPS & PIPES	TOTALS
(A) COST VALUATION									
As at 1.7.2012	KSHS 76,950,000	KSHS 425,761,825	KSH 370,943,639	KSHS 12,716,938	KSHS 120,093,409	KSH 1,700,100	KSHS 16,593,104	KSHS 32,464,834	KSHS 1,057,223,849
Additions	0	84,283,419	88,289,364	0	36,150,545	60,000	820,000	840,100	2,10,443,428
AS at 30.6.2013									
W.I.P. Capitalized									
DEPRECIATION									
As at 1.7.2011	76,950,000	(510,045,244)	969,278,247	12,716,938	156,243,954	1,760,100	17,413,104	33,304,934	1,267,671,777
Charge for the year -on revaluation surplus			75,294,548	7,877,692	69,594,459	971,127	14,623,126	16,870,833	185,231,785
-on Profit/(loss)			1,481,046	5,408	-	236,692	-	391	1,486,845
As at 1.7.2013			22,386,619	1,211,163	10,831,187	1,207,819	1,394,989	3,286,898	39,347,549
			99,162,213	9,094,263	80,425,646	522,281	16,018,115	20,158,122	226,066,179
NET BOOK VALUE									
As at 30.6.2013	76,950,000	0	870,116,034	3,622,675	75,818,308	728,973	1,394,989	13,146,812	1,041,601,098
As at 30.6.2012	76,950,000	425,761,825	297,168,113	4,846,457	50,498,950		1,969,979	15,594,490	873,518,787
(B) COST VALUATION									
AS AT 1/7/2011	76,950,000	331,894,129	316,994,258	12,716,938	107,362,790	1,196,100	14,581,884	21,412,534	883,108,633
Additions	0	93,867,696	53,949,381	0	12,730,619	504,000	2,011,220	11,052,300	174,115,216
AS AT 30.6.2012	76,950,000	425,761,825	370,943,639	12,716,938	120,093,409	1,700,100	16,593,104	32,464,834	1,057,223,849
DEPRECIATION									
AS AT 1.7.2011(A)	0	0	64,501,935	6,254,995	62,380,323	658,710	12,653,147	12,971,721	159,420,831
Charge for the year -on revaluation	0	0	1,519,022	7,211	0	0	0	4,891	1,526,722
-on Profit/(loss)	0	0	9,273,591	1,615,486	7,214,136	312,417	1,969,979	3,898,623	24,284,232
As at 30.6.2012	76,950,000	425,761,825	75,294,548	7,877,692	69,594,459	971,127	14,623,126	16,870,833	185,231,785
			297,168,113	4,846,457	50,498,950	728,973	1,969,979	15,594,490	873,518,787

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

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

BOMAS OF KENYA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2013

12. WORK IN PROGRESS

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

	<u>2012/13</u>	<u>2011/12</u>
	<u>KSHS</u>	<u>KSHS</u>
Work in progress analysis		
Balance brought forward	425,761,825	331,894,129
Additions for the year	<u>84,283,419</u>	<u>93,867,696</u>
Balance carried forward	<u>510,045,244</u>	<u>425,761,825</u>

13. INVENTORIES

Drinks	301,142	277,142
Cigarettes	6,337	3,471
Provisions(general food stuffs)	<u>234,392</u>	<u>562,174</u>
	<u>541,871</u>	<u>842,787</u>

14. TRADE AND OTHER RECEIVABLES

Debtors- long outstanding	5,844,308	5,844,308
Trade Debtors	32,204,625	10,148,666
Staff Debtors	3,253,910	1,824,588
Deposits Paid	<u>183,500</u>	<u>183,500</u>
	<u>41,486,343</u>	<u>18,001,062</u>
Provision for bad & Doubtful Debts-		
- (10% of trade debtors)	<u>(3,220,462)</u>	<u>(1,014,867)</u>
- (100% of long outstanding debtors over 10 years)	<u>(5,844,308)</u>	<u>(5,844,308)</u>
Provision for ex- staff debtors	<u>(112,135)</u>	<u>(112,135)</u>
	<u>32,309,438</u>	<u>11,029,752</u>
Pre-payment(Arcs &Angle)	<u>19,416,000</u>	<u>0</u>
	<u>51,725,438</u>	<u>11,029,752</u>

15. PRE-PAYMENTS

This is a payment made as per the contract and provisions of the tender document.	<u>19,416,000</u>	<u>0</u>
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16. CASH AND CASH EQUIVALENT.

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

ACCOUNT TYPE	ACCOUNT NO	BANK		
CURRENT A/C	1108986668	KCB	28,342,067	10,254,705
CURRENT A/C	1108985580	KCB	172,915,252	152,382,296
CASH AT HAND			<u>207,130</u>	<u>304,605</u>
TOTALS			<u>201,464,449</u>	<u>162,941,606</u>

BOMAS OF KENYA LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH
JUNE 2013

	<u>2013</u>	<u>2012</u>
	<u>KSHS</u>	<u>KSHS</u>
17. <u>SHARE CAPITAL</u>		
Authorized & Issued		
254,000 ordinary shares of Ksh.20/= each	5,080,000	5,080,000
All the issued Share Capital is held by Kenya Tourist Development Corporation		
18. <u>STATEMENT OF ACCUMULATED PROFITS/ (LOSSES)</u>		
	<u>2012/13</u>	<u>2011/12</u>
	<u>KSHS</u>	<u>KSHS</u>
Balance brought forward	103,591,263	91,567,464
Net Surplus for the year	25,242,327	10,497,077
Total	<u>128,833,590</u>	<u>102,064,541</u>
Revaluation Reserve(amortization)	1,486,845	1,526,722
Balance carried forward	<u>130,320,435</u>	<u>103,591,263</u>
<u>19. REVALUATION RESERVES</u>	<u>2013</u>	<u>2012</u>
Balance brought forward	<u>135,811,856</u>	<u>137,338,578</u>
Less:-depreciation surplus for the year	<u>(1,486,845)</u>	<u>(1,526,722)</u>
Balance carried forward	<u>134,325,011</u>	<u>135,811,856</u>

20. CAPITAL GRANTS

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

In addition the Kenyan government has given a grant for the construction of the utamaduni restaurant and the cultural/conference facility amounting to **Kshs952, 800,000.00**.

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

CAPITAL GRANTS	2013	2012
Balance brought forward	782,201,445	482,201,445
Addition for the year	220,800,000	300,000,000
Balance carried forward	<u>1,003,001,445</u>	<u>782,201,445</u>

BOMAS OF KENYA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2013

21. KTDC LOAN

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

This loan was restructured in 2007 in order to enable the institution to pay the outstanding loan at a harmonized rate.

22. TRADE AND OTHER PAYABLES

	<u>2013</u>	<u>2012</u>
	<u>KSHS</u>	<u>KSHS</u>
(a) Trade Creditors	8,930,169	8,502,410
(b) Other Payables	4,201,803	2,809,372
TOTALS	<u>13,131,972</u>	<u>11,311,782</u>

BOMAS OF KENYA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2013

23. KTDC LOAN

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

24. AUDIT FEE

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

25. DIRECTORS ALLOWANCES

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

26. CURRENCY

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

27. EMPLOYEES

The average number of employees of the company during the year was one hundred and Seventy three (2011/2012-174)

28. TAXATION.

The company has been making losses over the years and therefore did not provide for tax in the financial statements .However during the year the company realized a surplus of kshs 10,609,214.00 90% of this income was in the form of Government Grants and therefore no provision for tax was made.

BOMAS OF KENYA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2013

OTHER PAYABLES AS AT 30TH JUNE, 2013

	2013 KSHS	2012 KSHS
1 Auditor-General	764,000	1,164,000
2 Jaribu Credit Traders	6,550	6,550
3 NCC-Land Rates	201,620	201,620
4 Deposit Received From Tenants	452,175	452,175
5 With Holding VAT	712,954	712,954
6 Miriam Thiriku	0	100,000
7 Josephat Mwanjenje	0	35,633
8 Stella Maweu	0	25,318
9 Stanley K.D.	0	42,000
10 John R . Mathenge	0	29,123
11 James Omaroro	0	40,000
12 Cotu	2,800	0
13 Kuemie	12,202	0
14 Nhif	49,600	0
15 Nssf	66,000	0
16 John Gitau	42,000	0
17 Ktdc	140,081	0
18 Safaricom Ltd	171,267	0
19 Co-Operative Bank	538,791	0
20 Paymaster General	803,097	0
21 Kent Fashion	238,666	0
	4,201,803	2,809,373