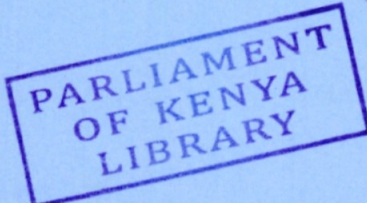


REPUBLIC OF KENYA



**REPORT**


**OF**

**THE AUDITOR-GENERAL**

**ON**

**GOLF HOTEL LIMITED**

**FOR THE YEAR ENDED  
30 JUNE, 2025**

|   |                        |
|---|------------------------|
| <br><b>THE NATIONAL ASSEMBLY<br/>PAPERS LAID</b> |                        |
| <b>DATE:</b> 10 MAR 2026  | <b>DAY:</b><br>TUESDAY |
| <b>TABLED BY:</b>   | HON. OWEN BAYA         |
| <b>CLERK-AT THE-TABLE:</b>  | CHRISTINE NDIRITU      |



---

# **GOLF HOTEL LIMITED**

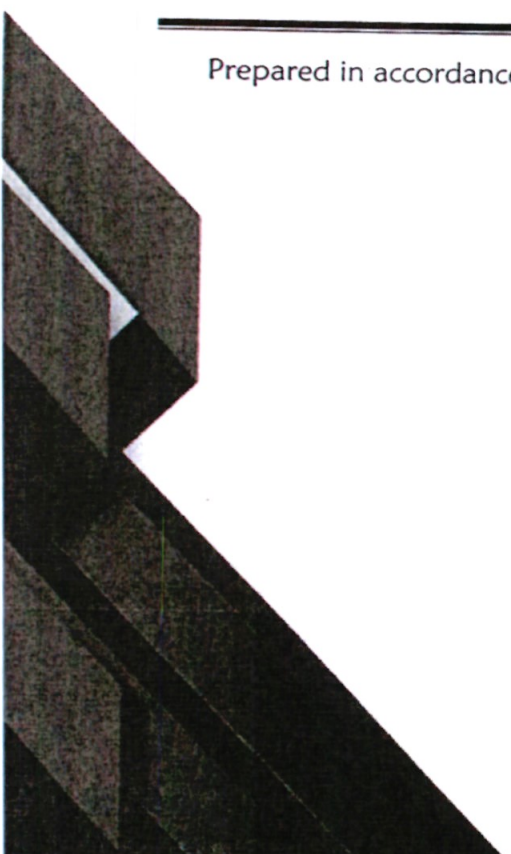
**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**JUNE 30, 2025**

---

Prepared in accordance with the International Financial Reporting Standards (IFRS)



**Golf Hotel Limited**

**Annual Report and Financial Statements for the year ended June 30, 2025**

**Golf Hotel Limited****Annual Report and Financial Statements for the year ended June 30, 2025**

## Contents

|   |        |
|---|--------|
| 1. ACRONYMS AND GLOSSARY OF TERMS.....  | ii     |
| 2. KEY HOTEL INFORMATION .....  | iii    |
| 3. THE BOARD OF DIRECTORS .....   | v      |
| 4. KEY MANAGEMENT TEAM.....   | vii    |
| 5. FIDUCIARY MANAGEMENT.....  | ix     |
| 6. FIDUCIARY OVERSIGHT ARRANGEMENTS.....  | ix     |
| 7. CHAIRMAN'S STATEMENT.....  | x      |
| 8. REPORT OF THE CHIEF EXECUTIVE OFFICER.....   | xi     |
| 9. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2024-2025.....              | xii    |
| 10. CORPORATE GOVERNANCE STATEMENT.....   | xvii   |
| 11. MANAGEMENT DISCUSSION AND ANALYSIS.....   | xxvii  |
| 12. ENVIROMENTAL AND SUSTAINABILITY REPORTING.....  | xxix   |
| 13. REPORT OF THE DIRECTORS.....  | xxxii  |
| 14. STATEMENT OF DIRECTORS' RESPONSIBILITIES.....   | xxxiii |
| 15. REPORT OF THE INDEPENDENT AUDITORS ON THE FINANCIAL STATEMNET FOR GOLF HOTEL.....           | xxxiv  |
| 16. STATEMENT OF PROFIT/LOSS & OTHER COMPREHENSIVE INCOME FOR YEAR ENDED 30TH JUNE 2025.....    | 1      |
| 17. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2025.....                                     | 2      |
| 18. STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2025.....                         | 3      |
| 19. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2025.....                                | 4      |
| 20. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30 JUNE 2025..... | 5      |
| 21. NOTES TO THE FINANCIAL STATEMENTS.....  | 6      |
| 22. APPENDICES.....   | 41     |

**Golf Hotel Limited**

**Annual Report and Financial Statements for the year ended June 30, 2025**

1. ACRONYMS AND GLOSSARY OF TERMS

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

## Golf Hotel Limited

### Annual Report and Financial Statements for the year ended June 30, 2025

#### 2. KEY HOTEL INFORMATION

##### a) Background information

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

##### b) Principal Activities

Hospitality is the principal activity for Golf Hotel, limited with accommodation and conferencing being its main revenue centers. The Hotel currently boasts of a 4 star in property rating having received Travelers choice award from Trip Advisor in the year 2023-2024 with a 4-star rating achievement.

Founded in 1979, the hotel strives to provide exceptional experiences to our guests, while providing an excellent work environment for our staff and obtaining industry leading results. Golf Hotel offers a comprehensive range of services tailor-made to each clientele to ensure maximum return on investment to its stakeholders and investors.

Our 62 elegantly furnished luxury rooms are made up of the Standard, Superior and Executive Suite to provide the highest level of comfort to our clients. The Hotel Provides conferencing services with a total sitting capacity of up to 500 PAX. All meeting spaces are well equipped with the latest State-Of-The-Art facilities that include build – in audio-visual equipment's, Wi-Fi and video conferencing facilities.

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

Other facilities include Team Building Grounds, Topaz bar, Kids play area & an outdoor swimming pool – an oasis of relaxation.

Golf Hotel is 5 minutes' drive from the newly built Kakamega Airstrip, 53.6Kms from Kisumu International Airports respectively using the Kisumu –Kakamega Road

##### Vision

A world class hotel recognized for exceptional hospitality experience.

##### Tagline

In the Heart and Mind of our stakeholders

##### Mission

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

##### Core Values

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

##### Strategic Objectives

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

**Golf Hotel Limited**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

c) Directors

The Directors who served the Hotel during the year ending 30 June 2025 were as follows

- |                                       |   |
|---------------------------------------|---|
| 1. Ms. Norah Ratemo                   | - Appointed August 2024                 |
| 2. Mr. Daniel Muimi                   | - Appointed August 2024                 |
| 3. Mr. Herman Gacugi                  | - Appointed December 2024               |
| 4. Ms. June Mwajuma                   | - County Govt. of Kakamega January 2023 |
| 5. Mr. Saxon Kweyu                    | - County Govt. of Kakamega January 2023 |
| 6. Ms. Evelyn Adenya                  | - National Treasury Appointed June 2024 |
| 8. Ms. Gumato Abudo - Chief Executive | - Appointed September 27 2021           |

d) Corporate Secretary

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

e) Registered Office

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

f) Corporate Headquarters

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

g) Corporate Contacts

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

h) Corporate Bankers

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

i) Independent Auditors

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

j) Principal Legal Advisers

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

**Golf Hotel Limited**

**Annual Report and Financial Statements for the year ended June 30, 2025**

**3. THE BOARD OF DIRECTORS**



BOARD CHAIRPERSON NORAH RATEMO



DIRECTOR EVERLYNE ADENYA



DIRECTOR DANIEL MUMI



DIRECTOR JUNE MWAJUMA



DIRECTOR HERMAN GACUGI



DIRECTOR SAXON KWEYU



COMPANY SECRETARY JO KARIA

**CPA/FA NORAH BUYAKI RATEMO** is the Director General and Board Member of Kenya Development Corporation (KDC). She was appointed on 4<sup>th</sup> July 2024. Ms. Ratemo's previous role at KDC was as Ag. Director General and the Director, Investments. She has over 13 years' experience in Credit Risk Management having worked at Ecobank Kenya as a Credit Analyst, and before then, was engaged as Assistant Manager, Securities and Documentation with Sidian bank. Her specialties are in Risk Management, Credit Assessment, Accounting and Finance. She is also well versed in Strategic Leadership, Project Management, Corporate Governance, Communication, Teamwork and Client relations. She currently serves on the Board of Kenya Wines Agencies as Member. Ms. Ratemo holds a Master's degree in Business Administration Finance option from Jomo Kenyatta University of Agriculture and Technology (JKUAT) and a Bachelor of Commerce (B.Com.) Accounting option. She is a Certified Public Accountant, CPA (K) and a Member of the Institute of Certified Public Accountants (ICPAK), The Institute of Certified Investment and Financial Analyst (ICIFA) and Association of Women Accountants in Kenya. Norah is into Philanthropy and has deep passion on issues on Climate Change, Green Energy and Sustainable Development

**CPA HERMAN GACUGI** is the Deputy Director, Risk Management and Compliance at Kenya Development Corporation, a position he has held since July 2021. He has over 15 years' experience in Financial and Commercial Services, with profound involvement in automated processes, e-commerce, corporate governance, enterprise risk management, financial services regulatory and policy frameworks, accounting, external and internal audit processes. Mr. Gacugi holds a Master of Science degree in Information Communications Technology (ICT) from Jomo Kenyatta University of Science

**Golf Hotel Limited**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

and Technology (JKUAT) and a Bachelor of Commerce degree in accounting from Egerton University, he is an Alumni of Strathmore Business School Senior leadership program(SMLP). He is also a Certified Public Accountant (CPAK), a Certified Information Systems Auditor (CISA) and a GRI Certified sustainability practitioner.

**DR. JUNE MWAJUMA** is the Chief Office Finance and budget at the County Government of Kakamega

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

**MS. EVERLYNE ADENYA** is the Assistant Director Human resource management and developmnet at the Huduma center in Kisumu. She holds a Degree in social science from Egerton University, A post Graduate Diploma from Kenya Institute of Management and a Masters Science degree HRM from the Jomo Kenyatta University of Agriculture and technology. She is also a member of the IHRM and Human Resource Management Learning and Development Proffessionals Society of Kenya(HRMLDPS-K).She has a vasted experience in human resource having worked as the Principal HRM at the National treasury.

**CPA. DANIEL MUIMI** is the Ag. Deputy Director, Investments Appraisal and Administration. He has over 16 years of experience in Finance while working for IDB Capital, ICDC and now Kenya Development Corporation. He holds a Bachelor of Arts Degree from the University of Nairobi, is a Certified Public Accountant (CPA-K) and Certified Finance Analyst CFA. He is a member of ICPAK. He is currently pursuing a Master of Science in Finance from the University of Nairobi.

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

#### 4. KEY MANAGEMENT TEAM



MANAGER FINANCE AND ICT  
LEENA MUGADIA



MANAGER SUPPLY CHAIN  
EUNICE RUTO



MANAGER HUMAN RESOURCE  
& ADMIN  
MAUREEN NJURU



MANAGER HOTEL PLANNING &  
MARKETING  
HELLEN CHILLA



MANAGER INTERNAL  
AUDIT  
ROBERT ROTICH



CHIEF EXECUTIVE OFFICER  
GUMATO ABUDO

**MS. GUMATO ABUDO** is the Chief Executive Officer of Golf hotel limited. She is a Holder of a Masters in Management and Leadership and a Degree in Management and Leadership from Management University of Africa and a Diploma in Hotel & Catering from Mt Kenya University. She also holds certification in Senior Leadership Development Programme (SLDP) from the Kenya school of Government and certified trainings in CBA Negotiation and Job Evaluation from the Kenya School of Government. Gumato holds a wide range of experience in Hospitality Management, having worked in the field of for over 15 years. She was born in April 1985.

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

**Golf Hotel Limited**

**Annual Report and Financial Statements for the year ended June 30, 2025**

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

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

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

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

**Golf Hotel Limited**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

**5. FIDUCIARY MANAGEMENT**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2025 and who had direct fiduciary responsibility were:

| No. | Designation                             | Name                |
|-----|---|---------------------|
| 1.  | CEO                                     | Gumato Abudo        |
| 2.  | Head of Finance                         | CPA Leena Mugadia   |
| 3.  | Head of Planning and Marketing          | Hellen Chilla       |
| 4.  | Head of Human Resource & Administration | CHRPS Maureen Njuru |
| 5.  | Head of Procurement                     | Eunice Ruto         |
| 6.  | Head of Audit                           | CPA Robert Rotich   |

**6. FIDUCIARY OVERSIGHT ARRANGEMENTS**

The Hotel has a Board Audit committee to oversee internal and external Audits and reports its deliberations to the Hotel Board for ratification.

Other Committees appointed by the Chief Executive Officer for Oversight and Internal control of the Hotels during the year are as follows;

1. Revenue Mobilization and Pricing Committee
2. Energy Committee
3. Performance Management Committee
4. Productivity Mainstreaming Committee
5. Events Committee
6. Asset management Committee
7. Emergency Committee
8. Risk Committee
9. Credit Committee
10. CSR Committee
11. Disposal Committee
12. HACCP and OSHA Committee
13. HR MAC Committee
14. ICT and Digitization committee
15. Strategic Plan Implementation Committee
16. Public Finance Management Standing Committee

The Hotel has put in place a Risk Management Policy and also set out its responsibility for risk management in the Board Charter.

Internal controls help to set up the checks and balances in the Hotel to detect or prevent errors or frauds.

**Golf Hotel Limited**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

**7. CHAIRMAN'S STATEMENT**

The Annual Report showcases the results and highlights the forward-looking, innovative, and integrated organization that we have become. Despite facing significant challenges in the global and domestic economic landscape, we have managed to navigate these headwinds and deliver quality services to our stakeholders.

The past year presented us with tough operating conditions, including increased in cost of production, changes in taxation and tax laws, political uncertainty surrounding the high cost of living, and a significant economic slowdown compounded by rising inflation. Travel Advisories and international wars across the globe added further pressure to the hospitality business leading to cancellations of business in the second half of the year and general slowdown in the volume of business recorded by the Hotel. However, despite these challenges, we remain commitment to being A world class hotel recognized for exceptional hospitality experience.

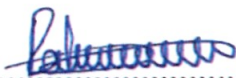
Three pillars through which this is achieved are Business Growth, Operational Efficiency and Organization Capabilities Development

The hotel was also able to record net revenue of Kshs. 227 million compared to Kshs. 230 Million Recorded in the year 2023/2024.

We have also remained committed to supporting the government's economic agenda by creating jobs, forming meaningful partnerships, and fulfilling our duty to pay taxes. As part of our strategic goals, we have focused on leveraging technology and driving customer satisfaction through continuous innovation.

In September 2024 at the AGM, the Board approved a payment of a Final dividend of 20% of the Net profit after tax per ordinary share, amounting to a total of Kshs. 1,464,828.60 according to ratio of its shareholding in respect of the year ended 30 June 2024.

I would like to acknowledge the contribution of all our employees, with whose commitment, loyalty, and hard work have enabled us to deliver on our strategy for the year ended 30<sup>th</sup> June 2025.



.....  
BOARD CHAIRPERSON

**Golf Hotel Limited**

**Annual Report and Financial Statements for the year ended June 30, 2025**

**8. REPORT OF THE CHIEF EXECUTIVE OFFICER**

Am pleased to present to you the Hotel's Annual Report and Financial statements for the year ended 30<sup>th</sup> June 2025 on behalf of the Management of Golf Hotel Limited.

During the year under review, we continued to integrate the implementation of the Strategic Plan to the Performance Management System to enhance realization of set targets. The objectives of the Strategic Plan were cascaded to individual level targets in the Staff Performance Appraisal System. The Corporate board score for the evaluation of 2023/2024 was 98.13% an improvement from the 2022/2023 evaluation score of 95.80%

During the year the hotel was able to work on its customer service and guest experiences, with much of the attention being on retention of the clientele and venturing into tour, travel and leisure markets in a bid to expand the market landscape and attracting new market niches in the wake of reduced NGO businesses.

The Hotels Travel rating also experienced growth from the 4-star achieved in the year 2023/2024 to a 4.5 star rating achieved at the close of June 2025.

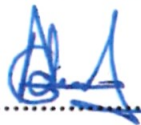
The performance of rooms also saw a shift from 47% room occupancy achieved in the year 2023/2024 to 51% achieved in the year ended June 2025.

Marketing strategies has taken a central locum in the year ended 30 June 2025. Through this During the year ended 30 June 2025, the Hotel recorded growth in its online position thus resulting in the growth of its room occupancy during the year.

The second half of the year 2024/2025 however saw a drop in conferencing business following the directive of the closure of USAID funded NGO resulting in the drop of conferencing revenue from 106 million recorded in the year 2024/2025 to 102 million recorded in the year 2024/2025.

Despite this challenge the hotel was able to achieve 71% of its annual budgeted revenue at the close of June 2025.

I wish to convey my appreciation to the board of directors for their continued support during the year ended 30 June 2025. I wish to also express my gratitude to the shareholders and staff for their dedication and support to the company which saw the improved service delivery during this year.



.....  
GUMATO ABUDO

CHIEF EXECUTIVE OFFICER

**Golf Hotel Limited**

**Annual Report and Financial Statements for the year ended June 30, 2025**

**9. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2024-2025**

**Statement of Performance against Predetermined Objectives for FY 2024/2025**

Golf Hotel Kakamega has 3 strategic pillars and objectives within the current Strategic Plan for the FY 24-25. These strategic pillars are as follows: Pillar 1: Business Growth, Pillar 2: Operational Efficiency, Pillar 3: Organization Capabilities Development

Golf Hotel Kakamega develops its annual work plans based on the above 3 pillars. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. The Hotel performance targets set for the FY 24/25 period for its 3 strategic pillars are as indicated in the diagram below:

At the beginning of the strategic plan. The Hotel had projected Revenue of 1 Billion within the five-year strategic period and Expected expenditure of 972 million within the same period resulting to an anticipated surplus of 67.85 million within the five years’ strategic period as presented below:

| Million Kshs.         | 2022 23<br>Projection | 2023 24<br>Projection | 2024 25<br>Projection | 2025 26<br>Projection | 2026 27<br>Projection | Total  |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|--------|
| Revenue               | 147.7                 | 199.4                 | 209.4                 | 219.9                 | 263.8                 | 1040.2 |
| Expected expenditures | 202.43                | 228.48                | 192.98                | 169.18                | 179.28                | 972.35 |
| Resource gaps         | -54.73                | -29.08                | 16.42                 | 50.72                 | 84.52                 | 67.85  |

Actual performance for year one to three of the strategic plan is as presented below. Total revenue achieved 767.5 million with a balance of 272.7 million in revenue for the two-year remainder of the strategic plan period. Expected expenditure achieved 729 with a balance of 243.35 in expenditure for the remainder of the strategic plan period.

| Million Kshs.         | 2022 23<br>Actual | 2023 24<br>Actual | 2024 25<br>Actual | 2025 26<br>Projection | 2026 27<br>Projection | Total<br>Projection |
|-----------------------|-------------------|-------------------|-------------------|-----------------------|-----------------------|---------------------|
| Revenue               | 252               | 288.5             | 281               | 385                   | 444                   | 1650.2              |
| Expected expenditures | 224               | 261               | 244               | 328.5                 | 346.4                 | 1403.9              |
| Resource gaps         | 28                | 27                | 37                | 56.5                  | 97.6                  | 246.1               |

During the year 2024/2025, the Hotel reviewed its strategic plan that will cover for year 4 and 5 having achieved above the revenue that it had set for year one to three as presented above for the three years under review starting 2022/2023 to 2024/2025. This review will be effective July 2025. Below is the detailed performance against target for year three of the strategic plan

## Golf Hotel Limited

### Annual Report and Financial Statements for the year ended June 30, 2025

| Strategic Pillar/Theme/Issues | Objective                 | Key Performance Indicators | Activities   | Achievements  |  |
|-------------------------------|---------------------------|----------------------------|--|---|--|
| Pillar 1: Business Growth     | To increase hotel revenue | Infrastructure development | Purchase and installation of 2 10,000 litre water tanks for water harvesting   | 31% reduction in cost of water bills in comparison to FY 2023 24  |  |
|                               |                           |                            | Construction of staff canteen  | Motivated staff leading to enhanced productivity. Separation of staff areas from guest areas hence enhancing customer satisfaction and service delivery |  |
|                               |                           |                            | Refurbish hotel lobby - Lounge Seats purchased   | Enhanced customer satisfaction.<br><br>Improved brand image   |  |
|                               |                           |                            | Expansion of children's swimming pool  | 14% increase in swimming pool revenue compared to FY 2023 24.<br><br>Strategies leveraging on CBC curriculum in schools.                                |  |
|                               |                           |                            | Construction of 3 conference halls with an additional capacity of 1000 pax   | Reduction on conferencing cost by 15% in comparison to the same period last year, with reduced hiring of tents and furniture.                           |  |
|                               |                           |                            | Purchase of 500 banqueting chairs.   |   |  |
|                               |                           |                            | Purchase of 100 banqueting tables  |   |  |
|                               |                           |                            | Rel-location and Refurbishment of the Bar  | 15% increase in beverage revenue compared to FY 2023 24.  |  |
|                               |                           |                            | Commercialization of laundry services - Introduction of dry cleaning services (Training staff, purchase of equipment and detergents) | 44% increase in laundry revenue compared to FY 2023 24.   |  |
|                               |                           |                            | Establish and operationalize appropriate marketing structure   | Exhibitions: Qtr 2 MKTE(Magical Kenya Expo) and Kakamega SME Expo Qtr 4 Kakamega ASK show   | From the participation we have managed to bring on board a number of tour agents & as well corporate on board. |
|                               |                           |                            |  | Events: Singles Connect Night<br><br>Theatre Show- The Table of Jezebel. Christmas Family Fun Day Mulembe Festival- Kakamega Edition                    | Brand visibility and boosted revenue generation in various centers   |
|                               |                           |                            |  | Design, print and disseminate IEC materials   | Brochures, Charge sheets, Fliers etc were printed for use in exhibition and other marketing drives             |

**Golf Hotel Limited**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

|  |                                     |  |  |  |
|--|-------------------------------------|--|--|--|
|  |                                     |  | Leverage e-marketing platforms   | We have managed to grow our online room nights compared to FY 2023 24.   |
|  |                                     |  | Participate in market surveys and prepare a marketing plan   | Retention of clientele and new customer accounts   |
|  |                                     |  | Review the SOPs  | Enhanced compliance and service delivery   |
|  |                                     | Improve customer satisfaction          | Undertake customer satisfaction surveys  | Done monthly, we closed the year with review rate score of 4.6 out of a possible 5   |
|  |                                     |  | Develop and implement a customer service charter   | Implementation is a continuous process. Translates to enhanced guest satisfaction.   |
|  |                                     |  | Develop and implement Service Level Agreements   | Done. Continuous review when required. Enhanced synergy between departments.   |
| Pillar 2:<br>Operational Efficiency                | To increase profitability           | Production management                  | Undertake a market survey  | Reduced cost of sales by 16% compared to FY 2023 24.   |
|  |                                     |  | Prepare and implement a framework of agreement with primary producers of essential services and goods  | Reduced cost of sales by 16% compared to FY 2023 24.   |
|  |                                     | Energy efficiency                      | Central control point for all lighting fixtures in a guest room with automated switch off on vacation. LED lights and sensor lights in public areas Replacement on energy intensive old equipment i.e. water pumps | 1% reduction in cost of electricity bills in comparison to FY 2023 24  |
|  |                                     | Outsourcing of services                | Identify services/goods that need to be outsourced.  | Outsourced Security services, Printer, luggage scanner enhanced efficiency and benefits of specialization.   |
| Pillar 3:<br>Organization Capabilities Development | To enhance performance of the hotel | Resource mobilization                  | Fixed deposits with Commercial Banks - Done for Dollar account, ongoing  | Revenue realized from gain in forex amounted to Kshs. 305,828  |
|  |                                     | Develop and implement people processes | Train staff on various courses - Courses programs engaged in include: Refresher courses by Kenya Utalii college, Apprenticeship, Exchange program, external trainers and in house SOP training                     | Staff empowered, motivated resulting to enhanced service delivery. 97% score on evaluation of corporate PC for the FY 2024 25 compared to 96% in the last FY |
|  |                                     |  | Provide attachment opportunities - over 60 opportunities extended  | CSR, setting standards in hospitality training in the region   |
|  |                                     |  | Team building activities   | Staff motivation, creating synergy   |
|  |                                     |  | Participated in Sports activities - We participated in the Standard Chartered marathon   | Staff motivation, creating synergy   |
|  |                                     |  | Conducted Employee satisfaction survey and   | 92% score on employee satisfaction survey for the FY 2024 25 compared to 90% in the last FY  |

**Golf Hotel Limited**

**Annual Report and Financial Statements for the year ended June 30, 2025**

|  |   |  |  |
|--|---|--|--|
|  |   | implemented feasible recommendations                               |  |
|  |   | Strategic Plan Review<br>- Revised 2022/23 2026/7 SP               | The review incorporates lessons during the 2 year strategies to changes in situational analysis. |
|  |   | Developed and implement Annual work Plan                           | Unity of purpose in achieving objectives. Basis for resource allocation and mobilization         |
|  |   | Conduct Staff Performance Appraisals - Biannual                    | Identify training needs, motivation and sanctions  |
|  |   | Implementation a recognition programme                             | Incentive and motivate staff   |
|  | Develop and implement policies, and procedure | Developed and implemented staff rewards and sanctions policy       | Incentive and motivate staff   |
|  | Improve Governance and Internal controls      | Prepare reports to the Board                                       | Directives and resolutions applied   |
|  |   | Prepare annual reports on the implementation of the strategic plan | Monitoring of implementation status and review where need be                                     |
|  |   | Prepare and implement a risk register                              | Done. Mitigation measures observed   |
|  |   | Remediation and closure of audit and compliance findings           | Zero fault Audit Compliance Level(On matters within control of Management)                       |

**Golf Hotel Limited**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

*Monitoring and Evaluation Matrix: FY 2024 25 (Yr.3 of planning period) Performance*

| Key Result Area                     | Outcome                             | Key Performance Indicator                          | Baseline (Million) Actual  | YR 1 (Million) Actual  | YR 2 (Million) Actual  | YR 3 (Million) Projected  | YR 3 (Million) Actual | YR 4 (Million) Projected  | YR 5 (Million) Projected  | Total (Million)  |
|-------------------------------------|-------------------------------------|--|----------------------------|------------------------|------------------------|---------------------------|-----------------------|---------------------------|---------------------------|------------------|
| Business Growth                     | Increased market base               | Accommodation                                      | 50                         | 55                     | 71                     | 82                        | 56                    | 95                        | 109                       | 412              |
|                                     |                                     | Drinks   | 19                         | 28                     | 34                     | 39                        | 23                    | 45                        | 52                        | 198              |
|                                     |                                     | Food   | 107                        | 148                    | 156                    | 180                       | 128                   | 207                       | 239                       | 930              |
|                                     |                                     | Other Income                                       | 16                         | 21                     | 28                     | 33                        | 20                    | 38                        | 44                        | 164              |
|                                     |                                     | <b>TOTAL</b>                                       | 192                        | 252                    | 288.5                  | 334                       | 227                   | 385                       | 444                       | 1704             |
| Operational Efficiency              | Increased profit margins            | <b>Key Performance Indicator</b>                   | <b>Baseline (%) Actual</b> | <b>YR 1 (%) Actual</b> | <b>YR 2 (%) Actual</b> | <b>YR 3 (%) Projected</b> |                       | <b>YR 4 (%) Projected</b> | <b>YR 5 (%) Projected</b> | <b>Total (%)</b> |
|                                     |                                     | Net Profit as a Ratio of Revenue ( Percentage)     | 0.5                        | 0.03                   | 0.03                   | >0.10                     | -0.06                 | >0.10                     | >0.10                     | >0.10            |
|                                     |                                     | Cost of sales as a ratio to revenue ( Percentage)  | 0.22                       | 0.24                   | 0.26                   | <0.25                     | 0.26                  | <0.25                     | <0.25                     | <0.25            |
|                                     |                                     | Staff cost as a ratio to revenue ( Percentage)     | 0.36                       | 0.42                   | 0.40                   | <0.35                     | 0.45                  | <0.35                     | <0.35                     | <0.35            |
|                                     |                                     | Operating cost as a ratio to revenue ( Percentage) | 0.35                       | 0.31                   | 0.32                   | <0.30                     | 0.28                  | <0.30                     | <0.30                     | <0.30            |
| Organizational Capacity Development | Enhanced organizational performance | Productivity Index                                 | -                          | -                      | -                      | 80                        | -                     | 90                        | 100                       | 100              |
|                                     |                                     | Customer Satisfaction Index                        | 3.7                        | 4.4                    | 4.6                    | 4.8                       | 4.49                  | 4.9                       | 5                         | 5                |
|                                     |                                     | Zero fault Audit Compliance Level                  | 80                         | 80                     | 80                     | 80                        | 80                    | 90                        | 100                       | 100              |
|                                     |                                     | Asset base growth %                                | 1%                         | 1%                     | 0.2%                   | 10%                       | 34%                   | 49%                       | 15%                       | 15%              |
|                                     |                                     | Brand Audit rating                                 | -                          | -                      | -                      | -                         | -                     | 70                        | 80                        | 80               |
|                                     |                                     | Percentage Dividend payment                        | -                          | 0.20                   | 0.20                   | 0.80                      | 0.20                  | 0.80                      | 0.80                      | 0.80             |
|                                     |                                     | Employee Satisfaction Index                        | -                          | -                      | 80                     | 90                        | -                     | 100                       | 100                       | 100              |

## Golf Hotel Limited

### Annual Report and Financial Statements for the year ended June 30, 2025

#### 10. CORPORATE GOVERNANCE STATEMENT

During the year under review, the key areas of focus for the Board's activities were on the following matters:

- ✓ Approved the audited financial statements for the year ended 30 June 2024 as well as the guidance on pending audit matters.
- ✓ Approval of Hotel policies that work towards strengthening the hotels corporate governance including ESG Policy, Data protection policy, Procurement policy, Business continuity Policy and the Succession policy.
- ✓ The Board further considered and approved the Quarterly financial statements for the period up to 31 March 2025
- ✓ Reviewed and approved the strategic initiatives and financial plans for the year under review.
- ✓ Approved the 2025/2026 budget and monitored performance against the approved budget of the year 2024/2025.
- ✓ Monitored the political and regulatory trends and developments and their implications for the business
- ✓ Discussed and improved the Board's understanding of key risks facing the business from a political and economic perspective
- ✓ Discussed the risks and mitigations thereof that the business was exposed to including cyber threats, changing regulations.
- ✓ Reviewed and monitored the significant litigation cases and staff leave liability.
- ✓ Received a report on the board evaluation.
- ✓ Received regular reports of the deliberations of the Audit, Finance, Marketing, strategic and HR Committees.

#### BOARD ANNUAL EVALUATION REPORT

Corporate governance best practices require that Board of Directors conduct self-evaluation of its performance on annual basis. Further, *Mwongozo*, the Code of Governance State Corporations, requires that Board of Directors in State Corporations carry out annual performance evaluation and file a report thereof with the parent Ministry and the State Corporations Advisory Committee (SCAC).

This is the report of Golf Hotel Kakamega Board self-evaluation for the year 2023/2024. The evaluation was conducted as a self/peer review with each Board Member completing a form for the Board (BE 1), Chair (BE2), Individual Board Members (BE3), the CEO (BE4), the Corporation Secretary (BE5) and the Internal Auditor (BE6). The results were analyzed to obtain a mean score on each rated item and thereafter the results transcribed into forms BE1, BE2, BE3, BE4, BE5 and BE6 presented herein as follows: - 1.1 Summary of Board evaluation results 1.2 Board Self Evaluation results - Form BE.1 1.3 Chairman of the Board Performance evaluation results -Form BE2

**Golf Hotel Limited**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

SUMMARY OF BOARD EVALUATION RESULTS

The following is a summary of the performance evaluation results for the year 2023/2024:

| Board Composition |                              |                       |                     |                |         |       |
|-------------------|------------------------------|-----------------------|---------------------|----------------|---------|-------|
| No.               | Name of Board Member         | Position              | Date of Appointment | Expiry of Term | Score/5 | %     |
| 1.                | Ms. Faith Diana Kagendo Nene | Chairperson           | 2nd-Jan-2023        | 31st-Jan-2025  | 4.9583  | 99.16 |
| 2.                | Mr. Saxon Kweyu Osore        | Independent Member    | 1st-Jan-2023        | 31st-Jan-2025  | 4.8200  | 96.50 |
| 3.                | Dr. Jeophita June Mwajuma    | Independent Member    | 1st-Jan-2023        | 1st-Sep-2026   | 4.8700  | 97.33 |
| 4.                | Ms. Patricia Njambi Gachungi | Independent Member    | 1st-Jan-2023        | 1st-Sept-2026  | 4.8300  | 96.67 |
| 5.                | Ms. Anne Gitau               | Independent Member    | 1st-Jan-2023        | 31st-Jan-2025  | 4.9600  | 99.17 |
| 6.                | Ms. Gumato Abudo Bilta       | CEO                   | 1st-Sep-2021        | 30th-Sep-2025  | 4.9667  | 99.33 |
| 7.                | Mr. John Saitoti Karia       | Corporation Secretary | 1st-Jan-2023        | 31st-Jan-2025  | 4.9238  | 98.47 |
| 8.                | Mr. Robert Rotich            | Internal Auditor      | 4th-Jul-2022        | 1st-Jun-2027   | 4.8667  | 97.33 |
| Corporate Board   |                              |                       |                     |                | 4.9067  | 98.13 |

**Golf Hotel Limited**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

BOARD ATTENDANCE 2024-2025

| BOARD MEETING ATTENDANCE | HERMAN G. | DANIEL M. | NORAH R. | FAITH N. | ANNE G. | PATRICIA N. | SAXON K. | JUNE M. | JOHN K. | EVERLYNE A. |
|--------------------------|-----------|-----------|----------|----------|---------|-------------|----------|---------|---------|-------------|
| BOARD QUARTER 4          | -         | -         | -        | √        | √       | √           | √        | √       | √       | √           |
| BOARD QUARTER 1          | -         | √         | √        | -        | -       | √           | √        | √       | √       | √           |
| BOARD QUARTER 2          | √         | √         | √        | -        | -       | -           | √        | √       | √       | √           |
| BOARD QUARTER 3          | √         | √         | √        | -        | -       | -           | √        | √       | √       | √           |
| AUDIT QUARTER 1          | -         | -         | -        | -        | √       | √           | -        | √       | -       | √           |
| AUDIT AUARTER 4          | -         | -         | -        | -        | -       | -           | -        | √       | -       | √           |
| AUDIT QUARTER 2          | √         | -         | -        | -        | -       | -           | √        | -       | -       | √           |
| AUDIT QUARETR 3          | √         | -         | -        | -        | -       | -           | √        | -       | -       | √           |
| BOARD EVALUATION         | -         | -         | -        | √        | √       | √           | √        | √       | √       | √           |
| BUDGET APPROVAL          | √         | √         | √        | -        | -       | -           | √        | √       | √       | √           |
| ANNUAL AGM               | -         | √         | √        | -        | -       | √           | √        | √       | √       | √           |
| FINANCE QUARTER 2        | -         | √         | -        | -        | -       | -           | -        | √       | √       | √           |
| FINANCE QUARTER 3        | -         | -√        | -        | -        | -       | -           | -        | √       | √       | √           |

Director Daniel, Herman and Norah Joined the board August and December 2024

Director Faith, Anne and Patricia Left the board during the year 2024

The Finance Committee was constituted in December 2024 with the first setting in March 2025

### ETHICAL LEADERSHIP AND STRATEGIC MANAGEMENT

The Board gave strategic direction to the Hotel, exercised control and remained accountable to shareholders and relevant stakeholders. The Board has appropriate autonomy and authority to exercise its functions and offer effective leadership. The Board has approved a strategic plan for the year 2022/23-2026/27 aligned with the Hotel's purpose and the interests of stakeholders. The Board has also approved the following policies which are in place: -

- ✓ Staff induction Policy
- ✓ Corporate Social Responsibility policy
- ✓ Pricing Policy
- ✓ Commission policy
- ✓ Risk Management Policy
- ✓ Debt Management Policy
- ✓ Dividend Policy
- ✓ Human Resource Policy and Procedure Manual approved by SCAC
- ✓ Performance Management Policy and Procedures.
- ✓ Communication policy,
- ✓ Conflict of interest policy,
- ✓ ICT policy,
- ✓ Whistle Blowing Policy
- ✓ Stakeholders engagement policy
- ✓ ESG Policy
- ✓ Succession Policy
- ✓ Procurement Policy
- ✓ Business Continuity Policy
- ✓ Data Protection Policy

The Board approved the work plan for the year 2024/2025 which was fully adhered to in the year ended June 2025.

The Board held quarterly meetings and conforms minutes which are kept for action and record.

The Hotel has the following Board committee; the Board Audit Committee and The Finance, HR, Marketing, Operations and Strategic Committee.

New Board members underwent induction during the year 2024-2025.

The Board approved the Hotels annual budget in the year 2024-2025.

The Board undertook annual Board performance evaluation.

### TRANSPARENCY AND DISCLOSURE

Board has put in place a Risk Management Policy and also set out its responsibility for risk management in the Board Charter. Internal controls help to set up the checks and balances in the Hotel to detect or prevent errors or frauds. The Hotel has an Audit committee to oversee internal and external Audits.

## Golf Hotel Limited

### Annual Report and Financial Statements for the year ended June 30, 2025

#### COMPLIANCE WITH LAWS AND REGULATIONS

The Board has ensured that the organization conduct its business affairs in full compliance with all applicable laws, rules and regulations and in line with accepted national and international standards, as well as, the internal policies of the organization. The Hotel has;

- An approved Employee Code of Conduct in place.
- An Internal procedure to ensure that action is taken to implement Board resolutions.
- Laws, regulation and rules applicable to the Hotel have been identified and documented.

#### COMMUNICATION WITH STAKEHOLDERS

The Board ensured effective communication between the Company and its stakeholders through the following mechanisms:

- Through application of the guidelines of the Approved communication policy and ICT policy
- The Hotel tracks complaints made by hotel customers through an online portal hosted on the website.
- The Hotels website and social media accounts contain a facility for stakeholders to direct inquiries to the Hotel and any media briefings given by the hotel.

#### BOARD INDEPENDENCE AND GOVERNANCE

The Board is composed of competent, diverse and qualified members capable of exercising objective and independent judgment.

- Board members are nominated by the Shareholders who consisted of members with diverse competencies and mix of skills.
- The Board size has conformed to the applicable legal and regularly framework and code of governance.
- The role of Board and Management was clearly separated during the year.
- The office of the Chairperson, CEO and Secretary was held by different persons.
- Board kept a Conflict of Interest register that is signed/ or recorded virtually at every meeting.
- The Audit Committee's decisions are subject to Board ratification.
- There is an Approved Conflict of Interest Policy.

**Golf Hotel Limited**

**Annual Report and Financial Statements for the year ended June 30, 2025**

**RISK MANAGEMENT AND INTERNAL CONTROLS**

The Board is responsible for maintaining sound risk management and internal control systems and determining the nature and extent of the risks that the Hotel is willing to take to achieve its strategic objectives and in relation to the existing Risk Management Policy.

With the support of the Internal Audit department headed by the Manager Internal Audit which carries out the dual roles of audit and risk and with the existence of Audit and Committee of the Board, the Board carries out a regular review of the effectiveness of its risk management framework and internal control systems, covering all material controls including financial, operational and compliance controls.

Risk registers, based on a standardized methodology, are used to identify, assess and monitor the key risks (both financial and nonfinancial) faced by the Business. Information on prevailing trends, for example whether a risk is increasing or decreasing over time, is provided in relation to each risk and all identified risks are assessed at three levels (High, medium and low) by reference to their impact and likelihood.

Mitigation plans are put in place to manage the risks identified and the risk registers are reviewed on a regular basis. During the Financial year 2024/ 2025 the Board, with advice from its Audit and Risk, Audit and risk Committee, has completed its annual review of the effectiveness of the risk management framework and internal controls for the year under review.

No significant failings or weaknesses were identified, and the Board is satisfied that, where specific areas for improvement have been identified, processes are in place to ensure that the necessary remedial action is taken and that progress is monitored through implementation status report.

## Golf Hotel Limited

### Annual Report and Financial Statements for the year ended June 30, 2025

#### CORPORATE SOCIAL RESPONSIBILITY AND INVESTMENT

The Hotel is committed to operate ethically and promote corporate social responsibility and investment.

- There is a Corporate Social Responsibility Policy in place.
- The Company's policy on corporate social responsibility and investment is disclosed in Annual Reports.

The Hotel conducts its business with strong dedication to ethical and responsible practices. All our stakeholders are aware of the effect the hotel has on the environment and society, both positive and negative. Therefore, every day the Hotel try's to minimize the negative impact from waste and resource consumption and enhance the positive impact in terms of employee benefits, social welfare and local communities' engagement. The hotel is committed to address the needs of the vulnerable and marginalized members of the society. To this end the management works with stakeholders to support the cause either alone or with like-minded partners with n o n for profit, registered societies or other corporates.

#### Actions

Our actions comply with our policies, procedures and commitments. Externally, we constantly encourage and promote local content and use locally produced ingredients. At the same time, we collaborate with our suppliers on implementing best practices for producing their products. Internally, we strive to create the ultimate working environment for our employees and encourage their commitment to our CSR strategies through training and continuous sensitization. The hotel in the financial year 2024/25 was guided by the following principles on achievement of the CSR objective;

**Community Impact-** The hotel committed to mobilizing resources to ensure that its programmes have maximum benefits to the communities and it embraced diversity. In the FY 2024/25 the hotel made various donations to support in the community development and we ensured to maintain diversity and inclusivity of various groups.

**Donation to the school of the Deaf and Kakamega Women Prisons.** The Hotel donated firewood and linen to the Kakamega school of the deaf and Kakamega Women Prisons.



**Golf Hotel Limited**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

Donation to the Kenya police. The Hotel Donated Cement for building of a gender office to take care of the Gender based violence victims to the Kenya Police as part of its Community support programme



Feeding of the Muslim's faithful's from humble backgrounds during Idd Atta celebrations. The Hotel Joined the Muslim faithful to feed the orphans and widows during the Idd Festivities



## Golf Hotel Limited

### Annual Report and Financial Statements for the year ended June 30, 2025

#### EMPLOYEE PARTICIPATION AND INVOLVEMENT

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

#### WORK LIFE BALANCE

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



**Anti-corruption and bribery-** We are dedicated to act with integrity and develop our business in a responsible manner. Our Code of Conduct clearly outlines the aspects of our work and the acceptable actions in relation to anti-corruption and bribery from each and every one of our employees, suppliers and third parties. In the year under review the management developed the Whistle blowing policy which was approved by the Board for implementation. We put in place a whistle blower system and conduct quarterly audits on various compliances. We stand firm on the commitments established in our anti-corruption and bribery policy and Code of Conduct. As an ethical company, we make sure that all our stakeholders study the documents and comply with them. This is achieved by conducting training for employees and ensuring all new employees have to read and sign the Code of Conduct.

**Social and staff matters-** Our employees are the backbone of our company, and their well-being, health and safety in the work place are crucial to our success as a business. We have laid out the basis for securing a safe working environment that ensures that our employees feel motivated and productive. We continue our goal of supporting our community and encourage sustainable growth. One of our key initiatives is to conduct the staff satisfaction survey where employees are encouraged to share their opinions and suggest improvements for the working environment. In addition, we have dedicated a staff canteen, changing rooms and a lactating room. In the year under review we conducted health and safety training, participated in various sports activities, organized a team-building event sponsored by the company.



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

**Golf Hotel Limited**  
**Annual Report and Financial Statements for the year ended June 30, 2025**



**PERFORMANCE MANAGEMENT & PRODUCTIVITY**

The management developed the PC for the financial year 2024/25 and reviewed at management level. This has been as annexed for board review.

The PC was cascaded down to management level and further to the other staff as appraisals. The reviews for all the staff were made and below is the summary for the scores achieved by the departments.

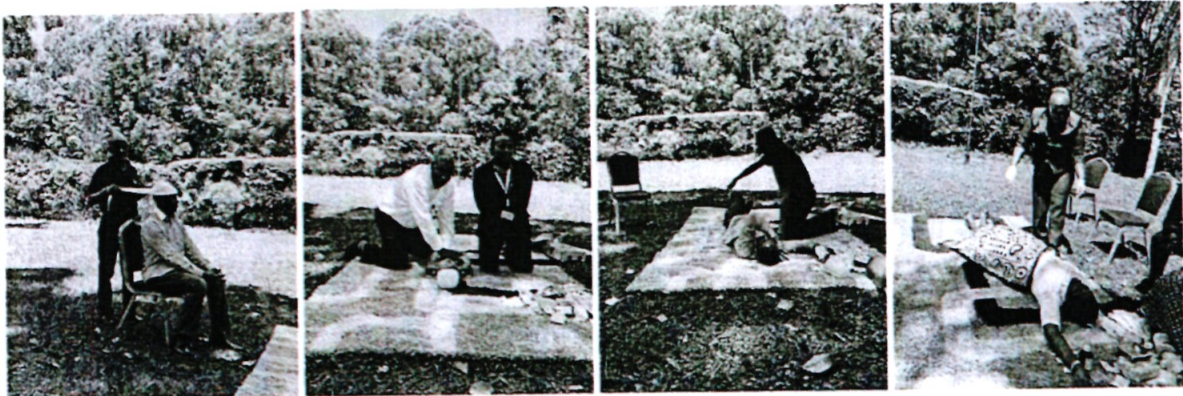
**EMPLOYEE WELFARE & HEALTH, SECURITY AND SAFETY**

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

The Hotel has instituted safety and compliance with Occupational Safety and Health Act of 2007, (OSHA) in its HR manual.

**PROFESSIONAL DEVELOPMENT AND ORGANIZATIONAL TRAINING**

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



**Golf Hotel Limited****Annual Report and Financial Statements for the year ended June 30, 2025****11. MANAGEMENT DISCUSSION AND ANALYSIS****A). FINANCIAL PERFORMAMNCE**

Net Revenue Closed with Kshs 226,459,011 against the annual budget of Kshs. 320,858,154. This represents 29% below budget performance as presented below:

**Annual Revenue Performance**

UNIT:GOLF HOTEL LTD

ACCOUNTS FOR THE MONTH: JUNE 2025

|   |                           | YEAR TO DATE          |                       | ANNUAL ESTIMATE       |
|---|---------------------------|-----------------------|-----------------------|-----------------------|
|   |                           | LAST YEAR             | ACTUAL                |                       |
|   |                           | KSH                   | KSH                   | KSH                   |
| A | SALES                     |                       |                       |                       |
| 1 | Accomodation              | 56,828,387.86         | 55,695,616.58         | 83,566,080.00         |
| 2 | Food: Resident            | 19,083,280.00         | 26,160,364.00         | 26,875,200.00         |
|   | Food :Functional / Casual | 106,265,882.71        | 102,305,077.49        | 154,164,223.38        |
| 3 | Drink                     | 26,459,087.04         | 22,572,698.35         | 39,686,811.53         |
| 4 | Tobacco                   | 57,465.23             | 45,583.00             | 60,960.00             |
| 5 | Laundry                   | 910,487.80            | 1,384,128.82          | 1,089,325.23          |
| 6 | Shop                      | 277,516.61            | 266,440.69            | 289,440.00            |
| 7 | Swimming Pool             | 1,481,534.07          | 1,775,228.82          | 1,565,520.00          |
| 8 | Company Service Charge    | 1,569,922.65          | 1,413,528.10          | 2,076,263.72          |
| 9 | Other Income              | 17,713,611.03         | 14,840,345.15         | 11,484,329.81         |
|   | <b>TOTAL</b>              | <b>230,647,175.00</b> | <b>226,459,011.00</b> | <b>320,858,153.66</b> |

The performance was also 1% below the performance of the same period last year that closed with Kshs. 230,647,175.

**COST OF SALES 2024/2025**

Cost of sales Closed with Kshs 58,024,175 against the annual budget of Kshs. 68,503,570 representing 15% favourable variance compared to the budget for the period.

As a ratio of total revenue for the year 2024/2025 cost of sales stood at 26% against the projected 22% of the total revenue generated.

Room Occupancy for the year 2025 closed with 51% against the budget of 78% and compared to 47% achieved in the year 2024.

Bed Occupancy for the year 2025 closed with 46% against the budget of 72% and compared to 44% achieved in the year 2024.

Number of rooms occupied also recorded 11,507 against the budget of 15,339 and compared to 8,988 rooms occupied in the year 2024.

Number of beds occupied in 2025 recorded 13,246 against the budget of 17,747 and compared to 10,452 rooms occupied in the year 2024.



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

**Golf Hotel Limited**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

**EXPENDITURE 2024/2025**

Total Expenditure Closed with Kshs 183,356,452 against the annual budget of Kshs. 147,999,123. This represents 124% spending above the annual budget in the year 2025.

**NET PERFORMANCE SUMMARY**

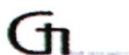
Total Revenue achieved net of taxes for the year ended June 2025 was Kshs. 226,459,011 with a Total Operating Expenditure of Kshs. 241,380,627 Resulting to a Net loss of Kshs. 14,921,596 against the budget of Kshs. 104,335,411 representing 107% below budget achievement.

| <b>Monitoring and Evaluation Financial Report 2024/2025</b> |                       |                           |                           |
|---|-----------------------|---------------------------|---------------------------|
| <b>Key Performance Indicator</b>                            | <b>Paramater Set</b>  | <b>Paramater Achieved</b> | <b>Paramater Variance</b> |
| Net Profit as a Ratio of Revenue ( Percentage)              | >0.10                 | -0.07                     | -17%                      |
| Cost of sales as a ratio to revenue ( Percentage)           | <0.25                 | 0.25                      | -0.5%                     |
| Staff cost as a ratio to revenue ( Percentage)              | <0.35                 | 0.50                      | -15%                      |
| Operating cost as a ratio to revenue ( Percentage)          | <0.30                 | 0.30                      | -0.5%                     |
|   |                       |                           |                           |
|   | <b>Paramater Set</b>  | <b>Paramater Achieved</b> | <b>% of Total Revenue</b> |
| Revenue   | 320,858,154.00        | 226,459,031.00            |                           |
| Cost Of Sales   | 68,503,570.00         | 58,024,174.95             | 25.6%                     |
| Staff Cost  | 90,112,828.24         | 113,988,693.00            | 50.3%                     |
| Operating Cost  | 57,886,344.76         | 69,367,759.05             | 30.6%                     |
| <b>Total Expense</b>  | <b>216,502,743.00</b> | <b>241,380,627.00</b>     | <b>107%</b>               |
| Net Profit / loss   | 104,355,411.00        | - 14,921,596.00           | -7%                       |

|                      | <b>Budget Set</b>     | <b>Actual Achieved</b> | <b>% of Budget Achieved</b> |
|----------------------|-----------------------|------------------------|-----------------------------|
| Revenue              | 320,858,154.00        | 226,459,031.00         | 71%                         |
| Cost Of Sales        | 68,503,570.00         | 58,024,174.95          | 85%                         |
| Staff Cost           | 90,112,828.24         | 113,988,693.00         | 126%                        |
| Operating Cost       | 57,886,344.76         | 69,367,759.05          | 120%                        |
| <b>Total Expense</b> | <b>216,502,743.00</b> | <b>241,380,627.00</b>  | <b>111%</b>                 |
| Net Profit/ loss     | 104,355,411.00        | - 14,921,596.00        | -14%                        |

**CAPITAL PROJECTS**

The hotel under took the following capital projects in the period 2024/2025 from both internal financing. The Total Capital investment in the period ended June 2025 was Kshs. 16,554,454 against the approved budget of Kshs. 15,500,000 representing a 7% unfavourable variance of Kshs. 1,054,454.



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

**Golf Hotel Limited**

**Annual Report and Financial Statements for the year ended June 30, 2025**

**12. ENVIROMENTAL AND SUSTAINABILITY REPORTING**

Our values and principles are deeply rooted in reducing the environmental impact from our operations and supply chain. We have created environmental policies that comply with local regulations and has embraced sustainable environmental management practices that minimize waste, pollution and maximize efficiencies. In the FY 2024/25 as a realization of our commitments, we implemented several initiatives aiming at addressing our impact on the environment. Since 2022, we have successfully switched to 70% renewable energy sources and implemented an integrated environmental management system to track the resource consumption for all our operational areas. We are constantly looking to utilise innovative techniques, and our water saving initiative is a clear example of how we managed to reduce waste and avoid pollution by collecting using all rain water.

To enhance on better climate, the Hotel planted a total of 1463 trees by the close of the FY2025/26.

**Golf Hotel Limited**

**Annual Report and Financial Statements for the year ended June 30, 2025**



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

**Golf Hotel Limited**

**Annual Report and Financial Statements for the year ended June 30, 2025**



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

**Golf Hotel Limited**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

**13. REPORT OF THE DIRECTORS**

The Directors submit their report together with the audited financial statements for the year ended June 30, 2025 which show the state of the Hotel's affairs.

**Principal activities**

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

**Results**

The results of the Hotel for the year ended June 30, 2025 are set out on pages 1-48.

**Dividends**

During the year the Directors did not recommend the payment of a first and final dividend for the year ended June 2025. No interim dividend was paid in the year ended 30 June 2025.

**Directors**

The members of the Board of Directors who served during the year are shown on page v.

**Auditors**

The Auditor-General is responsible for the statutory audit of the Golf Hotel in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 for the year ended June 30, 2025.

By Order of the Board



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

DATE: .....01/12/2025

**Golf Hotel Limited**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

**14. STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Section 81 of the Public Finance Management Act, 2012 and section 14 of the State Corporations Act, require the Board to prepare financial statements in respect of Golf Hotel Limited, which give a true and fair view of the state of affairs of the Hotel at the end of the financial year and the operating results of the Hotel for that 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, 2025. This responsibility includes: (i) maintaining adequate financial management policies and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the hotel; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Hotel; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

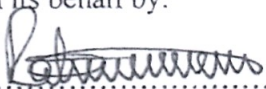
The Directors responsibility for the Hotel's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards (IFRS), and in the manner required by the PFM Act, 2012 and the State Corporations Act.

The Directors are of the opinion that the Hotel's financial statements give a true and fair view of the state of Hotel's transactions during the financial year ended June 30, 2025, 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 01/12 2025 and signed on its behalf by:

  
.....

**NORAH RATEMO**  
**CHAIRPERSON OF THE BOARD**

  
.....

**GUMATO ABUDO**  
**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, 2025**

---

### **PREAMBLE**

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

- A. Report on 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 the 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 the Government achieves value for money and that such funds are applied for the intended purpose; and,
- 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, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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 47, which comprise the statement of financial position as at 30 June, 2025 and

the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Golf Hotel Limited as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS) and comply with the Companies Act, 2015, and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Doubtful Recovery of Long Outstanding Trade and Other Receivables**

The statement of financial position reflects trade and other receivables balance of Kshs.56,873,764, and as disclosed in Note 19 to the financial statements which includes trade receivables balance of Kshs.46,301,047. However, trade receivables amounting to Kshs.24,188,782 were aged over 360 days and Management did not provide for audit review evidence of efforts made to recover the debts.

In the circumstances, the accuracy, completeness and recoverability of trade and other receivables balance of Kshs.56,873,764 could not be confirmed.

#### **2. Unconfirmed Share Capital Balance**

The statement of financial position reflects ordinary share capital balance of Kshs.5,000,000 which comprises 250,000 shares of Kshs.20 par value and as disclosed in Note 22 to the financial statements. The hotel was 80% owned by Kenya Development Corporation and 20% by County Government of Kakamega. However, County Government of Kakamega 20% of total shares translate to 50,000 shares, out of the which 41,734 shares had share certificates, resulting to an unexplained variance of 8,266 unsupported by shares certificates.

In the circumstances, the accuracy, and completeness of ordinary share capital balance of Kshs.5,000,000 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 the 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.

## **Emphasis of Matter**

### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on comparable basis amounts of Kshs.252,354,584 and Kshs.168,434,856 respectively resulting to an under-funding of Kshs.83,919,728 or 33% of the budget. Similarly, the hotel expended Kshs.182,210,850 against expenditure budget of Kshs.145,399,173 resulting to an over-expenditure of KShs.36,811,677 or 25% of expenditure budget.

The under-funding affected the implementation of planned activities of hotel and the over-expenditure portrays lack of proper financial management and budgetary controls.

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the effect of the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

### **Other Matter**

### **Unresolved Prior Year Matters**

In the previous year audit, several issues were raised under Report on the Financial Statements, Report on Lawfulness and Effectiveness in the Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance as detailed in **Appendix I**. Appendix 1 on implementation status of Auditor-General's prior year recommendations section of the financial statements indicates that three issues were resolved, seven issues not resolved and one issue was not disclosed. However, no supporting documents were provided to support the resolutions, and no reasons were provided for not resolving the remaining issues.

### **Other Information**

The Management is responsible for the Other Information set out on page iii to xxxiii which comprise of Key Hotel Information, The Board of Directors, Key Management Team, Fiduciary Management, Fiduciary Oversight Arrangements, Chairman's Statement, Report of Chief Executive Officer, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors and Statement of Directors' Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Hotel's, financial statements, my responsibility is to read the other information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

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

### Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the 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. Failure to Repay Due Loan Principal and Interest from Borrowings

The statement of financial position and Note 25 to the financial statements reflects borrowings balance of Kshs.57,123,040 which were obtained from Kenya Development Corporation (KDC). However, during the year under review, a principal repayment of Kshs.236,266 was made out of expected amount of Kshs.2,080,200, and Kshs.840,745 out of expected interests on loans amount of Kshs.1,145,601. Further, explanation was not provided for failure to repay the entire loan principal and interest which were due in the year under review, and as stated in the loan agreement.

This was contrary to Regulation 42(1)(a) of the Public Finance Management (National Government) Regulations, 2015 requires that debt service payments shall be a first charge on the Consolidated Fund and the Accounting Officer shall ensure that the Government does not default on debt obligations.

In the circumstances, Management was in breach of law and delayed repayment of loan amount may attract additional interests and penalties.

## **2. Failure to Prepare Procurement Plan as Prescribed by Law**

Review of the annual procurement plan for the year under review revealed gaps in comparison with Third Schedule of the Public Procurement and Asset Disposal Regulations, 2020 since it did not indicate source of funds, invite/advertise tender, bid opening, bid evaluation, tender award, notification of award, contract signing, total time to contract signature and date for completion of the contract.

This was contrary to Regulation 42 of the Public Procurement and Asset Disposal Regulations, 2020 which states that pursuant to Section 53(2) of the Act, the annual procurement plan shall be done in accordance with the format specified in the Third schedule.

In addition, the procurement plan did not reflect a reserved minimum of thirty per cent of the budgetary allocations for enterprises owned by women, youth, persons with disabilities, and other disadvantaged groups as required by Section 53(6) of Public Procurement and Asset Disposal Act, 2015.

In the circumstances, Management was in breach of law.

## **3. Non-compliance with Procurement Law on Prequalification of Suppliers**

During the year under review, the hotel outsourced accommodation services from three local service providers for a total of Kshs.534,467. However, the service providers were not included in the list of prequalified suppliers. Further, the quotations for the accommodation services were not provided for audit review.

This was contrary to Section 105(a) of the Public Procurement and Asset Disposal Act, 2015 which states that a procuring entity may use a request for quotations from the register of suppliers for a procurement if the estimated value of the goods, works or non-consultancy services being procured is less than or equal to the prescribed maximum value for using requests for quotations as prescribed in Regulations.

In the circumstances, Management was in breach of law.

## **4. Long Outstanding Trade and Other Payables**

The statement of financial position reflects trade and other payables balance of Kshs.32,287,381, and as disclosed in Note 26 to the financial statements. The balance includes payables of Kshs.6,466,092 which had been outstanding for more than ninety (90) days. However, Management did not provide a payment plan to settle the debts or explain failure to pay debts when due.

This was contrary to Regulation 150 (1) of the Public Procurement and Disposal Regulations, 2020 which states that subject to the availability of funds and after proper certification of the goods, services or works have been done, a procuring entity shall make

prompt payments for all performed contracts including enterprises owned by youth, women or persons with disabilities and shall make payment within sixty days from the date of receipt of the invoice.

In the circumstances, Management was in breach of law.

## **5. Non-compliance with Law on Staff Ethnic Composition**

Review of personnel records revealed that the hotel had a total of ninety (90) employees out of which thirty-six (36) were employed on permanent and pensionable terms and fifty-four (54) on contractual terms. The ethnic composition of staff revealed that sixty-four (64) employees or 71% were from the dominant ethnic community.

This was contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that, all public offices shall seek to represent the diversity of the people of Kenya in employment of staff and that no public institution shall have more than one third of its staff establishment from the same ethnic community.

In the circumstances, Management was in breach of law.

## **6. Non-Compliance with the Law on Borrowings**

A loan agreement dated 7 December, 2022 indicates that the hotel obtained a loan of Kshs.49,192,172 from Kenya Development Corporation. However, the loan agreement was signed by two Board members at the time and not by the Chief Executive Officer or any other person authorized by her.

In the circumstances, the legality of the loan agreement could not be confirmed.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require 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 comply 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 effect of the matters 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 governance were not effective.

## **Basis for Conclusion**

### **1. Lack of Policy on Casual Employees Engagement**

Analysis of payroll data for casual employees revealed that the hotel engaged an average of fifteen (15) casuals every month. However, the hotel did not have a casual engagement policy to guide on selection criteria, terms of engagement, remuneration and level of benefit for various categories of casuals. Further, some casuals were engaged for more than three months contrary to Section 37(1)(a) and (b) of Employment Act, 2007 which states that, where a casual employee works for a period or a number of continuous working days which amounts in the aggregate of the equivalent of not less than one month or performs work which cannot reasonably be expected to be completed within a period, or a number of working days amounting in the aggregate to the equivalent of three months or more, the contract of service of the casual employee shall be deemed to be one where wages are paid monthly.

In the circumstances, the effectiveness of management of casuals could not be confirmed.

### **2. Unpaid Dividends**

The statement of financial position reflects dividends payable balance of Kshs.4,102,426, and as disclosed in Note 28 to the financial statements. The ageing analysis of dividends payable indicates that the hotel had not paid shareholders dividends due for the last three (3) years. Further, no explanation was provided for failure to pay the dividends.

In the circumstances, the hotel's shareholders were denied their rightful dues.

### **3. High Turnover of Board Members**

During the year under review, the hotel had six (6) Board of Directors, three (3) from Kenya Development Corporation (KDC), two (2) from County Government of Kakamega, and a member from The National Treasury. However, all members representing KDC were replaced within the year even before the end of their term on 31 December, 2026. Further, the Board did not have a succession plan for Directors in accordance with Chapter 1, Paragraph 1.14 of Mwongozo Code of Governance which states that, the appointing authority should ensure that the tenure of Board members was staggered to ensure a phased transition.

In the circumstances, the effectiveness of the hotel's governance could not be confirmed.

### **4. Use of Outdated Pricing Policy**

During the year under review, the hotel pricing policy for food items and other services provided was dated December, 2022. However, the policy had not been reviewed for two and half years as at 30 June, 2025 contrary to the requirement that the policy review would be annually conducted by Board of Directors. In addition, the food menu revealed

variances in food prices stated compared to pricing policy, and contained beverages which were not documented in the policy. Further, the hotel was providing dry cleaning services which were not contained in pricing policy.

In the circumstances, the effectiveness of the hotel's pricing internal controls could not be confirmed.

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 controls, risk management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

### Conclusion

As required by the Companies Act, 2015, I report, based on my audit, that except for the matters described in the Basis for Qualified Opinion, I confirm 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. Information given in the Directors' report on pages xxxii is consistent with the financial statements; and
- iii. The auditable part of the Directors' remuneration report on page 21 has been properly prepared in accordance with the Companies Act, 2015.

### Basis for Conclusion

The Companies Act, 2015 requires that I report on the legal or regulatory requirements, or on performance information disclosed. These matters require expressing a separate opinion as to the Company's compliance with laws and regulations. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) 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 Management is aware of the intention to cease operations.

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements comply 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 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**

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. 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 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 conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not 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 addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL  
Nairobi

15 December, 2025

## Appendix I: Unresolved Prior Year Matters

| Reference No. of the Auditor-General's Report | Title of Audit Issue  |
|---|---|
|   | <b>Report on the Financial Statements</b>   |
| 1   | Long Outstanding Trade and Other receivables  |
| 2   | Unconfirmed Share Capital Balance   |
|   | <b>Report on Lawfulness and Effectiveness in the use of Public Resources</b>        |
| 1   | Irregular Procurement of Legal Services   |
| 3   | Lack of Staff Ethnic Diversity  |
| 4   | Non-Compliance with Preference and Reservation Procurement Requirement              |
|   | <b>Report on Effectiveness of Internal Controls, Risk Management and Governance</b> |
| 1   | Weakness in Internal Audit Function   |
| 1.1   | Failure to Review Key Policy Documents  |
| 1.2   | Late Submission of Audit Work Plan and Lack of Budget                               |
| 2   | Effectiveness of Hotel's Governance   |
| 2.1   | Lack of Independent Board Members   |
| 2.2   | Frequent Changes of Board of Directors  |

**Golf Hotel Limited**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

**16. STATEMENT OF PROFIT/LOSS & OTHER COMPREHENSIVE INCOME FOR  
YEAR ENDED 30<sup>TH</sup> JUNE 2025.**

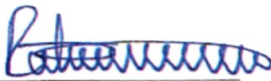
|  | Note  | 2024-2025<br>Kshs  | 2023-2024<br>Kshs  |
|--|-------|--------------------|--------------------|
| <b>REVENUES</b>                        |       |                    |                    |
| Sales Income                           | 6     | 226,459,031        | 230,647,175        |
| <b>TOTAL REVENUES</b>                  |       | <u>226,459,031</u> | <u>230,647,175</u> |
| <b>COST OF SALES</b>                   | 7     | 58,024,175         | 60,435,836         |
| <b>GROSS PROFIT</b>                    |       | <u>168,434,856</u> | <u>170,211,339</u> |
| <b>OPERATING EXPENSES</b>              |       |                    |                    |
| Administration Costs                   | 8     | 179,917,365        | 161,051,918        |
| Selling and Distribution Costs         | 9     | 2,293,485          | 3,957,146          |
| Finance Costs                          | 10    | 1,145,602          | -                  |
| <b>TOTAL OPERATING EXPENSES</b>        |       | <u>183,356,452</u> | <u>165,009,064</u> |
| <b>OPERATING PROFIT</b>                | 11    | (14,921,596)       | 5,202,275          |
| <b>PROFIT/LOSS BEFORE TAXATION</b>     |       | (14,921,596)       | 5,202,275          |
| <b>INCOME TAX (CREDIT)</b>             | 12(c) | 10,417,123         | 2,121,858          |
| <b>PROFIT/LOSS AFTER TAXATION</b>      |       | <u>(4,504,473)</u> | <u>7,324,133</u>   |
| Earnings per share – basic and diluted | 13    | 18.02              | 29.30              |
| Dividend per share                     | 14    | -                  | 6                  |

**Golf Hotel Limited**  
**Annual Report and Financial Statements for the year ended June 30, 2025**


17. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2025

|                                      | Note  | 2024-2025<br>Kshs  | 2023-2024<br>Kshs  |
|--------------------------------------|-------|--------------------|--------------------|
| <b>ASSETS</b>                        |       |                    |                    |
| <b>Non-Current Assets</b>            |       |                    |                    |
| Property, plant and equipment        | 15(a) | 899,527,422        | 658,219,052        |
| Intangible Asset                     | 15(b) | 903,495            | 1,119,521          |
| Deferred Tax Asset                   | 16(a) | 7,292,251          | 8,943,203          |
| <b>Total Non-Current Assets</b>      |       | <b>907,723,168</b> | <b>668,281,776</b> |
| <b>Current Assets</b>                |       |                    |                    |
| Inventories                          | 18    | 3,222,629          | 4,186,424          |
| Trade and other receivables          | 19    | 56,873,764         | 63,970,536         |
| Bank and cash balances               | 21    | 4,620,410          | 5,999,884          |
| Taxation Recoverable                 | 22    | 405,085            | 390,800            |
| <b>Total Current Assets</b>          |       | <b>65,121,887</b>  | <b>74,547,644</b>  |
| <b>NET ASSETS</b>                    |       | <b>972,845,056</b> | <b>742,829,421</b> |
| <b>EQUITY AND LIABILITIES</b>        |       |                    |                    |
| <b>Capital and Reserves</b>          |       |                    |                    |
| Ordinary share capital               | 22    | 5,000,000          | 5,000,000          |
| Revaluation reserve                  | 23    | 706,173,843        | 462,490,866        |
| Retained earnings                    | 24    | 162,009,411        | 178,395,832        |
| <b>Capital and Reserves</b>          |       | <b>873,183,254</b> | <b>645,886,698</b> |
| <b>NON-CURRENT LIABILITIES</b>       |       |                    |                    |
| Borrowings                           | 25    | 57,123,040         | 53,824,941         |
| <b>Total Non-Current Liabilities</b> |       | <b>57,123,040</b>  | <b>53,824,941</b>  |
| <b>Current Liabilities</b>           |       |                    |                    |
| Trade and other payables             | 26    | 32,287,381         | 40,480,182         |
| Leave Provisions                     | 27    | 101,392            | -                  |
| Dividend Payable                     | 28    | 4,102,426          | 2,637,600          |
| Gratuity Payable                     | 30    | 6,047,563          | -                  |
| <b>Total Current Liabilities</b>     |       | <b>42,538,762</b>  | <b>43,117,782</b>  |
| <b>TOTAL EQUITY AND LIABILITIES</b>  |       | <b>972,845,056</b> | <b>742,829,421</b> |

The financial statements were approved by the Board on 01/12 2025 and signed on its behalf by:

  
 CPA/FA. NORAH RATEMO  
 CHAIRMAN OF BOARD

  
 MS. GUMATO ABUDO  
 CHIEF EXECUTIVE OFFICER

  
 CPA MUGADIA LEENA  
 HEAD OF FINANCE  
 ICPAK MNO: 14454

**Golf Hotel Limited**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

**18. STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2025**

|   | Ordinary share capital (250000 Shares@20) | Revaluation reserve | Fair value adjustment reserve | Retained earnings | Proposed dividends | Total        |
|---|---|---------------------|-------------------------------|-------------------|--------------------|--------------|
|   | Kshs                                      | Kshs                | Kshs                          | Kshs              | Kshs               | Kshs         |
| <b>At July 1, 2023</b>                  | 5,000,000                                 | 471,040,687         | -                             | 165,887,699       | -                  | 641,928,386  |
| Transfer of excess depreciation Note 23 |   | (8,549,821)         |                               | 8,549,821         |                    |              |
| Total comprehensive income              |   |                     |                               | 5,202,275         |                    | 5,202,274    |
| Divided declared                        |   |                     |                               | (1,243,967)       |                    | (1,243,967)  |
| <b>At June 30, 2024</b>                 | 5,000,000                                 | 462,490,866         | -                             | 178,395,832       | -                  | 645,886,698  |
| <b>At July 1, 2024</b>                  | 5,000,000                                 | 462,490,866         | -                             | 178,395,832       | -                  | 645,886,698  |
| Revaluation gain                        |   | 243,682,975         |                               |                   |                    | 243,682,975  |
| Total comprehensive income              |   |                     |                               | (14,921,596)      |                    | (14,921,596) |
| Divided declared 2023-2024              |   |                     |                               | (1,464,826)       |                    | (1,464,826)  |
| <b>At June 30, 2025</b>                 | 5,000,000                                 | 706,173,841         | -                             | 162,009,410       | -                  | 873,183,252  |

**Golf Hotel Limited**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

19. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2025

|   | Note  | 2024-2025<br>Kshs         | 2023-2024<br>Kshs         |
|---|-------|---------------------------|---------------------------|
| <b>OPERATING ACTIVITIES</b>                                     |       |                           |                           |
| Cash generated from / (used in) operations                      | 29    | 11,876,881                | 37,146,869                |
| <b>Net cash generated from/ (used in) operating activities</b>  |       | <u>11,876,881</u>         | <u>37,146,869</u>         |
| <b>INVESTING ACTIVITIES</b>                                     |       |                           |                           |
| Purchase of property, plant and equipment                       | 15(a) | (16,554,454)              | (81,452,572)              |
| <b>Net cash generated from/ (used in) investing activities</b>  |       | <u>(16,554,454)</u>       | <u>(81,452,572)</u>       |
| <b>FINANCING ACTIVITIES</b>                                     |       |                           |                           |
| Repayment Principal   | 24    | (236,265)                 | (855,792)                 |
| Loan Disbursement   |       | 3,534,364                 | 42,057,808                |
| <b>Net cash generated from / (used in) financing activities</b> |       | <u>3,298,099</u>          | <u>(41,202,016)</u>       |
| <b>INCREASE /DECREASE IN CASH AND CASH EQUIVALENTS</b>          |       | <u>(1,379,475)</u>        | <u>(3,103,687)</u>        |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>           |       | <u>5,999,884</u>          | <u>9,103,572</u>          |
| <b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>             | 20    | <u>4,620,410</u><br>===== | <u>5,999,884</u><br>===== |

**Golf Hotel Limited**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

**20. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30 JUNE 2025**

|                                | Original budget   |     | Adjustments       |     | Final budget       |     | Actual on comparable basis |     | Performance difference |     | % of utilization | Explanation of % Difference |
|--------------------------------|-------------------|-----|-------------------|-----|--------------------|-----|----------------------------|-----|------------------------|-----|------------------|-----------------------------|
|                                | 2024-2025         | Shs | 2024-2025         | Shs | 2024-2025          | Shs | 2024-2025                  | Shs | 2024-2025              | Shs |                  |                             |
| <b>Revenue</b>                 |                   |     |                   |     |                    |     |                            |     |                        |     |                  |                             |
| Sales                          |                   |     |                   |     |                    |     |                            |     |                        |     |                  |                             |
| Total Revenues                 | 259,648,416       |     | 61,209,738        |     | 320,858,154        |     | 226,459,031                |     | 94,399,123             |     | 71%              | (a)                         |
| Cost of sales                  | 259,648,416       |     | 61,209,738        |     | 320,858,154        |     | 226,459,031                |     | 94,399,123             |     | 71%              |                             |
| Gross profit                   | 55,483,945        |     | 13,019,625        |     | 68,503,570         |     | 58,024,175                 |     | 10,479,395             |     | 85%              | (a)                         |
|                                | 204,164,471       |     | 48,190,113        |     | 252,354,584        |     | 168,434,856                |     | 83,919,728             |     | 67%              | (a)                         |
| <b>Expenses</b>                |                   |     |                   |     |                    |     |                            |     |                        |     |                  |                             |
| Administration costs           | 102,202,900       |     | 22,877,464        |     | 125,080,364        |     | 160,772,259                |     | 35,691,895             |     | 129%             | (b)                         |
| Selling and distribution costs |                   |     | 2,595,549         |     | 2,595,549          |     | 2,293,485                  |     | 302,064                |     | 88%              |                             |
| Depreciation of PPE            | 7,736,502         |     | 9,986,758         |     | 17,723,260         |     | 19,145,106                 |     | 1,421,846              |     | 108%             |                             |
| Total operating expenses       | 109,939,402       |     | 35,459,771        |     | 145,399,173        |     | 182,210,850                |     | 36,811,677             |     | 125%             |                             |
| Operating profit/(loss)        | 94,225,069        |     | 12,730,342        |     | 106,955,411        |     | 13,775,994                 |     | 120,731,405            |     | -13%             | (c)                         |
| Finance income                 |                   |     | 12,730,342        |     |                    |     |                            |     |                        |     |                  |                             |
| Finance costs                  | 2,600,000         |     |                   |     | 2,600,000          |     | 1,145,602                  |     | 1,454,398              |     | 44%              |                             |
| <b>Surplus for the period</b>  | <b>91,625,069</b> |     | <b>12,730,342</b> |     | <b>104,355,411</b> |     | <b>14,921,596</b>          |     | <b>119,277,007</b>     |     | <b>-14%</b>      | <b>(d)</b>                  |
| <b>Capital Expenditure</b>     | <b>15,500,000</b> |     |                   |     | <b>15,500,000</b>  |     | <b>16,554,454</b>          |     | <b>1,054,454</b>       |     | <b>107%</b>      |                             |

**Explanatory notes (a) and (b)**

- a The hotels Revenue fell below the revised budget as a result of decline in conferencing business during the quarter  
b Expenditure stood above revenue by 25% being of Fixed nature including staff cost and rise in internet costs during the year

**Explanatory notes (c) (d) (e)**

- c Operating profit/(loss) decreased from the reduction in revenue  
d Profit dropped due to revenue performance below falling target

**21. NOTES TO THE FINANCIAL STATEMENTS**

**1. GENERAL INFORMATION**

Golf Hotel is established by and derives its authority and accountability from the Companies Act. The Hotel is wholly owned by the Government of Kenya and is domiciled in Kenya. The Golf Hotel principal activity is provision of 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 profit or loss and other 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)**

***New and amended standards and interpretations in issue and effective in the year ended 30 June 2025***

The following amendments became effective during the period:

| Title  | Description   | Effective Date   |
|--|---|--|
| Amendments to IAS 1 titled Classification of Liabilities as Current or Non-current (issued in January 2020, amended in October 2022) | The amendments, applicable to annual periods beginning on or after 1st January 2024, clarify a criterion in IAS 1 for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period  | The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted. |
| Amendments to the Classification and Measurement of Financial Instruments Amendments to IFRS 9 and IFRS 7                            | The amendments specify: <ul style="list-style-type: none"> <li>i. when a financial liability settled using an electronic payment system can be deemed to be discharged before the settlement date.</li> <li>ii. how to assess the contractual cash flow characteristics of financial assets with contingent features when the nature of the contingent event does not relate directly to changes in basic lending risks and costs; and</li> <li>iii. new or amended disclosure requirements relating to investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features that do not relate directly to basic lending risks and costs.</li> </ul> | 1 January 2026   |

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

**Golf Hotel Limited****Annual Report and Financial Statements for the year ended June 30, 2025****APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)**

- i. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025.*

| Title   | Description   | Effective Date   |
|---|---|--|
| IFRS 18 Presentation and Disclosure in Financial statements | The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements (financial statements) to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses.   | The new standard is effective for annual periods beginning on or after January 1, 2027. Earlier application is permitted.                |
| IFRS 19 Subsidiaries without Public Accountability          | IFRS 19 Subsidiaries without Public Accountability: Disclosures IFRS 19 Subsidiaries without Public Accountability: Disclosures was issued in May 2024. IFRS 19 permits some subsidiaries to apply IFRS Accounting Standards with reduced disclosure requirements. These entities apply the requirements in other IFRS Accounting Standards except for their disclosure requirements. Instead, these entities apply the requirements in IFRS 19 | An entity may elect to apply this Standard for reporting periods beginning on or after 1 January 2027. Earlier application is permitted. |

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

- ii. *Early adoption of standards*

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

#### **4. SUMMARY OF ACCOUNTING POLICIES**

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

##### **a) Revenue recognition**

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

- a. **Revenue from the sale of goods and services** is recognised in the year in which the Hotel delivers products/services to the customer, the customer has accepted the products/services and collectability of the related receivables is reasonably assured.
- b. **Finance income** comprises interest receivable from bank deposits and is recognised in profit or loss on a time proportion basis using the effective interest rate method.
- c. **Other income** is recognised as it accrues.

##### **b) Property, plant and equipment**

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

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

#### SUMMARY OF ACCOUNTING POLICIES

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

##### **c) Depreciation and impairment of property, plant and equipment**

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

|  |       |
|--|-------|
| Buildings and civil works                | 2.5%  |
| Plant and machinery                      | 12.5% |
| Motor vehicles, including motor cycles   | 25%   |
| Computers and related equipment          | 30%   |
| Office equipment, furniture and fittings | 12.5% |
| Computer Software                        | 20%   |

Land Over 99 years or the unexpired lease period

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

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

##### **d) Wear and tear allowances**

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

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

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

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

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

##### **e) Industrial building allowance**

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

## SUMMARY OF ACCOUNTING POLICIES

### **f) Intangible Assets – Software’s and License’s**

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

Separately acquired trademarks and licenses are measured on initial recognition at cost. Following initial recognition, they are carried at cost, net of accumulated amortization and accumulated impairment losses, if any. Licenses acquired in a business combination are recognized at fair value at the acquisition date. Licenses that have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of trademarks and licenses over their estimated useful lives.

The Hotel has the following licenses: under commercial software license and Other Open source software;

- Oracle - Annual license by Novacom Systems limited on behalf of Oracle Corporation
- Aren - extended lifetime license by Aren Software Ltd
- U-time master -extended lifetime license by Granding Technologies
- QuickBooks - extended lifetime license by Intuit
- Windows Server license - extended lifetime license by Microsoft
- Microsoft Office Suite - extended lifetime license by Microsoft
- Unifi by Ubiquiti Inc.
- Linux based OS: Proxmox. and Debian
- Google Services
- Yodeck

### **g) Amortisation and impairment of intangible assets**

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

### **e) Investments Property**

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

**Golf Hotel Limited****Annual Report and Financial Statements for the year ended June 30, 2025**

## SUMMARY OF ACCOUNTING POLICIES

**f) Inventories**

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

**g) Trade and other receivables**

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

**h) Taxation - Current Income tax**

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

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

**Value added tax** Expenses and assets are recognized net of the amount of Value Added Tax (VAT) except:

When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

When receivables and payables are stated with the amount of sales tax included. The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position

## Golf Hotel Limited

### Annual Report and Financial Statements for the year ended June 30, 2025

#### SUMMARY OF ACCOUNTING POLICIES

##### **i) Right of Use Asset**

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

##### **j) Fixed interest investments**

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

##### **k) Deferred tax**

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

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

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

## Golf Hotel Limited

### Annual Report and Financial Statements for the year ended June 30, 2025

#### SUMMARY OF ACCOUNTING POLICIES

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

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

#### **l) 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.

#### **m) Borrowing Costs**

The Hotel from time to time capitalises borrowing costs as provided under IAS 23 Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

To the extent that variable rate borrowings are used to finance a qualifying asset and are hedged in an effective cash flow hedge of interest rate risk, the effective portion of the derivative is recognized in other comprehensive income and reclassified to profit or loss when the qualifying asset impacts profit or loss. To the extent that fixed rate borrowings are used to finance a qualifying asset and are hedged in an effective fair value hedge of interest rate risk, the capitalized borrowing costs reflect the hedged interest rate. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

**Golf Hotel Limited****Annual Report and Financial Statements for the year ended June 30, 2025**

## SUMMARY OF ACCOUNTING POLICIES

**n) 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.

**o) 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.

**Employee Benefits****p) Retirement benefit obligations**

The hotel operates a defined contribution scheme for all full-time employees from July 1, 2011. The scheme is administered by an independent pension provider; the company contributes 7.5% and the employee 7.5%. 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's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs. 2,160 per employee per month from both employer and employee for the period July 2024 to January 2025 and Kshs. 4,320 per employee per month for the period February 2025 to June 2025. The employer's contribution is recognised as an expense in the Income Statement.

**q) Termination benefits**

Termination benefits are payable when employment is terminated by the Hotel before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The hotel recognizes termination benefits at the earlier of the following dates:

- a) when the Hotel can no longer withdraw the offer of those benefits;
- (b) when the Hotel recognizes costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

**Golf Hotel Limited****Annual Report and Financial Statements for the year ended June 30, 2025****SUMMARY OF ACCOUNTING POLICIES**

**Other entitlements** The estimated monetary liability for employees accrued annual leave entitlement at the Statement of Financial Position date is recognized as an expense accrual.

**Short-term benefits** Short-term benefits consist of salaries, bonuses and any non-monetary benefits such as medical aid contributions and free services. They exclude termination benefits. Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term plans if the Hotel has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably

**r) Provision for staff leave pay**

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

**t) Provision for Gratuity Provision**

Employees on Job grade 1 to 3 are contracted staff and are entitled to gratuity paid at the rate as provided in the Approved Human Resource Manual and as per Public service guidelines. Contributions for gratuity is made upon establishment of a gratuity management fund account provided by an independent pension provider. The scheme is to be administered by an independent pension provider.

During the year overpayment in staff gratuity in the year 2011 that was transferred to BRITAM pension, was refunded after due computations between the entity and the pension provider.

**u) 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.

**v) Budget information**

The original budget for FY 2024/2025 was approved by the National Assembly on 30 June 2024 and the revised budget in January 2025.

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

are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

**w) Dividend Distribution**

Dividend payable to the shareholders are recognised as a liability in the Hotel's financial statements in the period in which the dividend is approved by the Hotel's shareholders. Proposed dividend is shown as a separate component of equity until approved.

**x) 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.

**y) Comparative figures**

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

**z) 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, 2025.

**Golf Hotel Limited**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

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

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

**a) Estimates and assumptions**

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

**b) Useful lives and residual values**

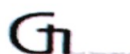
The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

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

**c) Revaluation of PPE**

The company carries Land and buildings of PPE at fair value, with changes in fair value being recognised in the comprehensive income and revaluation reserves respectively. Revaluation of PPE was carried out in the financial year 2024/2025 and the following are the changes in asset value before and after valuation

| Description     | 2024/2025                     |                                       |                    | 2024/2025                     |                                       |                    |
|-----------------|-------------------------------|---------------------------------------|--------------------|-------------------------------|---------------------------------------|--------------------|
|                 | ASSET COST AS AT 30 JUNE 2024 | TOTAL DEPRECIATION AS AT 30 JUNE 2024 | NBV 30 JUNE 2024   | ASSET COST AS AT 30 JUNE 2025 | TOTAL DEPRECIATION AS AT 30 JUNE 2025 | NBV 30 JUNE 2025   |
| Lease hold Land | 415,000,000                   | 46,972,031                            | 368,027,969        | 526,000,000                   | 4,870,370                             | 521,129,630        |
| Hotel Building  | 270,546,773                   | 13,941,197                            | 256,605,577        | 341,000,000                   | 4,262,500                             | 336,737,500        |
| Motor Vehicles  | 8,111,598                     | 7,692,217                             | 419,381            | 5,250,000                     | 656,250                               | 4,593,751          |
| <b>Total</b>    | <b>693,658,371</b>            | <b>68,605,445</b>                     | <b>625,052,926</b> | <b>872,250,000</b>            | <b>9,789,120</b>                      | <b>862,460,880</b> |



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

**Golf Hotel Limited****Annual Report and Financial Statements for the year ended June 30, 2025****d) Income taxes**

The Hotel recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made (Note 12).

**e) Property and equipment**

Critical estimates are made by management in determining depreciation rates and timing of capitalization of the assets. The depreciation rates used are set out in Note 5(c) above and PPE Note 15.

**f) Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 27.

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

In the process of applying the Hotel's accounting policies, management has made judgements in determining:

- The classification of financial assets, contract costs and liabilities.
- Whether assets are impaired.
- Assessment of IFRS 16 – Leases.
- Assessment of IFRS 9 – Financial instruments.
- Income taxes – Significant judgement is required in determining the Hotel's provision for income taxes.

**g) Significant Judgement On Going Concern**

The Hotel's current assets exceed its current liabilities by Kshs 28.7 million (2023/2024 net position: Kshs 32.7 million) with a current ratio of 1.78:1 (2023/2024 current ratio was 1.77:1 as at 30 June 2025). This net current ratio position is expected to strengthen in the near future as a result of settlements of pending infrastructure refurbishment investment which is loan financed and formed part of a significant portion of creditors rather than ongoing trading hence net working capital is typically a negative amount due to the mismatch of the financing (short term) and the investment (long term).

**h) FINANCIAL RISK MANAGEMENT**

The Hotel's activities expose it to a variety of financial risks, market risk (including foreign exchange risk, interest rate risk, and price risk), credit risk and liquidity risk. Financial risk management is carried out by the Hotels Finance Division under policies approved by the Board of Directors. They identify, evaluate and manages financial risks. The Board provides written principles for overall risk management, as well as written policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and non-derivative financial instruments and investing excess liquidity.

**i) MARKET RISKS - Foreign exchange risk**

Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the Hotel's functional currency. The Hotel is exposed to foreign exchange risk arising from various currency exposures, primarily, with respect to the US dollar and the

**Golf Hotel Limited**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

Euro. The Hotel manages foreign exchange risk arising from future commercial transactions by holding adequate foreign currency reserves to meet future cash flow requirements.

**ii) Interest rate risk**

Interest rate risk arises from borrowings. The Hotels Borrowings is issued at fixed rates thus not exposing the Hotel to cash flow interest rate risk. The Hotel regularly monitor financing options available to ensure optimum interest rates are obtained.

**iii) Credit Risk**

Credit risk arises from cash and cash equivalents, Receivable Transactions from related parties, trade receivables, related parties' receivables, and other receivables. The Hotel has no significant concentrations of credit risk. The Hotel assesses the expected credit losses for all financial assets and all changes in loss allowance are recognized in profit or loss as impairment gains or losses.

**Golf Hotel Limited**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUES)

|   | 2024-2025         | 2023-2024         |
|---|-------------------|-------------------|
|   | Kshs              | Kshs              |
| <b>6.</b>                                       |                   |                   |
| <b>(a) Revenue from contract with customers</b> |                   |                   |
| Accommodation sales                             | 55,695,616        | 56,828,388        |
| Beverage Sales                                  | 22,572,698        | 26,459,087        |
| Food Ala carte sales                            | 108,380,470       | 106,265,883       |
| Food Residents Sales                            | 20,084,992        | 19,083,280        |
| Laundry Sales                                   | 1,384,129         | 910,488           |
| Shop Rent Sales                                 | 266,441           | 277,517           |
| Swimming Pool sales                             | 1,775,229         | 1,481,534         |
| Tobacco Sales                                   | 45,583            | 57,465            |
| Company Service Charge                          | -                 | -                 |
| Other Income                                    | <u>14,534,517</u> | <u>16,652,568</u> |
| Net Sales                                       | 224,739,676       | 228,016,210       |
|   | =====             | =====             |
| <b>(b) OTHER INCOME</b>                         |                   |                   |
| Gain in Forex                                   | 305,828           | 1,052,197         |
| Interest from commercial banks                  | -                 | 8,845             |
| Company Service Charge                          | <u>1,413,528</u>  | <u>1,569,923</u>  |
| Total Other Income                              | 1,719,356         | 2,630,965         |
|   | =====             | =====             |
| Gross sales of goods and services               | 226,459,031       | 230,647,175       |
|   | =====             | =====             |
| Add back  |                   |                   |
| Service Charge tax on gross sales               | 14,137,435        | 15,699,226        |
| Catering Levy tax on gross sales                | 4,494,794         | 4,560,324         |
| Value added tax on gross sales                  | <u>35,958,348</u> | <u>36,482,593</u> |
| Total Sales Taxes                               | 54,590,577        | 56,742,143        |
| Gross sales of goods and services               | 281,049,609       | 287,389,318       |
|   | =====             | =====             |

Revenue declined by 2% compared to the same period last year. The highest decline being from Other revenue centres with 12% decline. This is because of the room disposable assets that were available last year and fetched over 2million in disposal as compared to this year. Revenue from Other Income were not subjected to Sales tax but only to final tax during the year.

|                      | 2024-2025  | 2023-2024  |
|----------------------|------------|------------|
|                      | Kshs       | Kshs       |
| <b>7.</b>            |            |            |
| <b>COST OF SALES</b> |            |            |
| Food                 | 41,949,048 | 36,042,451 |
| Beverage             | 9,457,158  | 16,035,158 |
| Tobacco              | 63,987     | 100,601    |
| Accommodation        | 1,982,695  | 2,217,339  |
| Conferencing         | 4,643,995  | 5,464,908  |
| Non Consumables      | (72,708)   | 575,379    |
|                      | =====      | =====      |
|                      | 58,024,175 | 60,435,836 |
|                      | =====      | =====      |

**Golf Hotel Limited****Annual Report and Financial Statements for the year ended June 30, 2025**

Cost of sales decreased by 3% (2021/2022 was 26%) as compared to the prior year 2023/2024. This resulted from the increased cost in food Items during the year as compared to the prior year. In June 2025 according to the Kenya National Bureau of Statistics, Kenya's Overall Inflation rate was 3.8% with food and non-alcoholic beverages experiencing 6.6% increase compared to June 2024 meaning an average price of food items were 6.6% highest in the current year compared to last year. Food revenue increased by 2% in the current year compared to the prior year while cost of sales for food increased by 16% in the current year compared to the prior year.

|   | 2024-2025<br>Kshs  | 2023-2024<br>Kshs  |
|---|--------------------|--------------------|
| <b>8(a) ADMINISTRATION COSTS</b>  |                    |                    |
| Staff costs (note 8b)   | 113,988,694        | 98,245,078         |
| Directors' emoluments   | 4,375,070          | 4,993,511          |
| Electricity water Fuel & Gas  | 11,447,812         | 12,421,984         |
| Communication services and supplies ( <i>Tel. &amp; postage</i> )   | 616,224            | 537,498            |
| Transportation, travelling and subsistence ( <i>Travel expenses</i> )   | 4,680,787          | 5,873,542          |
| Printing, stationery and photocopying   | 1,685,749          | 1,467,605          |
| Staff training expenses   | 805,050            | 4,265,790          |
| Hospitality Supplies & Services ( <i>Cleaning, Toilet requisites, Vehicle operating, Licenses, Laundry, KRB, Guest supplies, security</i> ) | 10,114,392         | 9,321,328          |
| Internet and DSTV   | 2,622,171          | -                  |
| Insurance costs   | 782,417            | 584,973            |
| Bank charges and commissions ( <i>Bank charges, Commission on Visa cards &amp; Commission on sales</i> )                                    | 2,737,739          | 1,748,990          |
| Office and general supplies ( <i>Office Miscellaneous</i> )   | 23,142             | 19,978             |
| Auditors' remuneration  | (313,500)          | 87,500             |
| Consultancy fees  | 971,600            | 2,755,700          |
| Legal Fees, ( <i>KRA Penalty and Legal fee provision</i> )  | 362,026            | 254,050            |
| Repairs and maintenance ( <i>Garden &amp; grounds, Building maintenance &amp; Repairs &amp; renewals, Rent &amp; Rates</i> )                | 4,047,031          | 3,253,937          |
| Provision for bad and doubtful debts  | 101,324            | (20,729)           |
| Deferred tax Expense  | 1,650,952          | (5,380,787)        |
| Other operating expenses ( <i>Delivery, Donations, Flowers &amp; deco</i> )   | 73,579             | 83,484             |
| Depreciation of property, plant and equipment   | 19,145,107         | 20,538,486         |
|   | <b>179,917,366</b> | <b>161,051,918</b> |
|   | =====              | =====              |
| <b>(b) STAFF COSTS</b>  |                    |                    |
| Salaries and allowances of permanent employees ( <i>Basic Pay, Housing, Entertainment &amp; Transport</i> )                                 | 89,937,548         | 81,953,847         |
| Wages of temporary employees ( <i>Casual wages</i> )  | 4,178,006          | 5,076,984          |
| Compulsory to N.H.I.F.  | -                  | 1,616,100          |
| Employer's contributions to NSSF  | 3,302,335          | 1,622,148          |
| Employer's contributions to pension scheme  | 1,934,596          | 1,760,847          |
| Leave Pay   | 2,816,831          | 635,724            |
| Leave Provision   | 101,392            | -                  |
| Staff welfare ( <i>Welfare, Food, professional Fee, Night Transport</i> )   | 3,482,712          | 4,135,606          |
| Housing Levy  | 1,650,655          | 1,443,822          |
| Gratuity Provisions – Prior Period Refund   | (1,482,153)        | -                  |
| Gratuity Provision – Current Period   | 6,047,563          | -                  |
| Medical schemes   | 2,019,208          | -                  |
|   | <b>113,988,694</b> | <b>98,245,078</b>  |
|   | =====              | =====              |

**Golf Hotel Limited****Annual Report and Financial Statements for the year ended June 30, 2025**

During the year, recompulation of gratuity remitted to BRITAM in 2016 was done and an amount of Kshs. 2,895,898.67 stood refundable to the hotel inclusive on interest earned for the periods since the transfer. Out of this the Hotel received Kshs. 1,482,153 from unwithdrawn gratuity plus interest which has been presented as prior period refund. The Hotel has also provided gratuity at the rate of 31% of basic pay for staff under contract employment. Medical Cost has been split from staff welfare in the Financial year 2024-2025 as compared to 2023-2024 where it was included under staff welfare. The hotel engaged an in-house medical scheme during the year and not contracted insurance scheme for the year 2024-2025. SHIF/NHIF in the current year fall under Salaries and Allowances compared to last year where it was split from Salaries and Allowances. This is in compliance to the PSASB template of June 2025 for IFRS reporting entities.

NSSF employer contribution grew by 103% as a result of effecting the NSSF ACT 2013 phase three that was effected in February 2025 as compared to the prior year.

|   | <b>2024-2025</b>    | <b>2023-2024</b>   |
|---|---------------------|--------------------|
|   | <b>Kshs</b>         | <b>Kshs</b>        |
| <b>The average number of employees at the end of the year was:</b>  |                     |                    |
| Permanent employees – Supervisory   | 15                  | 16                 |
| Permanent employees – Union   | 33                  | 26                 |
| <b>Temporary and Contracted employees</b>   |                     |                    |
| Contracted employees - Management   | 8                   | 8                  |
| Contracted employees – Union  | 33                  | 38                 |
|   | <u>89</u>           | <u>88</u>          |
|   | =====               | =====              |
| Female employees – 37 (42%) Male Employees – 52 (58%)   |                     |                    |
| Total Revenue Turnover per staff Ratio  | 3,157,861           | 3,267,958          |
| <b>9. SELLING AND DISTRIBUTION COSTS</b>  |                     |                    |
| Marketing and promotional ( <i>Marketing &amp; Advertising</i> )  | 2,293,485           | 3,957,146          |
|   | <u>2,293,485</u>    | <u>3,957,146</u>   |
|   | =====               | =====              |
| <b>10. FINANCE COST (INTEREST ON LOAN)</b>  |                     |                    |
| Interest Expenses on loan   | 1,145,602           | -                  |
|   | <u>1,145,602</u>    | -                  |
|   | =====               | =====              |
| Interest related to the Economic Stimulus Programme (ESP) loan offer of Kshs. 49,192,172 issued in 2023/2024 for Room refurbishment project from the Kenya Development Corporation. |                     |                    |
| <b>11. OPERATING PROFIT/LOSS</b>  |                     |                    |
| The operating profit is arrived at after charging;  |                     |                    |
| Staff costs (note 8b)   | 113,988,694         | 98,245,078         |
| Depreciation of property, plant and equipment   | 19,145,107          | 20,538,486         |
| Directors' emoluments   | 4,375,070           | 4,993,511          |
| Auditors' remuneration  | (313,500)           | 150,000            |
| Other Expenses  | 42,620,670          | 37,145,571         |
| Interest expenses on loan   | 1,145,602           | -                  |
| Selling and Distribution cost   | 2,293,485           | 3,957,146          |
| Provision for bad and doubtful debts  | 101,324             | (20,729)           |
| Cost of Sales   | 58,024,175          |                    |
|   | <u>241,380,627</u>  | <u>165,009,063</u> |
|   | =====               | =====              |
| <b>Operating Profit</b>   | <b>(14,921,596)</b> | <b>5,202,275</b>   |

**Golf Hotel Limited**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

|   | 2024-2025<br>Kshs   | 2023-2024<br>Kshs  |
|---|---------------------|--------------------|
| <b>12. INCOME TAX EXPENSE/ (CREDIT)</b>   |                     |                    |
| <b>(a) Current taxation</b>   |                     |                    |
| Current taxation based on the adjusted profit/loss 30% (30% 2024)                             | (14,921,596)        | 1,560,682          |
|   | <u>(14,921,596)</u> | <u>1,560,682</u>   |
| <b>Reconciliation of tax expense/ (credit) to the Expected tax based on accounting profit</b> |                     |                    |
| i) Profit/Loss before taxation  | (14,921,596)        | 5,202,275          |
| Tax at the applicable tax rate of 30% (2024: 30%)   | (4,476,479)         | 1,560,682          |
| ii) Tax effects of expenses not deductible for tax purposes                                   |                     |                    |
| (Donations 3,972*30%)   | 1,192               | 8,305              |
| (KRA Penalties (111,976) *30%)  | 33,593              | 46,215             |
| (Provision for Leave & Gratuity (4,666,802*30%)   | 1,400,041           | -                  |
| (Excess Depreciation -23,234,612*30%)   | <u>-6,970,383</u>   | <u>-3,346,260</u>  |
| Total Tax Effects   | <u>-5,535,557</u>   | <u>-3,291,740</u>  |
| <b>Tax Charge (i)+(ii)</b>  | <b>(10,012,036)</b> | <b>(1,731,058)</b> |
| <b>(c)</b>  |                     |                    |
| <b>Add Tax Credit B/fwd</b>   | (390,800)           | (384,319)          |
| Tax prepayment M/vehicle tax.   | (10,800)            | (6,480)            |
| Tax prepayment Fixed Deposit KCB 2023/2024  | <u>(3,484)</u>      | -                  |
| <b>Tax Credit C/fwd</b>   | <b>(405,085)</b>    | <b>(390,799)</b>   |
| Income Tax Credit – P&L   | <u>(10,417,122)</u> | <u>(2,121,858)</u> |

**13. EARNINGS PER SHARE**

The earnings per share is calculated by dividing the profit after tax of Kshs. 9,706,739 (2024: Kshs. 7,324,132) by the average number of ordinary shares of 250,000 (2024: 250,000). There were not dilutive or potentially dilutive ordinary share as at the reporting date.

|                             |           |           |
|-----------------------------|-----------|-----------|
| Net profit After Tax (A)    | 4,504,473 | 7,324,132 |
| Ordinary Shares (B)         | 250,000   | 250,000   |
| Earnings Per share (A)/ (B) | 18.02     | 29.30     |

**14. DIVIDEND**

At the AGM for the year 2023/2024, a final dividend in respect of the year ended June 30, 2024 of Kshs. 1,464,827 was declared at a rate of 20% of the Net profit after tax. No interim dividend was declared and paid during the year.

|                             |                  |                  |
|-----------------------------|------------------|------------------|
| Dividend Brought Forward    | 2,637,600        | 2,637,600        |
| Current Proposed Dividend   | 1,464,827        | -                |
| Total Dividend              | <u>4,102,427</u> | <u>2,637,600</u> |
| Ordinary Shares (B)         | 250,000          | 250,000          |
| Dividend Per share (A)/ (B) | 16.41            | 10.55            |

## 15(a) PROPERTY, PLANT AND EQUIPMENT

| DESCRIPTION                                 | 99 YRS LEASE<br>HOLD LAND<br>3,178HA | HOTEL<br>BUILDING &<br>CIVIL<br>WORKS | PLANT AND<br>MACHINERY | MOTOR<br>VEHICLES,<br>INCLUDING,<br>MOTOR<br>CYCLES | COMPUTERS<br>HARDWARE<br>RELATED<br>EQUIPMENT | OFFICE<br>EQUIPMENT,<br>FURNITURE<br>& FITTINGS | CAPITAL<br>WORK IN<br>PROGRESS | TOTAL        |
|---|--------------------------------------|---------------------------------------|------------------------|---|---|---|--------------------------------|--------------|
| DEPRECIATION RATE                           | 54 YRS                               | 2.5%                                  | 12.5%                  | 25%   | 30%   | 12.5%   |                                |              |
| COST OR VALUATION                           | Kshs                                 | Kshs                                  | Kshs                   | Kshs  | Kshs  | Kshs  | Kshs                           | Kshs         |
| At July 1, 2023                             | 415,000,000                          | 188,126,319                           | 21,823,537             | 7,692,217   | 13,628,328                                    | 54,552,976                                      | 17,180,247                     | 718,003,624  |
| Additions                                   | -                                    | 82,420,454                            | 3,757,272              | 419,381   | 3,641,002                                     | 6,142,400                                       | 2,252,309                      | 98,632,818   |
| Transfers from WIP                          | -                                    | -                                     | -                      | -   | -   | -   | (17,180,247)                   | (17,180,247) |
| At June 30, 2024                            | 415,000,000                          | 270,546,773                           | 25,580,809             | 8,111,598   | 17,269,330                                    | 60,695,377                                      | 2,252,308                      | 799,456,195  |
| Additions                                   | -                                    | 632,542                               | 792,131                | -   | 2,146,400                                     | 4,219,502                                       | 8,763,889                      | 16,554,464   |
| Revaluation Surplus/Loss                    | 111,000,000                          | 66,939,128                            | -                      | (2,861,597)   | -   | -   | -                              | 175,077,531  |
| Transfers from WIP to Building & Soft wares |                                      | 2,881,557                             | -                      | -   | -   | -   | -3,542,766                     | -611,200     |
| At June 30, 2025                            | 526,000,000                          | 341,000,000                           | 26,372,940             | 5,250,000   | 19,415,730                                    | 64,914,879                                      | 7,473,431                      | 990,426,991  |
| DEPRECIATION At July 1, 23                  | 40,190,311                           | 9,066,198                             | 17,846,140             | 7,692,217   | 9,048,106                                     | 37,975,940                                      | -                              | 125,087,874  |
| Charge for the year                         | 6,781,720                            | 4,874,998                             | 1,854,903              | -   | 2,020,744                                     | 3,885,865                                       | -                              | 20,538,486   |
| At July 1, 2024                             | 46,972,031                           | 13,941,197                            | 19,701,044             | 7,692,217   | 11,068,849                                    | 41,861,806                                      | -                              | 141,237,144  |
| Accumulated depreciation WB                 | (46,972,031)                         | (13,941,197)                          | -                      | (7,692,217)   | -   | -   | -                              | (68,605,455) |
| Charge for the year                         | 4,870,370                            | 4,262,500                             | 1,594,216              | 656,250   | 2,943,827                                     | 3,940,716                                       | -                              | 18,267,879   |
| At June 30, 2025                            | 4,870,370                            | 4,262,500                             | 21,295,260             | 656,250   | 14,012,676                                    | 45,802,522                                      | -                              | 90,899,578   |
| NBV AS June 30, 2024                        | 368,027,969                          | 256,605,577                           | 5,879,766              | 419,381   | 6,200,480                                     | 18,833,571                                      | 2,252,308                      | 658,219,052  |
| NET BOOK VALUE At June 30, 2025             | 521,129,630                          | 336,737,500                           | 5,077,680              | 4,593,751   | 5,403,055                                     | 19,112,357                                      | 7,473,432                      | 899,527,420  |

**Golf Hotel Limited**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(b) **PROPERTY, PLANT AND EQUIPMENT – INTANGIBLE ASSETS**

| Description                           | FY 2024/2025     | FY 2023/2024     |
|---------------------------------------|------------------|------------------|
|                                       | Kshs             | Kshs             |
| <b>DEPRECIATION RATE</b>              | <b>20%</b>       | <b>20%</b>       |
| Cost At July 1 2023                   | 5,508,738        | 5,508,738        |
| Transfers from WIP                    | 661,200          | -                |
| <b>At June 30 2024</b>                | <b>6,169,938</b> | <b>5,508,738</b> |
| <b>Amortisation At July 1 2024</b>    | <b>4,389,217</b> | <b>3,268,962</b> |
| Charge For The Year                   | 877,226          | 1,120,255        |
| <b>At June 30 2025</b>                | <b>5,266,443</b> | <b>4,389,217</b> |
| <b>Net Book Value At June 30 2025</b> | <b>903,495</b>   | <b>1,119,521</b> |

**Valuation**

Land, Buildings and Motor Vehicle were valued by Ark Consultants an independent valuer in 2024/2025. Depreciation has been apportioned based on Pre and Post Revaluation rates for the Assets. Asset Valuation was done on land and building to ascertain the correct value of Hotel building after completion of the room renovation. Motor Vehicles value had been depreciated to Zero in prior periods thus the basis for Motor Vehicle revaluation.

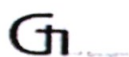
**Work in Progress Cost**

Work in progress relates to Conference project that was uncompleted as at the end of the financial year 2024/2025 as follows:

| Description               | Classification | Accumulated Cost |
|---------------------------|----------------|------------------|
|                           |                | Kshs             |
| Paradise Complex Building | Building       | 7,473,775        |

If the freehold land, buildings and other assets were stated on the historical cost basis the amounts would be as follows:

| Description                               | Cost               | Accumulated Depreciation | NBV               |
|---|--------------------|--------------------------|-------------------|
|   | Kshs               | Kshs                     | Kshs              |
| Land                                      | 8,000,000          | 2,082,127                | 5,917,875         |
| Buildings                                 | 88,892,443         | 8,889,244                | 80,003,198        |
| Plant And Machinery                       | 2,944,952          | 2,944,952                | -                 |
| Motor Vehicles, Including Motorcycles     | 6,870,665          | 6,870,665                | -                 |
| Computers And Related Equipment           | 5,873,210          | 5,873,210                | -                 |
| Office Equipment, Furniture, And Fittings | 1,426,791          | 1,426,791                | -                 |
| <b>TOTAL</b>                              | <b>114,008,061</b> | <b>28,086,989</b>        | <b>85,921,073</b> |



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

**Golf Hotel Limited**

**Annual Report and Financial Statements for the year ended June 30, 2025**

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

|  | <b>COST VALUATION</b> | <b>NORMAL ANNUAL DEPRECIATION CHARGE</b> |
|--|-----------------------|--|
| <b>2024/2025</b>                       | <b>Kshs</b>           | <b>Kshs</b>                              |
| Plant And Machinery                    | 15,078,543            | 15,078,543                               |
| Motor Vehicles, ( Motor Cycles)        | 7,692,217             | 7,692,217                                |
| Computers And Related Equipment        | 13,518,736            | 13,518,736                               |
| Office Equipment, Furniture & Fittings | 31,806,205            | 31,806,205                               |
| <b>Total</b>                           | <b>68,095,701</b>     | <b>68,095,701</b>                        |
|  | <b>COST VALUATION</b> | <b>NORMAL ANNUAL DEPRECIATION CHARGE</b> |
| <b>2023/2024</b>                       | <b>Kshs</b>           | <b>Kshs</b>                              |
| Plant And Machinery                    | 14,067,386            | 10,707,952                               |
| Motor Vehicles, ( Motor Cycles)        | 7,692,217             | 7,692,217                                |
| Computers And Related Equipment        | 7,905,917             | 7,539,080                                |
| Office Equipment, Furniture & Fittings | 27,995,660            | 23,540,597                               |
| <b>Total</b>                           | <b>57,661,180</b>     | <b>49,479,846</b>                        |

**Golf Hotel Limited**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

**16(a) DEFERRED TAX**

Deferred tax is calculated on all temporary differences under the liability method using the enacted tax rate, currently 30%. The net deferred tax liability at year end is attributable to the following items:

| <b>DEFERRED TAX</b>                     |                    |                   |                    |                    |              |                     |                   |                          |                          |
|---|--------------------|-------------------|--------------------|--------------------|--------------|---------------------|-------------------|--------------------------|--------------------------|
| <b>2024-2025</b>                        |                    |                   |                    |                    |              |                     |                   |                          |                          |
| <b>FY 2024/2025</b>                     |                    | <b>Permanent</b>  | <b>Qualifying</b>  | <b>Tax</b>         | <b>Prior</b> | <b>Adjusted Tax</b> | <b>Temporary</b>  | <b>Deferred Tax</b>      | <b>Deferred Tax</b>      |
| <b>Assets/Liabilities</b>               | <b>Asset base</b>  | <b>Difference</b> | <b>NBV</b>         | <b>Base</b>        | <b>Adj.</b>  | <b>Base</b>         | <b>Difference</b> | <b>(Asset)/liability</b> | <b>(Asset)/liability</b> |
|   |                    |                   |                    |                    |              |                     |                   | <b>FY 2024/2025</b>      | <b>FY 2023/2024</b>      |
| Building                                | 336,737,500        | -                 | 336,737,500        | 306,900,000        |              | 306,900,000         | 29,837,500        | 8,951,250                | 10,094,998               |
| Computer Software                       | 903,495            | -                 | 903,495            | 2,220,079          |              | 2,220,079           | -1,316,584        | -394,975                 | -298,313                 |
| Plant, Machinery<br>Furniture & Fitting | 24,190,040         | -                 | 24,190,040         | 29,115,909         |              | 29,115,909          | -4,925,869        | -1,477,761               | -1,066,040               |
| Motor Vehicles                          | 4,593,750          | -                 | 4,593,750          | 3,937,500          |              | 3,937,500           | 656,250           | 196,875                  | .                        |
| Computers                               | 5,403,056          | -                 | 5,403,056          | 5,346,852          |              | 5,346,852           | 56,204            | 16,861                   | 212,557                  |
| <b>Total</b>                            | <b>371,827,840</b> | <b>-</b>          | <b>371,827,840</b> | <b>347,520,340</b> | <b>-</b>     | <b>347,520,340</b>  | <b>24,307,500</b> | <b>7,292,250</b>         | <b>8,943,202</b>         |
|   |                    |                   |                    |                    |              |                     |                   |                          |                          |
|   |                    |                   |                    |                    |              |                     |                   |                          | <b>-1,650,952</b>        |



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

**Golf Hotel Limited**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

(b) DEFERRED TAX COMPUTATION

| WEAR AND TEAR ALLOWANCE SCHEDULE              |                     |                         |                     |                           |
|---|---------------------|-------------------------|---------------------|---------------------------|
|   |                     | CLASS II                | CLASS III           | CLASS IV                  |
| FY '2024/2025                                 | COMPUTER SOFTWARE   | COMPUTERS & ACCESSORIES | MOTOR VEHICLE       | PLANT & FFE               |
|   | 20.00%              | 30% ( 2024: 30%)        | 25% ( 2024: 25%)    | 12.5% ( 2024: 12.5%)      |
|   | KES                 | KES                     | KES                 | KES                       |
| Written Down Value 1/7/2024                   | 2,113,899.20        | 5,491,960.00            | -                   | 28,263,692.00             |
| Additions                                     | 661,200.00          | 2,146,399.69            | 5,250,000.00        | 5,011,632.59              |
|   | <b>2,775,099.20</b> | <b>7,638,359.69</b>     | <b>5,250,000.00</b> | <b>33,275,324.59</b>      |
| Wear and Tear Allowance                       | 555,019.84          | 2,291,507.91            | 1,312,500.00        | 4,159,415.57              |
| Written Down Value 30/06/2025                 | <b>2,220,079.36</b> | <b>5,346,851.78</b>     | <b>3,937,500.00</b> | <b>29,115,909.02</b>      |
|   |                     |                         |                     |                           |
| INDUSTRIAL BUILDING ALLOWANCE SCHEDULE        |                     |                         |                     |                           |
| FY '2024/2025                                 | QUALIFYING COSTS    | RESIDUAL B/F 01/07/2024 | ADDITIONS 2024/2025 | IBA @ 10% PA ( 2024: 10%) |
|   | 341,000,000         | 222,955,584             | 118,044,416         | 34,100,000.00             |
| Prior Year Adj.                               |                     |                         | -                   | -                         |
| <b>TOTAL BUILDING QUALIFYING FOR IBA 2025</b> | <b>341,000,000</b>  | <b>222,955,584</b>      | <b>118,044,416</b>  | <b>34,100,000</b>         |

**Golf Hotel Limited**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

**17. (c) Deferred Tax Movement**

The movement on the deferred tax account is as follows:

|                                       | 2024-2025          | 2023-2024         |
|---------------------------------------|--------------------|-------------------|
|                                       | Kshs               | Kshs              |
| Asset Base                            | 371,827,840        | 288,635,808       |
| Tax Base                              | 347,520,340        | 258,825,134       |
| Temporary Difference                  | <u>24,307,500</u>  | <u>29,810,674</u> |
| <b>Deferred Tax Asset @ 30%</b>       | <b>7,292,250</b>   | <b>8,943,203</b>  |
|                                       | =====              | =====             |
| Opening Deferred Tax Balance          | 8,943,203          | 3,562,416         |
| Income Statement Charge               | <u>(1,650,952)</u> | <u>5,380,787</u>  |
| <b>Accelerated capital allowances</b> | <b>7,292,250</b>   | <b>8,943,203</b>  |
|                                       | =====              | =====             |

**18. INVENTORIES**

|                 |                  |                  |
|-----------------|------------------|------------------|
| Food            | 1,051,630        | 1,224,151        |
| Drinks          | 1,071,844        | 1,783,049        |
| Tobacco         | 39,410           | 45,370           |
| Conferencing    | 77,421           | 38,810           |
| Accommodation   | 133,104          | 130,111          |
| Non Consumables | <u>849,220</u>   | <u>964,933</u>   |
|                 | <u>3,222,629</u> | <u>4,186,424</u> |
|                 | =====            | =====            |

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

|  |                   |                   |
|--|-------------------|-------------------|
| Trade receivables (note 19 (b))        | 46,301,047        | 50,772,641        |
| Deposits (K.P.L.C)                     | 720,000           | 720,000           |
| Prepayments (General Insurance & DSTV) | 423,150           | 2,090,091         |
| VAT recoverable                        | 1,265,458         | 3,463,388         |
| Staff receivables (note 19 (c))        | 1,356,717         | 1,067,469         |
| KDC - Mt. Elgon Receivable             | 5,135,232         | 5,404,167         |
| KDC - Kabarnet Receivable              | 390,300           | 390,300           |
| KDC - Mt. Lodge Serena Receivable      | 143,500           | 143,500           |
| KDC - Kenya Safari Lodges Receivable   | 625,860           | -                 |
| PDQ Receivable (Equity PDQ)            | <u>512,500</u>    | <u>-81,020</u>    |
| Gross trade and other receivables      | <u>56,873,764</u> | <u>63,970,536</u> |
|  | =====             | =====             |

**Golf Hotel Limited****Annual Report and Financial Statements for the year ended June 30, 2025**

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

|  | <b>2024-2025</b>  | <b>2023-2024</b>  |
|--|-------------------|-------------------|
|  | <b>Kshs</b>       | <b>Kshs</b>       |
| <b>(b) TRADE RECEIVABLES</b>   |                   |                   |
| Gross trade receivables  | 47,067,910        | 51,445,178        |
| Provision for doubtful receivables   | (766,863)         | (665,538)         |
| Unknown Bank Deposits as at 30 <sup>th</sup> June 2025   | -                 | (7,000)           |
|  | <u>46,301,047</u> | <u>50,772,641</u> |
|  | =====             | =====             |
| Provision for doubtful dates was adjusted to align it with the Debt policy that provides for 3% of the over 360 days outstanding balance as at 30 June 2025. |                   |                   |
| At June 30, the ageing analysis of the gross trade receivables was as follows:   |                   |                   |
| Less than 30 days  | 12,459,776        | 14,012,922        |
| Between 31 and 60 days   | 1,270,186         | 4,449,228         |
| Between 61 and 90 days   | 571,359           | 2,674,384         |
| Between 91 and 120 days  | 1,674,438         | 3,091,221         |
| Between 121 and 360 days   | 6,903,369         | 5,032,831         |
| Over 360 days  | 24,188,782        | 22,184,592        |
|  | <u>46,067,910</u> | <u>51,445,178</u> |
|  | =====             | =====             |
| <b>(c) STAFF RECEIVABLES</b>   |                   |                   |
| Gross staff Bills and advances   | 1,356,717         | 1,067,469         |
| Provision for impairment loss  | (-)               | (-)               |
|  | <u>1,356,717</u>  | <u>1,067,469</u>  |
|  | =====             | =====             |
| Less: Amounts due within one year  | (1,356,717)       | (1,067,469)       |
|  | <u>-</u>          | <u>-</u>          |
|  | =====             | =====             |
| Amounts due after one year   | -                 | -                 |
|  | <u>-</u>          | <u>-</u>          |
|  | =====             | =====             |
| <b>(d) Bad Debt Provision</b>  |                   |                   |
| Balance at beginning of the Year   | 665,538           | 686,266           |
| Reduction in Doubtful date   | 101,324           | (20,278)          |
|  | <u>766,863</u>    | <u>665,538</u>    |
|  | =====             | =====             |
| <b>20. BANK AND CASH BALANCES</b>  |                   |                   |
| Cash in hand ( <i>M-Pesa, Cashier Float &amp; Petty cash</i> )   | 15,541            | 30,605            |
| Cash at bank KSHS (A/C) KCB 1101729023   | 4,061,846         | 4,954,643         |
| Cash at bank USD A/C KCB 1222758385  | 543,023           | 1,014,636         |
| Fixed Deposit Account  | -                 | -                 |
|  | <u>4,620,410</u>  | <u>5,999,884</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

**Golf Hotel Limited**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

Exchange, at 30 June 2025 of 129.2343 and respective gain/loss recognised in the statements of comprehensive income. USD balance as at 30 June 2025 was USD 4,201.85.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

|   | 2024-2025<br>Kshs | 2023-2024<br>Kshs |
|---|-------------------|-------------------|
| <b>21. TAX RECOVERABLE</b>                        |                   |                   |
| Opening Balance Tax Credit                        | 390,799           | 384,319           |
| Tax prepayment M/vehicle tax. 2024/2025           | 10,800            | 6,480             |
| Withholding Tax Fixed Deposit 2023/2024           | 3,484             | -                 |
|   | <u>405,084</u>    | <u>390,799</u>    |
| Tax Asset at the end of the year                  | 405,084           | 390,799           |
|   | =====             | =====             |
| <b>22. ORDINARY SHARE CAPITAL</b>                 |                   |                   |
| <b>Authorised:</b>                                |                   |                   |
| 250,000 ordinary shares of Kshs.20 par value each | 5,000,000         | 5,000,000         |
|   | =====             | =====             |
| <b>Issued and fully paid:</b>                     |                   |                   |
| 250,000 ordinary shares of Kshs.20 par value each | 5,000,000         | 5,000,000         |
|   | =====             | =====             |

**23. REVALUATION RESERVE**

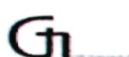
The revaluation reserve relates to the revaluation of Building, Land and Motor Vehicle done during the period ended June 2025. Revaluation surpluses are not distributable.

|                           | Type            | Date       | Num  | Memo  | Split        | Debit               | Credit                | Balance               |
|---------------------------|-----------------|------------|------|---|--------------|---------------------|-----------------------|-----------------------|
| Revaluation Surplus       |                 |            |      |   |              |                     |                       | 462,490,867.40        |
|                           | General Journal | 30/06/2025 | 9325 | BEING APPRECIATION ON VALUE OF BUILDING Cost        |              |                     | 66,939,128.06         | 529,429,995.46        |
|                           | General Journal | 30/06/2025 | 9326 | BEING LOSS IN VALUATION OF MVs AFTER I Cost         | 2,861,997.26 |                     |                       | 526,568,398.20        |
|                           | General Journal | 30/06/2025 | 9391 | BEING APPRECIATION ON VALUE LAND AFTER Cost         |              |                     | 111,000,000.00        | 637,568,398.20        |
|                           | General Journal | 30/06/2025 | 4320 | BEING REVERSAL OF ACCUMULATED DEPREC/ Depreciation  |              |                     | 48,667,460.55         | 686,235,858.75        |
|                           | General Journal | 30/06/2025 | 4321 | BEING REVERSAL OF DEPRECIATION MADE ON Depreciation | 1,695,430.05 |                     |                       | 684,540,428.70        |
|                           | General Journal | 30/06/2025 | 4323 | BEING WRITE BACK OF ACCUMULATED DEPREC Depreciation |              |                     | 7,992,216.93          | 692,232,645.63        |
|                           | General Journal | 30/06/2025 | 4325 | BEING REVERSAL OF ACCUMULATED DEPREC/ Depreciation  |              |                     | 13,941,197.24         | 706,173,842.87        |
| Total Revaluation Surplus |                 |            |      |   |              | <u>4,557,027.31</u> | <u>248,240,002.78</u> | <u>706,173,842.87</u> |
| TOTAL                     |                 |            |      |   |              | <u>4,557,027.31</u> | <u>248,240,002.78</u> | <u>706,173,842.87</u> |

**24. 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.

|                      | Date       | Num  | Memo                | Split           | Amount               | Balance               |
|----------------------|------------|------|---------------------|-----------------|----------------------|-----------------------|
| Members Equity       |            |      |                     |                 |                      | 178,395,833.68        |
|                      | 30/06/2025 | 9404 | DIVIDENDS 2023/2024 | Dividends - KDC | -1,464,826.60        | 176,931,007.08        |
| Total Members Equity |            |      |                     |                 | <u>-1,464,826.60</u> | <u>176,931,007.08</u> |
| TOTAL                |            |      |                     |                 | <u>-1,464,826.60</u> | <u>176,931,007.08</u> |



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

**Golf Hotel Limited**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

|   | 2024-2025         | 2023-2024         |
|---|-------------------|-------------------|
|   | Kshs              | Kshs              |
| <b>25. BORROWINGS</b>                           |                   |                   |
| Kenya Shillings Loan I Brought forward          | 11,767,133        | 12,622,925        |
| Kenya Shillings Loan III Brought Forward        | 42,057,808        | -                 |
| Kenya Shillings Loan III Issued during the year | <u>3,534,364</u>  | <u>42,057,808</u> |
|   | <b>57,359,305</b> | <b>42,057,808</b> |

Loan I was obtained from KDC in 2007 for hotel works including parking Project. In 2011 the loan was proposed for capitalization but to date the process was not complete. Repayment of the loan began in January 2023 as a precondition to the issue of Loan III for room refurbishment. The Loan does not constitute any interest as at the end of the Financial year 2024/2025.

The New loan III was approved in 2022/2023 and issued in the years 2023/2024 to 2024/2025 for purpose of room remodelling project. Total sum issued as at 30 June 2025 was Kshs. 45,592,172.

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

|   |                   |                   |
|---|-------------------|-------------------|
| Loan III Opening Balance                            | 42,057,808        | 42,057,808        |
| Loan Disbursed 2024-2025                            | 3,534,364         | -                 |
| Principal Repayments during the year loan III       | (236,266)         | -                 |
| <b>Loan III Closing Balance(A)</b>                  | <b>45,355,906</b> | <b>42,057,808</b> |
| Loan I Opening Balance                              | 11,767,133        | 12,622,925        |
| Principal Repayments during the year loan I         | -                 | (855,792)         |
| <b>Loan I Closing Balance (B)</b>                   | <b>11,767,133</b> | <b>11,767,133</b> |
| <b>Total Balance at beginning of the year (A+B)</b> | <b>57,123,039</b> | <b>53,824,941</b> |

Loan III issued in 2023/2024 was restructured for payment in January 2025 with a monthly Principal of Kshs. 386,077.54 and an interest of Kshs. 190,933.66.

During the year The Hotel paid 840,745.84 interest out of the Outstanding Kshs. 1,145,601.96 interest from January 2025 to June 2025. Balance of interest un paid accruing to the loan as at 30 June 2025 was Kshs. 304,856 as presented on Note 26.

Principal paid During the year amounted to Kshs. 236,266 as presented on Note 25 for the period January 2025 to June 2025. Unpaid Principal for the year ended June 2025 stands at 2,080,200.

**26. TRADE AND OTHER PAYABLES**

|                                      |                   |                   |
|--------------------------------------|-------------------|-------------------|
| Trade payables                       | 17,296,548        | 30,311,195        |
| Accrued expenses - Audit fee         | 150,000           | 413,500           |
| Accrued Interest - KDC Loan          | 304,856           | -                 |
| Catering Levy Payable                | 627,315           | -                 |
| KAHC-JIC Payable                     | 20,049            | -                 |
| Service Charge Payable               | 1,066,717         | -                 |
| VAT liability Payable                | 2,108,124         | -                 |
| Payroll Liability Payable            | 10,713,772        | -                 |
| Other payables (Payroll liabilities) | -                 | 9,755,489         |
|                                      | <b>32,287,381</b> | <b>40,480,184</b> |

**Golf Hotel Limited****Annual Report and Financial Statements for the year ended June 30, 2025**

The current year Other payables has been split to isolate statutory liability outstanding from payroll liability as at 30 June 2025. Accrued Expenses has also been split in the current period to report each item outstanding under the accrued expenses account.

**2024-2025**    **2023-2024**  
**Kshs**            **Kshs**

**Aging Analysis for Trade and other Payables**

At June 30, the ageing analysis of the gross trade Payable was as follows:

|                        |                   |          |
|------------------------|-------------------|----------|
| Less than 30 days      | 5,598,161         |          |
| Between 30 and 60 days | 2,878,219         |          |
| Between 61 and 90 days | 2,354,079         |          |
| Over 90 days           | 6,466,092         | -        |
|                        | <u>17,296,548</u> | <u>-</u> |
|                        | =====             | =====    |

**27. LEAVE PROVISIONS**

|                                    |                |             |
|------------------------------------|----------------|-------------|
| Balance at beginning of the year   | -              | 1,636,855   |
| Increase in provision for the year | 101,392        | (1,636,855) |
| Payment during the year            | -              | -           |
|                                    | <u>101,392</u> | <u>-</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 there were no outstanding leave liability.

**28. DIVIDENDS PAYABLE****Dividends Payable**

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

|                             |                  |                  |
|-----------------------------|------------------|------------------|
| Dividend Brought Forward    | 2,637,600        | 2,637,600        |
| Dividend Declared 2023/2024 | 1,464,827        | -                |
| Paid during the year        | -                | -                |
|                             | <u>4,102,427</u> | <u>2,637,600</u> |

**Ageing analysis:**

|                |                  |                  |
|----------------|------------------|------------------|
| Under one year | -                | -                |
| 1-2 years      | 1,464,727        | 2,637,600        |
| 2-3 years      | 2,637,600        | -                |
| Over 3 years   | -                | -                |
| <b>Total</b>   | <u>4,102,427</u> | <u>2,637,600</u> |

Dividends payable to ordinary shareholder's amounts to Kshs. 4,102,427, while No dividends were payable to preference shareholders.

**Golf Hotel Limited**

**Annual Report and Financial Statements for the year ended June 30, 2025**

**29. NOTES TO THE STATEMENT OF CASH FLOWS**

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

|   | 2024-2025         | 2023-2024         |
|---|-------------------|-------------------|
|   | Kshs              | Kshs              |
| Operating profit/ (loss)                                | (14,921,596)      | 5,202,274         |
| Depreciation  | 19,145,107        | 20,538,486        |
| Disposal write off                                      | -                 | -                 |
| Operating profit/ (loss) before working capital changes | <u>4,223,511</u>  | <u>25,740,760</u> |
| (Increase)/decrease in inventories                      | 963,795           | -936,405          |
| (Increase)/decrease in trade and other receivables      | 7,096,772         | -2,699,371        |
| Increase/ (decrease) in trade and other payables        | -8,192,801        | 22,063,906        |
| Increase/ (decrease) in Taxation Recoverable            | -14,295           | -6,480            |
| Increase/ (decrease) in provision for staff leave pay   | 101,392           | -1,634,755        |
| Increase/ (decrease) in provision for Deferred Tax      | 1,650,952         | -5,380,787        |
| Increase/ (decrease) in provision for Staff Gratuity    | 6,047,563         | -                 |
| Cash generated from/ (used in) operations               | <u>11,876,880</u> | <u>37,146,869</u> |

**(b) Analysis of changes in loans**

|                                  |                   |                   |
|----------------------------------|-------------------|-------------------|
| Balance at beginning of the year | 53,824,941        | 12,622,925        |
| Repayments during the year       | (236,266)         | (855,792)         |
| Issued New Loan                  | <u>3,534,364</u>  | <u>42,257,808</u> |
| Balance at end of the year       | <u>57,123,039</u> | <u>53,824,941</u> |

**(c) Analysis of Cash and Cash equivalents**

|                            |                  |                  |
|----------------------------|------------------|------------------|
| Cash at Bank               | 4,604,869        | 5,969,279        |
| Cash in Hand               | 15,541           | 30,605           |
| Balance at End of the Year | <u>4,620,410</u> | <u>5,999,884</u> |

**30. GRATUITY PAYABLE**

|                            |                  |          |
|----------------------------|------------------|----------|
| Provision for the year     | 6,047,563        | -        |
| Balance at end of the year | <u>6,047,563</u> | <u>-</u> |

Gratuity Provision is provided for at the rate of 31% of Basic pay to staff on contract employment as at the end of the financial year.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

**31. RELATED PARTY DISCLOSURES**

**(a) Government of Kenya**

The Government of Kenya is the principal shareholder of the Golf Hotel, holding 80% of the Hotels equity interest under the Kenya Development Corporation and County Government of Kakamega Holding 20% equity Interest. Other related parties which the Hotel transacts with include:

- i) Mount Elgon Lodge Limited
- ii) Kabarnet Hotel Limited
- iii) Mountain Lodge Limited
- iv) Kenya Development Corporation
- v) Kenya Safari Lodges and Hotels Limited
- vi) Key Management
- vii) Board of directors

**Golf Hotel Limited****Annual Report and Financial Statements for the year ended June 30, 2025**

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

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.

| Transactions with related parties<br>Description                      | 2024-2025         | 2023-2024         |
|---|-------------------|-------------------|
|   | Kshs              | Kshs              |
| <b>a) Sales to related parties</b>                                    |                   |                   |
| Opening balance For Mt Elgon Lodge Management Charges                 | 5,404,167         | 3,065,453         |
| Management Services Charged during the year                           | 576,900           | 3,662,894         |
| Payments Received During the year                                     | (845,835)         | (1,324,180)       |
| <b>Closing Balance as at 30 June 2025</b>                             | <b>5,135,232</b>  | <b>5,404,167</b>  |
| <b>b) Purchases from related parties</b>                              |                   |                   |
| Opening Balance to the County Government of Kakamega                  | 10,164,090        | 17,110,152        |
| Current year Hospitality services                                     | 19,223,977        | 19,379,133        |
| Payments of Hospitality services by the County Government of Kakamega | (18,484,594)      | (26,325,195)      |
| <b>Closing Balance Kakamega County as at 30 June 2025</b>             | <b>10,903,473</b> | <b>10,164,090</b> |
| Opening Balance to the Kenya Development Corporation                  | -                 | -                 |
| Purchase of Hospitality Services by the KDC                           | 1,934,840         | -                 |
| Payments of Hospitality services by the KDC                           | 388,271           | -                 |
| <b>Closing Balance KDC as at 30 June 2025</b>                         | <b>1,546,569</b>  | <b>-</b>          |
| <b>c) Loan from the government - KDC</b>                              |                   |                   |
| Loan Opening Balance KDC  | 53,824,941        | 12,622,925        |
| Loan Issued From Kenya Development Corporation                        | 3,534,364         | 42,057,808        |
| Loan Paid during the year   | (236,266)         | (855,792)         |
| <b>Total</b>  | <b>57,123,039</b> | <b>53,824,941</b> |
| <b>d) Expenses incurred on behalf of related Party</b>                |                   |                   |
| Staff facilitation to Kabarnet Hotel 2016                             | 390,300           | 390,300           |
| Staff Facilitation to Mountain Lodge Ltd 2016                         | 143,500           | 143,500           |
| Staff Secondment To Kenya Safari Lodges - 2025                        | 625,860           | -                 |
| Payments received during the year                                     | -                 | -                 |
| <b>Total</b>  | <b>1,159,660</b>  | <b>533,800</b>    |

**Golf Hotel Limited**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

32. CAPITAL COMMITMENTS

The Hotel did not have any Capital expenditure contracted for at the statement of financial position date but not recognised in the financial statements.

33. FINANCIAL RISK MANAGEMENT

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

(i) **Credit risk**

The Hotel has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the company's management based on Credit policy and their assessment of the current economic environment. The carrying amount of financial assets recorded in the financial statements represents the Hotel's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

| Description                            | Total amount<br>Kshs | Fully<br>performing<br>Kshs | Past due<br>Kshs  | Impaired<br>Kshs |
|--|----------------------|-----------------------------|-------------------|------------------|
| <b>At 30 June 2025</b>                 |                      |                             |                   |                  |
| Receivables from exchange transactions | 46,506,829           | 22,596,524                  | 24,318,959        | (766,862)        |
| Bank balances                          | 4,620,410            | -                           | -                 | -                |
| <b>Total</b>                           | <b>51,127,239</b>    | <b>22,596,524</b>           | <b>24,318,959</b> | <b>(766,862)</b> |
| <b>At 30 June 2024</b>                 |                      |                             |                   |                  |
| Receivables from exchange transactions | 51,445,178           | 29,260,586                  | 22,184,592        | (665,538)        |
| Bank balances                          | 5,999,884            | -                           | -                 | -                |
| <b>Total</b>                           | <b>57,445,062</b>    | <b>29,260,586</b>           | <b>22,184,592</b> | <b>(665,538)</b> |

**Golf Hotel Limited****Annual Report and Financial Statements for the year ended June 30, 2025**

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and management does not provide for an allowance for uncollectible amounts under this category as there is minimal possibility of any potentially irrecoverable amounts from this category. The Hotel has significant concentration of credit risk on amounts due from over 120 days and has provided for bad debt allowance the rate of 3% of the outstanding balance over 120 days.

The board of directors sets the company's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

**ii) Liquidity risk management**

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

| Description                 | Less than 1 month | Between 1-3 months | Over 5 months     | Total             |
|-----------------------------|-------------------|--------------------|-------------------|-------------------|
|                             | Kshs              | Kshs               | Kshs              | Kshs              |
| <b>At 30 June 2025</b>      |                   |                    |                   |                   |
| Trade payables              | 1,335,355         | 9,495,102          | 6,455,092         | 17,296,548        |
| Provisions                  | -                 | -                  | -                 | -                 |
| Deferred income             | -                 | -                  | -                 | -                 |
| Employee benefit obligation | 10,713,772        | -                  | -                 | 10,713,772        |
| <b>Total</b>                | <b>12,049,127</b> | <b>9,495,102</b>   | <b>6,455,092</b>  | <b>28,010,320</b> |
| <b>At 30 June 2024</b>      |                   |                    |                   |                   |
| Trade payables              | 1,641,132         | 5,591,853          | 23,078,210        | 30,311,195        |
| Provisions                  | -                 | -                  | -                 | -                 |
| Deferred income             | -                 | -                  | -                 | -                 |
| Employee benefit obligation | 5,713,527         | -                  | -                 | 5,713,527         |
| <b>Total</b>                | <b>7,354,659</b>  | <b>5,591,853</b>   | <b>23,078,210</b> | <b>36,024,722</b> |

**(iii) Market risk**

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

**Golf Hotel Limited****Annual Report and Financial Statements for the year ended June 30, 2025**

The company's Internal Audit Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the Hotel's exposure to market risks or the manner in which it manages and measures the risk.

**a) Foreign currency risk**

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

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

| Description                  | Current Account | Fixed Deposit | Total     |
|------------------------------|-----------------|---------------|-----------|
|                              | Kshs            | Kshs          | Kshs      |
| <b>At 30 June 2025</b>       |                 |               |           |
| <b>Financial assets</b>      |                 |               |           |
| Cash                         | 543,023         | -             | 543,023   |
| <b>Financial liabilities</b> |                 |               |           |
| Trade and other payables     | -               | -             | -         |
| Borrowings                   | -               | -             | -         |
| <b>At 30 June 202</b>        |                 |               |           |
| <b>Financial assets</b>      |                 |               |           |
| Cash                         | 1,014,636       | -             | 1,014,636 |
| <b>Financial liabilities</b> |                 |               |           |
| Trade and other payables     | -               | -             | -         |
| Borrowings                   | -               | -             | -         |

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

**b) Interest rate risk**

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

**Management of interest rate risk**

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

**Golf Hotel Limited**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

**34. 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 Hotel capital structure comprises of the following funds:

|  | <b>2024-2025</b>   | <b>2023-2024</b>   |
|--|--------------------|--------------------|
|  | <b>Kshs.</b>       | <b>Kshs.</b>       |
| Revaluation Reserve                                | 706,173,843        | 462,490,867        |
| Retained Earnings                                  | 162,009,411        | 179,639,801        |
| Capital Reserve                                    | 5,000,000          | 5,000,000          |
| <b>Total Equity</b>                                | <b>873,183,254</b> | <b>647,130,688</b> |
| <b>Total Borrowing</b>                             | <b>57,123,040</b>  | <b>53,824,941</b>  |
| <b>Less: Cash and Bank Balances</b>                | <b>(4,620,410)</b> | <b>(5,999,884)</b> |
| <b>Net Debt/ (Excess Cash and Cash Equivalent)</b> | <b>52,502,630</b>  | <b>47,825,057</b>  |
| <b>Gearing</b>                                     | <b>6%</b>          | <b>13.53%</b>      |

**35. INCORPORATION**

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

**36. EVENTS AFTER THE REPORTING PERIOD**

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

**37. CURRENCY**

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

**22. APPENDICES**

**Appendix I - Implementation Status of Auditor-General Prior Year 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) |
|--|--|---|--|-----------------------------------|--|
| 1.0  | <p><b>Long Outstanding Trade and Other Receivables</b></p> <p>The statement of financial position reflects a balance of Kshs. 63,970,536 in respect of trade and other receivables as disclosed in Note 22 to the financial statements. Included in the balance are trade receivables totaling to Kshs. 22,184,592 or 43.7% which has been outstanding over 360 days and whose recovery was uncertain.</p> <p>In the circumstances, the accuracy, completeness and recoverability of the trade and other receivables balance of Kshs. 63,970,536 could not be confirmed.</p> | <p>Management noted the Audit findings and out of this over 90 days 68% (Kshs.20,514,604) represent Government pending Bills with the County Government of Kakamega, Ministry of Devolution, Ministry of Interior and Ministry of defense Cleared by treasury pending bills Committee for payment. The bills from Kakamega County Have partly been settled since the Audit period to date and other Government Departments Except for Ministry of Devolution, Interior and Gender who have not paid since the Last Audit period. We have since forwarded the Invoices to KRA for recovery assistance as per Annex 2 Attached.</p> | Manager Finance  | Not Resolved                      | December 2025  |

**Golf Hotel Limited**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

| 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) |
|--|---|--|--|-----------------------------------|--|
| 2.0  | <p><b>Unconfirmed Share Capital Balance</b></p> <p>It was observed that the County Government of Kakamega, a minority shareholder, holds 20% of the 250,000 shares translating to 50,000 Shares. However, out of the 50,000 shares, only 41,734 share certificates were provided for audit verification resulting to a difference of 8,266 share certificates not provided by Management for audit verification. In the Circumstances, the accuracy, completeness and Ownership of the share capital balance of Kshs. 5,000,000 could not be confirmed.</p> | <p>The Missing share certificates have since been reported missing by the Share Holder and the process of replacement instituted.</p>  | CEO  | Not Resolved                      | December 2025  |
| 3.0  | <p><b>Unpaid Dividends</b></p> <p>The statement of Financial Position reflects a balance of Kshs. 2,637,600 in respect of Dividends payable as disclosed in Note 31 of the financial statements. This relates to Dividends declared in previous years 2022/2023 Financial Year and has not been paid to the shareholders by the end of the year under review. No explanation was provided on why the shareholders could not be paid their rightful dues</p>   | <p>Management is committed to settle the full Dividends outstanding before the end of December 2025.</p> <p>KDC is also in full agreement with the findings of the OAG, particularly noting that the continued failure to pay dividends has denied the shareholders what is rightfully due to them. As guided during the last Annual General Meeting, Management was required to remit the dividend to the two shareholders based on the CR12 provided, even as we continue to follow up on the transfer of the two shares that were being held in trust for KDC</p> | CEO  | Not Resolved                      | December 2025  |

**Golf Hotel Limited**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

| 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) |
|--|---|---|--|-----------------------------------|--|
| 1.0  | <p><b>Irregular Procurement of Offer Legal Services</b></p> <p>The Statement of profit and loss and other comprehensive income, reflects a balance of Kshs. 161,051,918 in respect of administration Costs which as disclosed in note 12(a) to the financial statements include Kshs. 254,050 relating to legal fees. However, no approval or authorisation from the Attorney General's office was provided for audit review to support the payments. This was contrary to the Attorney General's Circular ref: AG/CONF/6/E/247/VOL II states that legal fee payable to any private advocate or law firm under such an arrangement must be approved and authorized by the Attorney General.</p> <p>In the circumstances, Management was in breach of law.</p> | <p>Management noted the audit findings and sought the guidance of the Attorney Generals Office for the ongoing cases and guided that since the cases have already been heard reached determination stage one having been closed, the Case cannot be taken by the AG at the current stage. We will however follow up the case and the matter to ensure management is in compliance with the issued directives.</p> | <p>Manager<br/>Supply Chain</p>                                | Resolved                          |  |

**Golf Hotel Limited**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

| 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) |
|--|---|--|--|-----------------------------------|--|
| 3.0  | <p><b>Lack of Staff Ethnic Diversity.</b><br/> Review of the staff bio data provided for audit purposes revealed that, out of the seventy-nine (79) middle level Management staff, fifty-eight (58) or 73% came from the local dominant ethnic community, which is contrary to the provisions of Section 7(2) of the National Cohesion and Integration Act, 2008, which provides that no public establishment shall have more than one third of its staff from one ethnic community. In the Circumstances, Management was in breach of the law.</p> | <p>The management takes note of the Audit Findings on the ethnic representation of the staff. The management would like to acknowledge the existing balance of the ethnicity at management level and that at the junior staff level the majority comes from the local community. Management has in prior year and as a current strategy managed the balance through the exits and recruitment of new staff. The management has a commitment to ensure that future recruitments take into consideration the diversity to ensure that members of other communities are considered. With this it has seen the gap in compliance reduce through the years as management works towards full compliance with Article 232(1)(h) of the Constitution of Kenya 2010</p> | <p>Manager<br/> Human<br/> Resource</p>                        | <p>Not Resolved</p>               | <p>June 2026</p>   |

**Golf Hotel Limited**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

| 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) |
|--|--|--|--|-----------------------------------|--|
| 4.0  | <p><b>Non-Compliance with Preference and Reservation Procurement Requirement</b></p> <p>Review of the Supply Chain Procurement report for the year under review, revealed that, with regards to the Government's affirmative action plan to support marginalized groups, Golf Hotel Limited spent a total of Kshs. 8,528,648 on the special group against a total procurement amount of Kshs. 156,911,172 or 5.4% This was Contrary to Section 157(10) of the Public Procurement and Asset Disposal Act, 2015 states that despite Subsection (2) or any other provisions of this Act, every procuring entity shall ensure that at least thirty percent of its procurement value in every financial year is allocated to the youth, women and persons with disability. In the circumstances, Management was in breach of the law.</p> | <p>Management noted the Audit Findings and wish to state that out of the Procurement done of Kshs. 156,911,172 as noted during the Audit, Kshs. 12,471,829 as evidenced in the list below for supplies made and paid in the year 2023-2024 represented suppliers from Reserved Groups prequalified for the year which represents 8% for the year 2023/2024. Management faced challenges during the year as the reserved groups were hesitant to accepting credit terms citing economic challenges or were not up to date with their KRA compliance during the ordering process case example of Soban Agencies Annex 9 awarded for Furniture supply but upon confirmation of VAT compliance the position was un compliant and thus resulting to cancellation of the order of a sum of Kshs. 2,000,000, bringing the Ratio to 9% compliance level by the Hotel. Management however working towards and its strategic commitment of ensuring compliance with the requirements of Section 157(10) of public procurement and disposal act,2015 in its procurement strategies in subsequent periods.</p> | <p>Manager<br/>Supply Chain</p>                                | <p>Not Resolved</p>               | <p>June 2026</p>   |

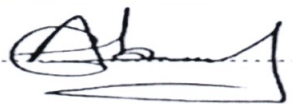
**Golf Hotel Limited**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

| REFEREN<br>CE NO.<br>ON THE<br>EXTERNA<br>L AUDIT<br>REPORT | ISSUE / OBSERVATIONS<br>FROM AUDITOR   | MANAGEMENT COMMENTS  | FOCAL POINT<br>PERSON TO<br>RESOLVE THE<br>ISSUE (NAME<br>AND<br>DESIGNATION) | STATUS:<br>(RESOLVED /<br>NOT<br>RESOLVED) | TIMEFRAME:<br>(PUT A DATE<br>WHEN YOU<br>EXPECT THE<br>ISSUE TO BE<br>RESOLVED) |
|---|--|--|---|--|---|
| 1.1   | <p><b>Failure to Review Key Management Policy Documents</b></p> <p>Review of some of the key operational management policy documents for the Hotel revealed that the Internal Audit and the Audit Committee Charters were last signed on 11 September, 2019, contrary to the provisions of Hotel Internal Audit procedure manual which requires that the documents to be reviewed after every one year by the Head of Internal Audit and sent for approval by the Audit Committee</p>  | <p>We acknowledge the audit findings and indeed both Audit Charters were last approved in 11<sup>th</sup> September 2019 however we have been reviewing regularly in relation to the Internal Audit Operations and in our opinion no much changes were noted so far but going forward both Charters will be presented to the Audit Committee in the next Audit meeting in December 2024 for their input and approval of the same.</p>  | <p>Manager<br/>Internal Audit</p>   | Resolved                                   |   |
| 1.2   | <p><b>Late Submission of the Audit Work Plan and Lack of Budget</b></p> <p>Review of the work plan for the Internal Audit of the Golf Hotel Limited revealed that the work plan for the year under review was submitted and approved by the Audit Committee on 25 August 2023 against the stipulated deadline of 15 February, 2023. Further, it was also observed that the work plan contained only activities to be carried out, but had no cost elements, and thus making it impossible to be included in the annual budget of the Hotel for the 2023/2024 financial year. In the circumstances, the effectiveness of Internal Audit Function could not be confirmed</p> | <p>Management acknowledges the audit findings for the delay in approval of the Audit work plan this was a result of delay in Audit Committee meeting as per the Audit Committee work plan but going forward we will align the approval of the work plan in compliance with the set dateline starting with the Audit work plan for the Financial year 2025/2026. On the matter of Audit Cost Budgeting, the department's budget has been incorporated in the Hotel Annual Budget in every financial year which has facilitated the operations for the past years among the key budgetary allocation implemented include additional Audit staff, Facilitation of all Audit committee meetings, Training of Audit staff, Internal Audit office with necessary office equipment. However, we note the guidance of the Audit Findings and Going forward budget allocation will be incorporated in the Work plan starting with the financial year 2025/2026.</p> | <p>Manager<br/>Internal Audit</p>   | Resolved                                   |   |

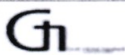
**Golf Hotel Limited**  
**Annual Report and Financial Statements for the year ended June 30, 2025**

| 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) |
|--|---|---|--|-----------------------------------|--|
| 2.1  | <p><b>Lack of Independent Board Members</b></p> <p>During the year under review the organization had seven Board members inclusive of the Chief Executive Officer, Golf Hotel. However, it was observed that the Board lacked independent members that are not affiliated to the National Government, County Governments or the State Corporation contrary to Paragraph 1.1(7) of the Mwingozo Code of Governance for State Corporations provides that at least one third of the Board members shall be independent upon appointment and maintain their independence during their term of service on the Board.</p> | <p>The current directors have been duly nominated by the respective shareholders and appointed in accordance with the Company's Articles of Association and the State Corporations Act. At present, the Board comprises six directors affiliated to the shareholders and the National Treasury. To ensure compliance with Mwingozo on the requirement for independent directors, we are currently engaging the National Treasury to nominate three independent directors in line with the Government Owned Enterprises Act, 2025. It is important to note that KDC is accountable to the National Treasury for the performance of its investee companies. It is therefore necessary that KDC is directly represented on the various boards to guide on government priorities and to provide effective oversight.</p>  | CEO  | Resolved                          | December 2025  |
| 2.2  | <p><b>Frequent Changes of Board of directors</b></p> <p>Review of the records of the Board of management reveal that between July 2021 and November 2024 there were six (6) changes in the board membership. This could hamper the smooth operations of the Hotel as every director has to go through regular orientation process. This was contrary to Paragraph 1.5(1) of the Mwingozo Code of Governance for State Corporations which requires that the tenure of a board member shall not exceed a cumulative term of 6 years or two terms of three years each.</p>   | <p>During the year under review, there were no changes to the composition of the Board. The changes effected in the previous year were necessitated by the need to stagger appointments to facilitate effective succession planning, as the directors had initially been appointed at the same time. In addition, there was a requirement to strengthen the Board's capacity by introducing new skills, particularly in the areas of finance, compliance and risk. The appointment of KDC's nominees to various boards is guided by our Investment Policy, which provides for an annual assessment of their performance. Consequently, such appointments may be subject to rotation to ensure that the nominees continue to add value to the boards on which they serve. Enclosed is an extract of KDC's internal Investment Policy approved by the Board that guides appointments to Boards.</p> | CEO  | Resolved                          | December 2025  |

Accounting officer  
 Golf Hotel Ltd Sign.



Date 01/12/2025



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

**Appendix II: Projects implemented by Golf Hotel Limited**

**Projects**

Projects implemented by the Golf Hotel Funded by development partners.

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

**Status of Projects completion**

|   | Project          | Total project Cost | Total expended to date | Completion % to date | Budget    | Actual    | Sources of funds |
|---|------------------|--------------------|------------------------|----------------------|-----------|-----------|------------------|
| 1 | Paradise Complex | 10 Million         | 7 Million              | 70%                  | 7 Million | 7 Million | Internal         |