

REPUBLIC OF KENYA



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# REPORT

PARLIAMENT  
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## THE AUDITOR-GENERAL

ON

### KENYA SAFARI LODGES AND HOTELS

FOR THE YEAR ENDED

30 JUNE, 2024

PARLIAMENTARY ASSEMBLY PAPERS LAID	
DATE:	03 MAR 2025 <span style="float: right;">DAY Thursday</span>
TABLED BY:	Hon. Naomi Wago, MP Deputy Majority Party Whip
CLERK AT THE TABLE:	A. Shibuko



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**KENYA SAFARI LODGES & HOTELS LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDING  
JUNE 30, 2024**

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**Prepared in accordance with the Accrual Basis of Accounting Method under the  
International Financial Reporting Standards(IFRS)**



**KENYA SAFARI LODGES AND HOTELS LIMITED**  
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**For The Year Ended June 30, 2024**

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**ACRONYMS AND DEFINATION OF KEY TERMS**

FD-Fixed deposit  
KSLH-Kenya Safari Lodges and Hotels Ltd  
KDC-Kenya Development Corporation  
KCB-Kenya Commercial Bank  
KWS-Kenya wildlife service  
OAG-Office of the Auditor General



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**I. KEY ENTITY INFORMATION**

**a) Background information**

Kenya Safari Lodges & Hotels Ltd (“KSLH”, “The Company”) was incorporated under the Kenya Companies Act (Cap 486) in 1966. The shareholders of KSLH are Kenya Development Corporation (KDC,) Mountain Lodges Ltd and Kenya Wildlife Services (KWS). Kenya Development Corporation is the majority shareholder in KSLH with a direct controlling stake of 82.45% shares. From a management control perspective, KSLH is classified as a State Corporation by virtue of being a subsidiary of KDC. The company operates three units namely; Mombasa Beach hotel, Ngulia Safari Lodge and Voi Safari Lodge.

**b) Principal Activities**

The Principal activity of the Kenya Safari Lodges and Hotels is ownership and operation of hotel and lodge facilities in Kenya. KSLH vision is to be a market leader in beach and bush experience; the mission is to guarantee value to guests through heartfelt experiences and core values are integrity, agility, diversity, inclusivity, customer focus and creativity.

**c) Directors**

The Directors who served the entity during the year/period were as follows:

<b>NAME OF DIRECTOR</b>	<b>POSITION</b>	<b>DATE OF APPOINTMENT</b>	<b>DATE OF EXIT</b>
Kabuga Kariithi	Director	7 <sup>th</sup> January 2019	
Norah Ratemo	Director General	1 <sup>st</sup> January 2023	
Dominic Ndewa	Director	1 <sup>st</sup> January 2023	
Daniel Muimi	Director	1 <sup>st</sup> March 2023	
Paul Mutuvi	Director	28 <sup>th</sup> March 2024	
Edwin Wanyonyi	Director	9 <sup>th</sup> October 2015	June 2024
John Karia	Company secretary	17 <sup>th</sup> May 2021	

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- d) Corporate Secretary**  
John Saitoti Karia  
Corporation Secretary  
Kenya Development Corporation  
P.O. Box 42013-00100  
Nairobi.
- e) General Manager of the Company- KSLH  
Registered Office**  
Mombasa Beach Hotel  
Mt. Kenya Road, Nyali  
P.O. Box 90414, 80100  
Mombasa.
- f) Corporate Headquarters**  
P.O. Box 90414, 80100  
Mombasa Beach Hotel  
Mt. Kenya Road, Nyali  
Mombasa.
- g) Corporate Contacts**  
Tel: 041-471861-5/ +254 722 203143/4  
Email: [info@kenya-safari.go.ke](mailto:info@kenya-safari.go.ke)  
Website: [www.safari-kenya.com](http://www.safari-kenya.com)
- h) Corporate Bankers**
1. Kenya Commercial Bank  
Treasury Square  
P.O. Box 90254-80100  
Mombasa.
  2. Barclays Bank  
Nkrumah Road, Mombasa  
P.O. Box 90182 – 80100  
Mombasa.
- i) Independent Auditors**  
Auditor General  
Office of the Auditor General  
Anniversary Towers, University Way  
P.O. Box 30084- 00100  
Nairobi.
- j) Principal Legal Advisers**  
The Attorney General  
State Law Office, Harambee Avenue  
P.O. Box 40112- 00200  
Nairobi.



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**k) Federation of Kenya Employers**



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**II. THE BOARD OF DIRECTORS**

Name of Director	Director's Photo	Key Professional/Academic Qualifications & Work Experience
1. Ms. Norah Ratemo		<p>DOB:10/03/1983</p> <p>Ms. Norah holds a Master's degree in Business Administration Finance option from Jomo Kenyatta University of Agriculture and Technology and a Bachelor of commerce (Bcom) Accounting option. She is a Certified Public Accountant, CPA (K) and a member of the institute of certified public accountants (ICPAK) and Association of Women Accountants in Kenya</p> <p>She has over 13 years' experience in Credit Risk Management. She previously worked at Eco Bank Kenya as a Credit analyst, and before then, she was engaged as Assistant Manager, Securities and Documentation with Sidian bank. She currently serves on the board of Kenya Wines Agencies.</p>
2. Mr. Daniel Muimi		<p>DOB:3/5/1984</p> <p>Ag Deputy Director Investment Appraisal and Administration</p> <p>Mr. Daniel Muimi is the Ag Deputy Director Investment Appraisal and Administration</p> <p>He has over 15 years' experience in investments including deal origination, appraisal and portfolio management cutting across Commercial Banking and Development Finance</p> <p>Mr. Muimi holds a Bachelor of Arts degree (Economics and Sociology) from the University of Nairobi and is a Certified Public Accountant (CPA-K) and also a Certified Financial Analyst.</p>


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Name of Director	Director's Photo	Key Professional/Academic Qualifications & Work Experience
3. Mr. Dominic Ndewa		<p>DOB:9/9/1968</p> <p>Mr. Dominic Ndewa is the Deputy Director, Strategy, Planning and Performance Management.</p> <p>He has over 25 years of practical experience spanning from public sector to financial and commercial services enterprises. Before joining KDC, he was the Head of Investments at Tourism Finance Corporation (TFC). Prior to joining TFC, he also served at The National Treasury, then Ministry of Finance, as Principal Economist. He has further worked as Counterpart to the Privatization Adviser at Bank Restructuring and Privatization Project, a World Bank Project.</p> <p>Mr. Ndewa holds a Masters Degree in Economic Policy Management and a Bachelor of Arts Degree in Economics all of them from the University of Nairobi. He is also a Certified Public Accountant (CPAK) and a Certified Investments and Financial Analysts (CIFA) and he is a member of ICPAK and ICIFA. Mr. Ndewa has attended many managerial short-term courses both locally and internationally.</p>
4. Mr.Kibuga Kariithi		<p>DoB: 1963</p> <p>Mr. Kibuga Kariithi is a member of the Board of Director's and the CEO of KARMA Management Services Ltd, a family office. He is the immediate former CEO of City Finance Bank Ltd and arranged the merger between City Finance Bank Ltd and Jamii Bora Kenya Ltd. Mr. Kariithi is a founder of Baraka Africa Fund</p> <p>Up to April 2005 he was the Chief Executive Officer of the Nairobi Stock Exchange, which he left to start an Investment Bank as a conversion from an existing stockbroker. Prior to joining the Stock Exchange in 1999, he was Corporate Finance Director of Barclays Bank of</p>

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Name of Director	Director's Photo	Key Professional/Academic Qualifications & Work Experience
		<p>Kenya (BBK).At Barclays, Mr. Kariithi headed the team responsible for Capital Market activities in East Africa and managed Barclays Merchant Finance Ltd (BMFL) the merchant banking subsidiary of BBK, with a balance sheet of Kshs. 4billion.</p> <p>Currently Mr Kariithi is the chairman of Heri Limited, Kolobot Gardens Ltd, Media Max Ltd, Kirinyaga Investment and Development Authority (KIDA), Jumuia Hospitals Board and he is a director at: WAKIBA Investments and Olympia Capital.</p>
<p>5. Mr. Edwin Wanyonyi</p>		<p>DoB: 26<sup>th</sup> June 1975</p> <p>Mr. Edwin, Chairman of the board audit committee, holds an MBA (UON) , Bachelor of Business Administration , Dip in Resource Mobilization, Cert in Strategic Leadership from Kenya Institute of Administration and a post graduate Diploma in Resource Mobilization from Kenya Institute of Management and certificate in Project Management. Member of KIM, Kenya Fundraising Professionals and National Steering Committee Member of UNDP Small Grants. A Taskforce Member of the Tourism Recovery Taskforce in Kenya. Currently he is the deputy directors, strategy and changes at KWS Over 12 years experience in strategic management both in the public and private sector.</p>


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Name of Director	Director's Photo	Key Professional/Academic Qualifications & Work Experience
6. Paul Mutuvi		<p>D.O.B</p> <ul style="list-style-type: none"> <li>• 16/12/1964</li> </ul> <p>Academic and professional qualifications</p> <ul style="list-style-type: none"> <li>• Master of Science in HRM. <ul style="list-style-type: none"> <li>✓ Coursework completed</li> <li>✓ Research project ongoing</li> </ul> </li> <li>• Bachelor of Science in HRM.</li> <li>• Higher Diploma in HRM</li> <li>• Diploma in HRM</li> <li>• Senior Management Course</li> <li>• Pension Management in the Public Service</li> <li>• Pension Management</li> <li>• Supervisory Course</li> </ul> <p>Membership to professional body</p> <ul style="list-style-type: none"> <li>• Institute of Human Resource Management</li> <li>• Membershipno:08560</li> </ul> <p>Work Experience</p> <ul style="list-style-type: none"> <li>• Long serving public servant having led on illustrious Career in HRM serving several ministries.</li> <li>• Currently the head of Claims division of the Pensions Department in the National Treasury.</li> <li>• Joined Civil Service in November1983 and risen through the ranks to the Deputy Director of Pensions.</li> </ul> <p>Also the Secretary to the Kenya Defense Forces assessment committee.</p>
7. Mr John Karia Company Secretary		<p>DoB: 25<sup>th</sup> May, 1984</p> <p>Mr. John Saitoti Karia is an Advocate of the High Court of Kenya and a Certified Public</p>

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Name of Director	Director's Photo	Key Professional/Academic Qualifications & Work Experience
		<p>Secretary. He is an active Member of the Law Society of Kenya, the Institute of Certified Public Secretaries of Kenya and the Chartered Institute of Arbitrators (Kenya Branch). He holds a Master's degree in Law (LLM) from the University of Exeter (UK), a Postgraduate Diploma in Law from the Kenya School of Law and a Bachelor of Laws degree (LLB) from University of Nairobi. ICPSK – Member No. CPSB/2714</p>
8. Mr. Joseph Ndunda		<p>DoB:28<sup>th</sup> December 1971 Mr. Ndunda, was the General Manager of KSLH since 1<sup>st</sup> February 2021 to 31<sup>st</sup> January 2024, he holds a Bachelor of Science in Hospitality Management from Greta University, Higher Diploma In Travel, Tourism &amp; Hospitality, Association Of Business Executives (ABE), UK 2014 – 2016, Diploma In Travel Tourism &amp; Hospitality, Association of Business Executives Food &amp; Beverage Service and Sales (Credit), Kenya Utalii College Diploma In Hotel Operations and Management (Pass) from Cambridge Tutorial College and is currently pursuing Msc. Hospitality Management.</p> <p><b>Work Experience;</b> General Manager Hill park Hotel, Nairobi, November 2019 -31<sup>st</sup> January 2021 Merica Hotel, Nakuru, May 2018 – September 2019 General Manager Mbale Resort /Hotel, Uganda, April 2017- April 2018 Acting General Manager / Operations Manager Severin Sea Lodge (Severin Hotels), Mombasa Kenya Food &amp; Beverage Manager (On Management Exchange Program) Sunderland Hotel (Severin Hotels), Saurland (4 Star), August 2013 - November 2013 Food &amp; Beverage Manager / Lodge Manager Reliever Severin Sea Lodge (Severin Hotels), Mombasa Kenya (4 Star), February 2010-March 2015</p>

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Name of Director	Director's Photo	Key Professional/Academic Qualifications & Work Experience
<p>9. <b>Mr. Ronald Simiyu</b></p>		<p>DOB 20th Dec 1975</p> <p>Mr. Simiyu is the Ag. General Manager/CEO Kenya Safari Lodges and Hotels from 1st February 2024 to date</p> <p>He holds Master of Science degree in Tourism Management from Maseno University, BSc degree in Ecotourism and Hospitality Management from Chuka university, ICM Diploma in hospitality Management and certificate in supervisory Management in organization from Kenya Utalii college. Member of Association of Hotels professional Kenya, AHPK-079.</p> <p>He has 25 years vast Experience in hospitality senior Management positions and consultancy in Training, he has previously worked as group General Manager of Legacy star Hotels, General manager Town chick, Operational Manager Gazebo grill company, Food and Beverage Manager Parklands sports club and Front office Manager in LaBelle inn Naivasha.</p>

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**III. MANAGEMENT TEAM**

Name	Photo	Key Professional/Academic Qualifications & Work Experience
1. Mr. Joseph Ndunda		<p><b>DoB:</b>28<sup>th</sup> December 1971</p> <p>Mr. Ndunda, was the General Manager of KSLH from 1<sup>st</sup> February 2021 to 31<sup>st</sup> January 2024, he holds a Bachelor of Science in Hospitality Management Grets University, Higher Diploma In Travel, Tourism &amp; Hospitality, Association of Business Executives (ABE), UK 2014 – 2016, Diploma In Travel Tourism &amp; Hospitality, Association of Business Executives Food &amp; Beverage Service and Sales (Credit), Kenya Utalii College Diploma In Hotel Operations and Management (Pass) from Cambridge Tutorial College and is currently pursuing Msc Hospitality Management</p> <p><b>Work Experience;</b>            General Manager Hill park Hotel, Nairobi, November 2019 -31<sup>st</sup> January 2021            Merica Hotel, Nakuru, May 2018 – September 2019            General Manager Mbale Resort /Hotel, Uganda, April 2017 - April 2018            Acting General Manager / Operations Manager Severin Sea Lodge (Severin Hotels), Mombasa            Kenya Food &amp; Beverage Manager (On Management Exchange Program) Sunderland Hotel (Severin Hotels), Saurland (4 Star), August 2013 - November 2013            Food &amp; Beverage Manager / Lodge Manager Reliever            Severin Sea Lodge (Severin Hotels), Mombasa Kenya (4 Star), February 2010-March 2015</p>

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Name	Photo	Key Professional/Academic Qualifications & Work Experience
2. Mr. Ronald Simiyu		<p><b>DOB</b> 20th Dec 1975</p> <p>Mr. Simiyu is the Ag. General Manager/CEO Kenya Safari Lodges and Hotels from 1st February 2024 to date</p> <p>He holds Master of Science degree in Tourism Management from Maseno University, BSc degree in Ecotourism and Hospitality Management from Chuka university, ICM Diploma in hospitality Management and certificate in supervisory Management in organization from Kenya Utalii college. Member of Association of Hotels professional Kenya, AHPK-079.</p> <p>He has 25 years vast Experience in hospitality senior Management positions and consultancy in Training, he has previously worked as group General Manager of Legacy star Hotels, General manager Town chick, Operational Manager Gazebo grill company, Food and Beverage Manager Parklands sports club and Front office Manager in LaBelle inn Naivasha.</p>
3. Lillian Obura		<p><b>DoB: 29<sup>th</sup> December 1977</b></p> <p>Ms. Obura the Internal Auditor (KSLH) holds a Bachelor of Commerce degree (Accounting Option) from Africa Nazarene University and Diploma in Banking. Ongoing student of Masters in Business Administration (ANU). Member of Institute of Internal Auditors &amp; ISACA.</p> <p><b>Work Experience:</b></p> <p>2007- 2008- Accountant, Tamarind Mombasa 2008- 2013: Asst. Internal Auditor – KSLH 2014- January 2020: Internal Auditor – KSLH 2020- to 1<sup>st</sup> March 2022: Ag. Finance Manager 1<sup>st</sup> March 2022 to date – Internal Auditor</p>
4. Eunice Nzilani		<p><b>DoB: 28<sup>th</sup> December 1982</b></p> <p>Ms. Nzilani the Human Resource Manager(KSLH) holds Bachelor of Business</p>

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Name	Photo	Key Professional/Academic Qualifications & Work Experience
		<p>Administration Human Resource degree from Jomo Kenyatta University            Higher Diploma in HRM and Industrial relations Technical University of Mombasa            Diploma in HRM and Industrial Relations(TUM)            Member of Institute of Human Resource Management</p> <p><b>Work Experience:</b>            2006-2010 –HRM Sai Rock Hotel            2011-HRO-AAppeals            Jan 2012-Apr 2014 HRO –AWL            2014 – to date: Human Resource Manager-KSLH</p>
<p><b>5. CPA. Douglas Nyokwoyo</b></p>		<p><b>DoB :13<sup>th</sup> January 1987</b></p> <p>Mr. Nyokwoyo is the Finance Manager of Kenya Safari Lodges and Hotels Ltd.</p> <p>He holds a Bachelor of Commerce (Finance Option) from KCA University.            He is certified public Accountant and currently undertaking Masters of Science in Finance at Kenya University            A member of ICPAK-Kenya - 19242</p> <p><b>Work Experience</b>            February 2022 to date-Finance Manager-KSLH            May 2021-February 2022-Head of Finance and Accounting-Nzoia Water Services Company            June 2014-June 2019-Histoto Limited, Head of Finance and Administration            April-December 2013-Hamdi Restaurant-Manager/Accountant            2012 Sep-April 2013-Accountant, Kaplan &amp; Stratton Advocates-            2011-2012-Tumaini Community Development-Accountant</p>

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**K) CHAIRMAN'S STATEMENT**

Tourism is significant driver of socio Economic growth, development and leading foreign exchange earner of the country, employment creation as well as promoting regional development.

Year 2023/2024 witnessed Many businesses across a wide spectrum of industries including the hotel and tourism sector registering significant tremendous improvement in their trading activities compared to previous year despite the continued uncertainty challenges of the industry.

The high expectations are on the current financial year of 2024/2025 with high registered increased booking forecast, which is attributed to business stakeholder partnership collaboration, diversification and conservation of our destinations, creation of new tourism revenue streams centers and marketing promotions channels, we are confident that this will continue restoring confidence and stability in the sector and improve international and local tourism market travel visitation.

**BUSINESS REVIEW**

The beginning of the financial year 2023/2024) under review coincided with the recovery period of the tourism sector, with many jurisdictions having eased restrictions that had been imposed due to Covid-19 thereby making the business prospects better than the previous year. This improved tourism market recovery has led to increased Schedule of international flights in coastal tsavo travel tourism circuit which has boosted occupancies of KSLH Tsavo East and West lodges. The Board and Management of KSLH have rolled out robust plans and strategies that are aimed at addressing the challenges and setbacks that affect our company for better performance reengineered business prospects.

Local guests continue to be the main supporters of the hotel while international guest for our lodge bookings. Mombasa Beach Hotel bookings also receive business from Government Ministries, Department and Agencies (MDAs) for accommodation, conferencing, food and beverage services that have contributed to main generators of sales revenue during the first half of FY 2023/2024. One of the challenges that we have faced at Mombasa Beach Hotel is the aging of the facility without undergoing renovation for long this has led to declined standards of the room with stiff competition from other hotels due to the status of the facility thus not being able to compete with other Hotels within the North Coast for the few clients visiting the region. The management is however on the final stages of initiating a renovation exercise which will improve the general outlook of the facility and turn around its fortunes making it more competitive, the last quarter of the year was also characterized by low cyclic season in our Tsavo lodges due to the tourist cycle timings, the same is usually at the peak between June and March each calendar year.

**FINANCIAL PERFORMANCE**

KSLH recorded annual sales revenue of Ksh 500.3M as at 30 June 2024 against a revenue budget of Ksh.474.4M representing a positive variance of 5 % above budget. Compared to FY2022/2023 sales turnover of KES 370.8M this represents a difference of Ksh 129.5M or a 26% increase in revenues. Gross Profit achieved for 2023/2024 was Ksh.409.4M against a budgeted target of Ksh 369.3M representing a negative variance of 11 % against the budget. KSLH realized an operating profit of Ksh. 31.2M compared to budget estimated profit of Ksh. 5.5M against a previous year loss of Ksh. (18.6) M denoting and improvement in performance This was due to an increase in occupancy levels across all the units and increased utilization of Mombasa Beach Hotel conference facilities and Food and beverage services.

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**CHALLENGES FACING THE COMPANY**

1. **Facilities:** all three KSLH units require renovations and upgrading of its facilities.
2. **Plant, equipment, furniture and fittings:** Most of the key equipment's are not operational or fully depreciated requiring regular repairs.
3. **Motor vehicles:** The set of seven vehicles are fully depreciated, unserviceable and obsolete. There is need for total replacement with new ones.
4. **Business challenges:** the company faces stiff competition from hotels & lodges with modern facilities and has challenges attracting and retaining high value clients owing to the aged status and tired look of the facilities.
5. **Trade creditors, statutory liabilities and unremitted payroll deductions:** the Company is struggling to clear outstanding VAT, PAYE and Tourism Fund levy because of constrained cash flows associated with poor business and negative working capital. Payment plans in place relate to historical debts and KSLH is struggling to meet current tax liabilities and other obligations (pension scheme contributions, SACCO and staff terminal benefits arrears etc)
6. **Debt Collection:** Debt recovery is slow and negatively impacts on cash flows due to long processes in payments by government institutions.
7. **Technical Insolvency:** the Company has been on the brink of technical insolvency arising from persistent losses and very weak and negative working capital. KSLH continued operation as a going concern is dependent upon the support of its creditors, shareholders and Government.

**LOOKING AHEAD**

Despite all the challenges the Board is committed to improve the company facilities for efficiency and to make our Hotels and Lodges competitive. With improved profitability the company will be able to meet its financial obligations. we are focused to conducting our business operations in a professional and transparent manner mitigating the risks and seeking more partners to support us which will increase our market share.

We are committed to being innovative in our business processes to attract and retain clients outside our traditional market, be more efficient and become economically sustainable

  
Chairman- Board of Directors

27<sup>th</sup> September 2024



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**L) REPORT OF THE ACTING CHIEF EXECUTIVE OFFICER**

During the Financial year 2023/2024 the company witnessed improved average performance compared to the previous year despite myriad challenges that is faced by the organization and stiff competition from other industry players. This significant performance improvement is attributed to diversification of our new revenue streams, customer experience loyalty programs, international tourism market recovery, enhanced marketing strategy with strategic partnership collaboration. The support from the local and regional market segments for leisure and corporate travels also contributed to improved revenues growth compared to the last financial year 2022/2023. Our aim is to continue tapping into the domestic market alongside the foreign markets in order to maximize on our return on investment.

Within the year, Mombasa Beach Hotel continued to receive holiday makers and government conferences from Ministries, Departments and Agencies (MDA'S) while our Tsavo based Lodges had traditional international clients and domestic clients leading to good performance in the second and third quarter, despite this the lodges were also hit by tourism seasonality cycle challenges leading to low season in the fourth quarter, to address this we are strategizing to diversify our market share to include corporate conferences for our Lodges to improve revenues during the low seasons.

With current robust plans and measures put in place, we are optimistic that hotel Renovations will be implemented in the current period 2024/2025 to boost and increase the revenue sales turnover on accommodation and improve on recommended facility tourism standards. That the Countries economy will also stabilize with the focus in Agriculture and promote local products to ease on the increased cost of commodities experienced in the current period 2023/2024.

That the good will enjoyed by the Hotel from its creditors will continue and Marketing department continue to expand on new revenue centers of the hotel, as we seek to increase the Market segments currently served by the Hotel and Local tourism encouraged by the Government to cushion the country's economy, embrace the nation and stimulate economic growth of the country.

That the Hotel will continue to enjoy the support of the parent ministry to enable it realize its vision and mission of their current strategic implementation plan.

**FINANCIAL PERFORMANCE**

KSLH recorded annual sales revenue of Ksh 500.3M as at 30 June 2024 against a revenue budget of Ksh. 474.4 M representing a positive variance of 5 % above budget. Compared to FY2022/2023 sales turnover of Ksh370.8 M this represents a difference of Ksh 129.5 M or a 26% increase in revenues. Gross Profit achieved for FY2023/2024 was Ksh.409.4 M against a budgeted target of Ksh 369.3M representing a negative variance of 11% against the budget. The increase in gross profit was associated with increased revenues.

KSLH realized an operating profit of Ksh. 31.2 M compared to budget estimated profit of Ksh. 5.5M against a previous year loss of Ksh. (18.6) M denoting and improvement in performance

This was due to an increase in occupancy levels across all the units and increased utilization of Mombasa Beach Hotel conference facilities and food & beverage services.

**KSLH OPERATIONS AND FACILITIES ASSESSMENT**

KSLH has experienced financial difficulty and erosion of shareholder's capital due to a combination of the following factors;

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**1) Aged facilities and old equipment, furniture and fittings:**

Most of the buildings and facilities are old and aged requiring complete facelift; most of the equipment, furniture and fittings are fully depreciated and unserviceable posing challenges to operations and efficient service delivery to clients. Areas that call for complete overhaul of operating equipment's include:

**) Mombasa Beach Hotel**

- **Kitchen cooking ranges and bakery oven;** cold rooms and freezers, laundry equipment, food and beverage equipment for bars and restaurants.
- **Guest rooms refurbishment** including balcony sliding doors, bathrooms and main bedroom doors and new linen for the rooms.

**b) Voi & Ngulia Safari Lodges**

- **Kitchen cooking ranges and bakery oven;** cold rooms and freezers, laundry equipment, food and beverage equipment for bars and restaurants.
- The room's interior decor need to be improved and linen renewed.

2) **High operation costs** - high cost of repairs and maintenance due to aged and worn out facilities, high electricity, water and staff costs. Need to use renewable energy(Solar) in the units.

3) **Business challenges** – the units are facing great challenges in attracting and retaining good businesses due to the status of the facilities.

4) **Revenue decline** - decline in rooms sales due to the status of the rooms. Influx of new hotels, Airbnb and global brands that have increased competition.

5) **Statutory deductions** – the units are not remitting statutory deductions including staff deductions as they should: SACCO, Staff Welfare, union's dues, PAYE and Tourism Fund levy due to constrained cash flows.

6) **Pending bills (suppliers and other creditors)** – huge levels of unpaid bills; persistent problem of non- payment of suppliers of goods and services on time as per credit terms.

7) **Funding needs** – unable to attract private and or commercial funding

8) **Financial downturn experienced in the tourism sector due to external factors** e.g. COVID-19 pandemic, insecurity, political disruption and seasonal fluctuations.

9) **Human resources-** gaps in training and professional development.



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**WAY FORWARD**

The company endeavors to leverage on securing our competitive advantage, the resilience of our business while cost efficiency and cash management remains critical.

We are creative Sales and Marketing strategies to be able to compete in the changing customer preferences and market dynamics. We hope to gain new source markets and follow up to retain our current traditional markets for improved performance.



**Mr. Ronald Simiyu**  
**Ag. General Manager**

.....<sup>27<sup>th</sup></sup>.....Sep. 2024

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**VI. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2023/2024**

KSLH has four strategic objectives within the current strategic plan for the FY 2022 - FY 2025. These strategic objectives are as follows;

Priority Area	Strategic Objectives
Financial sustainability of KSLH	<ol style="list-style-type: none"> <li>1. Develop new sources of revenue streams</li> <li>2. Strengthen cost reduction measures</li> </ol>
Customer satisfaction	<ol style="list-style-type: none"> <li>1. Increase market share</li> <li>2. Increase customer retention</li> <li>3. Strengthen brand awareness</li> <li>4. Strengthen partnership with stakeholders</li> </ol>
Internal Business process	<ol style="list-style-type: none"> <li>1. To renovate and refurbish KSLH facilities</li> <li>2. Improve ICT for increased business</li> <li>3. Enhance creativity and innovation</li> </ol>
Learning and growth	<ol style="list-style-type: none"> <li>1. Recruit professionals who create success for customers</li> <li>2. Train and develop staff</li> <li>3. Develop and implement performance culture</li> <li>4. Build capacity of Board members</li> </ol>

KSLH develops its annual work plans based on the above four pillars/objectives. Assessment of the Board's performance against its annual work plan is done on quarterly basis. KSLH achieved its performance targets set for the FY 2023/2024 for the period for its three strategic pillars/objectives as indicated in the diagram below;

Strategic Pillar	Objective	Key Performance	Activities	Achievements
Customer satisfaction	Increase market share Increase customer retention Strengthen brand awareness Strengthen partnership with stakeholders	Customer satisfaction	Sales and Marketing activities	Familiarization trips for Local Tour Operators. Influencer engagements Mainstream Media visibility and social media awareness. Recognition of repeat clients. KSLH increased domestic client database by 40%



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Internal Business process	<p>To renovate and refurbish KSLH facilities</p> <p>Improve ICT for increased business</p>	Improved revenue streams.	<p>Request for funding from National treasury and shareholders injection.</p> <p>Refresher training on use of existing ICT systems to maximize value for money</p>	<p>Approved budget for Repairs and maintenance of facilities</p> <p>Enhanced internal control systems.</p>
Learning and growth	<p>Recruit professionals who create success for customers</p> <p>Train and develop staff</p> <p>Develop and implement performance culture</p> <p>Build capacity of Board members</p>		Training, professional recruitment and appraisals.	<p>Conducted various training programs to staff vide internal and external training.</p> <p>Continuous performance management review.</p>

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**VII. CORPORATE GOVERNANCE STATEMENT**

Kenya Safari Lodges & Hotel Ltd (“KSLH”) is a limited liability company registered under the Kenya Companies Act whose share holding is as follows:

<b>Shareholder</b>	<b>No. of Shares</b>	<b>% Shareholding</b>
Kenya Development Corporation	4,110,855	82.45%
Mountain Lodges Ltd	884,853	17.53%
Kenya Wildlife Service	1,016	0.02%

***Board of Directors***

Kenya Safari Lodges & Hotel has Articles of Association as prescribed by the law and under Article 85 the authority to appoint Directors is vested in the Board of Directors. It is the practice that directors are nominated for appointment to the Board of Directors by the shareholders mainly on prorata basis.

The Board is guided by the Board Charter, Government circulars and relevant laws and regulations.

During the period under review the Board consisted of 4 substantive directors and 2 alternate directors as follows:

**KDC**

Three (3) directors including the Chairman of the Board.

**Mountain Lodges Ltd**

One (1) director

**KWS**

One (1) alternate director to the Director-General (KWS)

**Inspectorate of state corporations**

One (1) alternate director representing Inspectorate of State corporations

***Directorships***

KSLH Articles of Association Clause 84 provide that the number of Directors shall not be less than two and not more than ten directors. Under Clause 85 of the Articles of Association, provision has been made for the Board, from time to time, to appoint any other person as director, either to fill a casual vacancy or as an addition to the Board so long as at any time the number of directors shall not exceed the maximum number fixed.

Clause 91 of the Articles of Association of the Company provides that directors may elect a Chairman of their meeting and determine the period for which he is to hold office.

The Chairman of the Board is a non-executive independent director along with another director nominated by KDC. The directors have a wide range of business and professional skills and experience.

***Board Responsibilities***

The roles of the board and Management are separate and their responsibilities clearly defined.



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The Board defines the Company's strategic intent, objectives and values and ensures that procedures and practices are in place, to protect the Company's assets and reputation. It is responsible for the stewardship of the Company and assumes responsibility for retaining full and effective control over the Company. The Board also controls, supervises and administers the assets of KSLH; determines the provisions to be made for capital and recurrent expenditure of KSLH; enters into association with other bodies or organizations within or outside Kenya as the Board may consider desirable or appropriate; authorize the opening of banking accounts and acts responsibly towards the Company's stakeholders.

The conduct of Board members is consistent with their duties and responsibilities to the Company and they must always act within the limitations imposed by the Mwongozo Code of Conduct.

In order to ensure that the Board is able to discharge its responsibilities, the management is required to provide adequate and timely information on the Company's policies. It also considers an operational report from the General Manager; management accounts for each quarter; reports from each Board Committee; specific proposals for capital improvements; and major issues and strategic opportunities for the Company.

The Company Secretary advises the Board on all corporate governance matters and statutory requirements as well as attends all the Board meetings.

**Board Committees**

The Board has set up two main committees as outlined below with delegated mandate as stipulated. The committee is:

**Board Audit Committee:** the membership comprised of Mr. Edwin Wanyonyi (Chair until April 2024) Mr. Paul Mutuvi (Chair from 17/6/2024), Mr. Dominic Ndewa and Mr. Daniel Muimi (Member).

**Board Human Resource committee**

Board Human Resource Committee mandate is to deal with the following matters;

- i. Human Resources Strategy,
- ii. Recruitment, Remuneration and Human capital oversight;
- iii. Disciplinary matters;
- iv. Employee relations

The members of the KSLH Board Human Resource Committee comprises of; Kibuga Kariithi (Chairperson) Mr. Dominic Ndewa (Member) and Mr. Daniel Muimi (Member)

Since Kenya Safari Lodges and Hotel is a state corporation, committees are guided by the guidelines in the public sector issued by the Treasury. The Board audit committee main activities are to determine whether risks, internal controls and compliance maturities are reasonably in place, planned and directed, for goals of KSLH to be realized as expected by stakeholders. It does this by overseeing the auditing and financial reporting processes of KSLH

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**VIII. MANAGEMENT DISCUSSION AND ANALYSIS**

The company sales revenue increased by 26% to Kshs.445M from Kshs.351M attained in FY2022/23. All the 3 Units of KSLH, recorded increased sales revenues compared to the previous year. The sales were above the targeted sales in the annual budget 2023/2024. This was as a result of the facilities especially Mombasa Beach Hotel not being able to compete leading to negative impact on the occupancy levels.

The company performance trend for the last five years is as tabulated below;

<b>Kshs '000</b>	<b>2019/2020</b>	<b>2020/2021</b>	<b>2021/2022</b>	<b>2022/2023</b>	<b>2023/2024</b>
<b>Revenue</b>	369,773	154,003	251,612	351,469	444,545
<b>Profit/Loss</b>	21,517	(109,715)	(68,900)	(18,569)	31,197

Although the renovation project was scheduled to begin at the beginning of the period under review this was set-aside due to lack of funding. Therefore, the company was only able to undertake minimal capital improvement to replace the worn machines and equipment's for all the units and much more is yet to be achieved. As a result, KSLH properties are unable to command a leadership position in market share within their respective locations.

The company's statutory and other financial obligations have continued to increase as shown below. This state of affairs is attributed mainly by historical liabilities accrued over the years, decreasing revenues and profitability experienced in the last five years.

<b>ITEM</b>	<b>AMOUNT(Ksh)</b>
VAT	305,641,029
Withholding tax	9,943,448
PAYE	202,168,047
CLT	77,130,960
Pension	41,057,720
Saccos	4,553,530
Trade Creditors	108,612,418

Consequently, the company is facing liquidity challenges, due to the negative working capital casting doubt on the ability of the company to meet its financial obligation when they fall due and its continued existence as a going concern depends on the continued support from its creditors.

Management is hopeful that the company is going to maintain profitability as indicated as our source international markets continue lifting travel restrictions, facility improvements and widening our market source to domestic markets. Meanwhile Management has reviewed its Strategic plan, putting more



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emphasis on all its trading units to ensure revenues start rising to enable the company reduce its trade creditors and other liabilities. Out of court settlement and negotiations on payment modalities have also been undertaken between trade creditors, other creditors and KSLH, the company having been issued with demand letters and we endeavor to honor the commitments entered. The institution is also at an advanced stage of securing funds for renovations, that shall help a great deal in making the facility competitive thereby improving the cash flow and working capital position

**KENYA SAFARI LODGES AND HOTELS LIMITED**  
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**IX. ENVIRONMENTAL AND SUSTAINABILITY REPORTING**

KSLH exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the customer/Citizen first, delivering relevant goods and services and improving operational excellence.

KSLH is committed to carrying out its business and affairs in a socially responsible, sustainable and meaningful way, taking into account ethics, economic development and the environment while improving the quality of life of the workforce, their families, local community and society at large.

KSLH focused its commitment and contributions along the lines of the following core themes:

- (i) **Sustainability strategy and profile-** during the year, KSLH undertook drastic measures on cost management to keep the company afloat. Ongoing negotiations with Trade creditors and others on fair prices and payment modalities, engagement with our main banker and shareholders on financing. KSLH also undertook rigorous Sales and marketing activities with an aim of boosting revenue.
- (ii) **Environmental performance-** During the year KSLH undertook several beach cleaning exercises geared towards protection and rehabilitation of the environment more specifically the beach environment. The lodges participated in tree planting activities within the year. We have been abiding to the NEMA guidelines on effluent discharge and waste disposal.
- (iii) **Employee welfare-** during the year HR instruments was reviewed by SCAC in line with the best practice. The instruments were presented to the Board of directors and implementation is ongoing. The instruments are holistic in nature taking into account professional hiring modalities, gender ratios and regional balance. KSLH is prescribed to the implementation of Occupational safety and health Act of 2007, (OSHA).
- (iv) **Market place practices –** KSLH ensures responsible competition practices by addressing issues of corruption, fair competition and respect for competitors. KSLH is not affiliated to any political party but respects all as possible clients.

***Corporate social responsibility/Community engagements***

- a. **Education-** During the year KSLH endeavored to support educational activities which include HIV/AIDS awareness, Career development among the vulnerable groups and Special projects geared towards empowerment of the youth through internship.
- b. **Sports promotion -**KSLH has sports teams for men and women which participate in local tournaments.
- c. **Beautification projects -** KSLH sought to partner with other stakeholders in beautification of the city of Mombasa. The lodges have also partnered with KWS on environmental clean-ups within the parks.
- d. **Local community programs-**During the year KSLH partnered with local community in CSR activities like provision of food and basic donations.



**KENYA SAFARI LODGES AND HOTELS LIMITED**  
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**X. REPORT OF THE DIRECTORS**

The Directors submit their report together with the audited financial statements for the year ended June 30, 2024 which show the state of the Kenya Safari Lodges and Hotels affairs.

**Principal activities**

The Principal activity of the Kenya Safari Lodges and Hotels is ownership and operation of hotel and lodge facilities in Kenya. KSLH vision is to be a market leader in beach and bush experience; the mission is to guarantee value to guests through heartfelt experiences and core values are integrity, agility, diversity, inclusivity, customer focus and creativity.

**Results**

The results of the entity for the year ended June 30, 2024 are set out on page 1

**Dividends**

The Directors' do not recommend the payment of dividend this year.

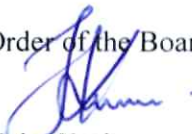
**Directors**

The members of the Board of Directors who served during the year are shown on page ii-iii In accordance with Regulations of the Kenya Safari Lodges and Hotels Ltd Memorandum and Articles of Association;

**Auditors**

The Auditor General is responsible for the statutory audit of the Kenya Safari Lodges and Hotels Ltd in accordance with article 229(4) (5) (6) and (7) of the Constitution of Kenya and Public Audit Act 2015 and the Public Finance Management (PFM) Act 2012.

By Order of the Board

  
Mr. John Karia  
Corporation Secretary  
Mombasa

Date:.....22/09/2024



**KENYA SAFARI LODGES AND HOTELS LIMITED**  
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**XI. STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Section 81(5) of the Public Finance Management Act, 2012 and section 14(3) of the State Corporations Act, require the Directors to prepare financial statements in respect of that Company, which give a true and fair view of the state of affairs of the Company at the end of the financial year/period and the operating results of the Company for that year/period. The Directors are also required to ensure that the Company keeps proper accounting records which disclose with reasonable accuracy the financial position of the Company. The Directors are also responsible for safeguarding the assets of the Company.

The Directors are responsible for the preparation and presentation of the KSLH's financial statements, which give a true and fair view of the state of affairs of the Company for and as at the end of the financial year (period) ended on June 30, 2024. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Company; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Company's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards (IFRS), and in the manner required by the PFM Act and the State Corporations Act. The Directors are of the opinion that the Company's financial statements give a true and fair view of the state of Company's transactions during the financial year ended June 30, 2024, and of the Company's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Company, which have been relied upon in the preparation of the Company's financial statements as well as the adequacy of the systems of internal financial control.

The directors noted the liquidity risk facing the company and the shareholders commit to support the company in improving the facility to generate more revenues.

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

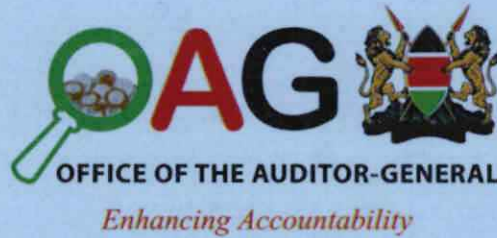
**Approval of the financial statements**

KSLH financial statements were approved by the Board on the ...<sup>22<sup>th</sup></sup>... Day of <sup>SEPT</sup>... 2024 and signed on its behalf.

Signature.....  
**Ms. Norah Ratemo**  
Chairman of the Board

Signature.....  
**Mr. Ronald Simiyu**  
Accounting Officer

# REPUBLIC OF KENYA



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NAIROBI

## REPORT OF THE AUDITOR-GENERAL ON KENYA SAFARI LODGES AND HOTELS FOR THE YEAR ENDED 30 JUNE, 2024

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### 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 Kenya Safari Lodges and Hotels set out on pages 1 to 34 which comprise the statement of financial position as at 30 June,

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*Report of the Auditor-General on Kenya Safari Lodges and Hotels for the year ended 30 June, 2024*

2024 and the statement of profit/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 30 June 2024 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 Kenya Safari Lodges and Hotels as at 30 June, 2024 and of its statement of profit/loss and other comprehensive income and its cash flows for the year then ended, in accordance with the International Financial Reporting Standards (IFRS), and comply with the Kenya Companies Act, 2015, the State Corporations Act, 2015 and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Inaccurate Statement of Profit/Loss and Other Comprehensive Income.**

The statement of profit or loss and other comprehensive income reflects total income and total expenses of Kshs.362,603,000 and Kshs.375,825,000 respectively. The income and expenses include Kshs.146,797,090 (USD 1,334,519) and Kshs.664,290 (USD 6,039) respectively which were recorded in the ledgers using standard exchange rate of Kshs.110 to 1 USD instead of the prevailing market dollar exchange rate at the date of the transaction contrary to Note 3 (e) management's assertions on reporting foreign currency transactions.

In the circumstances, the accuracy and completeness of the total income and total expenses of Kshs.362,603,000 and Kshs.375,825,000 respectively could not be confirmed.

#### **2. Inaccurate Trade and Other Receivables Balance**

The statements of financial position and Note 19 to the financial statements reflects trade and other receivables of Kshs.256,955,000 which includes Kshs.78,661,000 in respect of other debtors and prepayments. Review of the ledger provided for audit revealed credit balances totalling Kshs.1,735,386 which were not supported by documents to show the nature and purpose of the adjustments with net effect of reducing the actual balance of other debtors and prepayments.

In the circumstances, the accuracy and completeness of other debtors and prepayments of Kshs.78,661,000 could not be confirmed.

#### **3. Inaccurate Inventories Balance**

The statement of financial position and Note 18 to the financial statements reflects inventories balances of Kshs.9,549,000. Included in this amount is Kshs.2,122,000 and Kshs.16,000 in respect to drinks and Tobacco respectively. However, review of inventory

ledgers provided for audit and cost of sales analysis report revealed that beverages and tobacco worth Kshs.15,220,733 and Kshs.234,261 respectively were in stock as at 30 June, 2024 which differs with the reported balances resulting to variances of Kshs.13,098,733 and Kshs.218,261 respectively. Although Management explained that the schedule provided supports the reported balance, the ledger balances differ with the stock card balances provided for audit.

In the circumstances, the accuracy and completeness of inventories balances of Kshs.9,549,000 could not be confirmed.

#### **4. Unsupported IPF Loan**

The statement of financial position and Note 26 to the financial statements reflects borrowings – short term and TFC Loan of Kshs.12,007,000 and Kshs.4,125,000 respectively. Included in borrowings – short term is Kshs.2,597,000 in respect of KCB A/C IPF Loan on Insurance Premium Finance Agreement of Kshs.10,814,044. However, review of the Board minutes revealed that the approved loan ceiling was Kshs.8,000,000 as compared to the loan agreement amount of Kshs.10,814,044 resulting to extra unapproved borrowing of Kshs.2,814,044. Further, the loan agreement did not disclose the loan term and the interest rate payable.

In the circumstances, the accuracy and completeness of the borrowings – short term of Kshs.12,007,000 could not be confirmed.

#### **5. Understatement of Cash and Cash Equivalents**

The statement of financial position and Note 25 to the financial statements reflects cash and cash equivalents of Kshs.12,000,000. The amount relates to balances held in three (3) bank accounts and cash in hand float. Review of the cash books, bank statements, bank reconciliation statements and cash receipts records for Dollar equivalent KCB account revealed that the opening balance of Kshs.865,370 (USD 7,867 @ 1 USD to Kshs.110) was omitted in the cash book resulting understatement of the reported cash and cash equivalents. Further, an amount of Kshs.647,790 (USD 5,889 @ 1 USD to Kshs.110) received in cash during the month of June, 2024 was not recorded in the cash book. In addition, Kshs.335,830 (USD 3,053 @ 1 USD to Kshs.110) was not receipted hence could not be confirmed in the cash book.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.12,000,000 could not be confirmed.

#### **6. Long Outstanding Trade Debtors**

The statement of financial position and Note 19 to the financial statements reflects trade and other receivables balance of Kshs.256,955,000 which includes trade debtors totalling Kshs.186,352,000 up from Kshs.152,641,000 during in the previous year, or an increase of 22%. Debts totalling Kshs.150,141,182 were outstanding for more than six (6) months out of which Kshs.74,369,109 relates to debts owed by guests who had already checked out without settling their bills as at 30 June, 2024.

In the circumstance, the accuracy and completeness of trade and other receivables of Kshs.256,955,000 could not be confirmed.

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Kenya Safari Lodges and Hotel 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**

### **1. Material Uncertainty Related to Going Concern**

The financial statements and as disclosed in Note32 indicates that the Company is facing liquidity risk due to its negative working capital of Kshs.592,192,000 resulting from its total current liabilities of Kshs.895,544,000 exceeding its total current assets of Kshs.303,352,000 as at 30 June, 2024. In addition, the company had accumulated losses totalling Kshs.566,146,000 as at 30 June, 2024 (2023 – Kshs.597,343,000). Management and Directors have disclosed that this unsatisfactory situation is being addressed through review of marketing strategies with focus on lodges and negotiations and out of court settlement with the creditors.

Further, as previously reported, the Company in 2013/2014 financial year successfully negotiated for conversion into equity of a loan totalling Kshs.75,554,000 received from the Tourism Finance Corporation. The interest accrued thereon was waived. However, despite these actions, the working capital position of the Company and its overall financial performance have continued to decline except for the current year under review with a profit after tax of Kshs.31,197,000.

These conditions indicate the existence of a material uncertainty that casts doubt on the Company's ability to meet its financial obligations as they fall due, and to continue as a going concern.

In the circumstances, the Company's existence as a going concern is depended upon continued support from its shareholders, bankers and creditors.

### **2. High Operating Costs**

The statement of profit or loss and other comprehensive income reflects total income of Kshs.453,471,000 as a summation of turnover and other income, against total operating expenses of Kshs.466,693,000 as summation of expenses and costs of sales, resulting to an operating cost ratio of 103%, thus exceeding the strategic plan recommended target of 62%. Further, as at the time of audit in December, 2024 the strategic initiatives set to achieve the objective had not been implemented.

In the circumstances, the strategic plan on key result areas and strategic direction may not be on course to be achieved.

### **3. Forfeiture of Cash Receipts on Sale of Shares**

As previously reported, the share capital of the Company was increased from Kshs.9,319,000 to Kshs.100,954,000 by rights issue of 5,047,724 ordinary shares of Kshs.20 each in October, 2013. The shares were offered to existing shareholders at Kshs.20 per share based on par value. However, the net assets of the Company as at 30 June, 2013 amounted to Kshs.667,399,000 and therefore the net assets value of each share was Kshs.145.65. as a result, the rights issue price of Kshs.20 per share was undervalued by Kshs.125.65 and resulted in loss to the Company of significant cash receipts that may otherwise have helped in reversing the Company's unfavourable cash position.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. Except for the matters described in the basis of qualified opinion section, I have determined that there were no other key audit matters to report in the year under review.

### **Unresolved Prior Year Audit matters**

In the audit report for the previous financial year, several issues were raised in respect of the Report on the Financial Statements, the Report on Lawfulness and Effectiveness in Use of Public Resources and the Report on Effectiveness of Internal Controls, Risk Management and Governance. However, Management has not resolved the issues or provided explanation for failure to implement the recommendations.

### **Other Information**

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

In connection with my audit on the Kenya Safari Lodges and 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 and 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. Unsupported Contract Extension on Provision of Staff Transport Service**

The statement of profit/loss and other comprehensive income reflects staff costs of Kshs.215,262,000 as detailed in Note 9 to the financial statements. Included in this amount is Kshs.13,448,000 relating to staff travel, out of which Kshs.3,445,000 was paid to a local travel agency for provision of staff transport. Although Management provided a series of approvals for extension of the contract since the year 2017, Minutes of the evaluation committee and approved professional opinion were not provided for audit confirmation contrary to the requirements of section 139 (2) of the Public Procurement and Assets Disposal Act, 2015 which states that an accounting officer of a procuring entity, on the recommendation of an evaluation committee, may approve the request the following, which request shall be accompanied by a certificate from the tenderer making a justification for such costs (a) extension of contract period.

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

#### **2. Lack of Contract on Maintenance of Sun Accounting System**

The statement of profit/loss and other comprehensive income and Note 13 to the financial statements reflects general expenses of Kshs.13,162,000 which includes an amount of Kshs.1,605,000 incurred on maintenance contracts. Review of maintenance contracts payments revealed that Kshs.1,369,075 was paid to a local service provider for support of Sun Systems Accounting System. However, no signed contract between the service provider and the Management was provided for audit confirmation contrary to Section 135 (4) of Public Procurement and Disposal Act, 2015 which states that no contract is formed between the person submitting the successful tender and the accounting officer of a procuring entity until the written contract is signed by the parties.

In the circumstances, Management was in breach the law.

### **3. Lack of Contract for Supply of Fuel, Gas and Water**

The statement of profit/loss and other comprehensive income and Note 8 to the financial statements reflects operating costs of Kshs.82,327,000 which includes fuel and gas expenditure of Kshs.25,021,000 incurred during the year. However, Management did not provide the contract for supply of fuel and gas signed between the Company and the service provider contrary to the requirements of Section 135 (4) of Public Procurement and Disposal Act, 2015 which states that no contract is formed between the person submitting the successful tender and the accounting officer of a procuring entity until the written contract is signed by the parties.

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

### **4. Unsupported Expenditure on Insurance**

The statement of profit/loss and other comprehensive income and Note 13 to the financial statements reflects general expenses of Kshs.13,162,000. Included in this amount is Kshs.3,793,000 incurred on insurance. Review of documents supporting the expenditure revealed that Kshs.703,610 was paid to a service provider for motor vehicles and other property insurance which was not supported by procurement documents and a contract. Further, Kshs.3,088,968 was paid to an insurance service provider for various general insurance classes, however, the contract agreement between the Company and the service provider was not provided for audit confirmation contrary to Section 135 (4) of Public Procurement and Disposal Act, 2015 which states that no contract is formed between the person submitting the successful tender and the accounting officer of a procuring entity until the written contract is signed by the parties.

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

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, I confirm that nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

## **Basis for Conclusion**

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal 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.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to 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 Management and the Board of Directors are responsible for overseeing the Company'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 for 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 IFPP 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**

**31 December, 2024**

**KENYA SAFARI LODGES AND HOTELS LIMITED**  
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**For The Year Ended June 30, 2024**

**XIII. STATEMENT OF PROFIT/LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2024**

		JUNE	JUNE
	Notes	2024	2023
		Shs'000	Shs'000
TURNOVER	4	444,545	351,469
COST OF SALES	7	(90,868)	(75,119)
GROSS PROFIT		<b>353,677</b>	<b>276,350</b>
OTHER INCOME	5	8,926	6,126
TOTAL INCOME		<b>362,603</b>	<b>282,476</b>
OPERATING COSTS	8	82,327	65,227
STAFF COSTS	9	215,262	192,032
ADMINISTRATIVE COSTS	10	27,406	20,360
REPAIRS AND MAINTENANCE	11	26,997	17,247
ADVERTISING AND PROMOTION	12	3,855	2,700
GENERAL EXPENSES	13	13,162	9,712
DEPRECIATION	16	6,816	5,292
AMORTIZATION			
TOTAL EXPENSES		<b>375,825</b>	<b>312,569</b>
OPERATING PROFIT/(LOSS)		<b>(13,222)</b>	<b>(30,093)</b>
FINANCE INCOME	6	46,850	13,240
FINANCE COSTS	14	(2,431)	(1,716)
EARNINGS BEFORE EXTRA ORDINARY ITEMS		<b>31,197</b>	<b>(18,569)</b>
PROFIT/(LOSS) BEFORE TAX		<b>31,197</b>	<b>(18,569)</b>
INCOME TAX EXPENSE/(CREDIT)			
PROFIT AFTER TAX		<b>31,197</b>	<b>(18,569)</b>
PROVISION FOR BAD DEBTS			
LOSS FOR THE YEAR			




**KENYA SAFARI LODGES AND HOTELS LIMITED**  
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**XIV. STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2024**

	<u>Notes</u>	<b>JUNE 2024</b>	<b>JUNE 2023</b>
		<b>Shs'000</b>	<b>Shs'000</b>
<b><u>ASSETS</u></b>			
<b><u>NON-CURRENT ASSETS</u></b>			
Properties, Plant and Equipment	16	1,729,844	554,236
Intangible assets	17	0	0
<b><u>CURRENT ASSETS</u></b>			
Inventories	18	9,549	8,293
Trade and other receivables	19	256,955	204,281
Short term Deposits	29	24,848	24,387
Cash and cash equivalent	25	12,000	6,198
<b>Sub-total</b>		<b>303,352</b>	<b>243,159</b>
<b>TOTAL ASSETS</b>		<b>2,033,196</b>	<b>797,395</b>
<b><u>EQUITY AND LIABILITIES</u></b>			
<b><u>OWNERS' EQUITY</u></b>			
<b><u>CAPITAL AND RESERVES</u></b>			
Share Capital	20	100,954	100,954
Revaluation Reserve	22	1,595,571	428,730
Retained Earnings	21	(566,146)	(597,343)
<b>Shareholders' Funds</b>		<b>1,130,379</b>	<b>-67,659</b>
<b><u>NON-CURRENT LIABILITIES</u></b>			
Borrowings -long term	23	7,275	7,525
Contingent Liabilities	28	0	0
<b>Sub-total</b>		<b>7,275</b>	<b>7,525</b>
<b><u>CURRENT LIABILITIES</u></b>			
Borrowings-short term	26	12,007	5,747
TFC Loan	26	4,125	4,125
Trade and other payables	24	879,410	847,657
Other payables		0	0
		895,542	857,529
<b>TOTAL OWNERS' EQUITY AND LIABILITY</b>		<b>2,033,196</b>	<b>797,395</b>

The financial statements were approved by the Board of directors on the 27<sup>th</sup> day of Sept. of 2024 and signed on its behalf by:

  
 .....  
**Ag. General Manager**  
**Mr. Ronald Simiyu**

  
 .....  
**Finance Manager**  
**Douglas Nyokwoyo**  
**ICPAK No. 19242**

  
 .....  
**Chairman of the BOD**  
**Ms. Norah Ratemo**

**KENYA SAFARI LODGES AND HOTELS LIMITED**  
**Annual Report and Financial Statements**  
**For The Year Ended June 30, 2024**

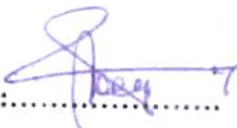
**XV. STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2024**

	Ordinary Shares	Revaluation Reserve	Profit & Loss Account	Total
As at 30 June 2022	100,954	448,064	(578,774)	(29,756)
Rights Issue				-
Prior year adjustment				
Revaluation surplus				-
Net Profit for The year			(18,569)	(18,569)
Prior year adjustment on revaluation		0		-
Transfer To Depreciation Equivalent		(19,334)		(19,334)
As at 30 June 2023	100,954	428,730	(597,343)	(67,659)
Rights Issue				-
Prior year adjustment		1		1
Revaluation surplus		1,194,575		1,194,575
Net Profit for The year			31,197	31,743
Prior year adjustment on revaluation				-
Transfer To Depreciation Equivalent		(27,735)		(27,735)
As at 30 June 2024	100,954	1,595,571	(566,146)	1,130,925

The financial statements were approved by the Board on 27th SEPT 2024 and signed on its behalf by:


**General Manager**

Name: Mr. Ronald Simiyu

Signature: 

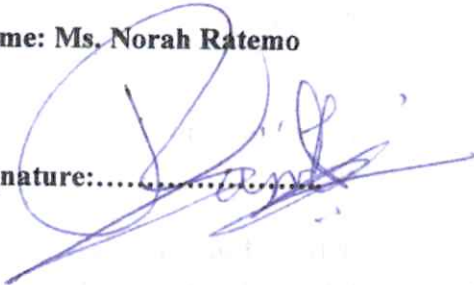
**Finance Manager**

Name: Douglas Nyokwoyo

Signature: 

**Chairman of the Board**

Name: Ms. Norah Ratemo

Signature: 

**KENYA SAFARI LODGES AND HOTELS LIMITED**  
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**XVI. STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2024**

		<b>JUNE</b>	<b>JUNE</b>
		<b>2024</b>	<b>2023</b>
		<b>Shs'000</b>	<b>Shs'000</b>
<b>Cash flows from operating activities</b>			
Sale of goods		444,545	351,469
Finance income		46,389	12,438
Other incomes		8,926	6,126
Total receipts		499,860	370,033
Payments			
Use of goods and services		199,455	158,385
Employee costs		215,262	192,032
Board Expenses		3,674	3,925
Repairs and maintenance		35,444	23,532
Contracted services		6,042	4,522
Total payments		459,877	382,396
<b>Net cash flows from/(used in) operating activities</b>		<b>39,983</b>	<b>-12,363</b>
<b>Working capital changes:</b>			
(Increase)/Decrease in inventories	18	(1,256)	(371)
(Increase)/Decrease in Trade and receivables	19	(52,675)	(43,609)
Increase/(Decrease) in Payables and accruals	24	31,754	64,441
<b>Sub-Total</b>		<b>(22,177)</b>	<b>20,461</b>
<b>Net cash flow from operating activities</b>	<b>32</b>	<b>17,806</b>	<b>8,098</b>
<b>Investing activities</b>			
Short term Investment	<b>29</b>	<b>(461)</b>	<b>(802)</b>
Purchase of fixed assets	16	(15,583)	(2,471)
Proceed from sale of Fixed Assets		-	-
Interest received	6	461	802
<b>Net cash flow from investing activities</b>		<b>(15,583)</b>	<b>(2,471)</b>
<b>Financing activities</b>			
Rights Issue proceeds		0	0
Loan repayment	23,26	(250)	0
Service Gratuity settlement	24	-	0
Bank overdraft	26	6,260	(2,535)
Payment of Finance cost	14	(2,432)	(1,716)
<b>Net cash flow from financing activities</b>		<b>3,579</b>	<b>(4,251)</b>
<b>Net Cash Flow for the year 2023</b>		<b>5,802</b>	<b>1,376</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>6,198</b>	<b>4,822</b>
<b>Cash and Cash Equivalents at the End of the Year</b>	<b>25</b>	<b>12,000</b>	<b>6,198</b>

**KENYA SAFARI LODGES AND HOTELS LIMITED**  
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**XVII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**FOR THE YEAR ENDED 30 JUNE 2024**

	<b>Original Budget</b>	<b>Adjustment</b>	<b>Final Budget</b>	<b>Actual comparable basis</b>	<b>Performance Difference</b>	<b>% of utilization</b>
	Ksh'000'	Ksh'000'	Ksh'000'	Ksh'000'	Ksh'000'	Ksh'000'
Sales	474,428	-	474,428	500,322	-25,894	106%
Cost of sales	105,085	-	105,085	90,868	14,217	86%
<b>Gross profit</b>	<b>369,343</b>	-	<b>369,342</b>	<b>409,454</b>	<b>-40,112</b>	<b>111%</b>
Expenditure						
Salaries & Wages	127,004	(4,999)	122,005	131,324	(9,319)	108%
Staff Expenses	80,645	2,254	82,899	70,490	12,409	85%
Staff Travel	13,575	-	13,575	13,448	127	99%
Property Upkeep & Expenses	15,089	-	15,088	13,162	1,926	87%
Repairs & Renewals	16,681	-	16,681	22,282	(5,601)	133%
Operating Costs	65,965	-	65,965	87,043	(21,078)	132%
Office Expenses	7,069	-	7,069	7,851	(782)	111%
Administration Expenses	5,500	6,000	11,500	6,917	4,583	60%
Directors fees/expenses	4,200	-	4,200	3,673	527	87%
Advertising & Promotion	7,203	-	7,203	3,855	3,348	54%
General Charges	11,388	-	11,388	8,963	2,425	78%
Depreciation & Amortization	8,437	-	8,437	6,816	1,621	81%
Interest & Other Charges	1,058	-	1,058	2,431	(1,373)	230%
<b>Total operating expenses</b>	<b>363,814</b>	<b>3,254</b>	<b>367,068</b>	<b>378,257</b>	<b>(11,189)</b>	<b>103%</b>
<b>Operating Profit</b>	<b>5,529</b>	-	<b>2,275</b>	<b>31,197</b>	<b>(28,922)</b>	<b>137%</b>
Capital expenditure	8,000	158,000	158,000	15,584	142,416	9%

**Notes to budget variances**

The unfavorable variance relates to salaries and wages and other staff expenses due to introduced housing levy tax and increase in NSSF employer contribution. Repairs and renewals due to the old facilities, operating costs due to skyrocketing prices of diesel and electricity bills going up. Bank charges were occasioned by increased charges on online payments which had not been budgeted for.

**KENYA SAFARI LODGES AND HOTELS LIMITED**  
**Annual Report and Financial Statements**  
**For The Year Ended June 30, 2024**

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**XVIII. NOTES TO THE FINANCIAL STATEMENTS**

**1. GENERAL INFORMATION**

Kenya Safari Lodges and Hotel Ltd was incorporated under the Kenya Companies Act (Cap 486) KSLH is classified as a State Corporation by virtue of being a subsidiary of Kenya Development Corporation (KDC,) which has a direct controlling stake of 82.45% of shares its domiciled in Kenya. The entity's principal activity is ownership and operation of hotel and lodge facilities in Kenya.

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 are prepared in accordance with International Financial Reporting Standards (IFRS).

For the Kenyan Companies Act reporting purposes, in these financial statements the balance sheet is equivalent to the statement of financial position and the profit and loss account is included in the statement of profit or loss and other comprehensive income.

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

The financial statements have been prepared in compliance with the PFM Act, the state Corporation Act, and International Financial Reporting standards (IFRS) issued by the International Accounting Standards Board (IASB). The financial statements have been prepared and presented in Kenya shillings (Kshs) rounded to the nearest thousand.

**3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) AND ACCOUNTING POLICIES**

**a) Revenue Recognition**

Turnover represents billings to guests and casual customers for accommodation, food and other services provided net of Value Added Tax, returns and rebates. Interest income is recognized when it accrues, by reference to the principal outstanding and the interest rate applicable. All other revenues are recognized at the time goods are supplied or services are provided.

**KENYA SAFARI LODGES AND HOTELS LIMITED**  
**Annual Report and Financial Statements**  
**For The Year Ended June 30, 2024**

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*SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)*

**b) Property, Plant and Equipment**

All Property, Plant and Equipment are stated at cost or revaluation less depreciation. The Mombasa Beach Lease is for a term of 99 years while Leases for Voi and Ngulia Safari Lodges were for a term of 50 years up to 2018 and 2019 respectively. Property, Plant and Equipment acquired under finance lease agreement are capitalized at the date of the agreement. Depreciation on assets other than land is calculated on the straight-line basis at annual rates estimated to write off the assets over their expected useful lives. While the value of land for Voi Safari Lodge & Ngulia Safari Lodge is amortized over the lease period.

The annual rates used are as follows: -

Buildings	30 years or the unexpired lease
Plant, Machinery, Furniture & Fittings	8 years
Vehicles	4 years
Computers	3 years
Intangible assets (soft ware's)	3 years

**c) Intangible Assets**

Intangible assets represent computer software which is stated at cost less amortization. Amortization is calculated to write off the cost of the assets on a straight line basis over their estimated useful life of 3 years.

**d) Inventories**

Inventories are stated at the lower of cost and net realizable value. Cost is determined by the first-in, first-out (FIFO) method. Net realizable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

**e) Foreign Currency**

Transactions during the year are converted into Kenya currency at a rate determined in consideration of the prevailing market exchange rates. Assets and Liabilities at the balance sheet date which are expressed in foreign currencies are translated into Kenya currency at rates ruling at that date.

The resulting differences from conversion and translations are dealt with in the profit and loss account in the year in which they arise.



**KENYA SAFARI LODGES AND HOTELS LIMITED**  
**Annual Report and Financial Statements**  
**For The Year Ended June 30, 2024**

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*SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)*

**f) Trade Receivables**

Trade receivables are carried at anticipated realizable value. An estimate is made for doubtful receivables based on the review of all outstanding amounts at the end of the year. Bad debts are written off when all reasonable steps to recover them have failed.

**g) Loans/Bank Borrowings**

Interest bearing loans and overdrafts are recorded as the proceeds are received, net of direct issue costs. Finance charges including premiums payable on settlement or redemption, are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period they arise. Interest and other finance charges are recognized as an expense in the period which they are incurred.

**h) Trade Payables**

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services received, whether billed or not.

**i) Taxation**

Current taxation is provided, under the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred tax. Deferred tax assets are recognized for all deductible **temporary** differences, carry forward of unusual tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and the unused tax credits can be utilized.

**j) Employee Benefit Costs**

The company operates a pension scheme which commenced 1<sup>st</sup> January 1975 (Certificate of Registration: Ref. No RBA/SC/01044) and is funded by payments from both the employee and the company. Benefits are paid to retiring staff in accordance with the Scheme's Trust Deed and Rules.

Being a Defined Contributions Scheme, liability is limited to the contribution and the Company has no obligation if the fund does not have sufficient funds to pay members retirement funds. Employer and Employee contribution rate is 10% and 5% respectively.

**KENYA SAFARI LODGES AND HOTELS LIMITED**  
**Annual Report and Financial Statements**  
**For The Year Ended June 30, 2024**

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*SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)*

The company also contributes to the National Social Security Fund (NSSF). Contributions are determined by the local statute and were previously at Kshs. 200 per employee per month, changed to Ksh 1,080 from July 23 to January 2024. Currently the contribution is Ksh 2,160 per employee.

Contributions by the company in respect of retirement benefit costs are charged to the Income Statement in the year to which they relate.

**Provision for staff leave and service pay**

Employees' entitled to annual leave are charged to the Income Statement as they fall due.

Employees on contract are entitled to gratuity at the end of the contract or employment, whichever comes earlier. The estimated monetary liability for such entitlement at the end of the balance sheet date is recognized as an expense accrual.

**k) Dividends**

Dividends on Ordinary shares (when earned) are charged to equity in the period in which they are declared. Proposed dividends are shown as a separate component of equity until declared.

**l) Cash & Cash Equivalents**

The company's Cash and Cash equivalents consist of Cash in Hand, Demand Deposits and Short-term investments with original maturities of three months or less from date of acquisition.

Cash in Hand and in banks and short term deposits which are held to maturity are carried at cost plus interest earned but not yet received at the balance sheet date.



**KENYA SAFARI LODGES AND HOTELS LIMITED**  
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*NOTES TO THE FINANCIAL STATEMENTS*

	<b>JUNE</b>	<b>JUNE</b>
	<b>2024</b>	<b>2023</b>
	<b>Shs'000</b>	<b>Shs'000</b>
<b>4.TURNOVER</b>		
Accommodation	165,182	129,126
Food	193,669	148,405
Beverage	44,180	37,351
Tobacco	339	286
Telephone	0	0
Laundry	346	379
Business Center	885	995
Functions	38,460	33,343
Petrol and oil	0	0
Sporting Facilities	1,484	1,584
	<b>444,545</b>	<b>351,469</b>
<b>5.OTHER INCOME</b>		
Rent	1,226	1,236
Sales of Fixed Assets	0	0
Other income	7,700	4,890
	<b>8,926</b>	<b>6,126</b>
<b>6.FINANCE INCOME</b>		
Foreign Exchange Gain	46,389	12,438
Interest Income	461	802
	<b>46,850</b>	<b>13,240</b>
<b>7.COST OF SALES</b>		
Food	74,325	60,085
Drinks	14,228	12,498
Tobacco	254	250
Telephone	0	0
Functions	1,713	1,974
Laundry	12	45
Business Center	336	267
Petrol and Oil	0	0
Sporting Facilities	0	0
	<b>90,868</b>	<b>75,119</b>

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	<b>JUNE</b>	<b>JUNE</b>
	<b>2024</b>	<b>2023</b>
	<b>Shs'000</b>	<b>Shs'000</b>
<b>8. OPERATING COSTS</b>		
Electricity	25,618	19,668
Fuel and gas	25,021	21,500
Water	4,550	3,470
Laundry & cleaning	11,558	9,032
Vehicle operating costs	5,323	3,643
Guest entertainment	5,967	4,941
Others	4,290	2,973
	<b>82,327</b>	<b>65,227</b>
<b>9. STAFF COSTS</b>		
Salaries and Wages	131,324	118,866
Staff Expenses	70,490	61,614
Staff Travel	13,448	11,552
	<b>215,262</b>	<b>192,032</b>
<b>10 ADMINISTRATIVE EXPENSES</b>		
Audit Fees	1,500	1,500
Professional Fees	2,731	501
Secretarial fees	771	0
Directors Expenses	3,674	3,926
Bad Debts provision	1,296	24
Service pay provision	0	0
Legal Fees	1,915	663
Office Expenses	7,851	6,961
General Expenses	7,668	6,785
	<b>27,406</b>	<b>20,360</b>
<b>11. REPAIRS &amp; RENEWALS EXPENSES</b>		
Building	8,297	4,511
Plant & Machinery	8,045	5,765
Motor Vehicles	4,716	3,426
Others	5,939	3,545
	<b>26,997</b>	<b>17,247</b>



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	<b>JUNE</b>	<b>JUNE</b>
	<b>2024</b>	<b>2023</b>
	<b>Shs'000</b>	<b>Shs'000</b>
<b>12. ADVERTISING &amp; PROMOTION</b>		
Advertising Expenses	250	115
Sales Promotion	3,605	2,585
	<b>3,855</b>	<b>2,700</b>
<b>13. GENERAL CHARGES</b>		
Rent & rates	7,661	5,702
Insurance	3,793	3,674
Gardens & Grounds	103	86
Maintenance Contracts	1,605	250
Service Pay Provision	0	0
	<b>13,162</b>	<b>9,712</b>
<b>14. FINANCE COSTS</b>		
Long/Short -term interest	457	474
Bank charges including overdraft	1,974	1242
	<b>2,431</b>	<b>1,716</b>
<b>15. TAXATION</b>		
<b>a) Current Tax</b>		
Tax charge for year		
Deferred tax		
There was no tax charge for the year due to Accumulated tax losses		

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**16. PROPERTIES, PLANT AND EQUIPMENT JUNE 2024**

2024	LAND Kshs'000	BUILDINGS Kshs'000	PLANT & MACHINERY Kshs '000	FURNITURE & FITTINGS Kshs '000	WIP	MOTOR VEHICLE E Kshs '000	COMPU TERS Kshs '000	Total
<b>COST/ VALUATION</b>								
At July 1,2023	400,000	657,813	88,532	47,330	-	14,621	21,848	1,230,144
Additions	-	-	10,870	311	3,200	-	1,202	15,583
Revaluation	940,000	254,575	-	-	-	-	-	1,194,575
Disposal	-	-	-	-	-	-	-	-
<b>At June 30,2024</b>	<b>1,340,000</b>	<b>912,388</b>	<b>99,402</b>	<b>47,641</b>	<b>3,200</b>	<b>14,621</b>	<b>23,051</b>	<b>2,440,303</b>
<b>Depreciation</b>								
At July 1,2023	16,960	497,653	78,623	46,615	-	14,621	21,436	675,908
Charge for the year	640	28,579	4,345	201	-	-	786	34,551
Prior year adjustment	-	-	-	-	-	-	-	-
Impairment loss	-	-	-	-	-	-	-	-
Eliminated on disposal	-	-	-	-	-	-	-	-
<b>At June 30,2024</b>	<b>17,600</b>	<b>526,232</b>	<b>82,968</b>	<b>46,816</b>	<b>-</b>	<b>14,621</b>	<b>22,222</b>	<b>710,459</b>
<b>Net book value at June 30,2024</b>	<b>1,322,400</b>	<b>386,156</b>	<b>16,434</b>	<b>825</b>	<b>3,200</b>	<b>-</b>	<b>829</b>	<b>1,729,844.</b>

	Fully depreciated	depreciating	Total	rate	charge
<b>NB</b>					
Leasehold	8,000	32,000	40,000	2%	640
Building		600,000	600,000	3.30%	19,800
Building	149,817	162,571	312,388	5.40%	8,779
Plant & Mach	64,604	34,799	88,532	12.50%	4,345
Furniture & Fit	46,032	1,610	47,642	12.50%	201
Computers	24,397	2,357	26,896	33.30%	785
MV	14,621	0	14,621	25%	0
<b>S-Total</b>	<b>307,461</b>	<b>600,190</b>	<b>873,989</b>		<b>34,555</b>
Freehold			360,000	Less transfer to Rev	(27,735)
<b>G-Total</b>			<b>1,233,989</b>		<b>6,816</b>



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**16. PROPERTIES, PLANT AND EQUIPMENT JUNE 2023**

2023	LAND Kshs'000	BUILDINGS Kshs'000	PLANT & MACHINERY Kshs '000	FURNITURE & FITTINGS Kshs '000	WIP	MOTOR VEHICLE Kshs '000	COMP UTER S Kshs '000	Total
<b>COST/ VALUATION</b>								
At July 1,2022	400,000	657,813	86,862	47,081	-	14,621	21,296	1,227,673
Additions	-	-	1,670	249	-	-	552	2,471
Transfers			-	-				-
Disposal	-	-	-	-				-
At June 30,2023	400,000	657,813	88,532	47,330	-	14,621	21,848	1,230,144
Depreciation								
At July 1,2023	16,320	477,475	75,543	46,453	-	14,621	20,871	651,283
Charge for the year	640	20,178	3,080	162	-	-	565	24,625
Prior year adjustment	-	-	-	-				-
Impairment loss	-	-	-	-				-
Eliminated on disposal	-	-	-	-				-
At June 30,2023	16,960	497,653	78,623	46,615	-	14,621	21,436	675,908
Net book value at June 30,2023	383,040	160,160	9,909	715	-	-	412	554,236

NB	Fully depreciated	depreciating	Total	rate	charge
Leasehold	8,000	32,000	40,000	2%	640
Building		345,425	345,425	3.30%	11,399
Building	149,817	162,571	312,388	5.40%	8,799
Plant & Mach	63,856	24,676	88,532	12.50%	3,080
Furniture & Fit	46,032	1,298	47,330	12.50%	162
Computers	23,818	1,875	25,693	33.30%	565
MV	14,621	0	14,621	25%	0
<b>S-Total</b>	<b>271,328</b>	<b>600,190</b>	<b>873,989</b>		<b>24,625</b>
Freehold			360,000		
<b>G-Total</b>			<b>1,233,989</b>		

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**17. INTANGIBLE ASSETS**

	2023-2024	2022-2023
	Kshs'000	Kshs'000
<b>COST/VALUATION</b>		
At July 1, 2022	3,845	3,845
Additions	-	-
Disposal		
At June 30,2023	3,845	3,845
<b>AMORTISATION</b>		
At July 1,2023	3,845	3,845
Charge for the year		
Disposal		
Impairment loss	-	-
At June 30,2024	3,845	3,845
<b>NET BOOK VALUE AT JUNE 30,2024</b>	-	-

**NB**

	Fully depreciated	depreciating	rate	charge
Software	3,845	0	33.30%	0

The figure relates to computer software and licenses for our front office Fidelio, Sun system and materials controls system that are currently in use.



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	JUNE 2024	JUNE 2023
	Shs' 000	Shs'000
<b><u>18. INVENTORIES</u></b>		
Food	2,785	1,570
Beverage	2,122	1,840
Tobacco	16	33
Stationary	672	620
Others	3,954	4,230
<b>Total</b>	<b>9,549</b>	<b>8,293</b>
<b><u>19. TRADE AND OTHER RECEIVABLES</u></b>		
Trade debtors,	186,352	152,641
Bad debts provisions	(8,058)	(6,762)
Other debtors and prepayments	78,661	58,402
	<b>256,955</b>	<b>204,281</b>
<b><u>20.SHARE CAPITAL</u></b>		
Authorised, issued and fully paid 5,047,724 Ordinary shares of Kshs. 20/= each.	<b>100,954</b>	<b>100,954</b>
<b><u>21. RETAINED EARNINGS</u></b>	<b>(566,146)</b>	<b>(597,343)</b>
<b><u>SHAREHOLDERS</u></b>		
Kenya Development Corporation.	82.45%	82.45%
Mountain Lodge	17.53%	17.53%
Kenya Wildlife Service Trustees	0.02%	0.02%
<b><u>22.REVALUATION RESERVE</u></b>		
Balance b/f	428,730	448,064
Depreciation transferred to retained earnings relates to revaluation gain on assets (crystal valuers 2010)	(27,735)	(19,334)
Revaluation 2023(Citadel valuers)	1,194,575	-
<b>Total</b>	<b>1,595,571</b>	<b>428,730</b>

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	<b>JUNE</b>	<b>JUNE</b>
	<b>2024</b>	<b>2023</b>
	<b>Shs'000</b>	<b>Shs'000</b>
<b>23. BORROWING LONG TERM</b>		
Loan KDC	7,275	7,525
KCB asset financing	0	0
<b>Total</b>	<b>7,275</b>	<b>7,525</b>
<b>24. TRADE AND OTHER PAYABLES</b>		
Trade creditors	109,773	118,842
Unearned income	58,783	40,164
Accruals	5,121	10,770
Audit fees	15,308	13,568
Other Payables including VAT & CLT	670,735	635,111
Service Gratuity	19,690	29,202
	<b>879,410</b>	<b>847,657</b>
<b>25. CASH AND CASH EQUIVALENT</b>		
Cash in hand ( float)	879	872
Dollar equivalent KCB \$ A/C	2,546	1,041
Cash in Bank BBKA/C	8,575	310
Cash in KCB KSH A/C	0	3,975
<b>Total</b>	<b>12,000</b>	<b>6,198</b>

Cash Equivalent include short term liquid investments which are readily convertible to known amounts of cash and which were within three months of maturity when acquired. MBH Pay bill had a balance of Ksh 32,172 paid after transfer to bank on 30<sup>th</sup> June 2024. Detailed analysis of the cash and cash equivalent

<b>Financial Institution</b>	<b>Account Number</b>	<b>2023-2024</b>
<b>a) Current account</b>		
Kenya Commercial Bank (Ksh)	110651518 8	0
Kenya Commercial Bank (USD)	110764781 9	2,546
Barclays bank account(Ksh)	8207166	8,575
<b>Sub-total</b>		<b>11,121</b>
<b>b) On call deposits</b>		
c) Staff car loan/Mortgage		-
d) Others		0
Cash in hand(Float)		879
<b>Sub -total</b>		<b>879</b>
<b>Grand total</b>		<b>12,000</b>



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	<b>JUNE</b>	<b>JUNE</b>
	<b>2024</b>	<b>2023</b>
	<b>Shs'000</b>	<b>Shs'000</b>
<b><u>26. BORROWING SHORT TERM</u></b>		
Bank Overdraft	9,410	4,871
KCB A/C IPF Loan	2,597	875
KDC Loan		-
12 months @ 343,779	4,125	4,125
The Bank overdraft is secured by cash investments	<b>16,133</b>	<b>9,871</b>
in form of Fixed deposit		
KDC Loan relates to amount payable within the next one year		
<b><u>27. DIVIDENDS</u></b>		
<b><u>28. CONTINGENT LIABILITIES</u></b>		
Legal Fee	0	0
	<b>0</b>	<b>0</b>

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<b>29. SHORT TERM DEPOSIT</b>	<b>JUNE</b>	<b>JUNE</b>
	<b>2024</b>	<b>2023</b>
	<b>Shs'000</b>	<b>Shs'000</b>
Cash investments(FD at KCB TRY SQ Acc No 1124550186)	24,848	24,387
The Bank overdraft is secured by cash investments	24,848	<b>24,387</b>

The cash investments (Fixed deposit at KCB treasury square account) held in Kenya Commercial bank of Ksh. 24,848,000 are funds held as Sinking fund. This was formed after the Board granted its approval. This has been separated from cash and cash equivalent to short term investments based on the recommendation by Auditor General as best practice (Refer statement of cash flows)

<b>Fixed deposit account</b>		<b>2023-2024</b>	<b>2022-2023</b>
Kenya Commercial bank (Ksh)	MM1721487681	24,848	24,387
<b>Sub-total</b>		<b>24,848</b>	<b>24,387</b>

**30. SUBSEQUENT EVENTS**

The leasehold land for Voi and Ngulia Safari Lodges expired in November 2018 and March 2019 respectively. The company applied to Kenya Wildlife Service for the renewal of the leases and on 16<sup>th</sup> July 2021 KWS gave a provisional renewal of lease for a further three years until 2024. The lease agreement had been agreed on as at 30<sup>th</sup> June 2024 and we expect approvals to be granted soon.

No other events have become known or occurred that may lead to significant changes to these financial statements. These would be like court judgments or regulatory decisions that may affect reported assets/liabilities or adversely reflect upon the integrity of the decision-maker.



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*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**31. RELATED PARTY TRANSACTIONS**

During the year the following transactions were executed with related parties: -

1. Kenya National Parks (KNP) which owns 0.02% of KSLH had leased Voi and Ngulia lodges to KSLH. The company has been paying monthly lease rents for both Ngulia and Voi Safari Lodge.
2. Kenya Development Corporation (KDC) which owns 82.45% of KSLH had allocated office space to KSLH at Utalii House, Nairobi.
3. During the year KSLH was able to attract and transact business with a number of county governments and central government ministries in terms of seminars and conferences, these included among others;

<b>MDA's</b>	<b>Amount</b>
Kenya Maritime Authority	14,545,515.00
Kilifi County	11,841,260.00
Makueni County	11,655,883.80
Mombasa County	10,500,490.00
Taita Taveta County	10,060,805.00
Kenya Medical Training Institute	9,970,150.00
State Law	5,860,805.00
National Treasury	5,922,726.00
KERRA	5,804,762.00
Ministry of Health	4,430,765.00

All the above transactions were done at arm's-length and no other transactions were done with related parties or their agents.

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**32. Cash generated from operations**

		<b>JUNE</b>		<b>JUNE</b>
		<b>2024</b>		<b>2023</b>
		<b><u>Shs'000</u></b>		<b><u>Shs'000</u></b>
<b>Operating activities</b>				
Profit/(Loss) before tax		31,197		(18,569)
Adjustments for:-				
Gain on sale of fixed assets		-		-
Depreciation	13	6,816		5,292
Amortization		-		-
Prior year adjustment		-		-
Interest income (from KCB fixed deposit)	6	(461)		(802)
Finance cost	14	2,431		1,716
Cash flow from/(used in) operations before		39,983		(12,363)
Working capital changes:				
(Increase)/Decrease in inventories	18	(1,256)		(371)
(Increase)/Decrease in Trade and receivables	19	(52,675)		(43,609)
Increase/(Decrease) in Payables and accruals	24	31,754		64,441
Sub-Total		(22,177)		20,461
Net cash flow from operating activities		17,806		8,098



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**32. RISK MANAGEMENT**

**Going Concern**

The company is facing a liquidity risk due to the negative working capital of Kshs.(592,192,000), with current assets of Kshs.303,352,000 as compared to current liabilities of Kshs 895,544,000. This state of affairs is attributed mainly by cumulative losses and decreasing sales due to the state of the facility.

**Performance analysis**

<b>Kshs '000</b>	<b>2019/2020</b>	<b>2020/2021</b>	<b>2021/2022</b>	<b>2022/2023</b>	<b>2023/2024</b>
<b>Revenue</b>	369,773	154,003	251,612	351,469	444,545
<b>Profit/Loss</b>	21,517	(109,715)	(68,900)	(18,569)	31,197

The company is currently depending on the trade creditors whose payment has remained a challenge as well as other payables.

Management is hopeful that the company is going to maintain profitability as indicated by the attained profit compared to previous years if we are able to improve our facilities and enhanced marketing. Meanwhile, Management is reviewing its marketing strategies, putting more emphasis on the lodges to ensure revenues from the lodges start rising to enable the company reduce its trade creditors and other liabilities. Out of court settlement and negotiations on payment modalities have also been undertaken between trade creditors and KSLH, the company having been issued with demand letters.

	<b>Principal</b>	<b>Interest</b>	<b>Totals</b>	<b>Remarks</b>
VAT	305,651,029.			Ongoing engagement
WITHOLDING TAX	9,943,448			"
PAYE	202,168,047			"
CLT	77,130,960			"
PENSION	41,057,720			"
SACCO	4,553,530			"
TRADE CREDITORS	108,612,418			"



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*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**33. MANAGEMENT FRAUD**

In the year no fraud or suspected abuse of office, misuse of assets or falsifying of statements by those with decision-making authorities or not, was noted in the company.

**34. DISCLOSURE ON LONG TERM BORROWING**

We have disclosed the following information in relation to the long term loan indicated on note 23.

Lender: Kenya Development Corporation

Repayment Terms: 36Months

Collateral: None (Shareholders loan)

Interest Rate: 0%

Purpose of Loan: - To settle Staff liabilities, purchase of generator and air conditioners in Mombasa Beach Hotel

Currency: -Kenya Shillings



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**APPENDIX 1: IMPLEMENTATION STATUS OF AUDITOR GENERAL'S RECOMMENDATIONS**

The following is the summary of issues raised by external auditor and management comments that were provided to the auditor.

<b>Reference No. on the external audit report</b>	<b>Issue /Observation from Auditor</b>	<b>Management comments</b>	<b>Status (Resolved/Not resolved)</b>	<b>Time frame</b>
<b>1. Inaccuracies in Financial statements</b>	<p>(i) The statement of profit or loss and other comprehensive income reflect depreciation of Kshs.5,292,000 while Note 16 to the financial statements reflects depreciation charge of Kshs.24,625,000 resulting to unreconciled variance of Kshs.19,333,000.</p> <p>(ii) In the statement of changes in equity, excess depreciation on revaluation was deducted from revaluation reserve but not added back to retained earnings as per the recommended reporting template</p> <p>(iii)The statement of cash flows was presented using indirect method while the reporting template prescribed the direct method</p> <p>In the circumstances, the accuracy and completeness of financial statements could not be confirmed.</p>	<p>(i) The unreconciled variance has been noted in the books and is being examined and analyzed for correction to be made in the current financially year 2023-2024.</p> <p>(ii)The statement of equity excess added up had been rectified and corrected in the financial books of current financial year.</p> <p>(iii) All corrections have been noted and will addressed in the next financial year of 2023-2024 recommendation noted and appreciated.</p>	<p><b>Keep in View (KIV)</b></p> <p>The response on corrections will be confirmed in the next audit cycle for incorporation in the financial statements to be submitted for audit review on or before 30 September 2024 for financial year 2023/2024</p>	<b>June 24</b>
<b>2. Trade and other Receivables</b>	<p><b>2.1 Unsupported Trade and Other Receivables</b></p> <p>The statement of financial position and Note 19 to the financial statements reflects a net balance of Kshs. 204,281,000 as trade and other receivables, which include trade debtors of Kshs. 152,641,000. However, the schedule provided reflected a balance of Kshs. 113,045,000, resulting to an unexplained variance of Kshs. 39,596,000. Management explained that the amount of Kshs. 39,596,000 was the unearned income which was not a current asset and was also reported under payables. The schedule for the unearned income was not provided for audit review.</p> <p>Further, other debtors and prepayments with a balance of Kshs. 58,402,000 included Kshs. 3,261,000 as staff advances whose schedule did not include the details of when the advances were paid out and the aging analysis. Additionally, as previously reported the amount included stolen cash totaling Kshs. 191,080. However, the Management has indicated that after court vindication of suspected staff, the adjustment has been done as a write-off against sales, although no evidence has been provided to support the write-off.</p>	<p>(i) The recommendation is noted.</p> <p>(ii) The variance has been noted in the books and is being examined for correction to be undertaken in the next financial year of 2023-2024.</p> <p>(iii) Assistance through the respective Principal Secretaries has been sought on payment follow up for some ministries. Letter for Ministry of Health has been attached to support this.</p> <p>The challenge has been dealing with government institutions which don't pay the 50% deposit and also delay in clearing the invoices. Reviewed credit policy terms</p>	<p><b>2.1 Unsupported Trade and Other Receivables</b></p> <p><b>Keep in View (KIV)</b></p> <p>The response on correction will be confirmed in the next audit cycle for incorporation in the financial statements to be submitted for audit review on or before 30 September 2024 for financial year 2023/2024</p>	<b>June 24</b>

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	<p><b>2.2 Long Outstanding Trade Debtors</b></p> <p>The statement of financial position reflects trade and other receivables balance of Kshs. 204,281,000 as disclosed in Note 19 to the financial statements which include trade debtors totaling Kshs. 152,641,000 up from Kshs. 143,139,000 in the previous year, or a 6.6% increase. Out of the receivables, Kshs. 69,807,888, or 46%, which included Kshs. 17,916,203 owed by Government agencies, had been outstanding for more than one year and reflected nil repayment during the year.</p> <p>In the circumstances, the accuracy and completeness of the trade and other receivables of Kshs. 204,281,000 could not be confirmed</p>	<p>has been done to address all terms.</p>	<p><b>2.2 Long Outstanding Debtors</b></p> <p><b>Keep In View (KIV)</b></p> <p>Requests for assistance through respective Principal Secretaries done has been confirmed</p>	
<p><b>3. Inaccurate cash and cash equivalents</b></p>	<p><b>3.1 Uncredited Receipt</b></p> <p>The statement of financial position and Note 25 to the financial statements reflects cash and cash equivalents of Kshs. 6,198,000. However, the casting of the US Dollar account indicated that the cash book balance as at 30 June, 2023 was USD 7,577 instead of the recorded USD 7,867 resulting to unexplained variance of USD 290. The cashbook provided also omitted the opening balance of USD 14,680. Additionally, the bank account reconciliation statement had uncredited receipt of USD 2,100 which was held at the cashier's office as at the closure of the financial year.</p> <p><b>3.2 Unexplained Variance Cash in Hand</b></p> <p>The following anomalies were observed:</p> <p>i. The statement of financial position and Note 25 to the financial statements indicate that the Company had cash in hand of Kshs.872,000 while the standing imprest cashbooks maintained at the three safari lodges indicated cash balance of Kshs.166,689 leading to an unexplained variance of Kshs.705,311. Additionally, the cash count indicated cash balances of Kshs. 636,868, USD 2111 and Mpesa balance of Kshs.89,009. The variance was neither explained nor reconciled.</p>	<p>(i) The USD 290 variance was foreign exchange variance issue that came into being as a result of various charges and exchange rate of dollars the exchange rates guidance have been well communicated to staff members. Recommendation noted.</p> <p>i) The cash book is available, cash expenditure was captured clarified and explanation was done to the auditors.</p> <p>ii) Ngulia safari lodge statement is available for audit review with financial disclosure, time lines oversight, the statement will be audited in the next financial year of 2023-2024.</p>	<p><b>3.1 Uncredited Receipt</b></p> <p><b>Not Resolved</b></p> <p>The cashbook provided omitted the opening balance</p> <p>The reconciliation statement had uncredited receipt held at the cashier's office as at the closure of the financial year</p> <p><b>3.2 Unexplained Variance Cash in Hand</b></p> <p><b>and</b></p> <p><b>3.3 Cash Expenditures not Recorded</b></p>	<p><b>June 24</b></p>



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	<p>ii. The cash balance in the Mpesa statements of pay-bills operated by the Organization indicated a total balance of Kshs. 118,562 for Mombasa Beach Hotel and Voi Safari Lodge, while the statement for Ngulia Safari Lodge was not provided for audit review. The amounts were also not disclosed in the financial statements.</p> <p>iii. The cash count at Mombasa Beach Hotel indicated cash balance of Kshs. 45,810 and vouchers amounting to Kshs. 172,956 totaling to Kshs. 218,766. The cashier was allowed a standing imprest of Kshs. 100,000. The source of Kshs. 118,766 spent above the issued standing imprest was not explained. In addition, the cash count at Voi Safari Lodge indicated a cash balance of Kshs. 1,488 while the standing imprest cash book balance indicated a balance of Kshs.73,306 leaving an unaccounted-for shortage of Kshs.71,818.</p> <p>iv. The lodges had cash in hand termed as “floats” of Kshs. 50,000 for each of Ngulia and Voi Safari Lodges and Kshs.250,000 for Mombasa Beach Hotel. However, the receipts and usages were not recorded in the standing imprest cash books.</p> <p><b>3.3 Cash Expenditures not Recorded in the Cash Books</b></p> <p>Cash expenditures of Kshs.11,333,405 and Kshs. 22,927,276 in Voi Safari Lodge and Mombasa Beach Hotel respectively were not recorded in the cash books. Additionally, the cash balance of Kshs. 872,000 recorded in the financial statements was not recorded in the cash books and therefore could not be verified. All the revenues collected in cash were also not recorded in the cash column of the cash book as at when they were collected.</p> <p>In the circumstances, the accuracy and completeness of the cash and cash equivalents of Kshs.6,198,000 could not be confirmed.</p>	<p>(ii) As at 1/7/2023 the cashier was holding unreimbursed vouchers. The amount was captured as unrepresented cheque in our reconciliation and all the expenses captured in their respective accounts. Imprests were not surrendered back as the same cashiers remained to transact.</p> <p>(iii) Float is used for conveniences during foreign exchange transactions and for purposes of change to the guest.</p> <p>(iv) Cashbook is available which has been explained and clarified to auditors.</p>	<p><b>in the Cash Books</b></p> <p><b>KIV</b></p> <p>The response provided will be confirmed in the next audit cycle for financial year 2023/2024</p>	
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<p><b>4. Unexplained variances in trade and other payables</b></p>	<p>The statement of financial position and Note 24 to the financial statements reflects trade and other payables balance of Kshs. 847,657,000. The balance at the beginning of the year under review was Kshs. 783,216,000 but the payable movement provided for audit indicated an opening balance of Kshs. 405,672,053 and a closing balance of Kshs. 472,595,619, while the supporting schedules reflected Kshs. 675,276,382, resulting to unsupported variances which were not explained or reconciled.</p> <p>In addition, the payables movement as at the beginning of the year had long outstanding payable dating back to 1999. This amount included unremitted staff deductions and unpaid VAT of Kshs. 635,112,215. Review of the commitment letter by KSLH for payment of Pay As You Earn and Value Added Tax signed on 17 February, 2023 indicated that the Company owed KRA Kshs. 39,788,377 while the ledger provided indicated that the Company owed KRA Kshs. 480,319,332, resulting into a variance of Kshs. 440,530,955 which was not explained or reconciled.</p> <p>In the circumstances, the accuracy and completeness of the trade and other payables balance of Kshs. 847,657,000 could not be confirmed.</p>	<p>(i) The trade and other payables schedules has been corrected and amended to reflect what was reported in the financials and analysis provided in the support folder.</p> <p>(ii) Commitment letters on payment of VAT and PAYE between KSLH and KRA has been provided, negotiation ongoing and payment commitment plan of all tax matters has been executed. Reconciliation between kra and company being undertaken by a tax consultant</p>	<p><b>Addressed</b></p> <p>The correction of the trade and other payables schedule undertaken has been confirmed</p> <p>Evidence of commitment by the Company to pay KRA and efforts to reconcile the variances between the Company and KRA records now provided</p>	<p><b>Done</b></p>
<p><b>5. Unsupported and untaxed allowances to Management</b></p>	<p>The statement of profit or loss and other comprehensive income and Note 9 to the financial statements reflects staff costs of Kshs. 192,032,000, out of which Kshs. 3,230,022 was spent on staff expenses. However, non-cash allowances on entertainment, management and beverage amounting to Kshs. 1,714,830 were not adequately supported and the breakdown of the specific amount for individual employees received during the year was not provided for review. The approved salary structure provided for the audit indicated that Management was entitled to a non-cash monthly entertainment allowance ranging from Kshs. 2,000 to Kshs.15,000 depending on the job grades. However, the allowance was not captured in the payroll, and the amounts that exceed Kshs. 3,000 were not subjected to Section 3(2)(a)(ii) of Income Tax Act which states that "gains or profits" includes - save as otherwise expressly provided in this section, the value of a benefit, advantage, or facility of whatsoever nature the aggregate value whereof is not less than thirty-six thousand shillings, granted in respect of employment or services rendered.</p>	<p>(i) Management staff non cash entertainment allowance is not given to staff in cash form. Staff members sign for a service e.g beverage where VAT has already been processed. The allowance forms part of terms and condition in their employment letters and the adjustment of the same require the engagement of the concerned staff members and the Board as the case may be.</p> <p>(ii) However, communication has been done to all management staff and this has been agreed to be resolved in the next financial year during placement in new salary structure by SRC.</p>	<p><b>KIV</b></p> <p>Actions taken on allowances to Management are to be confirmed in the next audit cycle for financial year 2023/2024</p>	<p><b>Dec 24 after placement</b></p>



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	In the circumstances, the accuracy and completeness of the entertainment allowance of Kshs.1,714,830 could not be confirmed.			
<b>6. Unsupported board allowances</b>	<p>The statement of profit or loss and other comprehensive income and Note 10 to the financial statements reflects administrative costs of Kshs. 20,360,000. Included in this amount are sitting and subsistence allowances amounting to Kshs 3,926,000 to board members. However, sitting and subsistence allowance amounting to Kshs. 1,553,400 to the board members were not supported with meeting minutes.</p> <p>In the circumstances, the accuracy, completeness and regularity of board allowances of Kshs. 1,553,400 could not be confirmed.</p>	The meeting of the board minutes has been provided attached, explaining and supporting this expenditure.	<b>Addressed</b>  The meeting minutes have now been provided and confirmed	<b>Done</b>
<b>7. Property, plant and equipment</b>	<p><b>7.1 Unconfirmed Ownership of Freehold Land</b></p> <p>The statement of financial position reflects a balance of Kshs. 554,236,000 in respect to property, plant and equipment and as disclosed in Note 16 to the financial statements. As previously reported, this balance includes freehold land in Mombasa valued at Kshs. 360,000,000 whose title deed was not provided for audit verification.</p> <p><b>7.2 Unsupported Demolition and Disposal of Indoor Games Arena Building</b></p> <p>Included in the balance of Kshs. 554,236,000 in respect to property, plant and equipment are buildings with a net book value of Kshs. 160,160,000. As previously reported, this amount includes a demolished building of an unknown value which served as an indoor games arena. Although the Management explained that the building had been cordoned off for more than seven (7) years before demolition, no evidence was provided on how the building was identified. Further, the book value of the demolished building had not been determined and removed from the financial statements.</p> <p>In the circumstances, the accuracy, completeness, valuation, security, ownership and custody of property, plant and equipment balance of Kshs.554,236,000 could not be confirmed.</p>	<p>A copy of the title deed is available for audit review; auditors are also invited to verify the original copy at kdc headquarters.</p> <p>Valuation of all plant and property has been undertaken and corrective measures has been done which will be incorporated in the current year 2023-2024 financial and annual reports.</p>	<p><b>7.1 Ownership of Freehold Land</b></p> <p><b>Addressed</b></p> <p>Copy of the title deed provided</p> <p><b>7.2 Demolition and Disposal of Building</b></p> <p><b>KIV</b></p> <p>Actions taken on valuation and removal of the book value of the demolished building from the financial statements are to be confirmed in the next audit cycle for financial year 2023/2024</p>	<p><b>Done</b></p> <p><b>Valuation done</b></p>
<b>Emphasis of Matter</b>				
<b>1. Material uncertainty related to Going concern</b>	As previously reported, I draw attention to the disclosure in Note 32 to the financial statements which indicates that the Company is facing liquidity risk due to its negative working capital of Kshs. 614,370,000 resulting from its total current liabilities of Kshs. 857,529,000	Management is at an advanced state to revamp the properties and cutting down operational cost which will enhance the going concern.	<b>Not Resolved</b>  The working capital position of the Company and its overall	<b>Continuous improvement</b>

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	<p>exceeding its total current assets of Kshs. 243,159,000 as at 30 June, 2023. In addition, the Company had accumulated losses totaling Kshs. 597,343,000 as at 30 June, 2023 (2022 - Kshs. 578,774,000). Management and Directors have disclosed that this unsatisfactory situation is being addressed through review of marketing strategies with focus on lodges and negotiations and out of court settlement with the creditors.</p> <p>Further, as previously reported, the Company in 2013/2014 financial year successfully negotiated for conversion into equity of a loan totaling Kshs. 75,554,000 received from the Tourism Finance Corporation. The interest accrued thereon was waived. However, despite these actions, the working capital position of the Company and its overall financial performance have continued to decline.</p> <p>These conditions indicate the existence of a material uncertainty that casts doubt on the Company's ability to meet its financial obligations as they fall due, and to continue as a going concern.</p> <p>In the circumstances, the Company's existence as a going concern is dependent upon continued support from its shareholders, bankers and creditors.</p>	<p>Pending liabilities kra, tax matters, staff Sacco, loans, higher personnel cost which has increased on cost and reduced on profit. We are addressing on this through established renovation, business recovery strategy and staff restructuring rationalization to bring onboard financial sustainability.</p>	<p>financial performance have continued to decline</p>	
<p>2. <b>High Operating Costs</b></p>	<p>The statement of profit or loss and other comprehensive income for the year ended 30 June, 2023 reflects a total income of Kshs. 357,595,000, as a summation of turnover and other income, against total operating expenses of Kshs. 387,689,000, as summation of expenses and costs of sales, resulting to an operating cost ratio of 108 % exceeding the strategic plan recommended target of 62%. Further, as at the time of audit the strategic initiatives set to achieve the objective had not been implemented.</p> <p>In the circumstances, the strategic plan on key result areas and strategic direction may not be on course to be achieved as set.</p>	<p>(i) The high operation cost have been occasioned by increased business in comparison to the previous year which directly also leads to increased cost. We have an aging facility which have not undergone renovation for a quite a long period of time, this facility requires constant repairs and renewals all time to make it habitable for guest. There's an increase of expensive business environment high cost of living and high inflation of market prices and commodities.</p> <p>(ii) Increase of petroleum products across the world have also contributed to high cost of operation most of our machinery equipment and generators use fuel which are currently expensive to sustain in the market.</p>	<p><b>KIV</b></p> <p>Management agrees with the audit that the operating cost ratio of 108 % exceeded the strategic plan recommended target of 62%.</p> <p>The implementation of strategic initiatives set to achieve the objective will be reviewed in next audit cycle for financial year 2023/2024</p>	<p><b>June 24</b></p>



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		<p>(iii) Personnel cost issue will be addressed by HR consultant during restructuring and staff rationalization placement process to achieve our intent personnel ratios cost</p> <p>(iv) Will work within approved annual budgetary allocation and strengthen internal controls already in implementation. Of the current financial year.</p>		
<b>3. Forfeiture of cash receipts on sale of shares</b>	<p>Share capital of the Company was increased from Kshs. 9,319,000 to ordinary shares of Kshs. 100,954,000 by rights issue of 5,047,724 in ordinary shares of Kshs.20 per share based on par value. However, the Net assets of the Company as at 30<sup>th</sup> June 2013 amounted to Kshs. 667,399,000 and therefore the net assets value of each share was Kshs.145.65</p> <p>As a result, the rights Issue price of Kshs.20 per share was undervalued by Kshs.125.65 resulting in loss to the Company of significant cash receipts that may have otherwise helped in reversing the Company's unfavorable cash position.</p>	The issue is aboard issue which is under deliberation among the stakeholders, corrective measure is being undertaken to address and resolve this.	<b>Not Resolved</b>	<b>June 25</b>
<b>Key Audit matters:</b>				
<b>Unresolved Prior year matters</b>	<p>In the Audit report of 2021/2022 FY, several audit issues were raised however the issues remained unresolved as at 30<sup>th</sup> June 2023. Management has not provided satisfactory reasons for the delay in resolving the prior Audit issues. Further, the status of some of prior year issues are not disclosed in the progress on follow-up of auditors recommendations section of the financial statements as required by the financial reporting guidelines issued by the Public Sector Accounting Standards Board.</p>	The audit issues for the financial year 2021-2022 have been deliberated by management and have been addressed in the management response to the auditors general report for financial year 2022 – 2023.	<b>Not Resolved</b>	<b>Awaiting discussion at parliamentary committee level</b>
<b>REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES</b>				

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Basis for Conclusion				
<p><b>1. Irregular Procurement of food</b></p>	<p>The Company purchased food and drinks worth Kshs. 79,130,875 and Kshs. 14,480,491 respectively as indicated in the stock ledgers purchases of food items and drinks during the year under review. Review of the procurement records on the purchases revealed that there was no evidence that the user department had raised purchase requisitions before the procurement process commenced and the Company procured food items and drinks of Kshs. 24,350,485 from suppliers who had been prequalified without inviting tenders as per the procurement law. Food items worth Kshs. 32,347,984 were procured using direct procurement method from suppliers who had not been prequalified contrary to Section 103(2) Public Procurement and Disposal Act, 2015 which sets the criteria for direct procurement. There was also no evidence of inspection and acceptance of the goods delivered as there were no minutes thereto hence doubtful deliveries as per the specifications.</p> <p>In the circumstances, Management was in breach of the law</p>	<p>(i) We use Material Control system in which departmental heads make their requests, once the requests have been resolved in the system through LPO preparation and authorization the requisitions become non-existent but the PR number is transferred to the LPO which is then printed.</p> <p>(ii) We request for quotations from the suppliers who are registered. Due to the nature of the hospitality business where products are needed within hours and due to the unstable market forces where prices keep changing erratically, we request for quotes before giving orders. We cannot buy in bulk due to lack of proper storage facilities. This mandates us to procure every day for the business to keep running.</p> <p>(iii) Distributors and wholesalers e.g. Shiva, Bubble Bounty, Kenchic are the legal distributors of the stated products and do not participate in registration. Since registration of suppliers is an ongoing process, the list is dynamic and we try to keep it updated. (see attached)</p> <p>(iv) On all Invoices before they leave the stores, the inspection and acceptance committee headed by the user department for each unique product stamp the invoice and</p>	<p><b>Partially Addressed</b></p> <p>The raising of requisitions by the user Departments has now been explained</p> <p>The process of inspection and acceptance of goods delivered has been explained, and evidence provided in support reviewed.</p> <p>However, the Company directly procured items from suppliers who had not been prequalified, contrary to the law</p>	<p><b>June 24</b></p>



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		<p>append their signature to affirm the quality of what was received vis-a vis what was ordered. A further stamp and signature is appended by the security officer on duty to confirm delivery and quantity.</p> <p>(v) All attachment in the system has been provided explaining how orders are executed with their detailed operation procedure as per PPADA act.</p>		
<b>2. Long engagement of Contractual employees</b>	<p>The statement of profit or loss and other comprehensive income reflects staff costs of Kshs. 192,032,000 as detailed in Note 9. Included in this amount is Kshs 118,866,000 being salaries and wages, out of which Kshs. 22,245,335 was wages for temporary staff. However, review of the temporary staff muster roll revealed that, the staffs were engaged by the institutions for more than 21 days contrary to section 44(1) of the PSC regulations 2020 which states that where a service is required for more than 24hours but not exceeding twenty-one days, the relevant authorized officer may engage a qualified person on a contract not exceeding twenty one days.</p> <p>In the circumstances, Management was in breach of the law.</p>	Casuals are engaged on need basis depending with the season demand and volume of business in the company.	<b>Addressed</b> Although the issue has been explained, the breach of the law on long engagement of contractual employees might put the Company in risky position for legal actions	<b>Continuous</b>
<b>3. Unauthorized Board Retreat</b>	<p>The statement of profit or loss and other comprehensive income and Note 10 to the financial statements reflects Kshs. 20,360,000 on administrative costs. Out of this amount, Kshs. 3,926,000 relates to payments of sitting and subsistence allowances to the Board of Directors. A Board meeting was held on 8 July, 2022 at Ngulia Safari Lodge. However, there was no Cabinet Secretary approval authorizing the holding of the meeting outside the Company headquarters contrary to Circular No. OP//CAB.9/IA on management of State Corporations dated 11 March 2020 Paragraph a:4 on Board Meetings that provide that all Board business shall be transacted at the Principal or registered office of the</p>	<p>The Company's headquarters are based at Mombasa Hotel. A meeting was held at Ngulia Safari Lodge which is owned by KSLH as part of a board retreat and provided an opportunity for new board members to inspect the status of the facility which was also cost effective saving in terms of transport.</p> <p>Even though no express approval was granted by the CS because the clarification has not been made by</p>	<b>Addressed</b>	<b>Done</b>

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	Corporation and Board retreats to be approved by the respective Cabinet Secretary.	head of public service on whose ministry does the subsidiary fall under to enable us to obtain the permission, a decision to be made soon as per above attached letter to head of psc. Recommendation noted and communication has been done for the same for future retreat meetings.		
<b>4. Irregular payment of Board Allowances to Board Secretary</b>	<p>The Board Secretary was paid sitting and subsistence allowances equivalent to Board members, totaling to Kshs.500,200, contrary to Mwongozo 1:20:4 on appointment of Corporation Secretary, which states that Corporation Secretary shall not be a member of the Board and therefore cannot be paid allowances equivalent to Board members. Management explained that the amount was paid as a secretarial allowance, an allowance that was not approved by Salaries and Remuneration Commission as per the law. Additionally, the engagement letter for the provision of company secretarial services that set out the terms of engagement between the Kenya Development Corporation and Kenya Safari Lodges and Hotels Limited under payments indicated that the KDC was to charge a retainer of Kshs.50,000 per quarter with the bill for non-routine service being billed when incurred. The extract of the minutes of the meeting of the board dated 22 May, 2020 where a resolution to appoint the Company Secretary was made also indicated that the Company was to cater for the secretary expenses allowance while attending the board meetings.</p> <p>In the circumstances, Management was in breach of the law.</p>	<p>The Company Secretary is not an employee of KSLH and was engaged by the Board to offer company secretarial services on part time basis. The board determined that he will be paid a Company Secretarial Allowance (not sitting allowance) equivalent to the allowances for board members while attending meetings. See extract of the Board meeting held on 20<sup>th</sup> May 2020 and the Engagement Letter with KDC. Clause 1.20(3) of the Mwongozo Code recognizes that company secretaries can be engaged on part time basis depending on the needs of a particular organization. Part time Company Secretaries are remunerated through payment of an allowance for each meeting attended as opposed to a monthly salary for full time Company Secretaries.</p> <p>Matters was brought to the attention of Board Audit Committee meeting for deliberation on way forward refer to attached minutes, guidance to be communicated in the upcoming full board meeting.</p>	<b>KIV</b>	<b>June 24</b>
<b>REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE</b>				
<b>Basis for Conclusion</b>				
<b>1. Failure to Undertake Board Evaluation</b>	The Board failed to establish performance criteria and undertake an evaluation process to assess its effectiveness. This failure not only indicates a lack of commitment to best governance practices but also raises questions about the Board's ability to monitor its own performance and make necessary improvements.	The recommendation is noted and criteria has been established and board evaluation calendar shared to guide on timelines the upcoming board evaluation process.	<b>KIV</b> Establishment of performance criteria and undertaking of an evaluation process will be	<b>Done Sept 24</b>



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			reviewed in the next audit cycle for financial year 2023/2024	
<b>2. Weak controls on revenue management</b>	<p>The Statement of profit or loss and other comprehensive income as detailed in Note 4 to the financial statements reflects turnover income of Kshs. 351,469,000. The entity operated Fidelio System in recording and receipting of revenues from the designated points of sale. The collection was later surrendered to front office cashiers but manually receipted due to non-integration with the revenue system. However, it was observed that 35 receipt numbers from MBH front office manual receipt book did not reflect the amount collected or receipted as revenue. Further analysis of the manual collection report for Mombasa beach hotel revealed that a total of Kshs.87,324,044 was collected through official receipts however it was noted that some receipt books or individual receipts were missing from the manual collection report although the Counter receipt book register indicated the same had been issued to officers.</p>	<p>The Counter Receipt Book Register (CRBR) maintained at MBH used to control the receipt and issue of revenue books did not indicate the number of receipt books received from the supplier, the unused books in store, the goods receipt note raised to receive the books supplied and the date the book was returned after being used up.</p> <p>This has been noted and the date of receipt, number of receipt books and goods receipt note will be indicated in the CRBR. The date of return after use will be indicated.</p> <p>The analysis for the 35 five receipts have been done on the Appendix and all the receipts have an indicated amount collected and they are posted in our Fidelio system. The receipts counterfoils are available for verification. Ongoing process for continuous process review</p>	<b>KIV</b> The controls on revenue management effected going forward will be reviewed in the next audit cycle for financial year 2023/2024	<b>June 24</b>

**RONALD SIMIYU**  
**AG. GENERAL MANAGER-KSLH.**

Date: 27/09/2024