

REPUBLIC OF KENYA



REPORT

OF

THE AUDITOR-GENERAL

ON

BOMAS OF KENYA LIMITED

FOR THE YEAR ENDED
30 JUNE, 2023

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30634 - 00100, NAIROBI
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BOMAS OF KENYA LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2023

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

Bomas of Kenya Limited
Annual Report and Financial Statements for the year ended June 30, 2023

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1. Acronyms and Glossary of Terms

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| <i>AIA</i> | <i>Appropriations in Aid</i> |
| <i>BETA</i> | <i>Bottom Up Economic Transformation Agenda</i> |
| <i>BICC</i> | <i>Bomas International Convention Centre</i> |
| <i>BOK</i> | <i>Bomas of Kenya</i> |
| <i>CPA</i> | <i>Certified Public Accountant</i> |
| <i>CS</i> | <i>Cabinet Secretary</i> |
| <i>FY</i> | <i>Financial Year</i> |
| <i>GE</i> | <i>General Elections</i> |
| <i>IAS</i> | <i>International Accounting Standards</i> |
| <i>ICDC</i> | <i>Industrial and Commercial Development Corporation</i> |
| <i>ICT</i> | <i>Information Communication and Technology</i> |
| <i>IEBC</i> | <i>Independent Electoral and Boundaries Commission</i> |
| <i>IFRS</i> | <i>International Financial Reporting Standards</i> |
| <i>ISO</i> | <i>International Standards Organisation</i> |
| <i>KDC</i> | <i>Kenya Development Corporation</i> |
| <i>KSH</i> | <i>Kenya Shillings</i> |
| <i>LLP</i> | <i>Limited Liability Partnership</i> |
| <i>NHIF</i> | <i>National Health Insurance Fund</i> |
| <i>NSSF</i> | <i>National Social Security Fund</i> |
| <i>PAYE</i> | <i>Pay As You Earn</i> |
| <i>PFM</i> | <i>Public Finance Management</i> |
| <i>QMS</i> | <i>Quality Management System</i> |
| <i>UNHCR</i> | <i>United Nations High Commissioner for Refugees</i> |
| <i>VAT</i> | <i>Value Added Tax</i> |

2. Key Entity Information

a) Background information

Bomas of Kenya Limited was established, under the Kenya Companies Acts Cap 486 of the laws of Kenya, on 11th September 1970. At cabinet level, the Cabinet Secretary, Ministry of Tourism and Wildlife represents the entity and, are responsible for the entity's general policy and strategic direction. Bomas of Kenya Limited is domiciled in Kenya.

b) Principal Activities

The principal activity of Bomas of Kenya Limited is to preserve, promote, and maintain the diverse cultures of Kenya for tourism development.

Our Mission

To preserve, maintain, educate and promote the diverse cultures of various ethnic groups in Kenya

Our Vision

To be the leading custodian of Kenya's diverse cultures as a national heritage for prosperity and posterity.

Our Core Values

- Professionalism and Authenticity
- Customer Orientation
- Result Driven
- Humility and Respect for Other People
- Team Spirit among staff
- Corporate Citizenship and Social Responsibility
- Transparency and Accountability
- Efficiency
- Creativity and Innovativeness

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c) Directors

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

| | | |
|------------------------------|--|---|
| 1. Hon. Jane J. K. Chebaibai | - Chairperson | -Appointed on 10 th February 2023 |
| 2. Ms. Khadija M. Awale | - Chairperson | - Retired on 10 th February 2023 |
| 3. CPA Nixon Mugilwa | -AG. GM/Chief Executive Officer | - Appointed on November 2023 |
| 4. Mr. Peter Gitaa Koria | -GM/Chief Executive Officer | - Appointed on 21 st February 2021 |
| 5. Ms. Ummi M. Bashir | - PS- State Department of Culture and Heritage | - Appointed on 3 rd December 2022 |
| 6. Mr. Christopher G. Huka | - Rep - Director General, KDC | - Appointed in July 2021 |
| 7. Mr. Paul J. Oyier | - Rep – Cabinet Secretary, The National Treasury | - Appointed on 24 th November 2021 |

d) Registered Office

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

e) Corporate Headquarters

Bomas of Kenya Ltd
P.O. Box 40689 – 00100
Langata Highway / Forest Edge Road
Nairobi, Kenya

f) Corporate Contacts

Telephone: (254)-20-8891801/2, 8890793/5/8
Fax: (254)-20-310223
E-mail : info@bomasofkenya.co.ke.
Website: www.bomasofkenya.co.ke

g) Corporate Bankers

Kenya Commercial Bank
Moi Avenue Branch
P.O. Box 30081-00100
Nairobi, Kenya

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h) Independent Auditors

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

i) Principal Legal Advisers

1. The Attorney General
State Law Office and Department of Justice
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya
2. Sharpley Barret & Company Advocates
Prudential Assurance Building,
2nd Floor - Wabera Street
P.O. Box 40286-00100
Nairobi, Kenya.

3. The Board of Directors

| Ref | Directors | Details |
|-----|---|--|
| 1. |  <p>Hon. Jane Jepkorir Kiptoo Chebaibai Chairperson – Appointed on 10th February 2023</p> | <p>Hon. Jane Chebaibai was appointed the chairperson of the Board of Directors of Bomas of Kenya on 10th February 2023. She holds a Bachelor’s Degree in Counselling Psychology from African International University, a field that highlights her understanding of human behaviour and social dynamics.</p> <p>Prior to her appointment as the Chairperson of the board, Hon. Jane Jepkorir served as the Women County Member of the National Assembly of Elgeyo Marakwet, a position she held for five years (2017 to 2022). During her tenure, she contributed to the governance of her constituency and the nation as a whole. This legislative experience equipped her with an understanding of governance and policy-making, which has been valuable in her role as the chairperson of the Board of Directors of Bomas of Kenya.</p> |
| 2. |  <p>Khadija M. Awale, Chairperson – Retired on 10th February 2023</p> | <p>Mrs. Khadija joined the board of Bomas of Kenya as the Chairperson on 28th April 2022. She previously served as the chairperson of the Jomo Kenyatta Foundation and she had also served as a director at Bomas of Kenya between 2015 to 2018. She has vast knowledge and expertise in business management for over 25 years in both the public and private sectors having served in several positions in the said sectors. Mrs. Khadija retired from the board on 10th February 2023.</p> |


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| <p>3.</p> |  <p>CPA. Nixon Mugilwa Acting General Manager/Chief Executive Officer - Appointed on 23rd November 2023</p> | <p>CPA Mugilwa is currently serving as the Acting Chief Executive Officer (CEO) at Bomas of Kenya. Prior to his appointment as the Acting CEO, CPA Mugilwa served as the Finance Manager, and previously as the Chief Accountant. His elevation to the role of Acting CEO is a testament of his competence, leadership acumen, and the impact he has made in his previous roles within the organization. He is a seasoned senior management professional with strong expertise and experience in finance, auditing, taxation, financial advisory and corporate governance among other associated matters. With over 10 years of extensive experience in finance and accounting, he has successfully navigated roles in both the public sector, and the private sector.</p> <p>CPA Mugilwa is a Certified Public Accountant of Kenya (CPA-K) and a member of the Institute Certified Public Accountant of Kenya. He is currently a PhD candidate in Business Administration (Finance) at the University of Nairobi. He holds Masters of Science (MSc.) in Finance and Investment from the University of Nairobi and a Bachelor of Commerce (Finance).</p> |
| <p>4.</p> |  <p>Mr. Peter Gitaa Koria (41) General Manager/Chief Executive Officer – Served up to 16th November 2023</p> | <p>Mr. Gitaa is an innovative, purpose-driven, and results-oriented manager with over 16 years of leadership and service in various organizations and institutions, particularly within the hospitality, tourism, and education sectors. He is the Chief Executive Officer and has served previously as the Hospitality Manager at the Kenya Utalii College, Banqueting/Events Manager at the Kenya Utalii College and as Deputy General Manager at Utalii Hotel and at the Alliance Naro Moru River Lodge. He also served as the Marketing Executive at the Conqueror Tours and Safaris.</p> <p>He is a holder of a Master of Arts Degree in Diplomacy and Foreign Policy from Moi University, a Bachelor's Degree in Commerce from Kenyatta University and a four-year Diploma in Hotel Management from the Kenya Utalii College. He is currently pursuing a Masters of Arts Degree in Business Administration at the United States International University Africa. Mr. Gitaa has also benefited from various professional trainings and short courses, including in Education Network in Sustainable Tourism (Bologna University), Tourism Resources Planning and Development (Heilongjiang university), Corporate Governance Training for Directors and Strategic Leadership (Maseno University), and Customer Service Management, among others. He is an Alumni of Riomego Secondary School.</p> |

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| 5. |  <p>Ummi Mohammed Bashir Principal Secretary State Department for Culture and Heritage</p> | <p>PS. Ummi Mohammed Bashir was appointed the Principal Secretary of State Department for Culture and Heritage under the Ministry of Tourism and Wildlife on 3rd December 2022. Previously she served as the vice chairperson of the national elections board of United Democratic Alliance Party's and resigned on October 2022. Prior to that, she worked with United Nations High Commissioner for Refugees (UNHCR) in the Comprehensive Refugee Response Framework (CRRF) program and UNDP as the executive advisor to the country director from December 2012 to October 2013. PS Bashir, is an Advocate of the High Court of Kenya with over 10 years' experience post admission, a Commissioner for Oaths and Notary Public, and a member of, Law Society of Kenya and the East Africa Law Society. Her areas of practice include corporate governance, public law, constitutional law, election petitions, commercial transactions and commercial Litigation, intellectual property. PS Bashir is currently pursuing a PhD in International Relations and Foreign Policy at USIU. Holds a Master's of Arts in Armed Conflict and Peace Studies from Zanzibar University (2018) and a Bachelor of Law and Shariah (2009).</p> |
| 6. |  <p>Christopher Guyo Huka (56) Rep- Interim Director General, Kenya Development Corporation</p> | <p>Mr. Huka was appointed member of the Board of Directors of Bomas of Kenya Limited in July 2021, as a representative of the Kenya Development Corporation (KDC). He is the Interim Director General mandated to manage the merger and transition of TFC, IDB Capital and ICDC into a single DFI entity. He has over 25 years in the Private Sector specifically – Oil & Gas sector, banking sector and public sector.</p> <p>Mr. Huka holds a Master's Degree in Human Resources Management from University of Nairobi, Bachelor of Education from Moi University, Diploma in Executive Coaching; Academy of Executive Coaching – UK, Higher National Diploma: HRM from Institute of Human Resource Management.</p> |

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| 7. |  <p>Mr. Paul J. Oyier Rep – Cabinet Secretary, The National Treasury</p> | <p>Mr. Oyier joined the board of Bomas of Kenya as a representative of the Cabinet Secretary, The National Treasury on 24th November 2021. He is a corporate strategy, public relations, media and communications practitioners with over 20 years' experience in both the private and public sector in Kenya and the region.</p> <p>He is currently, the Senior Communications Advisor to Kenya's Cabinet Secretary for The National Treasury & Planning, advising and supporting the minister to communicate the economic agenda clearly and in a compelling manner, while building and protecting the brand and reputation of the ministry. He holds a Bachelor of Arts degree in Journalism with a minor in Public Relations, from the United States International University – Africa, where he is set to soon graduate with a Master of Arts in Communication Studies, specializing in Strategic Public Relations.</p> |
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4. Management Team

| Ref | Management | Details |
|-----|--|---|
| 1. |  <p>CPA Nixon Mugilwa (40) Acting General Manager/Chief Executive Officer - Appointed on 23rd November 2023</p> | <p>CPA Mugilwa is currently serving as the Acting Chief Executive Officer (CEO) at Bomas of Kenya. Prior to his appointment as the Acting CEO, CPA Mugilwa served as the Finance Manager, and previously as the Chief Accountant. He is a seasoned senior management professional with strong expertise and experience in finance, auditing, taxation, financial advisory and corporate governance among other associated matters. With over 10 years of extensive experience in finance and accounting, he has successfully navigated roles in both the public sector, and the private sector.</p> <p>CPA Mugilwa is a Certified Public Accountant (CPA-K) and a member of the Institute Certified Public Accountant of Kenya. He is currently a PhD candidate in Business Administration (Finance) at the University of Nairobi. He holds Masters of Science (MSc.) in Finance and Investment from the University of Nairobi and a Bachelor of Commerce (Finance). His elevation to the role of Acting CEO is a testament of his competence, leadership acumen, and the impact he has made in his previous roles within the organization.</p> |
| 2. |  <p>Mr. Peter Koria Gitaa (41) General Manager/Chief Executive Officer</p> | <p>Mr. Gitaa is an innovative, purpose-driven, and results-oriented manager with over 15 years of leadership and service in various organizations and institutions, particularly within the hospitality, tourism, and education sectors. He has notably served as the Hospitality Manager at the Kenya Utalii College, Banqueting/Events Manager at the Kenya Utalii College and as Deputy General Manager at Utalii Hotel and at the Alliance Naro Moru River Lodge. He also served as the Marketing Executive at the Conqueror Tours and Safaris.</p> <p>He is a holder of a Master of Arts Degree in Diplomacy and Foreign Policy from Moi University, a Bachelor's Degree in Commerce from Kenyatta University and a four-year Diploma in Hotel Management from the Kenya Utalii College. Mr. Gitaa has also benefited from various professional trainings and short courses, including in Education Network in Sustainable Tourism (Bologna University), Tourism Resources Planning and Development (Heilongjiang university), Corporate Governance Training for Directors and Strategic Leadership (Maseno University), and Customer Service Management, among others. He is an Alumni of Riomego Secondary School.</p> |

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| 3. |  <p>Mr. Jimmy Okidiang'i (42) Human Resource Manager</p> | <p>Mr. Okidiang'i has over 15 years' experience in Management of Human Capital. He holds a Master of Science in Human Resource Management, Bachelor of Business Administration specialising in Human Resource Management, has a Higher National Diploma in Human Resource Management and a Diploma in Personnel Management. He is a Certified Lead Auditor and the Corporation's Management representative on Quality Management System and possesses other qualifications. He is the Head, Human Resource Department.</p> |
| 4. |  <p>Dr. Kahithe Kiiru (38) Production Manager</p> | <p>Dr. Kahithe Kiiru is the head of Production Department. She is an anthropologist, choreographer, producer and dance educator. She has a PhD in anthropology from the University of Paris X Nanterre (France) and master's degree (MPhil) in Ethnomusicology and Dance Anthropology from the same university.</p> <p>Since 2017, she has been the Head Choreographer at Bomas of Kenya, and was, in 2020, promoted to Ag. Production Manager. Dr. Kiiru's duties include choreography and artistic direction, cultural research and fieldwork management, audio-visual production and coordination of all theatre activities. She is a skilled researcher with extensive experience in ethnomusicological research in East Africa and a special focus on dance traditions of Kenya. She has published numerous articles and, in 2018, co-edited the book "Music and Dance in Eastern Africa", a joint publication by Twaweza Communications and the French Institute for Research in East Africa (IFRA-Nairobi). She is a member of the Kenya National Commission for UNESCO (KNATCOM) Culture Programme Expert Committee and sits on the Advisory Board of JHAZI journal for the Culture, Arts and Performance.</p> |
| 5. |  <p>Mr. Joseph W. Njoroge (44) Property Manager</p> | <p>Mr. Njoroge joined Bomas of Kenya in December 2006 and has over 14 years' experience in Property Management and Construction. He holds Diploma in Building Technology and a Bachelor of Arts degree in Quantity Surveying from Technical University of Kenya. He is the technical advisor of the Sample Bar Cultural Music Digitization Project. He is the head of the Property Department at Bomas of Kenya Limited.</p> |

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| <p>6.</p> |  <p>Mr. Jason Obino (45) Food and Beverage Manager</p> | <p>Mr. Obino is a seasoned professional with over 15 years of experience in the hospitality sector. He joined Bomas of Kenya from the Kenya Utalii College and he thrives in food and beverage management and effectively manages all operations in food and beverage department. He holds a Bachelors in Hotel and Hospitality Management from Moi University, an advanced diploma in Food and Beverage and Hotel management from Utalii College and a diploma in instructors course from Kenya Technical Training College.</p> |
| <p>7.</p> |  <p>Mr. Alphonse Akondo (40) Ag. Senior Public Relations & Communications officer</p> | <p>Mr. Akondo joined Bomas of Kenya in 2004 and is the current head of the Public Relations and Communication Unit. Before his appointment as the acting Senior Public Relations and Communications Officer, he served as a Corporate Communication Officer I. Mr. Akondo holds a Bachelor of Science in Communication and Public Relations, a Diploma in Film/Video programmes production and a Diploma in TV Video Production. He has over 15 years of experience fostering positive relationships, promotional campaigns, media addresses, crisis management and reports to executive management.</p> |
| <p>8.</p> |  <p>Ms. Gladys Kangethe (48) Ag. Marketing and Corporate Communication Manager</p> | <p>Ms. Gladys Kangethe is the Head of marketing department. She holds an MBA in strategic management from Catholic University of Eastern Africa. Possess a Bachelor's Degree in Education from Moi University. A member of Marketing Society of Kenya, Associate of Chartered Institute of Marketing UK (ACIM), Kenya Association of Women in Tourism and Women on Boards Kenya.</p> <p>Having been a senior marketing officer since 2019 Gladys was promoted to Head the marketing department in 2020. Her main duties are leading in the planning and implementation of marketing strategies to increase the market share of Bomas of Kenya in the cultural tourism and conferencing sectors. Creating partnerships that lead to mutual benefit for Bomas to be able to realize its mandate. Market intelligence which allows for the development of new products and services as well as modification of existing ones for the different target markets.</p> |

5. Chairperson's Statement

A. Introduction

The Board of Bomas of Kenya is pleased to share our Annual Reports and Financial Statements for the year ended 30th June 2023. The financial year commenced during a challenging time during the hotly contested 2022 National general elections, succession and regime change as well the COVID-19 pandemic which had adversely affected the Tourism industry, economies, households and businesses. However, the year has been a marked by achievements, resilience, and a steadfast commitment to the Bomas of Kenya strategic plan. I and fellow board members worked with management to ensure attainment of the organisation's mandate.

At Bomas of Kenya, we stood at the forefront of fostering economic growth and growth of the Kenyan tourism sector. We remain committed to the principles of the Bottom-Up Economy Transformation (BETA) agenda to drive the institution determination to uplift local artisans, performers, and entrepreneurs. Bomas of Kenya recognizes the fundamental role it can play in advancing the Bottom-Up Economy Transformation (BETA), a key priority of our nation. Our interactions with local artisans, performers, and entrepreneurs have further improved as we seek to integrate their talents into our operations. Through partnerships and platforms, we have showcased local products, talent, and businesses, driving economic growth from the ordinary level upwards. During the financial year, our obligation to preserving and promoting our cultural heritage remained unwavering, allowing us to achieve commendable financial results:

B. Financial Results

The 2022/2023 financial results stand as a testament to the strategic competence of Bomas of Kenya. I am pleased to announce that Bomas of Kenya achieved a substantial increase in revenue which is mainly attributed to the selection of the Institution as the National Tallying Centre for the 2022 general elections. One of the key factors driving our financial performance has been the diversification of our revenue streams. By increasing our line-up of cultural events, hosting and entertainment offerings, we not only attracted a diverse audience but also fortified our income generation abilities. This strategic approach will ensure long-term financial sustainability of the institution.

C. Governance Oversight

The board underwent some changes during the year. Several directors including Ms. Gloria Nasimiyu, Ms Habiba Mohammed, Mr. Samson Ojiayo and Mr. Wycliffe Khavuchi retired. Ms. Khadija Awale who served as the entity's Chairperson retired on 10th February 2023. In December 2022, we were pleased to welcome to the Board Ms. Ummi Bashir, following her appointment as the principal secretary, State Department for Culture and Heritage. The board sincerely appreciates their selfless and dedicated service to the Board where it benefitted from their vast experience in governance, management, finance and strategy formulation.

D. Future Outlook

As we embark on the new financial year, Bomas of Kenya looks ahead with unwavering dedication to excellence, innovation, and the advancement of the bottom-up economy. We are dedicated to enhancing visitor experiences by investing in modern facilities, innovative technology, and cultural exhibitions. Bomas of Kenya intends to actualise the Bomas International Convention Complex (BICC), a MICE project in the financial years 2023/24 to 2024/25 which aims at enhancing business tourism, bring together top professionals from different sectors across the world in an enhanced and tailor-made hospitality setting. Our commitment to preserving and promoting Kenyan rich diverse culture remains firm even in the next financial year.

E. Appreciation

On behalf of the board, I would like to take this opportunity to express our appreciation to the management and staff for their persistent efforts in rallying together to deliver not only on the promise of today but position Bomas of Kenya for a better tomorrow. To our shareholders, business partners, customers and other stakeholders, thank you for trusting us to deliver to you every day of our existence. I am especially grateful to the leadership of the Ministry of Tourism, Wildlife and Heritage and the Government of Kenya as a whole for their support. I also thank our former chairperson, Ms. Khadija Awale from whom I took over to serve the organisation. Together, we have created a path of sustainable growth, cultural preservation, and economic vitality.



HON. JANE JEPKORIR KIPTOO CHEBAIBAI
CHAIRPERSON OF THE BOARD

6. Report of the Chief Executive Officer

A. Introduction

Bomas of Kenya limited continues to ensure that its mandate of preserving, maintaining and promotion of the diverse cultures of Kenya for tourism development remain in its cultural form. The place of culture and heritage in Kenya's tourism is emphasized in the country's National Tourism Blueprint 2030 (NTB2030) and forms part of the Bottom-Up Economy Transformation (BETA) agenda hence the need for sustainability. The tourism sector is one of key pillars for sustainable economic growth in Kenya with a Gross Domestic Product of approximately 12%. Therefore, the institution continues to ensure that its mandate of preserving, maintaining and promotion of the diverse cultures of Kenya for tourism development remain in its cultural form.

The financial year 2022/23 has been a period of exceptional significance for Bomas of Kenya, characterized not only by outstanding performance but also by a landmark event that showcased our organization's innovation, and strategy execution. This achievement involved the successful hosting of the August 2022 general elections (GE), which stands as a prime example of our commitment to innovation and excellence. In partnership with the Independent Electoral and Boundaries Commission (IEBC) and other relevant authorities, we transformed our facilities into a secure and efficient centre for national tallying, a process that was commended both locally and internationally. Our organization's strategic alignment with this significant event reaffirms our commitment to national progress and democratic values.

B. Financial Results

During the financial year that ended 30th June 2023, the institution realized Kshs. 579 Million internally generated revenues and received Kshs. 239.2 Million as current grant from the Government. The growth in internally generated revenues can be attributed to the institution adoption of its strategies, innovation and team commitment. The organisation also received the second tranche of Ksh. 7.04 Million from for the HEVA Fund for the Sample Bar Project which is being undertaken in partnership with Libido Music (Sweden) whose aim is to digitize and preserve traditional African music for future generations. This digital technology project upon completion is expected to change the way we envision the documentation and preservation of traditional music on the continent.

C. Employee Retention and Motivation

As we reflect on our journey through the financial 2022/23, I am inspired by the dedication, resilience and hard work that each of my 189 colleagues and the temporary staff brought to the organization. Our shared commitment to preserving and promoting Kenyan culture has been the driving force behind our successes. Therefore, as we celebrate our financial accomplishments, it is essential to recognize that these achievements are made possible by the collective efforts of every team member. During the year, with the approval of the board we were able to setup and operationalize the Bomas of Kenya Service Charge scheme payable to the Food and Beverage Department Staff. The institution is also in the process of formulating other motivation schemes to cover the entire workforce. However, in the financial year, Ms. Teresia Abwana, Mr. Charles Wachira and Mr. Daniel Muthee retired from the organisation after serving for several years. It is very unfortunate that during the financial year we lost Mr. Edwin Muchera from the Property department.

D. Strategic Alignment and Future Prospects

As we look towards the future, our strategies remain aligned with both national priorities and industry trends. Collaboration with the Ministry of Tourism and Wildlife remains a foundation, allowing us to align our cultural initiatives with larger national objectives. The institution is also in the process of developing the Strategic plan 2023-2027 to ensure the strategic objectives align to the current strategic goals of the organization. We remain steadfast in our resolve to contribute to the Bottom-Up Economy Transformation (BETA) agenda, supporting culture, local talent and artisans as they play a pivotal role in Kenya's economy. We remain committed in our commitment to financial excellence, cultural preservation, and contributing positively to the nation's progress.

E. Appreciation

Finally, I extend my sincere appreciation to our devoted team members, visionary board members, supportive partners, and all stakeholders who have contributed to our accomplishments. It is your collective efforts that drive us forward and inspire us to reach new heights in the years to come.


CPA NIXON MUGILWA

AG. GENERAL MANAGER/CHIEF EXECUTIVE OFFICER

7. Environmental and Sustainability Reporting

Bomas of Kenya Limited exists to transform lives. This is our purpose; the driving force behind everything we do. It is what guides us to deliver our strategy, putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is an outline of the organisation's policies and activities that promote sustainability.

i). Sustainability Strategy and Profile -

Since its inception in 1971, Bomas of Kenya (BoK) has been showcasing the diversity of Kenya's cultures, practices, and values. This vibrant portrayal of diversity has found expression through various forms, supporting our core mandate. A notable stride in our journey is the proposed Bomas International Convention Centre (BICC), a collaborative endeavour through a public-private partnership. This transformative project holds the promise of enhancing our revenue generation capabilities, which, in turn, will cross-subsidize the preservation and celebration of Kenya's diverse cultural heritage. The institution also runs the Utamaduni restaurant that offers a rich menu of exceptional cultural foods from different communities in Kenya and with every dish served, we celebrate the culinary heritage of each community. The organisation is also undertaking the Sample Bar Kenya Project, whose aim is to digitize Kenyan music, ensuring its preservation for future generations. With each traditional music being captured, each instrument preserved, and every cultural class conducted, the Sample Bar Kenya Project, reflects Bomas of Kenya solid commitment to safeguard the Kenyan heritage, and promote cultural tourism.

ii). Environmental Performance

BOK being under the tourism sector is a key entity in cultural heritage preservation, wildlife and bio-diversity resources preservation. The organisation in its commitment to environmental protection and performance started a botanical garden and nursery to preserve various indigenous and medicinal herbs that face environmental threat and extinction. In addition, due to the organisation's proximity to the Nairobi National Park, waste management measures and initiatives have been put in place to ensure that wild animals are protected. We are also in the process of establishing a water purification system aimed at water recycling and adheres to the various environmental protection guidelines by the National Environment Management Authority.

iii). Employee Welfare

Bomas of Kenya holds her employees in highly value and esteem and will continue to do so. This will ensure its employees are highly charged, motivated and committed thereby enabling BOK to gain sustainable competitive edge over competitors. BOK is an equal opportunity employer and does not in its recruitment discriminate based on gender, age, race and ethnicity. All appointments are made with the approval of the Board and are made in accordance with the existing job descriptions and specifications for various cadres of staff in respective fields of employment. BOK also recognizes the need for training and development of all its employees and offer training opportunities to all its employees in order to improve their work performance and personal development. All employees of BOK are subject to relevant provisions of other regulations, rules and instructions issued by other authorities who are authorized to do so.

At Bomas of Kenya, we also committed to the safety and well-being of our employees. Our safety policy is fully compliant with the Occupational Safety and Health Act of 2007 (OSHA). BOK maintains rigorous safety protocols, conduct regular safety audits, and ensure all employees are well-versed in safety procedures. This commitment extends to creating a conducive environment where everyone feels empowered to raise safety concerns without hesitation. Through these policies, Bomas of Kenya strives to create a workplace where talent thrives, diversity flourishes, and safety is important. Our commitment to gender equality, stakeholder collaboration, skills enhancement, and safety highlights our belief that a motivated, diverse, and safe workforce is essential to our continued success.

iv). Market Place Practices-

a) Responsible Competition Practice

BOK has been at the forefront to ensure responsible competition practice. These practices have enabled BOK to experience a fair, transparent, and ethical competition in the context of cultural and tourism activities. Over the years, BOK has been committed to setting fair and transparent prices for its cultural events, tours, and services. The prices for cultural events are clearly communicated to the clients in advance, ensuring that customers are provided with accurate pricing information. In addition to setting fair prices, BOK also maintains ethical relationships with customers which has been an important practice that has ensured transparency, fairness, and the protection of customers' rights when providing cultural events and services. By incorporating these

elements into our marketing practices, BOK has been able to show a commitment to responsible business practices within the cultural and tourism industry.

b) Responsible Supply Chain and Supplier Relations

Bomas of Kenya commitment to ethical conduct extends to every aspect of our business, including our interactions with suppliers. We recognize that treating suppliers fairly, transparently, and respectfully is essential to building trust and promoting sustainable business practices. BoK has strategies in place to ensure an open supplier prequalification process as well as an open tendering process. All prequalification documentation, including requirements, guidelines, and evaluation criteria, are made available to potential suppliers. This transparency ensures that suppliers understand what is expected and how they will be assessed. In addition to having an open prequalification process, BoK takes a strategic approach to supplier selection, taking into consideration factors such as quality, value, and ethical considerations. Suppliers are engaged through a competitive evaluation process that ensures alignment with our values and objectives. This approach allows us to work with suppliers who share our commitment to responsible business practices.

BOK also prioritizes clear and transparent contractual agreements with suppliers. These agreements detail the terms and conditions of our engagements, including pricing, deliverables, and payment schedules. We recognize that honouring our payment obligations ensures the financial stability and trustworthiness of our organization. As we continue with our engagement with suppliers, our objective is to remain firm to our commitment to ethical business practices and responsible supplier relationships. We recognize that our suppliers are integral to our success, and we strive to cultivate lasting partnerships built on trust, transparency, and mutual benefit.

c) Responsible Marketing and Advertisement

BOK has continued to maintain responsible marketing and advertising through adopting marketing strategies that meet customer's needs and also impact the community positively. The organisation has ensured transparency by clearly disclosing all charges associated with visiting the Bomas of Kenya on the website. In the effort to ensure responsible advertising of BoK products, the company uses advertising channels that have a reputation for promoting content that aligns with BoK's values and responsible marketing principles. This includes the use of print media, TV/Radio and

newspapers which are in accordance with the existing laws and regulations. BoK has also been committed to providing regular training to marketing and advertising teams on responsible marketing practices, ethics, and compliance with relevant regulations. This practice has ensured that the organization's marketing efforts are conducted in an ethical manner.

d) Product Stewardship

BOK has taken significant efforts to ensure product stewardship in its operations, particularly in the context of preserving cultural heritage and promoting responsible tourism. During the year, the institution collaborated with local artisans and craftsmen, supporting safe working conditions, and ethical practices in the creation of cultural products. This engagement has ensured responsible production and preserves traditional craftsmanship. Bomas of Kenya has also taken an initiative in taking great care in the creation and sale of cultural artefacts and souvenirs. These products are crafted using sustainable materials such as natural fibres, ensuring the artefacts are culturally authentic. BOK's commitment to product stewardship aligns with its mission of cultural preservation and responsible tourism. By implementing these practices, Bomas of Kenya contributes not only to the preservation of Kenya's rich cultural heritage but also to sustainable and responsible tourism practices, benefiting both the community and the environment.

v). Corporate Social Responsibility/Community Engagements

BOK is committed to making a positive impact on society through its Corporate Social Responsibility initiatives. In alignment with its CSR values, the organization actively participated in the Magical Kenya Tembo Naming Festival (MKTNF), an initiative that blends cultural heritage with wildlife conservation. In addition, the company took part in celebrating Swahili Day, an event that showcased Swahili traditions, music, dance, art and cuisine. Celebrating Swahili Day as part of our CSR activity was a meaningful way of promoting cultural awareness, and inclusivity while engaging with the community. Further, the organization recognizes the immense potential of sports, particularly football. As a result, BOK remained steadfast in its commitment to supporting the Bomas of Kenya Football Club. An endeavour that encourages the growth of football talent within the community, providing opportunities for aspiring young players. As we move forward, we aspire to further enhance our CSR activities through various initiatives that will strengthen our engagement with the community around us.

Bomas of Kenya Limited

Annual Report and Financial Statements for the year ended June 30, 2023

8. Statement of Performance against Predetermined Objectives for FY 2022-2023

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the national government entity's performance against predetermined objectives.

Bomas of Kenya Ltd has four strategic pillars and objectives within the current Strategic Plan for the FY 2022- FY 2023. These strategic pillars are as follows:

Strategic Pillar 1: Preservation of Kenyan Culture

Strategic Pillar 2: Promotion of the Rich and Diverse Kenyan Culture

Strategic Pillar 3: Financing and Investment

Strategic Pillar 4: Human Resource Development, Governance and Support Services

Bomas of Kenya Ltd develops its annual work plans based on the above four pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The entity achieved its performance targets set for the FY 2022-2023 period for its four strategic pillars, as indicated in the diagram below:

| Strategic Pillars | Objective | Key Performance Indicators | Activities | Achievements |
|--------------------------------|---|--|---|---|
| Preservation of Kenyan Culture | <ul style="list-style-type: none"> To undertake research on cultural values, practices and customs of Kenya's ethnic communities; To document and package research findings on ethnic cultural values, practices and customs; To educate Kenyans and tourists on the rich and diverse Kenya's cultural heritage; To diversify and modernize the existing cultural products offer in line with contemporary tourism trends; To increase partnership programs with county governments and tourism stakeholders on culture preservation | <ul style="list-style-type: none"> Number of MOUs and research reports Number of new products developed Number of published articles Certificate of copyright Number of re-choreographed dances Cultural artefacts gallery in place Number of themed nights | <ul style="list-style-type: none"> Seek and form research partnerships with other government agencies Identify cultural product gaps Publish research findings in renowned journals Publication of patent on BoK choreographed cultural dances and designed cultural costumes Re-choreograph existing cultural dances of the BOK repertoire Establish a cultural artefacts gallery Organize cultural fashion shows | <ul style="list-style-type: none"> BOK partnered with Libido Music (Sweden) to digitize Kenyan Music and dances BOK identified the need to digitize Kenyan music a project which is ongoing The entity is currently re-choreographing the existing dances and redesigning its cultural costumes Re-imaging of the entities cultural gallery is in process BOK features traditional homesteads from different communities, showcasing the architectural styles that are unique to each group. Bomas of Kenya features traditional Kenyan cuisine in its restaurants. |

Bomas of Kenya Limited

Annual Report and Financial Statements for the year ended June 30, 2023

| | | | | |
|---|--|--|--|---|
| <p>Promotion of the rich and diverse Kenyan culture</p> | <ul style="list-style-type: none"> To increase awareness of BoK products & services; To increase BoK's patronage and consumption of BoK's products; To maintain positive corporate image & relations | <ul style="list-style-type: none"> Report Revenue generated Market intelligence reports Approved communication policy | <ul style="list-style-type: none"> Conceptualization, message development & design Marketing influencers, event management Participation in trade and tourism expos, fairs and exhibitions both locally and internationally Undertake market intelligence surveys Develop BoK's Communication policy | <ul style="list-style-type: none"> Various targeted messages and artworks are being developed BOK engages social media consultants An approved communication policy is being developed BOK hosts daily cultural performances that showcase traditional music and dance from various ethnic groups in Kenya. |
| <p>Financing and investment</p> | <ul style="list-style-type: none"> To ensure expanded resource mobilization mechanism To ensure sustainable funding of BoK products and services | <ul style="list-style-type: none"> Revenue reports Assigned targets % completion rate RFQs evaluation reports | <ul style="list-style-type: none"> Identify revenue collection streams Assign targets to revenue collection streams Provide basic infrastructure Market engagement – publish & evaluate RFQS | <ul style="list-style-type: none"> A review of revenue streams is ongoing with intention of adding more. Targets are assigned at the start of financial year The required basic infrastructure is at place |
| <p>Human Resources, Development Governance and Support Services</p> | <ul style="list-style-type: none"> To ensure optimal organizational capacity for improved service delivery; To improve work environment that fosters staff morale; To strengthen internal controls and processes; To improve BoK physical infrastructural capacity; To improve BoK's ICT Infrastructure, Systems and Governance To ensure efficient utilization of revenue. To strengthen internal processes. | <ul style="list-style-type: none"> Number and reports Environmental sustainability report Preliminary and quarterly reports. Number of staff trained Reports on comprehensive audits Reports on documentation conformity | <ul style="list-style-type: none"> Recruitment, upgrading & compensation of staff Conduct an annual environmental sustainability audit Undertake repairs and maintenance in line with audit report and as per repair and maintenance schedule Develop ICT training Programmes for end-users Carry out a comprehensive audit of systems, procedures, and equipment's in use Review QMS documentation in conformity with ISO 9001:2015 | <ul style="list-style-type: none"> Various staff members were recruited and others promoted Necessary repairs have been undertaken to improve physical infrastructure ICT training programmes have been developed Plans are under way to under comprehensive audit of systems, procedures, and equipment's in use QMS documentation has been revised |

9. Corporate Governance Statement

a) Introduction

At Bomas of Kenya, the Board of Directors holds a steadfast commitment to upholding high standards of performance, legal compliance, ethical conduct, and governance across all areas of the institution. This commitment echoes throughout the institution's interactions with shareholders, customers, employees, communities and the nation at large. It therefore endeavours to design policy thrusts that bring agreement in its inter-relations with them. Recognizing its responsibility to various stakeholders, the Board appreciates the trust vested in it by shareholders, the loyalty of customers, and the dedication of employees. It also values the synergetic relationship with the communities within which it operates. This appreciation drives the Board's determination to design policies that harmoniously align the institution's interactions with these stakeholders. As part of its efforts to manage and mitigate risks, the Board constantly reviews the institution's internal control framework. It precisely assesses the processes put in place by Management to actualize these controls, constantly refining them to optimize effectiveness.

To this end, the Board has embraced an array of policies, procedures, and regulations to guide Management's operational decisions. Various committees have also been established to strengthen the efficacy of its duties while concurrently fostering the institution's sustainability.

b) Committees of the Board of Directors

The Board of Directors of Bomas of Kenya Limited has established four committees to help in processing of issues before their ultimate submission to the full board.

The committees are: -

- a) The Finance and Human Resource Committee;
- b) The Audit Committee;
- c) The Development and Investments Committee; and
- d) The Operations Committee

c) Risk Management

At Bomas of Kenya, risk management stands as an essential pillar within our internal control framework. The Board ensures that measures are put in place to manage risks associated with the operations and functions of the institution, so as to guarantee the institution's sustainability. Guided by a comprehensive risk management strategy, we ensure a resilient organizational structure. This approach involves thorough monitoring our internal systems, evaluation of projects by external

experts, and the establishment of codes of practice that support corporate accountability. We also promote independent and objective oversight, and review information presented by the management to identify potential risk areas and developing policies and strategies to mitigate the risks.

d) Operational Risks

Operational risks are risks associated with losses arising from the failure of systems, human error, fraud, or external events. Although complete prevention of operational risks is an impractical endeavour, Bomas of Kenya Limited remains confident to proficiently manage and mitigate them. This is achieved through the careful application of control frameworks, vigilant monitoring, and proactive risk mitigation strategies. The controls that the institution has put in place to minimize possible operational risks include: -

- a) Segregation of duties - by outlining roles and responsibilities, we ensure a system of checks and balances that mitigates the risk of errors and unnecessary influence;
- b) Training of staff - we equip our staffs with the knowledge required to navigate potential downsides, thereby reinforcing our defences against operational risks;
- c) Definition of authorization levels - control over authorization levels ensures that actions are carried out within approved boundaries, limiting the risk of unauthorized actions;
- d) Internal auditing - an independent internal audit function provides critical insights into our operational landscape, validating the efficiency of our risk mitigation strategies and;
- e) Implementation of access controls - by strictly regulating access to sensitive information and systems, we safeguard ourselves from unauthorized activities.

e) Credit Risk

Credit risk is a risk that arises from trade and other receivables where debtors are not able to meet their obligation as expected. Bomas of Kenya Limited does not have a significant concentration of credit risk. This is because the finance department assesses the credit worthiness of each client that the institution deals with, including his or her financial position, experience, and other related factors. To further enhance our safeguarding measures, we institute a credit period of 30 days for our debtors. This prudent timeframe not only provides a reasonable span for obligations to be met

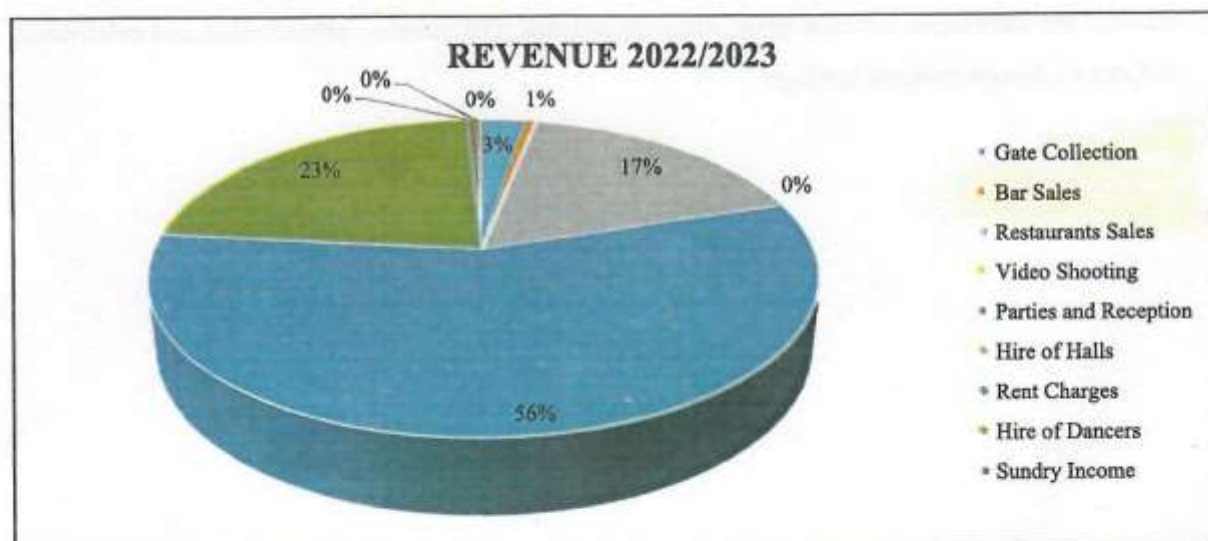
Bomas of Kenya Limited
Annual Report and Financial Statements for the year ended June 30, 2023

10. Management Discussion and Analysis

Bomas of Kenya continues to deliver its mandate of preserving, maintaining and promotion of the Rich Diverse cultural values of various ethnic groups of Kenya for posterity. The institution act as a tourist attraction centre thus Bomas of Kenya is expected to preserve the authenticity of the Kenya's Cultural values and to portray them in the pure form. The Cultural tourism is a distinctive niche that impacts the tourists who visit the institution which is under the tourism sector.

BoK held a Jubilee event to mark its 50 years of existence since the institution has successfully provided cultural tourism products since 1971. The institution leveraged on the event to increase its publicity in order to in ensure that revenue from the appropriation in aid as well stabilised from the various streams. Nevertheless, the institution continued to comply with the relevant statutory including P.A.Y.E, NSSF, NHIF, VAT and the Higher Education Loans Board.

In the financial year, the revenue performance was majorly from parties and reception at 56.5%, which can be attributed to the provision of meals and drinks during the 2022 General Elections, National Police, Prison and National Youth Service Reforms Taskforce event and other major events. Revenue from the hire of halls was 22.5% while restaurant sales and gate collection contributed to 17.0% and 2.6% of the total revenue respectively. All the streams are expected to grow in the coming year, as the economy fully reopened due to political stability which was recorded after the August 9th, 2022 elections. These can be represented graphically as shown below.



FUTURE OUTLOOK

Through the board of directors, the management initiated the relevant activities the staff pension scheme which has been successfully actualized in the last financial year. So far, the staff pension scheme has increased staff morale and has ensured certainty for Bomas of Kenya Ltd staff after retirement or exit from the institution. The Management also appointed a board of trustees who are currently overseeing the process of ensuring staff get relevant support for matters concerning pension scheme. Further, it should be noted that this was a milestone in compliance with the National Treasury requirements in regard to government institutions operationalization of pension scheme to support the staff in regard to retirement.

In order to improve the organisation facilities, the institution successfully completed the Rehabilitation of the main Auditorium Hall in collaboration with the Ministry of Public Works. The institution is now awaiting funds for the second phase of the hall's rehabilitation, and all final work is expected to be completed by the end of the current fiscal year 2023/2024. The organization is also implementing the Sample Bar Project in partnership with Libido Music (Sweden) and Heva Fund LLP which is expected to be completed by the end of the current fiscal year 2023/2024. This exciting digital technology project is expected to forever change the way we envision the documentation & preservation of traditional music in the continent. Further, BOK is in the processing of constructing the proposed Bomas International Convention Centre (BICC), a collaborative endeavour through a public-private partnership a transformative project that will enhance the institutions revenue generation capabilities, and enhance preservation and celebration of Kenya's diverse cultural heritage.

Bomas of Kenya Limited
Annual Report and Financial Statements for the year ended June 30, 2023

11. Report of the Directors

The Directors submit their report together with the audited financial statements for the year ended June 30, 2023, which show the state of the Bomas of Kenya Limited affairs.

i) Principal activities

The principal activities of Bomas of Kenya Ltd continue to be to preserve, promote, and maintain the diverse cultures of Kenya for tourism development.

ii) Results

The results of Bomas of Kenya Ltd for the year ended June 30, 2023, are set out on page 1 and 2. Below is summary of the profit or loss made during the year.

| | 2022-2023 | 2021-2022 |
|--------------------------------------|-------------------|---------------------|
| | Kshs. | Kshs. |
| Profit/(Loss) Before Taxation | 56,224,739 | (41,929,467) |
| Income Tax Expense/(Credit) | - | - |
| Profit/(Loss) After Taxation | 56,224,739 | (41,929,467) |

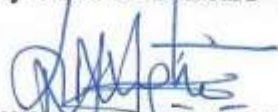
iii) Directors

The members of the Board of Directors who served during the year are shown on page vii to ix.

iv) Auditors

The Auditor-General is responsible for the statutory audit of Bomas of Kenya Ltd in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 for the year/period ended June 30, 2023.

By Order of the Board



CPA NIXON MUGILWA
CORPORATE SECRETARY/SECRETARY TO THE BOARD

DATE: 15/04/2024

12. Statement of Directors' Responsibilities

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

The Directors are responsible for the preparation and presentation of Bomas of Kenya Ltd financial statements, which give a true and fair view of the state of affairs of Bomas of Kenya Ltd for and as at the end of the financial year ended on June 30, 2023. 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 Bomas of Kenya Ltd, (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 Bomas of Kenya Ltd, (v). selecting and applying appropriate accounting policies, and (vi). Making accounting estimates that are reasonable in the circumstances.

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

Bomas of Kenya Limited
Annual Report and Financial Statements for the year ended June 30, 2023

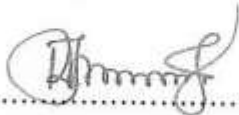
Statement of Directors' Responsibilities (Continued)

The Directors are of the opinion that the Bomas of Kenya Ltd's financial statements give a true and fair view of the state of Bomas of Kenya Ltd's transactions during the financial year ended June 30, 2023, and of Bomas of Kenya Ltd's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for Bomas of Kenya Ltd, which have been relied upon in the preparation of the Bomas of Kenya Ltd's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

Bomas of Kenya financial statements were approved by the Board on 28th SEP 2023 and signed on its behalf by:



HON. JANE JEPKORIR KIPTOO
CHAIRPERSON OF THE BOARD



CPA NIXON MUGILWA
ACCOUNTING OFFICER

REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON BOMAS OF KENYA LIMITED FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution 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 Bomas of Kenya Limited set out on pages 1 to 41, which comprise of the statement of financial position as at 30 June, 2023 and the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant

accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Bomas of Kenya Limited as at 30 June, 2023 and its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS) and comply with the Companies Act, 2015 of the Laws of Kenya.

Basis for Qualified Opinion

1. Valuation of Property, Plant and Equipment

As previously reported, the last valuation for the assets was conducted in 1996. The long delay fails to take cognizance of the economic changes in the value of the assets contrary to International Accounting Standard No.16, Paragraph 31 which stipulates that property, plant and equipment should be revalued regularly.

In the circumstances, the value of the property, plant and equipment balance of Kshs.2,309,154,682 could not be confirmed.

2. Trade and Other Receivables

The statement of financial position reflects trade and other receivables balance of Kshs.70,866,696 net of provision for bad and doubtful receivables as disclosed in Note 16 to the financial statements. However, the following anomalies were noted;

- (i) As reported in the previous years, trade and other receivables exclude opening balance for long outstanding debtors of Kshs.5,844,308 in the financial year ended 30 June, 2020. No evidence of approval for write-off for long outstanding debts has been provided by the Management despite the Public Investment Committee's recommendation to pursue a write-off through the Cabinet Secretary of the National Treasury.
- (ii) Trade receivables of Kshs.15,304,806 includes Kshs.2,535,032, and Kshs.11,364,748 that have remained outstanding for a period of over 30 to 120 days (four months) and over 120 days (beyond four months) respectively contrary to the Company's credit policy. No evidence has been provided of efforts made by the Management to recover the debts.
- (iii) The balance includes staff debtors of Kshs.771, 749 out of which Kshs.437,434 is in respect of long outstanding debts owed by ex-staff members from prior years with some dating as far back as 2009. No effort has been made to recover the long outstanding debts.

- (iv) As previously reported deposits and prepayments of Kshs.1,183,500 made to a local service provider and utility company have not been recovered as of the time of the audit. The service provider company is under liquidation and it was not possible to confirm if the amount could be recovered. In this regard, the debts outstanding remain doubtful and no efforts have been made to seek authority from the Cabinet Secretary of the National Treasury for possible write off.
- (v) The balance also includes other receivables of Kshs.55,137,122 out of which Kshs.51,897,978 comprising of Kshs.14,315,363 due from Ushanga Kenya initiative and Kshs.37,582,615 from Little Theatre club have remained outstanding for a long period of time despite several reimbursements request letters sent to State Department for Tourism by the Company.

In the circumstances, the accuracy and completeness of the trade and other receivables balance of Kshs.70,866,696 could not be confirmed and their recoverability is in doubt.

3. Trade Payables and Other Payables

The statement of financial position reflects trade and other payables balance of Kshs.116,154,090 and as disclosed in Note 23 to the financial statements. The balance includes trade creditors of Kshs.74,719,913 out of which Kshs.60,362,423 have remained outstanding for a period of more than 120 days. Further, the balance includes Kshs.21,076,204 which have not been supported by supplier invoices.

In the circumstances, the accuracy and completeness of trade and other payables balance of Kshs.116,154,090 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Bomas of Kenya Limited Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

Other Information

The Directors are responsible for other information, which comprises the Chairman's Statement, Report of the Directors, Corporate Governance Statement and the Statement of Directors Responsibilities. The other information does not include the financial statements and my auditors report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance or conclusion thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Engagement of Temporary Employees, Attachments and Internships

Review of the payment vouchers for casual employees revealed that Kshs.1,560, 000 was paid on an IEBC election function. However, the payments voucher number A 6868 of 8 July, 2022 and A 7085 of 18 August 2022 were not adequately supported. Further, the criteria for engagement of the casuals could not be established.

In the circumstances, the lawfulness of the payments to casuals of Kshs.1,560,000 could not be confirmed.

2. Award of Quotations without Professional Opinions

Note 11 to the financial statements reflects administration costs of Kshs.760,895,547. The amount includes repairs and maintenance expenditure of Kshs.127,858,567 out of which service and works of Kshs.12,336,638 were procured through requests for quotation procurement method. However, a review of procurement records provided for audit, revealed that the professional opinions by the head of the procurement function approved by the Accounting Officer were lacking contrary to Section 84(1) of the Public Procurement and Asset Disposal Act 2015 which states that the head of procurement function of a procuring entity shall, alongside the report to the evaluation committee as secretariat comments, review the tender evaluation report and provide a signed professional opinion to the Accounting Officer on the procurement or asset disposal proceedings.

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

3. Rehabilitation of the Auditorium

The construction works for the rehabilitation of the main auditorium at Bomas of Kenya was awarded to a local contractor on 22 November 2021 at a contract sum of Kshs.86,475,905 with a start date of 3 January, 2022 and expected practical completion date of 3 July, 2022.

The following unsatisfactory issues were noted in the implementation of the project.

(i) Financial Appraisal of the Project

On 27 July, 2022 a request was made by the State Department for Public Works to the Accounting Officer through letter Ref: QD118/10947A/VOL.1/20 to approve the use of contingency monies and omission of some items from the contract such as, canopy construction at the emergency exits, re-roofing of the dancers changing room, replacement of the main entrance canopy and equipping of the server room. It also stated the cost of remaining additional works to be within the contract sum based on inspection minute held on 6 June, 2022. However, no documentary evidence of the financial appraisal was provided to quantify the value of omitted works and additional works to justify the use of the contingency monies of Kshs.8,000,000.

(ii) Irregular Contract Extension

The State Department for Public Works requested the Accounting Officer vide letter Ref: D118/NB/NB202110947A/53 to extend the contract period by eight (8) weeks from 28 April, 2023 to 28 April, 2023. However, as at the time of audit in February, 2024, no extended contract was provided for audit yet the works had not been completed.

(iii) Contract Payments and Project Close Out

On 11 July, 2023 the Project Manager issued a certificate of practical completion with several items on builders works, mechanical works and electrical works being incomplete. Although works valued at Kshs.76,676,518 or 87% of contract sum had been certified and paid the project remains uncompleted. Further, there was no evidence provided to prove that the contractor was charged liquidated damages for failure to complete the project within the agreed contract period.

In the circumstances, the value for money on project expenditure incurred on account of the project may not be realized.

4. Staff in Acting Positions in Excess of Six Months Period

Review of sampled staff files revealed that there were four members of staff comprising of Manager Food and Beverage, Supply Chain, Marketing and Corporate Communication and Chief Internal Auditor who had been in acting capacities for periods in excess of six month without being confirmed or the positions filled competitively. This is contrary to Section 4.2.5 of Bomas of Kenya Human Resource Policies and Regulations Manual 2016 which provides that the maximum period for an acting allowance shall not exceed six (6) months.

In the circumstances, Management was in breach of the Human Resource Policies and Regulations.

5. Lack of a Contract /Agreement

The statement of profit or loss and other comprehensive income reflects cost of sales of Kshs.71,469,980 and as disclosed in Note 7 to the financial statements. The amount

includes Kshs.1,580,610 incurred on liquefied petroleum gas and Kshs.18,930,000 incurred on assorted restaurant supplies.

Review of records provided for audit revealed that the Management of Bomas advanced Kshs.650,000 to the suppliers as top up upon exhaustion of the amounts without entering into an agreement. This is contrary to Section 135(1) of the Public Procurement and Asset Disposal Act, 2015 which provides that the existence of a contract shall be confirmed through the signature of a contract document incorporating all agreements between the parties and such contract shall be signed by the Accounting Officer or an officer authorized in writing by the Accounting Officer of the procuring entity and the successful tenderer.

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

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAI) 4000. The Standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements 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 overall 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the Companies Act, 2015 I report based on the audit, that:

- (i) I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit;
- (ii) In my opinion, adequate accounting records have been kept by the Company, so far as appears from the examination of those records; and,

- (iii) The Company's financial statements are in agreement with the accounting records and returns.

Responsibilities of Management and Board of Directors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and overall 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 liquidate the Company or 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 are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

The Board of Directors is responsible for overseeing the 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

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal controls that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal controls components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit

report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Company to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and where applicable, related safeguards.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

22 April, 2024

Bomas of Kenya Limited**Annual Report and Financial Statements for the year ended June 30, 2023****14. Statement of Profit or Loss and Other Comprehensive Income for the year ended 30th June 2023.**

| | Note | 2022/2023 | 2021/2022 |
|---|------|--------------------|---------------------|
| | | KShs. | KShs. |
| REVENUES | | | |
| Revenue from Contract with Customers | 6 | 578,594,911 | 145,627,484 |
| Cost of sales | 7 | (71,469,980) | (34,366,253) |
| Gross profit | | 507,124,931 | 111,261,231 |
| Other Income | | | |
| Grants from the National Government | 8 | 302,903,987 | 285,615,258 |
| Other Income (Grants from Other Partners) | 9 | 8,011,824 | 9,354,815 |
| Other gains/(losses) | 10 | 203,924 | 1,742,451 |
| TOTAL REVENUES | | 818,244,667 | 407,973,755 |
| OPERATING EXPENSES | | | |
| Administration Costs | 11 | 760,895,547 | 449,903,223 |
| Selling and Distribution Costs | 12 | 1,124,380 | - |
| TOTAL OPERATING EXPENSES | | 762,019,927 | 449,903,223 |
| PROFIT/(LOSS) BEFORE TAXATION | | 56,224,739 | (41,929,468) |
| INCOME TAX EXPENSE/(CREDIT) | | - | - |
| PROFIT/(LOSS) AFTER TAXATION | | 56,224,739 | (41,929,468) |


Bomas of Kenya Limited
Annual Report and Financial Statements for the year ended June 30, 2023

15. Statement of Financial Position as at 30 June 2023

| | NOTE | 2022/2023 | 2021/2022 |
|---------------------------------------|------|-----------------------------|-----------------------------|
| | | KShs. | KShs. |
| ASSETS | | | |
| Non –current assets | | | |
| Property plant & equipment | 14 | 2,309,154,682 | 2,338,217,295 |
| | | | - |
| Total Non-Current Assets | | 2,309,154,682 | 2,338,217,295 |
| CURRENT ASSETS | | | |
| Inventories | 15 | 2,919,436 | 3,886,732 |
| Trade and other Receivables | 16 | 70,866,696 | 67,222,598 |
| Bank and Cash balance | 17 | 84,861,457 | 56,992,215 |
| TOTAL CURRENT ASSETS | | 158,647,589 | 128,101,545 |
| TOTAL ASSETS | | <u>2,467,802,271</u> | <u>2,466,318,840</u> |
| | | | |
| <u>EQUITY AND LIABILITIES:</u> | | | |
| Share Capital | 18 | 5,080,000 | 5,080,000 |
| Revaluation Reserve | 19 | 164,829,167 | 164,829,167 |
| Retained Earnings | 21 | 203,996,125 | 147,771,385 |
| Deferred capital grant | 22 | 1,977,742,889 | 2,041,406,876 |
| CAPITAL AND RESERVES | | <u>2,351,648,181</u> | <u>2,359,087,429</u> |
| NON-CURRENT LIABILITIES | | | |
| | | | |
| Deferred tax liability | | | |
| TOTAL NON -CURRENT LIABILITIES | | | |
| | | | |
| Current Liabilities | | | |
| Trade and other payables | 23 | 116,154,090 | 107,231,411 |
| | | | |
| TOTAL CURRENT LIABILITIES | | 116,154,090 | 107,231,411 |
| TOTAL EQUITY & LIABILITIES | | <u>2,467,802,271</u> | <u>2,466,318,840</u> |

The financial statements were approved by the Board on 15/04 2024 and signed on its behalf by:


 Name: Claudiya Njuguna
 Director General/C.E.O/M.D


 Name: Felix K. Korir
 Head of Finance
 ICPAK M/NO: 12959


 Name: JANE JEPKORIR KIPTOO
 Chairman of the Board

Bomas of Kenya Limited
Annual Report and Financial Statements for the year ended June 30, 2023

16. Statement of Changes in Equity for the year ended 30 June 2023

| | Ordinary share capital | Revaluation reserve | Retained earnings | Capital/ Development Grants/Fund | Total |
|--|------------------------|---------------------|-------------------|----------------------------------|---------------|
| At July 1, 2021 | 5,080,000 | 164,829,167 | 189,700,853 | 1,972,404,615 | 2,332,014,636 |
| Net surplus/(Deficit) for the year 30th June, 2022 | - | - | (41,929,468) | - | (41,929,468) |
| Transfer of Depreciation from capital funds to retained earnings | - | - | - | (61,374,258) | (61,374,258) |
| Adjustment for Capital Grant (Little Theatre) | - | - | - | (19,623,481) | (19,623,481) |
| Capital Grant | - | - | - | 150,000,000 | 150,000,000 |
| At June 30, 2022 | 5,080,000 | 164,829,167 | 147,771,385 | 2,041,406,877 | 2,359,087,429 |
| At July 1, 2022 | 5,080,000 | 164,829,167 | 147,771,385 | 2,041,406,877 | 2,359,087,429 |
| Net surplus/(Deficit) for the year 30th June, 2023 | - | - | 56,224,739 | - | 56,224,739 |
| Transfer of Depreciation from capital funds to retained earnings | - | - | - | (63,663,987) | (63,663,987) |
| Capital Grant | - | - | - | - | - |
| At June 30, 2023 | 5,080,000 | 164,829,167 | 203,996,124 | 1,977,742,890 | 2,351,648,181 |

Bomas of Kenya Limited**Annual Report and Financial Statements for the year ended June 30, 2023****17. Statement of Cash Flows for the year ended 30 June 2023**

| | NOTE | 2022/2023 | 2021/2022 |
|--|-------|-------------------|-------------------|
| | | KShs. | KShs. |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash generated from Operations | 25 | 62,266,693 | (884,544) |
| Net Cash from Operating Activities | | 62,266,693 | (884,544) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of Fixed Assets/Work in progress/BICEC | | (34,601,375) | (75,611,891) |
| Proceeds from disposal of property, plant and equipment | | 203,924 | - |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Development Grants | | - | 130,376,518.01 |
| Net Increase/(Decrease) in Cash and Cash equivalents | | 27,869,242 | 53,880,083 |
| Add: Beginning Balance of Cash and Cash Equivalents | | 56,992,215 | 3,112,132 |
| ENDING BALANCE OF CASH & CASH EQUIVALENTS | 25(c) | 84,861,457 | 56,992,215 |

**Bomas of Kenya Limited
Annual Report and Financial Statements for the year ended June 30, 2023**

18. Statement of Comparison of Budget and Actual amounts for the period ended 30 June 2023

| | Original budget 2022-2023 | Adjustments 2022-2023 | Final budget 2022-2023 | Actual on comparable basis 2022-2023 | Performance difference 2022-2023 | Variance in Percentage 2022-2023 | Remarks 2022-2023 |
|----------------------------------|------------------------------|--------------------------|---------------------------|--|--|--|----------------------|
| | KShs. | KShs. | KShs. | KShs. | KShs. | | |
| Revenue | | | | | | | |
| Sale of goods | - | - | - | - | - | | |
| Sale of services | 103,000,000 | - | 103,000,000 | 578,798,835 | (475,798,835) | 462% | (i) |
| Transfers from the Government | 239,240,000 | - | 239,240,000 | 239,240,000 | - | 0% | |
| CAPITAL grant realized | - | - | - | - | - | | |
| Grant from other Partners | - | - | - | 8,011,824 | (8,011,824) | | |
| Total income | 342,240,000 | - | 342,240,000 | 826,050,659 | 483,810,659 | - | |
| Expenses | | | | | | | |
| Compensation of employees | 190,639,706 | - | 190,639,706 | 233,493,497 | (42,853,791) | -22% | (ii) |
| Boards Emoluments | 14,900,400 | - | 14,900,400 | 5,561,493 | 9,338,907 | 63% | (iii) |
| Administration expenses | 126,323,708 | - | 126,323,708 | 457,512,467 | (331,188,759) | -262% | (iv) |
| Use of Goods and Services | 9,321,486 | - | 9,321,486 | 71,469,980 | (62,148,494) | -667% | (v) |
| Legal & Professionals costs | 1,054,700 | - | 1,054,700 | 1,788,483 | (733,783) | -70% | (vi) |
| CAPITAL | - | - | - | - | - | | |
| Total expenditure | 342,240,000 | - | 342,240,000 | 769,825,920 | (427,585,920) | | |
| Surplus / Deficit for the period | - | - | - | 56,224,739 | (56,224,739) | | |
| Capital Expenditure | 68,000,000 | 82,000,000 | 150,000,000 | - | (150,000,000) | -100% | |

Budget Variances

The over-expenditure / under expenditure (negative variances) reflected in recurrent budget vote-lines were due to the following as referenced under notes:

i) Sale of Services

Bomas of Kenya Ltd hosted the 2022 General Elections exercise which had not been budgeted for thus the increase in AIA as well other events including the Magical Kenya Travel Expo (MKTE) and the Kenya Police and Prisons Reforms Taskforce.

ii) Compensation of employees

This is due to the fact that the demand for casual employees went up since the institution hosted the IEBC staff and other stakeholders in the national tallying exercise during the first quarter of the financial year as well other events including the Magical Kenya Travel Expo (MKTE) and the Kenya Police and Prisons Reforms Taskforce.

iii) Administration Expenses

The IEBC function and other major events that were hosted by Bomas of Kenya necessitated increase in utilities and other hiring charges thus the unfavourable variance in the expenditure item.

iv) Selling and Distribution Expenses

This is attributable to the fact that we needed to stock up our restaurant in order to meet the rising demand of IEBC during the general election especially in the first quarter of the year as well as other major events which were hosted in the institution.

Bomas of Kenya Limited
Annual Report and Financial Statements for the year ended June 30, 2023

19. Notes to the Financial Statements

1. General Information

Bomas of Kenya Ltd is established by and derives its authority and accountability from the Companies Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to preserve, promote, and maintain the diverse cultures of Kenya for tourism development.

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

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying Bomas of Kenya accounting policies. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of Bomas of Kenya Ltd. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act and International Financial Reporting Standards (IFRS). The accounting policies adopted have been consistently applied to all the years present.

Bomas of Kenya Limited**Annual Report and Financial Statements for the year ended June 30, 2023****Notes to the Financial Statements (Continued)****3. Application of New and Revised International Financial Reporting Standards (IFRS)****1. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.**

| Title | Description | Effective Date |
|--|--|--|
| IFRS 17 Insurance Contracts (issued in May 2017) | The new standard establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The objective is to ensure that entities provide relevant information in a way that faithfully represents those contracts. The Company does not issue insurance contracts. | Effective for annual periods beginning on or after 1 st January 2023. |
| IAS 8- Accounting Policies, Errors, and Estimates | The amendments, applicable to annual periods beginning on or after 1st January 2023, introduce a definition of 'accounting estimates' and include other amendments to IAS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. | The amendments are effective for annual reporting periods beginning on or after January 1, 2023. |
| Amendments to IAS 1 titled Disclosure of Accounting Policies (issued in February 2021) | The amendments, applicable to annual periods beginning on or after 1st January 2023, require entities to disclose their material accounting policy information rather than their significant accounting policies. | The amendments are effective for annual periods beginning on or after January 1, 2023. |

Bomas of Kenya Limited**Annual Report and Financial Statements for the year ended June 30, 2023**

| Title | Description | Effective Date |
|---|--|--|
| Amendments to IAS 12 titled Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (issued in May 2021) | The amendments, applicable to annual periods beginning on or after 1st January 2023, narrowed the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. | The amendments are effective for annual periods beginning on or after January 1, 2023. |

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

Bomas of Kenya Limited**Annual Report and Financial Statements for the year ended June 30, 2023****Notes to the Financial Statements (Continued)****Application of New and Revised International Financial Reporting Standards (IFRS)**

- ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.*

| Title | Description | Effective Date |
|--|---|--|
| Amendments to IAS 1 titled Classification of Liabilities as Current or Non-current (issued in January 2020, amended in October 2022) | The amendments, applicable to annual periods beginning on or after 1st January 2024, clarify a criterion in IAS 1 for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period | The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted. |
| Amendment to IFRS 16 titled Lease Liability in a Sale and Leaseback (issued in September 2022) | The amendment, applicable to annual periods beginning on or after 1st January 2024, requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss. | The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted. |
| Amendments to IAS 1 titled Non-current Liabilities with Covenants (issued in October 2022) | The amendments, applicable to annual periods beginning on or after 1st January 2024, improve the information an entity provides about liabilities arising from loan arrangements for which an entity's right to defer settlement of those liabilities for at least twelve months after the reporting period is subject to the entity complying with conditions specified in the loan arrangement. | The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted. |

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

iii. *Early adoption of standards*

Bomas of Kenya Ltd did not early – adopt any new or amended standards in year 2022-2023.

Notes to the Financial Statements (Continued)

4. Summary of Significant Accounting Policies

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

a) Revenue recognition

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

- i) Revenue from the sale of goods and services** is recognized in the year in which Bomas of Kenya delivers products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured.
- ii) Grants from National Government** are recognized in the year in which Bomas of Kenya actually receives such grants. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.
- iii) Finance income** comprises interest receivable from bank deposits and investment in securities, and is recognized in profit or loss on a time proportion basis using the effective interest rate method.
- iv) Dividend income** is recognized in the income statement in the year in which the right to receive the payment is established.
- v) Rental income** is recognized in the income statement as it accrues using the effective interest implicit in lease agreements.
- vi) Other income** is recognized as it accrues.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies

b) In-kind contributions

In-kind contributions are donations that are made to Bomas of Kenya in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, Bomas of Kenya includes such value in the statement of comprehensive income both as revenue and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

c) Property, plant and equipment

All categories of property, plant and equipment are initially recorded at cost less accumulated depreciation and impairment losses.

Certain categories of property, plant and equipment are subsequently carried at re-valued amounts, being their fair value at the date of re-valuation less any subsequent accumulated depreciation and impairment losses.

Increases in the carrying amounts of assets arising from re-valuation are credited to other comprehensive income. Decreases that offset previous increases in the carrying amount of the same asset are charged against the revaluation reserve account; all other decreases are charged to profit or loss in the income statement. Gains and losses on disposal of items of property, plant and equipment are determined by comparing the proceeds from the disposal with the net carrying amount of the items, and are recognized in profit or loss in the income statement.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies

d) Depreciation and impairment of property, plant and equipment

Freehold land and capital work in progress are not depreciated. Capital work in progress relates mainly to the cost of ongoing but incomplete works on buildings and other civil works and installations.

Depreciation on buildings and civil works is recognized in the income statement on a straight-line basis to write down the cost of each asset or the re-valued amount to its residual value over its estimated useful life while depreciation of other classes of assets is recognized on a reducing balance basis. The annual rates in use, as guided by National Treasury policy on assets depreciation are:

| | |
|--|--|
| Freehold Land | Nil |
| Buildings and civil works | 40 years or the unexpired lease period |
| Motor vehicles, including motor cycles | 4 years |
| Computers and related equipment | 3 years |
| Office equipment, furniture and fittings | 8 years |
| Loose Tools | 2 years |
| Pumps and Pipes | 5 years |

A full year's depreciation charge is recognised both in the year of asset purchase and in the year of asset disposal.

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies

e) Intangible assets

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

f) Amortisation and impairment of intangible assets

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

g) Investment property

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies

h) Right of Use Asset

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

i) Fixed interest investments (bonds)

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

j) Quoted investments

Quoted investments are classified as non-current assets and comprise marketable securities traded freely at the Nairobi Securities Exchange or other regional and international securities exchanges. Quoted investments are stated at fair value.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies

k) Unquoted investments

Unquoted investments stated at cost under non-current assets, and comprise equity shares held in other Government owned or controlled entities that are not quoted in the Securities Exchange.

l) Inventories

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

m) Trade and other receivables

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies

n) Taxation

i) Current income tax

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

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where Bomas of Kenya operates and generates taxable income.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

o) Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies

Deferred Tax

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

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

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies

p) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. To the extent that variable rate borrowings are used to finance a qualifying asset and are hedged in an effective cash flow hedge of interest rate risk, the effective portion of the derivative is recognized in other comprehensive income and reclassified to profit or loss when the qualifying asset impacts profit or loss. To the extent that fixed rate borrowings are used to finance a qualifying asset and are hedged in an effective fair value hedge of interest rate risk, the capitalized borrowing costs reflect the hedged interest rate. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

q) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various Commercial Banks at the end of the reporting period. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

r) Borrowings

Interest bearing loans and overdrafts are initially recorded at fair value being received, net of issue costs associated with the borrowing. Subsequently, these are measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any issue cost and any discount or premium on settlement. Finance charges, including premiums payable of settlement or redemption are accounted for on accrual basis and are

added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. Loan interest accruing during the construction of a project is capitalized as part of the cost of the project.

s) Trade and other payables

Trade and other payables are non-interest bearing and are carried at amortized cost, which is measured at the fair value of contractual value of the consideration to be paid in future in respect of goods and services supplied, whether billed to the entity or not, less any payments made to the suppliers.

t) Retirement benefit obligations

Bomas of Kenya operates a defined contribution scheme for all full-time employees from July 1, 2022. The scheme is administered by an in-house team and is funded by contributions from both the company and its employees. The company also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The company's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs. 1080 per employee per month.

u) Provision for staff leave pay

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

v) Exchange rate differences

The accounting records are maintained in the functional currency of the primary economic environment in which the entity operates, Kenya Shillings. Transactions in foreign currencies during the year/period are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Any foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies

w) Budget information

The original budget for FY 2022-2023 was approved by the National Assembly on June 2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 17 of these financial statements.

Bomas of Kenya Limited
Annual Report and Financial Statements for the year ended June 30, 2023

Notes to the Financial Statements (Continues)

a) Service concession arrangements

Bomas of Kenya Limited analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Entity recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Entity also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

b) Comparative figures

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

c) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2023.

5. Significant Judgments and Sources of Estimation Uncertainty

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

State all judgements, estimates and assumptions made: e.g.

Notes to the Financial Statements (Continues)

a) Estimates and assumptions

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

b) Useful lives and residual values

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

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

c) Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 10.

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

(include provisions applicable for your organisation e.g. provision for bad debts, provisions of obsolete stocks and how management estimates these provisions)

Bomas of Kenya Limited**Annual Report and Financial Statements for the year ended June 30, 2023****Notes to the Financial Statements (Continues)****6. Revenue from Contract with Customers**

| Description | 2022/2023 | 2021/2022 |
|------------------------------|--------------------|--------------------|
| | KShs. | KShs. |
| Restaurant sales | 98,432,894 | 19,096,449 |
| Parties and Reception | 326,811,116 | 104,161,573 |
| Bar Sales | 3,370,547 | 1,763,955.19 |
| Gate collection & playground | 15,059,300 | 5,970,560 |
| Hire of Dancers/halls | 132,304,849 | 13,129,185 |
| Rent Income | 1,602,530 | 493,052 |
| Sundry Income | 1,013,675 | 1,012,710 |
| Total sales | 578,594,911 | 145,627,484 |

The institution was contracted to host the IEBC exercise as the National Tallying Centre and the business started trickling in the financial year thus the increment in most of our revenue lines.

6 (a). IEBC Event Revenue

| Description | 2022/2023 | 2021/2022 |
|--------------------------|--------------------|-----------|
| | KShs. | KShs. |
| Restaurant and Bar Sales | 56,354,310 | - |
| Parties and Reception | 262,307,241 | - |
| Hire of Auditorium | 99,643,621 | - |
| Hire of Dancers | 55,000 | - |
| Total | 418,360,172 | - |

7. Cost of Sales

| Description | 2022/2023 | 2021/2022 |
|--------------------------------|-------------------|-------------------|
| | KShs. | KShs. |
| Purchase -Main Bar | 3,657,682 | 3,383,859 |
| Purchases - Parties/ Reception | 17,153,565 | 20,079,334 |
| Purchase - Main Restaurant | 50,658,733 | 10,903,060 |
| Total | 71,469,980 | 34,366,253 |

The major differences in this expenditure line was due to the fact that the institution was hosting the IEBC in terms of trainings and other preparations for the General elections.

Bomas of Kenya Limited
Annual Report and Financial Statements for the year ended June 30, 2023

Notes to the Financial Statements (Continued)

7(a). IEBC Direct Costs

| Description | 2022/2023 | 2021/2022 |
|---------------------------------------|--------------------|-----------|
| | KShs. | KShs. |
| Restaurant and Bar Purchases | 26,604,738 | - |
| Accommodation and Hotel Services | 39,281,074 | - |
| Hiring and Other Operational Expenses | 160,227,757 | - |
| Casual Wages | 28,826,861 | - |
| Total | 254,940,431 | - |

8. Grants from National Government

| | 2022/2023 | 2021/2022 |
|---------------------------|--------------------|--------------------|
| | KShs. | KShs. |
| Recurrent grants received | 239,240,000 | 224,241,000 |
| Capital grants realized | 63,663,987 | 61,374,258 |
| Total | 302,903,987 | 285,615,258 |

(Note: For capital/development grants the amount recognized in the statement of comprehensive income should be the depreciation/amortisation equivalents for assets that have been acquired using such capital/development grant as per IAS 20).

| Name of the Entity sending the grant | Amount recognized in the Statement of Comprehensive Income KShs. | Amount deferred under deferred income KShs. | Amount recognized in capital fund. KShs. | Total grant income during the year KShs. |
|--------------------------------------|--|---|--|--|
| Ministry of Tourism & Wildlife | 239,240,000 | 63,663,987 | 302,903,987 | 302,903,987 |
| Total | 239,240,000 | 63,663,987.02 | 302,903,987 | 302,903,987 |

Bomas of Kenya Limited
Annual Report and Financial Statements for the year ended June 30, 2023

Notes to the Financial Statements (Continued)

9. Other Income (Grants from other partners)

| Description | 2022/2023 | 2021/2022 |
|----------------|------------------|------------------|
| | KShs. | KShs. |
| Ignite Culture | 7,043,084 | 8,759,983 |
| Libido Music | 968,740 | 594,833 |
| Total | 8,011,824 | 9,354,815 |

10. Other Gains and Losses

| Description | 2022/2023 | 2021/2022 |
|--|----------------|------------------|
| | KShs. | KShs. |
| Gain on provision for bad debts | - | 1,742,451 |
| Gain on sale of property and equipment | 203,924 | - |
| Total | 203,924 | 1,742,451 |

Bomas of Kenya Limited
Annual Report and Financial Statements for the year ended June 30, 2023

Notes to the Financial Statements (Continued)

11. Administration Costs

| Description | 2022/2023 KShs. | 2021/2022 KShs. |
|-------------------------------------|--------------------|--------------------|
| Staff Costs(11b) | 233,493,497 | 209,535,026 |
| Directors' Emoluments (11c) | 5,561,493 | 14,652,138 |
| Motor Vehicle Running & transport | 6,840,727 | 5,035,371 |
| Traveling & Entertainment | 1,506,620 | 906,175 |
| Medical Expenses | 26,430,473 | 17,042,212 |
| Dancers Expenses | 1,806,620 | 1,783,995 |
| Food & Accommodation | 19,301,755 | 17,075,919 |
| Uniforms for Staff | 2,296,218 | 680,167 |
| Printing & Stationery | 3,210,118 | 6,603,806 |
| Telephone & Postage | 2,450,439 | 1,954,375 |
| Cleaning & laundry | 1,721,006 | 3,643,089 |
| Security Charges | 1,269,000 | 2,735,300 |
| Hiring Charges | 165,767,134 | 20,441,414 |
| Staff Training | 3,949,270 | 2,054,921 |
| Sundry Expenses | 2,150,871 | 1,252,330 |
| Interest & Bank Charges | 514,743 | 470,881 |
| Subscriptions & Donations | 2,295,109 | 940,058 |
| Insurance & Licenses | 205,700 | 4,673,247 |
| Legal & professional | 1,788,483 | 12,026,390 |
| Audit fee | 232,000 | 232,000 |
| Land Rates | - | 809,550 |
| Electricity & Water charges | 17,026,901 | 9,374,064 |
| Repairs & Maintenance | 127,858,567 | 31,142,918 |
| Diverse Cultural Project | 29,643,788 | 15,529,257 |
| Bad and Doubtful Debts | - | 1,459,521 |
| Provisions for bad & doubtful debts | 70,960 | - |
| Depreciation Charge | 63,663,987 | 61,374,258 |
| Paid VAT | 37,801,820 | 3,330,236 |
| Other Expenses | 2,038,248 | - |
| Total | 760,895,547 | 449,903,223 |

Bomas of Kenya Limited
Annual Report and Financial Statements for the year ended June 30, 2023

Notes to the Financial Statements (Continued)

11b Staff Costs

| Description | 2022/2023 | 2021/2022 |
|--|--------------------|--------------------|
| | KShs. | Kshs |
| Salaries and allowances of permanent employees | 170,521,401 | 164,904,358 |
| Wages of temporary employees, Attachment and internships | 44,860,233 | 20,390,777 |
| General Managers salary | 3,747,379 | 4,944,138 |
| Compulsory national health insurance schemes | 3,209,870 | 2,782,450 |
| Compulsory national social security schemes | 4,613,760 | 5,888,128 |
| Terminal Benefits/Gratuity | 6,540,855 | 10,625,175 |
| Total | 233,493,497 | 209,535,026 |
| The average number of employees at the end of the year was: | 2022/2023 | 2021/2022 |
| Permanent employees – Management | 6 | 6 |
| Permanent employees – Unionisable | 99 | 103 |
| Temporary and contracted employees | 84 | 82 |
| Total | 189 | 191 |

11c Directors Emoluments

| | 2022/2023 | 2021/2022 |
|----------------------|------------------|-------------------|
| | KShs. | KShs. |
| Chairman Honorarium | 960,000 | 960,000 |
| Sitting Allowance | 600,000 | 4,180,000 |
| Travel & Subsistence | 4,001,493 | 9,512,138 |
| Total | 5,561,493 | 14,652,138 |

12. Selling and Distribution Costs

| Description | 2022/2023 | 2021/2022 |
|--------------------------------|-----------|-----------|
| | KShs. | KShs. |
| Selling and Distribution Costs | 1,124,380 | - |

Bomas of Kenya Limited
Annual Report and Financial Statements for the year ended June 30, 2023

Notes to the Financial Statements (Continued)

13. Operating Profit/ (Loss)

| | 2022/2023 | 2021/2022 |
|--|-------------|-------------|
| Description | KShs. | KShs. |
| The operating profit/(loss) is arrived at after charging/(crediting) | | |
| Staff Costs (11b) | 233,493,497 | 209,535,026 |
| Depreciation of PPE | 63,663,987 | 61,374,258 |
| Depreciation of right of use of asset | - | - |
| Provision for bad and doubtful assets | 70,960 | - |
| Directors emoluments - fees | 5,561,493 | 14,652,138 |
| Other | 457,944,570 | 164,109,801 |
| Auditor's remuneration - | 232,000 | 232,000 |
| Prior year under-provision | - | - |
| Loss on disposal of PPE | - | - |
| Net foreign exchange loss | - | - |
| Interest receivable | - | - |
| Interest payable | - | - |
| Rent receivable | - | - |

Bomas of Kenya Limited
Annual Report and Financial Statements for the year ended 30th June 2023

Notes to the Financial Statements (Continued)

14. Property, Plant and Equipment

| | FREEHOLD D.LAND | CAPITAL WORK IN PROGRESS | BUILDINGS & CIVIL WORKS | MOTOR VEHICLES | FURNITURE FITTINGS & EQUIPMENT | COMPUTERS | LOOSE TOOLS | PUMPS & PIPES | TOTALS |
|--------------------------------------|--------------------|--------------------------------|-------------------------------|-------------------|--------------------------------------|------------|----------------|------------------|---------------|
| COST OR VALUATION | | | 2.5% on cost | 0.25 | 0.125 | 0.30 | 0.50 | 0.20 | |
| At July 1st, 2022 | 76,950,000 | 735,466,658 | 1,891,179,331 | 21,499,815 | 268,259,115 | 21,894,181 | 24,561,191 | 47,021,426 | 3,086,831,717 |
| Additions | - | 850,000 | - | - | 31,825,991 | 1,925,384 | - | - | 34,601,375 |
| Disposals | - | - | - | (1,655,901) | (266,408) | - | - | - | (1,922,309) |
| Transfers | - | - | - | - | - | - | - | - | - |
| At June 30th 2023 | 76,950,000 | 736,316,658 | 1,891,179,331 | 19,843,914 | 299,818,699 | 23,819,564 | 24,561,191 | 47,021,426 | 3,119,510,783 |
| DEPRECIATION | | | | | | | | | |
| At July 1st, 2022 | - | - | 450,076,809 | 19,664,644,200 | 193,870,779 | 18,024,041 | 24,499,328 | 42,478,819 | 748,614,420 |
| Charge for the year on profit & loss | - | - | 47,279,483 | 458,685,900 | 13,247,708 | 1,738,657 | 30,931 | 908,521 | 63,663,987 |
| Impairment loss | - | - | - | - | - | - | - | - | - |
| Elimination on disposal | - | - | - | (1,655,900) | (266,409) | - | - | - | (1,922,309) |
| At June 30th, 2023 | - | - | 497,356,292 | 18,467,430 | 206,852,078 | 19,762,698 | 24,530,260 | 43,387,340 | 810,356,098 |
| NET BOOK VALUE AT JUNE 2023 | 76,950,000 | 736,316,658 | 1,393,823,039 | 1,376,484 | 92,966,621 | 4,056,867 | 30,931 | 3,634,085 | 2,309,154,682 |

Bomas of Kenya Limited
Annual Report and Financial Statements for the year ended 30th June 2023

Notes To The Financial Statements (Continued)

Property, Plant and Equipment (Continued)

| | FREEHOLD LAND | CAPITAL WORK IN PROGRESS | BUILDINGS & CIVIL WORKS | MOTOR VEHICLES | FURNITURE FITTINGS & EQUIPMENT | COMPUTERS | LOOSE TOOLS | PUMPS & PIPES | TOTALS |
|--------------------------------------|-------------------|--------------------------|-------------------------------|--------------------|--------------------------------|--------------------|--------------------|--------------------|----------------------|
| COST OR VALUATION | | | | | | | | | |
| At July 1, 2021 | 76,950,000 | 663,323,319 | 2.5% on cost 1,891,179,331 | 0.25 21,499,815 | 0.125 265,194,114 | 0.30 21,490,631 | 0.50 24,561,191 | 0.20 47,021,426 | 3,011,219,826 |
| Additions | | 72,143,339 | - | - | 3,065,002 | 403,550 | - | - | 75,611,891 |
| Disposals | - | - | - | - | - | - | - | - | - |
| Transfers | - | - | - | - | - | - | - | - | - |
| At June 30th 2022 | 76,950,000 | 735,466,658 | 1,891,179,331 | 21,499,815 | 268,259,115 | 21,894,181 | 24,561,191 | 47,021,426 | 3,086,831,715 |
| DEPRECIATION | | | | | | | | | |
| At July 1, 2021 | - | - | 402,797,325 | 19,052,921 | 183,243,874 | 16,365,409 | 24,437,466 | 41,343,167 | 687,240,162 |
| Charge for the year-on profit & loss | - | - | 47,279,483 | 611,724 | 10,626,905 | 1,658,631 | 61,862 | 1,135,652 | 61,374,258 |
| Impairment loss | - | - | - | - | - | - | - | - | - |
| Elimination on disposal | - | - | - | - | - | - | - | - | - |
| At June 30th, 2022 | - | - | 450,076,809 | 19,664,644 | 193,870,779 | 18,024,041 | 24,499,328 | 42,478,819 | 748,614,420 |
| NET BOOK VALUE AT JUNE 2022 | 76,950,000 | 735,466,658 | 1,441,102,523 | 1,835,171 | 74,388,336 | 3,870,140 | 61,862 | 4,542,607 | 2,338,217,295 |

Bomas of Kenya Limited
Annual Report and Financial Statements for the year ended 30th June 2023

Notes To The Financial Statements (Continued)

Valuation

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

| Description | Kshs |
|-----------------------------|----------------|
| 1. Land | 76,950,000.00 |
| 2. Buildings and site works | 109,185,000.00 |
| 3. Furniture and equipment | 5,085,600.00 |
| 4. Motor vehicles | 2,800,000.00 |

WORK IN PROGRESS

This refers to the amount spent in putting up the Perimeter wall, NAICEC Project, the cultural / Conference centre within the organization and rehabilitation of the auditorium.

| Description | 2023 Kshs | 2022 Kshs |
|-------------------------------|--------------|--------------|
| Work in progress analysis | | |
| Balance brought forward | 735,466,658 | 663,323,319 |
| Additions for the year | 850,000 | 72,143,339 |
| Total balance carried forward | 736,316,658 | 735,466,658 |

14 (b) Property, Plant and Equipment at Cost

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

| Description | Cost KShs. | Accumulated Depreciation KShs. | NBV KShs. |
|--|----------------------|--------------------------------------|----------------------|
| Land | 76,950,000 | - | 76,950,000 |
| Buildings | 1,891,179,331 | 497,356,292 | 1,393,823,039 |
| Motor Vehicles Including Motor Cycles | 19,843,914 | 18,467,430 | 1,376,484 |
| Computer and Related Equipment | 23,819,564 | 19,762,698 | 4,056,867 |
| Office Equipment, Furniture and Fittings | 299,818,699 | 206,852,078 | 92,966,621 |
| Pumps and Pipes | 47,021,426 | 43,387,340 | 3,634,085 |
| Loose Tools | 24,561,191 | 24,530,260 | 30,931 |
| Work in Progress | 736,316,658 | - | 736,316,658 |
| | 3,119,510,783 | 810,356,098 | 2,309,154,682 |

Bomas of Kenya Limited
Annual Report and Financial Statements for the year ended 30th June 2023

Notes To The Financial Statements (Continued)

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

| | Cost Valuation | Normal Annual Depreciation charge |
|--|----------------------|-----------------------------------|
| Buildings and Civil Works | 1,891,179,331 | 47,279,483 |
| Motor Vehicles, Including Motor Cycles | 19,843,914 | 458,686 |
| Computer and Related Equipment | 23,819,564 | 1,738,657 |
| Office Equipment, Furniture and Fittings | 299,818,699 | 13,247,708 |
| Pumps and Pipes | 47,021,426 | 908,521 |
| Loose Tools | 24,561,191 | 30,931 |
| | 2,306,244,125 | 63,663,987 |

15. Inventories

| Description | 2022/2023 | 2021/2022 |
|----------------|------------------|------------------|
| | KShs. | KShs. |
| Finished Goods | 2,919,436 | 3,886,732 |
| Total | 2,919,436 | 3,886,732 |

16. Trade and Other Receivables

| Description | 2022/2023 | 2021/2022 |
|---|-------------------|-------------------|
| | KShs. | KShs. |
| Trade Receivables (Note 16 (a)) | 15,304,806 | 14,595,206 |
| Deposits and prepayments | 1,183,500 | 1,183,500 |
| Vat recoverable | - | - |
| Staff receivables (Note 16 (c)) | 771,749 | 1,005,434 |
| Other receivables | 55,137,122 | 51,897,978 |
| Gross Trade and Other Receivables | 72,397,177 | 68,682,118 |
| Provision for Bad And Doubtful Receivable | (1,530,481) | (1,459,521) |
| Net Trade and Other Receivables | 70,866,696 | 67,222,598 |

Bomas of Kenya Limited**Annual Report and Financial Statements for the year ended 30th June 2023****Notes to the Financial Statements (Continued)****16 (a) Trade Receivables**

| | 2022/2023 | 2020/2021 |
|--|-------------------|-------------------|
| | KShs. | KShs. |
| Debtors- long outstanding | | |
| Trade Debtors | 15,304,806 | 14,595,206 |
| Staff Debtors | 771,749 | 1,005,434 |
| Deposits Paid | 1,183,500 | 1,183,500 |
| Little Theatre & Ushanga Kenya Receivables | 55,137,122 | 51,897,978 |
| Total | 72,397,177 | 68,682,118 |
| Provision for bad & Doubtful Debts- | - | 112,014.00 |
| -(10% of trade debtors) | (1,530,481) | (1,459,521) |
| -(100% of long outstanding debtors over 10 years) | - | - |
| Provision for ex- staff debtors | - | (112,014) |
| Provision for leave paid | | |
| Total | 70,866,696 | 67,222,597 |
| Provision for bad & Doubtful Debts | | |
| Opening balance | 1,459,521 | 3,201,972 |
| Closing balance | 1,530,481 | 1,459,521 |
| Gain / Loss on Provisions | (70,960) | 1,742,451 |
| | 2022/2023 | 2021/2022 |
| | KShs. | KShs. |
| Gross trade receivables | 15,304,806 | 14,595,206 |
| Provision for doubtful receivables | (1,530,481) | (1,459,521) |
| | 13,774,325 | 13,135,685 |
| At June 30, the ageing analysis of the gross trade receivables was as follows: | | |
| Less than 30 days | 3,796,911 | - |
| Between 30 and 60 days | 77,740 | - |
| Between 61 and 90 days | 2,397,400 | 2,871 |
| Between 91 and 120 days | 54,400 | 1,036,840 |
| Over 120 days | 8,978,355 | 13,555,495 |
| | 15,304,806 | 14,595,206 |

Bomas of Kenya Limited
Annual Report and Financial Statements for the year ended 30th June 2023

Notes to the Financial Statements (Continued)

16 (b) Reconciliation of Impairment Allowance for Trade Receivables

| Description | 2022/2023 | 2021/2022 |
|---------------------------------------|-------------|--------------|
| | Kshs | Kshs |
| At the beginning of the year | 14,595,206 | 32,019,722 |
| Additional provisions during the year | 1,823,200 | 1,879,766 |
| Recovered during the year | (1,113,600) | (19,304,282) |
| Written off during the year | - | - |
| At the end of the year | 15,304,806 | 14,595,206 |

16 (c) Staff Receivables

| Description | 2022/2023 | 2021/2022 |
|--------------------------------|-----------|-----------|
| | KShs. | KShs. |
| Gross staff loans and advances | 771,749 | 1,005,434 |
| Provision for impairment loss | - | - |
| | 771,749 | 1,005,434 |
| Amounts due within one year | 771,749 | 1,005,434 |
| | | |
| Amounts due after one year | - | - |

16 (d) Reconciliation of Impairment Allowance for Staff Receivables

| Description | 2022/2023 | 2021/2022 |
|---------------------------------------|-------------|-----------|
| | Kshs | Kshs |
| At the beginning of the year | 1,005,434 | 256,000 |
| Additional provisions during the year | 1,823,200 | 1,629,700 |
| Recovered during the year | (2,056,885) | (880,266) |
| Written off during the year | - | - |
| At the end of the year | 771,749 | 1,005,434 |

Bomas of Kenya Limited
Annual Report and Financial Statements for the year ended 30th June 2023

Notes To The Financial Statements (Continued)

17. Bank and Cash Balances

| | 2022/2023 | 2021/2022 |
|--|-------------------|-------------------|
| | KShs. | KShs. |
| Cash at bank - Current A/c No (1108986668) | 2,724 | 2,683,154 |
| Cash in bank – Current A/c No (1108985580) | 84,519,004 | 53,871,873 |
| M-Pesa - Account | 261,469 | 426,138 |
| Cash in hand | 78,260 | 11,050 |
| Cash Float | | 0 |
| Total | 84,861,457 | 56,992,215 |

The bulk of the cash at bank was held at the Kenya Commercial Bank, the entity's main bankers.

Detailed analysis of the cash and cash equivalents

| Description | | 2022/2023 | 2021/2022 |
|------------------------------------|----------------|-------------------|-------------------|
| Financial institution | Account number | KShs. | KShs. |
| a) Current account | | | |
| Kenya Commercial bank | 1108986668 | 2,724 | 2,683,154 |
| Kenya Commercial bank | 1108985580 | 84,519,004 | 53,871,873 |
| Sub- total | | 84,521,728 | 56,555,027 |
| b) On - call deposits | | | |
| Kenya Commercial bank | | - | - |
| Sub- total | | | |
| c) Fixed deposits account | | | |
| Kenya Commercial bank | | - | - |
| Sub- total | | | |
| d) Staff car loan/ mortgage | | | |
| Kenya Commercial bank | | - | - |
| Sub- total | | - | - |
| e) Others(specify) | | | |
| Cash Float | | - | - |
| Cash in hand | | 78,260 | 11,050 |
| M pesa | | 261,469 | 426,138 |
| Sub- total | | 339,729 | 437,188 |
| Grand total | | 84,861,457 | 56,992,215 |

Bomas of Kenya Limited
Annual Report and Financial Statements for the year ended 30th June 2023

Notes To The Financial Statements (Continued)

18. Ordinary Share Capital

| Description | 2022/2023 | 2021/2022 |
|--|-----------|-----------|
| | KShs. | KShs. |
| Authorized: | | |
| 254,000 Ordinary shares of KShs. 20 par value each | 5,080,000 | 5,080,000 |
| Issued and fully paid: | | |
| 254,000 Ordinary shares of KShs. 20 par value each | 5,080,000 | 5,080,000 |

19. Revaluation Reserve

The revaluation reserve relates to the revaluation of certain items of property, plant and equipment. As indicated in the Statement of Changes in Equity, this is stated after transfer of excess depreciation net of related deferred tax to retained earnings. Revaluation surpluses are not distributable.

| Description | 2022/2023 | 2021/2022 |
|---|--------------------|--------------------|
| | KShs. | KShs. |
| Balance brought forward | 164,829,167 | 164,829,167 |
| Less:-depreciation surplus for the year | - | - |
| <i>Revaluation surplus (valuation done in 1996)</i> | - | - |
| Balance carried forward | <u>164,829,167</u> | <u>164,829,167</u> |

20. Fair Value Adjustment Reserve

The fair value adjustment reserve arises on the revaluation of available-for-sale financial assets, principally the marketable securities. When a financial asset is sold, the portion of the reserve that relates to that asset is reduced from the fair value adjustment reserve and is recognised in profit or loss. Where a financial asset is impaired, the portion of the reserve that relates to that asset is recognised in profit or loss.

21. Retained Earnings

The retained earnings represent amounts available for distribution to the Bomas of Kenya Ltd shareholders. Undistributed retained earnings are utilised to finance the Bomas of Kenya Ltd business activities.

Bomas of Kenya Limited
Annual Report and Financial Statements for the year ended 30th June 2023

Notes to the Financial Statements (Continued)
Retained earnings (continued)

| | 2022/2023 | 2021/2022 |
|---|---------------------------|---------------------------|
| | KShs. | KShs. |
| Balance brought forward | 147,771,385 | 189,700,853 |
| Net Surplus / Deficit for the year | 56,224,739 | (41,929,468) |
| Total | 203,996,125 | 147,771,385 |
| Revaluation Reserve(amortization) | | |
| <i>Revaluation surplus (valuation done in 1996)</i> | | |
| Balance carried forward | <u>203,996,125</u> | <u>147,771,385</u> |
| Balance carried forward | <u>203,996,125</u> | <u>147,771,385</u> |

22. Deferred Capital Grant

| | 2022/2023 | 2021/2022 |
|---|-----------------------------|-----------------------------|
| | KShs. | KShs. |
| Balance for the year 2022/2023 | 2,041,406,876 | 1,972,404,616 |
| Capital Grant for the year | - | 150,000,000 |
| Deferred Grant for the year 2022/2023 | 63,663,987 | 61,374,258 |
| Adjustment for Capital grant (Little Theatre) | - | 19,623,482 |
| Balance Carried Forward | <u>1,977,742,889</u> | <u>2,041,406,876</u> |

23. Trade and Other Payables

| | 2022/2023 | 2021/2022 |
|---------------------------|---------------------------|---------------------------|
| | KShs. | KShs. |
| Trade Creditors | 74,719,913 | 53,627,133 |
| Retention/Contract monies | 20,716,624 | 23,955,768 |
| Employee payables | 5,824,670 | 1,779,936 |
| Other Payables | 14,892,882 | 27,868,574 |
| Total Payable | <u>116,154,090</u> | <u>107,231,411</u> |

24. Retirement Benefit Obligations

Bomas of Kenya Ltd contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. Bomas of Kenya Ltd's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at KShs.1,080 per employee per month. Other than NSSF Bomas of Kenya Ltd also has a defined contribution scheme operated by Kenindia Pension Fund. Employees contribute 7.5% while employers contribute 15% of basic salary. Employer contributions are recognized as expenses in the statement of financial performance within the period they are incurred.

Bomas of Kenya Limited
Annual Report and Financial Statements for the year ended 30th June 2023

Notes to the Financial Statements (Continued)

25. Notes to the Statement of Cash Flows

| | 2022/2023 | 2021-2022 |
|--|-------------------|-------------------|
| | KShs. | Kshs |
| (a) Reconciliation of operating profit/(loss) to cash generated from/(used in) operations | | |
| Profit or loss before tax | 56,224,739 | (41,929,468) |
| Depreciation | 63,663,987 | 61,374,258 |
| Capital Grants Realized | (63,663,987) | (61,374,258) |
| Gain on Sale of Fixed Assets | (203,924) | - |
| Taxation Paid | - | - |
| Operating profit/(loss) before working capital changes | 56,020,815 | (41,929,468) |
| (Increase)/decrease in inventories | 967,297 | (2,309,089) |
| (Increase)/decrease in trade and other receivables | (3,644,098) | 15,370,064 |
| Increase/(decrease) in trade and other payables | 8,922,679 | 27,983,949 |
| Cash generated from/(used in) operations | 62,266,693 | (884,543) |
| Balance at beginning of the year | - | - |
| Receipts during the year | - | - |
| Repayments during the year | - | - |
| Balance at end of the year | - | - |
| (c) Analysis of cash and cash equivalents | | |
| Short term deposits | | - |
| Cash at bank | 84,783,197 | 56,981,165 |
| Cash in hand | 78,260 | 11,050 |
| Balance at end of the year | 84,861,457 | 56,992,215 |

Bomas of Kenya Limited
Annual Report and Financial Statements for the year ended 30th June 2023

Notes To The Financial Statements (Continued)

26. Taxation

The company has been making losses over the years and therefore did not provide for tax in the financial statements. During the financial year ended 30 June 2023, the company had a profit of Kshs. 56,224,739. A substantial amount of income during the year was grants from the Government. No provision for tax was therefore made.

27. Incorporation

Bomas of Kenya Ltd is incorporated in Kenya under the Kenyan Companies Act and is domiciled in Kenya.

28. Events after the Reporting Period

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

29. Currency

The financial statements are presented in Kenya Shillings (Kshs)


Bomas of Kenya Limited
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20. Appendices

Appendix 1: Implementation Status of Auditor-General prior year recommendations

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

| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|--|--|---|-----------------------------------|--|
| 1. | Revaluation of Property, Plant and Equipment | Ministry of Tourism & Wildlife is working on a model to carry out valuation of State Corporation under it | Not Resolved | One year |
| 2. | Trade and Other Receivables | Management has requested the Board of Directors to get approval from the National Treasury to write off the long outstanding debts. | Not Resolved | One year |
| 3. | Long Outstanding Trade Payables | Management embarked on clearing the long outstanding payables and this is an ongoing exercise. | Not Resolved | One year |



CPA NIXON MUGILWA
ACCOUNTING OFFICER
AG. GENERAL MANAGER/ CHIEF EXECUTIVE OFFICER
DATE: 5/04/2024

**Bomas of Kenya Limited
Annual Report and Financial Statements for the year ended 30th June 2023**

Appendix II: Projects implemented by Bomas of Kenya Limited

Projects

Projects implemented by the State Corporation/ SAGA Funded by development partners.

| Project title | Project Number | Donor | Period/ duration | Donor commitment | Separate donor reporting required as per the donor agreement (Yes/No) | Consolidated in these financial statements (Yes/No) |
|---------------------|----------------|---------------|------------------|------------------|---|---|
| 1. Sample Bar Kenya | IGC/11/2022 | HEVA Fund LLP | 2 years | 22,811,025 | YES | YES |

Appendix III: Status of Projects Completion

| Project | Total project Cost | Total expended to date | Completion % to date | Budget | Actual | Sources of funds |
|--------------------|--------------------|------------------------|----------------------|-----------|-----------|------------------|
| 1 Sample Bar Kenya | 22,811,025 | 15,800,343 | 69% | 7,043,084 | 7,040,360 | Grants |

Bomas of Kenya Limited
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Appendix IV: Transfers from Other Government Entities

| Name of the MD/Donor Transferring the funds | Date received as per bank statement | Nature: Recurrent/ Development/ Others | Total Amount - Kshs | Statement of Financial Performance | Where | | Total Transfers during the Year |
|---|-------------------------------------|--|---------------------|------------------------------------|------------------------|-----------------------------|---------------------------------|
| | | | | | Recorded/ Capital Fund | Recognized/ Deferred Income | |
| Ministry of Tourism and Wildlife | 9/22/2022 | Recurrent | 19,936,667 | 19,936,667 | - | - | 19,936,667 |
| Ministry of Tourism and Wildlife | 9/23/2022 | Recurrent | 19,936,667 | 19,936,667 | - | - | 19,936,667 |
| Ministry of Tourism and Wildlife | 11/14/2022 | Recurrent | 19,936,667 | 19,936,667 | - | - | 19,936,667 |
| Ministry of Tourism and Wildlife | 12/2/2022 | Recurrent | 39,873,334 | 39,873,334 | - | - | 39,873,334 |
| Ministry of Tourism and Wildlife | 1/24/2023 | Recurrent | 19,936,667 | 19,936,667 | - | - | 19,936,667 |
| Ministry of Tourism and Wildlife | 2/2/2023 | Recurrent | 19,936,667 | 19,936,667 | - | - | 19,936,667 |
| Ministry of Tourism and Wildlife | 3/7/2023 | Recurrent | 19,936,667 | 19,936,667 | - | - | 19,936,667 |
| Ministry of Tourism and Wildlife | 4/11/2023 | Recurrent | 19,936,665 | 19,936,665 | - | - | 19,936,665 |
| Ministry of Tourism and Wildlife | 5/10/2023 | Recurrent | 19,936,667 | 19,936,667 | - | - | 19,936,667 |
| Ministry of Tourism and Wildlife | 5/15/2023 | Recurrent | 19,936,667 | 19,936,667 | - | - | 19,936,667 |
| Ministry of Tourism and Wildlife | 5/15/2023 | Recurrent | 19,936,666 | 19,936,666 | - | - | 19,936,666 |
| Total | | | | 239,240,000 | - | - | 239,240,000 |

**Bomas of Kenya Limited
Annual Report and Financial Statements for the year ended 30th June 2023**

Appendix V- Inter-Entity Confirmation Letter

Bomas of Kenya Ltd wishes to confirm the amounts disbursed to you as at 30th June 2023 as indicated in the table below.

| Confirmation of amounts received by Bomas of Kenya as at 30 th June 2023 | | | | | | | |
|---|----------------|---|-----------------|-----------------------|--------------------|---|------------------------------|
| Reference Number | Date Disbursed | Amounts Disbursed by Ministry of Tourism and Wildlife (KShs) as at 30 th June 2023 | | | | Amount Received by Bomas of Kenya (Kshs) as at 30 th June 2023 (E) | Differences (Kshs) (F)=(D-E) |
| | | Recurrent (A) | Development (B) | Inter-Ministerial (C) | Total (D)=(A+B+C) | | |
| 1 | 9/22/2022 | 19,936,667 | - | - | 19,936,667 | 19,936,667 | - |
| 2 | 9/23/2022 | 19,936,667 | - | - | 19,936,667 | 19,936,667 | - |
| 3 | 11/14/2022 | 19,936,667 | - | - | 19,936,667 | 19,936,667 | - |
| 4 | 12/2/2022 | 39,873,334 | - | - | 39,873,334 | 39,873,334 | - |
| 5 | 1/24/2023 | 19,936,667 | - | - | 19,936,667 | 19,936,667 | - |
| 6 | 2/2/2023 | 19,936,667 | - | - | 19,936,667 | 19,936,667 | - |
| 7 | 3/7/2023 | 19,936,667 | - | - | 19,936,667 | 19,936,667 | - |
| 8 | 4/11/2023 | 19,936,665 | - | - | 19,936,665 | 19,936,665 | - |
| 9 | 5/10/2023 | 19,936,667 | - | - | 19,936,667 | 19,936,667 | - |
| 10 | 5/15/2023 | 19,936,667 | - | - | 19,936,667 | 19,936,667 | - |
| 11 | 5/15/2023 | 19,936,666 | - | - | 19,936,666 | 19,936,666 | - |
| Total | | 239,240,000 | - | - | 239,240,000 | 239,240,000 | - |

In confirm that the amounts shown above are correct as of the date indicated.

Head of Accountants department of beneficiary entity:

Name Prax K. Kooir Sign [Signature] Date 15/04/2024