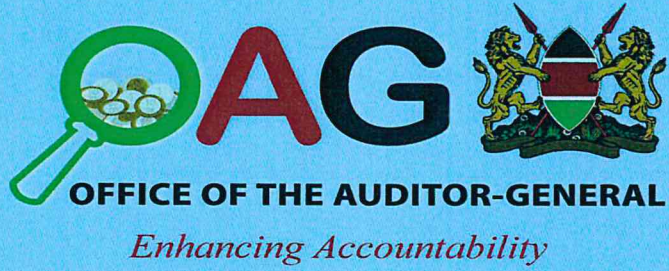


REPUBLIC OF KENYA



REPORT

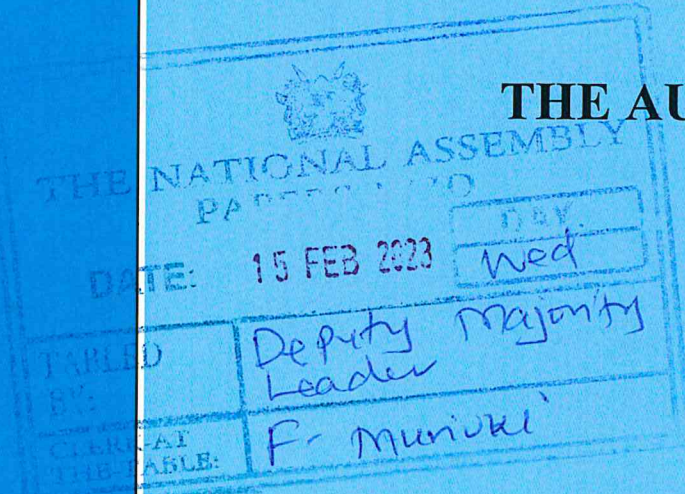
OF

THE AUDITOR-GENERAL

ON

BOMAS OF KENYA LIMITED

**FOR THE YEAR ENDED
30 JUNE, 2021**



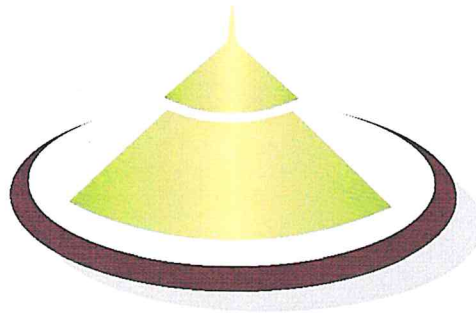
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OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
REGISTRY

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B O M A S
OF KENYA LTD

BOMAS OF KENYA LIMITED

ANNUAL REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2021

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

Bomas of Kenya Ltd
Annual Reports and Financial Statements
For the year ended June 30, 2021

Table of Contents	Page
A. KEY ENTITY INFORMATION	iii
B. THE BOARD OF DIRECTORS.....	iv
C. MANAGEMENT TEAM.....	viii
D. CHAIRMAN’S STATEMENT.....	xii
E. REPORT OF THE GENERAL MANAGER/ CHIEF EXECUTIVE OFFICER	xiv
F. CORPORATE GOVERNANCE STATEMENT	xvi
G. REPORT OF THE DIRECTORS.....	xvi
H. STATEMENT OF DIRECTORS’ RESPONSIBILITIES	xix
I. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2021.....	2
J. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021	3
K. STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2021	3
L. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021	4
M. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30 JUNE 2021	5
N. NOTES TO THE FINANCIAL STATEMENTS	7
APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS.....	34
APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY	35
APPENDIX III: INTER-ENTITY TRANSFERS.....	36

A. KEY ENTITY INFORMATION

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 at Cabinet level and, is responsible for the entity's general policy and strategic direction. Bomas of Kenya Limited is domiciled in Kenya.

Principal Activities

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

Directors

The Directors who served the entity during the financial year ending 30 June 2021 year were as provided on pages iv-vii.

Registered Offices

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

Corporate Contacts

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

Corporate Bankers

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

Independent Auditors

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

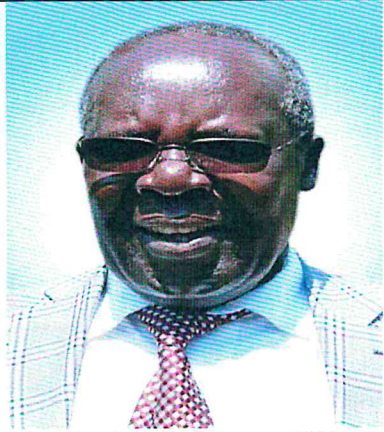
Principal Legal Advisers

The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

Sharpley Barret & Company
Prudential Assurance Building,
2nd floor Wabera Street
P.O. Box 40286-00100
Nairobi, Kenya

Bomas of Kenya Ltd
Annual Reports and Financial Statements
For the year ended June 30, 2021

B. THE BOARD OF DIRECTORS



**Mr. Josiah K. Magut (68) OGW, EBS,
 Chairman – Retired on 6th May 2022**

Mr. Magut was appointed Chairman of the Board of Directors in April 2015 for a period of one year and subsequently re-appointed in May 2016. He has previously served as Chairman of the Board of Directors at the Local Authorities Providence Fund and at the Association for Local Government Authorities of Kenya (ALGAK). He served as the Mayor of Eldoret Municipal Council, which, coupled with the other leadership roles that have previously been bestowed on him, have endowed him with vast experience and knowledge in the area of business planning and management. Mr. Magut retired on May 7th 2022 after serving for 8 years.



**Mrs. Khadija M. Awale (61)
 Chairperson-Appointed on 28 April 2022**

Mrs. Khadija joined the board of Bomas of Kenya as the Chairperson on May 2022. She previously served at 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.



**Mr. Peter Gitaa Korja
 General Manager/Chief Executive
 Officer**

Mr. Gitaa is an innovative, purpose-driven, and results-oriented manager with over 16 years of leadership and service in various organizations, 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 holds 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.

Bomas of Kenya Ltd
Annual Reports and Financial Statements
For the year ended June 30, 2021



Hon. Safina Kwekwe Tsungu
Principal Secretary, State
Department for Tourism

Hon. Tsungu has served in various organizations and institutions both in civil society and the Public sector. Notably, she served as the Principal Secretary for Gender in the Ministry of Public Service, Youth and Gender (March 2018- January 2020). She worked as the County Executive Committee Member for Trade and Co-operative Development in Kwale County, worked with Action Aid International –Kenya for more than 8 years as a women’s rights coordinator. Hon. Tsungu also served the East African Community as a legislator in the second East African Legislative Assembly (EALA) and chaired the Parliamentary Standing Committee on Agriculture, Tourism and Natural Resources for two and a half years. Hon. Tsungu pioneered the establishment of the EALA Women’s Parliamentarian’s Forum which she chaired for 5 years. She is a holder of a Master’s degree in International Trade Policy and Trade Law from Lund University, Sweden, and a Bachelor of Commerce degree from The University of Nairobi. She is an Alumni of Alliance Girls High School.



Mr. Francis Nkoitoi
Director

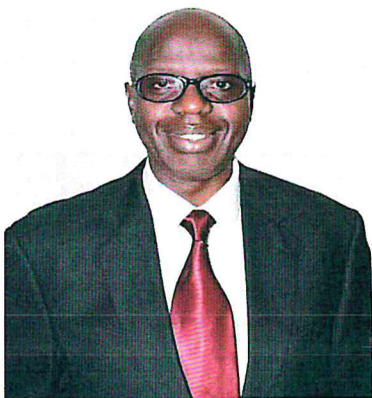
Mr. Nkoitoi is Conservationist and Administrator with over 30 years’ experience in advocating for the protection and preservation of the environment and wildlife in Kenya. He was a Principal of Secondary school for a period of over 20 years prior to joining Bomas of Kenya, on 17th April 2015, as a member of the Board of Directors. He holds Bachelors of Education (Science) degree from Kenyatta University.

Bomas of Kenya Ltd
Annual Reports and Financial Statements
For the year ended June 30, 2021



Mr. Robert Kariuki (60)
Director

Mr. Kariuki joined Bomas of Kenya Limited as Director on 20th September 2018. He is an Architect by profession with special interests in Urban Design. He teaches and is also in the practice of Architecture. Mr. Kariuki holds a Master of Architecture (Urban Design) from the University Nairobi and, a Bachelor of Arts degree as well as a Bachelors of Landscape Architecture degree from the University of Canada.



Mr. William O. Osewe (55)
Director

Mr. Omamo was appointed a member of the Board of Directors of Bomas of Kenya Limited on 20th September, 2018. He has over 20 years' experience in the hospitality industry with expertise in the operations. He is a Swiss-trained Hotel Management expert that has worked with such world class brands as Mc Donald's (South Africa) and Innscor (Kenya), among others. Mr. Pmamo holds a Diploma in Performance Enhancement Systems and a as well as in Hotel Management and Administration from Crans-Montana, Switzerland.



Ms. Beth Syengo, HSC
Director

Ms. Syengo Joined the Board of Directors of Bomas of Kenya Limited on 20th September 2018. She is a leading facilitator of Strategic Planning, Policy and Budget Development, and Global Operations Leadership for organizations. She has strong organizational skills which she puts to use in her leadership of such institutions as "Maendeleo ya Wanawake" Organization and the Kenya Network of Grassroots Women. Ms. Syengo holds a Bachelors of Education degree from Kenyatta University and a Diploma in Guidance and Counseling from the University of Nairobi.

Bomas of Kenya Ltd
Annual Reports and Financial Statements
For the year ended June 30, 2021

 <p>Mrs. Layi Khamisi Jaber (47) Director</p>	<p>Mrs. Layi was appointed a member of the Board of Directors of Bomas of Kenya Limited on 8th February 2019. She has vast experience, knowledge, and expertise in business management. This derives from her over 20 years of business management practice in both public and private spheres. Mrs. Layi has exceptional probity skills that are valuable in mitigating risks in business planning and management.</p>
 <p>Jonah T. Orumoi, (43), MD – Tourism Finance Corporation</p>	<p>Mr. Orumoi was appointed member of the Board of Directors of Bomas of Kenya Limited in February, 2016 as he was the Managing Director for Tourism Finance Corporation. He has previously worked as Head of Finance and Information technology department at Kenya Tourist Board (KTB), Finance & Leasing Contracts Manager at G4S Kenya, Acting Head of Procurement at G4S Kenya, Nairobi, and as Senior Principal Finance Officer, Thurrock Council, UK. He holds a Master of Science degree in Finance and Investment from Queen Mary university of London and a Bachelor of Arts (Accounting & Finance) from East London University, UK.</p>
 <p>Kenneth Karani (46), Rep- Cabinet Secretary, The National Treasury</p>	<p>Mr. Karani was appointed member of the Board of Directors of Bomas of Kenya Limited on 17th April 2015 as the Alternate of the Cabinet Secretary, the National Treasury. He is a specialist in the area of procurement and has over 15 years experience in management in both private and public sectors. Mr. Karani holds Masters Degree in Procurement and Logistics and a Bachelor of Arts in Economics & Business Administration from the Jomo Kenyatta University of Science and Technology and Kenyatta University, respectively.</p>

C. MANAGEMENT TEAM



Mr. Peter Korcia Gitaa
General Manager/Chief Executive Officer

Mr. Gitaa is an innovative, purpose-driven, and results-oriented manager with over 16 years of leadership and service in various organizations, 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 holds 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. He is an Alumni of Riomego Secondary School.






Mr. David K. Rono (50)
Former Finance & Administration Manager

Mr. Rono has been in the service of Bomas of Kenya Limited for over 15 years and holds Executive Masters Degree in Business Administration (Finance) from Moi University, an international Diploma in Financial Management from Illinois University, and is a Certified Public Accountant (CPA-K). Prior to his appointment as Manager in charge of Finance and Administration at Bomas of Kenya Limited, Mr. Rono worked as Senior Accountant in the same institution.

Bomas of Kenya Ltd
Annual Reports and Financial Statements
For the year ended June 30, 2021

	<p>CPA Mugilwa is a passionate senior management professional with strong expertise and experience in finance, auditing, taxation, financial advisory and corporate governance among other allied matters for over 10 years. His experience is drawn from working with inter-governmental organizations, public sector and private sector.</p> <p>Mugilwa is a Certified Public Accountant of Kenya (CPA-K). He holds Masters of Science in Finance and Investment from the University of Nairobi and a Bachelor of Commerce (Finance). He is currently pursuing a PhD in Business Administration (Finance) at the University of Nairobi. Prior to his appointment Mugilwa was the Chief Accountant.</p>
<p>CPA Nixon Mugilwa (38) Ag. Finance and Administration Manager Appointed on 1st November 2020</p>	<p>Mr. Okidiang’i has over 10 years’ experience in the management of human capital. He holds Bachelor of Business Administration in Human Resource Management and a Higher National Diploma in Human Resource Management. He is the current head of Bomas of Kenya Limited’s Human Resource Department.</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 JAHAZI journal for the Culture, Arts and Performance.</p>
<p>Mr. Jimmy Okidiang’i (40) Ag. Human Resource Manager Appointed on 1st November 2020</p>	
<p>Dr. Kahithe Kiiru (36) Ag. Production Manager Appointed on 1st November 2020</p>	

Bomas of Kenya Ltd
Annual Reports and Financial Statements
For the year ended June 30, 2021

 <p>Mr. Joseph W. Njoroge (42) Property Manager</p>	<p>Mr. Njoroge has over 10 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 current head of the Property Department at Bomas of Kenya Limited.</p>
 <p>Mr. John S. Ekahl (51) Ag. Food and Beverage Manager</p>	<p>Mr. Ekahl has over 20 years experience in hotel, hospitality, and events management. Before joining Bomas of Kenya Limited, he served as Restaurant Manager at All Africa Conference of Churches in Nairobi and at Keekorok Lodge in Maasai Mara. He holds Diploma in Food and Beverage Service and Sales and a Bachelor degree in Hospitality from Moi University. He is the current head of the Food and Beverage Department at Bomas of Kenya Limited.</p>
 <p>Mr. Benard Ongeri (48) Public Relations and Communications Officer</p>	<p>Mr. Ongeri joined Bomas of Kenya Limited in 1997 and is the current head of the Public Relations and Communication Department. Prior to his appointment as Senior Public Relations and Communications Officer, he served as the institution's Information Officer. He has over 15 years' experience in Customer Relation Management and holds Diploma in Public Relations, Certificate in Purchasing and Supplies, and a Bachelor degree in Public Relations from University of Nairobi.</p>

Bomas of Kenya Ltd
Annual Reports and Financial Statements
For the year ended June 30, 2021



Gladys Kangethe (45)
Ag. Marketing and Corporate
Communication Manager

Gladys Kangethe is the Head of marketing department. Currently writing a thesis after having completed the course work for an MBA in strategic management at Catholic University of Eastern Africa. Possess a bachelor's degree in education from Moi University. A member of Marketing Society of Kenya and an associate of Chartered Institute of Marketing UK (ACIM).

Having been an assistant marketing officer since 2011 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.

D. CHAIRMAN'S STATEMENT

a. INTRODUCTION

The Board of Bomas of Kenya Limited is pleased to share with you our Annual Reports and Financial Statements for the year ended 30 June 2021. The financial year commenced during a challenging time in the mid of the COVID-19 pandemic. The global outbreak of COVID-19 has really had the largest health and economic crisis in decades. The pandemic has had an adverse impact on economies, households, businesses, and financial institutions around the world more so the reversal of the gains that the various strategies in recovery of the tourism and hospitality industry.

The government announced various containment measures to limit the spread of the virus. These measures, adopted at various levels across the country, including restriction of movements to limit intra-country and cross-county infections resulted in a slowdown in economic activity, turning the pandemic into an economic and health crisis. While we could never have predicted the nature or extent of the crisis we continue to face, the tourism industry remained most hit due to closure of hotels and conferences.

The Government through stimulus program and reduction in tax did play a critical role in ensuring programs continue to run with a few adjustments including employee working from home. Thus, since the outbreak COVID-19, the pandemic has caused significant harm to humanity and disrupted life globally. It has been a challenge to all of us, our families and staff, the businesses, and global economies in different sectors. This has fully tested our resilience and drive to keep going.

b. MITIGATING EFFECTS OF THE PANDEMIC & SAFEGUARDING THE BUSINESS

The tourism industry has been negatively affected since March 2020 when the first COVID-19 case was reported. The crisis has hit East Africa, focus immediately shifted to the safety and well-being of our staff, customers, shareholders, families and other stakeholders. Some of the measures included the closure of the institution since bookings for conferences were cancelled and daily and out station performances paused. This was mainly due to government directive and safety to staff and other stakeholders.

The staff who have been affected have fully recovered over time. However, the institution has put in place a number of activities tailored towards mitigating the spread including washing areas, sensitization and carrying out activities with strict compliance with the Ministry of Health protocol on Covid-19 Compliance. We have continued to enhance the COVID-19 containment protocols in all our premises to give us a better chance to fight the pandemic. During this period, the pandemic exposed the reality of the balance between life and livelihoods. A number of measures is in place including vaccination drive for staff so us to boost immunity since they are the main resource in operationalisation of the programs.

c. FINANCIAL RESULTS

The balance sheet of Bomas of Kenya Limited remains steady and is poised for growth despite the challenges faced due to COVID-19. Closure of businesses and activities owing to the pandemic negatively affected the performance of the institution, resulting in the deficit that was witnessed at the end of the financial year under focus. For sustainability of the business, through the Government of Kenya, the institution managed to get subsidy funds since operations had been closed.

d. GOVERNANCE OVERSIGHT

During the year, several Board directors continued to run since the limits were yet to expire. Thus, most activities were transacted despite the covid-19 pandemic challenges. However, it should be noted that unfortunate we lost one board member who was a representative from the state corporations advisory Committee (SCAC) Mr. John Kisegu who represented the Inspector General.

e. FUTURE OUTLOOK

In financial year 2021 / 2022, the institution anticipates recovery strategies of the tourism industry as modelled by the Ministry of Tourism and Wildlife. This includes rolling out new products and services, embracing technological approach for conferences for budget implementation and identifying opportunities for cost savings. I look forward to a brighter year for all our stakeholders and project a much better year and future for the Institution.

f. APPRECIATION

I sincerely thank our clients and stakeholders whose trust and confidence has made our achievements possible. I am especially grateful to the leadership of the Ministry of Tourism and Wildlife and The National Treasury, and the Government of Kenya as a whole for the unwavering support. I also thank our management team and all members of our staff for the efforts made during the financial year 2020/2021. Finally, I appreciate fellow members of the Board for their selfless service, loyalty, and commitment to duty in the service of the company.



KHADIJA M. AWALE
CHAIRPERSON OF THE BOARD

E. REPORT OF THE GENERAL MANAGER/ CHIEF EXECUTIVE OFFICER

A. INTRODUCTION

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. Despite the challenges posed by Corona Virus pandemic, the place of culture and heritage in Kenya's tourism is emphasized in the country's National Tourism Blueprint 2030 (NTB2030) hence need for sustainability.

In the financial year that ended 30th June, 2021, the institution has placed emphasis in safeguarding the health and safety of our employees, customers, our shareholders and all our stakeholders to ably navigate through this challenging time. The Management has endeavoured in provision of a flexible working environment for staff and continuously engaged them to raise awareness to limit the risk of spread and infection. Our frontline staff members, in their characteristic dedication and commitment, remained out there to ensure our customers continued to get excellent service.

Africa has so far been spared from a devastating health crisis that would have caused even greater economic shocks if the number of cases had been as high as earlier feared. However, we must deal with personal tragedies, job losses, mental health challenges, and the pandemic's economic hardships. The COVID-19 pandemic has brought forth unforeseen circumstances which have significantly altered the business environment, influenced our way of life and changed the way Bomas of Kenya Limited physically conducts business in preserving the diverse culture of Kenya.

B. TOURISM INDUSTRY OPERATIONS PANDEMIC

We started the financial year 2020/ 2021 by ensuring the relevant protocols as provided by the Ministry of Health were met. This included the revision of signages, having the relevant test done and staff sensitization on COVID-19 awareness. It should be noted that, the tourism industry was shut hence the ripple effect were heavily felt by the stakeholders who depend on the tourism including the hotels and other centres for conferences and allied activities.

C. PERFORMANCE OVERVIEW

The pandemic is still with us, and therefore we must factor in the tourism recovery models. However, early indicators point towards a faster than anticipated recovery of global and regional economies. Given the compliance to COVID-19 pandemic, uncertainty on the opening up of whole economy remains a major issue to the tourism sector. However, the institution majorly relied on the exchequer additional funding in ensuring the programs were activated in the month of November, 2020 after closure in compliance with presidential directive to reduce the spread of COVID-19.

During the financial year that ended 30th June 2021, the institution did realize Kshs.95.5 Million internally generated revenues and received Kshs.234.4 Million as grants from the Government of Kenya of which Kshs.59 Million was granted by the government as cautionary fund due to loss of business as a result of pandemic. The targets that had been set for internally generated revenues were revised downward majorly due to uncertainty posed by the pandemic.

D. EMPLOYEE RETENTION AND MOTIVATION

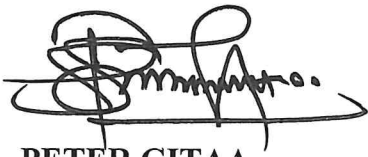
I would also like to thank my 196 colleagues and the temporary staff for their commitment and resilience in the face of unprecedented adversity. It is only through our collective effort that the programs are able to run and modelled further to ensure that the products and services remain uninterrupted. It should be noted that we had an increase of staff mainly due to replacements done in the various positions that existed and two staff retired i.e. Mr. John Ole Bara and John Okungu after serving for over 20 years in the institution.

E. CONCLUSION AND FUTURE OUTLOOK

Bomas of Kenya Limited has re-imagined its role and effectiveness in the ‘new normal’ and plans to integrate the thinking in its Strategic Plan 2018-2022 during mid-term review. The institution shall be undertaking the rehabilitation of the main Auditorium Hall so to comply with COVID-19 protocols while uplifting its appearance. It is expected that the re-engineering that is envisaged will improve the institution’s financial performance and help to retain and motivate our staff more. The future looks promising with the imagined transformation.

F. APPRECIATION

Finally, I wish to acknowledge the support and direction that the management and I have received from the Board of Directors as we endeavour to make Bomas of Kenya achieve its mandate for posterity.



PETER GITAA
GENERAL MANAGER / CHIEF EXECUTIVE OFFICER

F. CORPORATE GOVERNANCE STATEMENT

a) INTRODUCTION

The Board of Directors of Bomas of Kenya Limited strives to ensure that the institution meets high standards of safety, performance, legal compliance, business ethics, and governance at all levels of the institution. The Board appreciates that it is indebted to the institution's shareholders, customers, and employees, as well as to the communities in which the institution operates. It therefore endeavours to design policy thrusts that bring harmony in its inter-relations with them.

The Board has ultimate authority and oversight over the institution. It considers good corporate governance as a critical pillar in the achievement of the institution's objectives. The Board also ensures that the institution complies with the laws and regulations that underpin the businesses and operations of the institution, while managing and mitigating any emergent risks.

As part of its efforts to manage and mitigate risks, the Board constantly reviews the framework of the institution's internal controls and assesses the processes that Management puts in place for the realization of this goal. Toward this, it has adopted a number of policies, procedures, and regulations to guide Management in running the institution and established committees to help it discharging its duties effectively while ensuring the sustainability of the institution.

b) COMMITTEES OF THE BOARD OF DIRECTORS

The Board of Directors of Bomas of Kenya Limited has established four committees to help it 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

Bomas of Kenya Limited recognizes risk management as an integral part of the institution's internal control system. 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. The measures include, routine monitoring through internal systems, evaluation of projects done by external resource persons, development of codes of practice regarding corporate accountability, reporting on the risks associated with projects, promoting independent and objective oversight, and review information presented by the management to identify potential risk areas and developing/reviewing 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. When controls fail to deliver intended results, operational risks set in and cause damage to the reputation of the institution and also lead to financial losses. Indeed, Bomas of Kenya Limited cannot practically eliminate all the operational risks associated with the institution and its operations, but can manage them through control frameworks and by monitoring and dealing with potential risks. The controls that the institution has put in place to minimize possible operational risks include: -

- a) Segregation of duties;
- b) Training of staff;
- c) Definition of authorization levels;
- d) Periodic assessment of risks;
- e) Internal auditing; and
- f) Implementation of access controls.

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. Further, the institution's debtors are usually given a credit period of 30 days

Bomas of Kenya Ltd
Annual Reports and Financial Statements
For the year ended June 30, 2021

G. REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2021 which show the state of the corporation's affairs.

Principal activities

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

Results

The results of the entity for the year ended June 30, 2021 are set out on page 1 to 2 Below is summary of the profit or loss made during the year.

Dividends

Bomas of Kenya Limited does not pay dividends. All the institution's surpluses are reinvested into programs undertaken in development of existing cultural products.

Directors

The members of the Board of Directors who served during the year ending 30 June 2021 are shown on page iv-vii.

Auditors

The Auditor General is responsible for the statutory audit of the Corporation in accordance with the Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board


.....

Date 22nd June 2022

H. STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

The Directors are responsible for the preparation and presentation of the Corporation's financial statements that give a true and fair view of the state of affairs of the Corporation for and as at the end of the financial year ended on June 30, 2021. This responsibility includes:

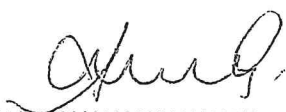
- i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity;
- iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- iv) Safeguarding the assets of the Corporation;
- v) Selecting and applying appropriate accounting policies; and
- vi) Making accounting estimates that are reasonable in the circumstances

The Directors accept responsibility for the Corporation's financial statements that have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards (IFRS), and in the manner required by the PFM Act 2012. The Directors are of the opinion that the Corporation's financial statements give a true and fair view of the state of Corporation's transactions during the financial year ended June 30, 2021, and of the Corporation's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Corporation, which have been relied upon in the preparation of the Corporation's financial statements as well as the adequacy of the systems of internal financial control.

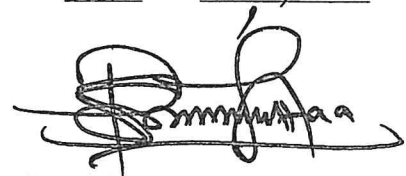
Nothing has come to the attention of the Directors to indicate that the Corporation will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Corporation's financial statements were approved by the Board on 22nd June, 2021 and signed on its behalf by:



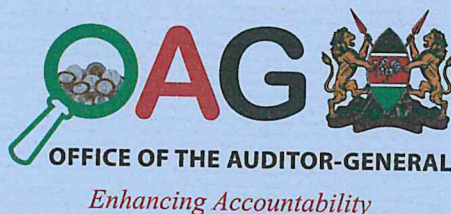
.....
Chairperson of the Board.
Chairperson of the Board



.....
Chief Executive Officer.
Accounting officer

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON BOMAS OF KENYA LIMITED FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

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

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

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

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Bomas of Kenya Limited set out on pages 1 to 34, which comprise the statement of financial position as at 30 June, 2021

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, 2021 and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and Companies Act, 2015.

Basis for Qualified Opinion

1. Revaluation of Property, Plant and Equipment

The statement of financial position and as disclosed in Note 10 to the financial statements, reflects a property, plant and equipment balance of Kshs.2,323,979,663. However, as previously reported, the last revaluation of the assets was conducted in 1996. This is contrary to Paragraph 31 of the International Accounting Standard No.16 – Property, Plant and Equipment which stipulates that revaluations should be carried out regularly, so that the carrying amounts of the assets do not differ materially from their fair values as at the reporting date.

In the circumstances, it could not be confirmed that the property, plant and equipment balance of Kshs.2,323,979,663 was fairly stated.

2. Long Outstanding Trade and Other Receivables

The statement of financial position reflects trade and other receivables balance of Kshs.82,592,662 which, as disclosed in Note 12 to the financial statements includes, trade debtors of Kshs.32,019,722, staff debtors of Kshs.805,448, deposits paid of Kshs.1,183,500 and Little Theatre and Ushanga Kenya receivables of Kshs.51,897,978. However, the following anomalies were noted;

- i. The trade and other receivables balance excludes the opening balance of Kshs.5,844,308 for long outstanding debtors. Evidence of pursuit for approval from the Cabinet Secretary, The National Treasury to write off the debts as recommended by the Public Investment Committee was not provided.
- ii. As previously reported, deposits totalling to Kshs.1,183,500 paid to various entities include an amount of Kshs.1,000,000 indicated as having been paid to a company under liquidation and which had not been recovered as at the time of audit. Although the recoverability of the deposit was doubtful, no provision for bad or doubtful debt was made and no evidence was provided that Management had

sought authority from Cabinet Secretary, The National Treasury to write off the balance.

- iii. As previously reported, an amount of Kshs.51,897,978 due from Little Theatre Club and Ushanga Kenya Initiative has been outstanding for a long period of time despite numerous requests for reimbursement sent to the State Department for Tourism by the Company.

In the circumstances, the accuracy and completeness of the reported trade receivables balance of Kshs.82,592,662 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 Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised in the Report on Financial Statements, Report on Lawfulness and Effectiveness in use of Public Resources and Report on Effectiveness of Internal Controls Risk Management and Governance. However, the Management had not resolved the issues as at 30 June, 2021.

Other Information

The Directors are responsible for the other information, which comprises the Chairman's Statement, Report of the Directors, the Corporate Governance Statement and the Statement of Directors' Responsibilities. The other information does not include the financial statements and my auditor's 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 audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness

and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Over - Expenditure on Directors' Emoluments

Note 9 c to the financial statements reflects Directors' emoluments of Kshs.15,815,591. However, the expenditure exceeded five per-cent (5%) of the operations and maintenance budget amount of Kshs.275,877,210 by Kshs.2,021,730 contrary to Circular Ref. OP/CAB9/1A dated 11 March, 2020.

In the circumstances, the regularity of the expenditure above the guidelines could not be confirmed.

2. Long Outstanding Trade Payables

The statement of financial position and as disclosed in Note 19 to the financial statements reflects trade and other payables totalling Kshs.79,247,464 which includes trade creditors balance of Kshs.34,380,102. The trade creditors balance includes an amount of Kshs.3,057,147 which has been outstanding for more than two (2) years.

Non-settlement of liabilities as and when they fall due may lead to interest and penalties.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, 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 control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

- i. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit;
- ii. In my opinion, 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 the 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 control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, 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 to cease operations.

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements 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 the Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error,

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control 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 control 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 control 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 control.
- 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 control that are identified during the audit.

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

26 July, 2022

**J. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021.**

	Note	2020-2021	2019-2020
		KShs.	KShs.
REVENUES			
Revenue	6	95,537,659	52,281,632
Cost of sales	7	(18,275,347)	(5,556,950)
Gross profit		77,262,312	46,724,682
Grants from the National Government	8	288,808,920	252,093,830
TOTAL REVENUES		366,071,232	298,818,512
OPERATING EXPENSES			
Administration Costs	9	351,905,652	308,727,337
TOTAL OPERATING EXPENSES		351,905,652	308,727,337
PROFIT/(LOSS) BEFORE TAXATION		14,165,580	(9,908,825)
INCOME TAX EXPENSE/(CREDIT)		-	-
PROFIT/(LOSS) AFTER TAXATION		14,165,580	(9,908,825)

Bomas of Kenya Ltd
Annual Reports and Financial Statements
For the year ended June 30, 2021

K. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	NOTE	2020-2021	2019-2020
		KShs.	KShs.
ASSETS			
Non –current assets			
Property plant & equipment	10	2,323,979,663	2,364,344,292
Total Non-Current Assets		2,323,979,663	2,364,344,292
CURRENT ASSETS			
Inventories	11	1,577,643	-
Trade and other Receivables	12	82,592,662	65,047,282
Bank and Cash balance	13	3,112,132	5,081,135
TOTAL CURRENT ASSETS		87,282,437	70,128,417
TOTAL ASSETS		<u>2,411,262,100</u>	<u>2,434,472,709</u>
		-	-
<u>EQUITY AND LIABILITIES:</u>			
Share Capital	14	5,080,000	5,080,000
Revaluation Reserve	15	164,829,167	126,136,644
Retained Earnings	17	189,700,853	215,468,309
Deferred capital grant	18	1,972,404,616	2,026,830,878
CAPITAL AND RESERVES		<u>2,332,014,636</u>	<u>2,372,275,318</u>
NON-CURRENT LIABILITIES			
		-	-
TOTAL NON -CURRENT LIABILITIES		=	=
Current Liabilities			
Trade and other payables	19	79,247,464	62,197,389
TOTAL CURRENT LIABILITIES		79,247,464	62,197,389
TOTAL EQUITY & LIABILITIES		<u>2,411,262,100</u>	<u>2,434,472,709</u>

The financial statements were approved by the Board on 22nd June, 2022 and signed on its behalf by:

General Manager/C.E. O

Name:

Head of Finance

Name:

ICPAK M/NO:

Chairperson of the Board

Name:

Bomas of Kenya Ltd
Annual Reports and Financial Statements
For the year ended June 30, 2021

L. STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2021

	Ordinary share capital	Revaluation reserve	Retained earnings	Capital/ Development Grants/Fund	Total
At July 1, 2019	5,080,000	126,136,644	224,136,622	2,083,224,708	2,438,577,974
Revaluation gain	-	(1,240,512)	1,240,512	-	-
Net surplus/(Deficit) for the year 30th June,2020	-	-	(9,908,825)	-	(9,908,825)
Transfer of Depreciation from capital funds to retained earnings	-	-	-	(56,393,830)	(56,393,830)
Capital Grant	-	-	-	-	-
At June 30, 2020	5,080,000	124,896,132	215,468,309	2,026,830,877	2,372,275,318
At July 1, 2020	5,080,000	124,896,132	215,468,309	2,026,830,877	2,372,275,318
<i>Revaluation done in 1996</i>	-	39,933,036	39,933,036	-	-
Restated balances	5,080,000	164,829,167	175,535,273	2,026,830,877	2,372,275,318
Net surplus/(Deficit) for the year 30th June,2021	-	-	14,165,580	-	14,165,580
Transfer of Depreciation from capital funds to retained earnings	-	-	-	(54,426,262)	(54,426,262)
Capital Grant	-	-	-	-	-
At June 30, 2021	5,080,000	164,829,167	189,700,853	1,972,404,615	2,332,014,636

Bomas of Kenya Ltd
Annual Reports and Financial Statements
For the year ended June 30, 2021

M. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

		2020-2021	2019-2020
		KShs.	KShs.
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from Operations	21	12,092,629	7,980,076
Net Cash from Operating Activities		12,092,629	7,980,076
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets/Work in progress/BICEC	10	(14,061,633)	(21,522,398)
CASH FLOWS FROM FINANCING ACTIVITIES			
Development Grants		=	=
Net Increase/(Decrease) in Cash and Cash equivalents		(1,969,004)	(13,542,322)
Add: Beginning Balance of Cash and Cash Equivalents		<u>5,081,135</u>	<u>18,623,457</u>
ENDING BALANCE OF CASH & CASH EQUIVALENTS	21c)	<u>3,112,132</u>	<u>5,081,135</u>

Bomas of Kenya Ltd
Annual Reports and Financial Statements
For the year ended June 30, 2021

N. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30 JUNE 2021

	Original budget	Adjustments	Final budget	Actual on comparable basis		Performance difference	Variance in Percentage	Remarks
	2020-2021		2020-2021	2020-2021	2020-2021			
Revenue	KShs.	KShs.	KShs.	KShs.	KShs.			
Sale of goods	-	-	-	-	-			
Sale of services	100,735,382	(59,300,000)	41,435,382	95,537,659	54,102,277		131%	(i)
Transfers from the Government	175,141,828	59,300,000	234,441,828	234,382,658	(59,170)			
	-	-	-	54,426,262	54,426,262			
Total income	275,877,210	-	275,877,210	384,346,579	108,469,369		-	
Expenses								
Compensation of employees	198,301,990	-	198,301,990	171,762,878	(26,539,112)		-13%	(ii)
Boards Emoluments	14,900,400	-	14,900,400	15,815,591	915,191		6%	(iii)
Administration expenses	49,321,936	-	49,321,936	159,087,265	109,765,330		223%	(iv)
Selling and distributions expenses	4,894,207	-	4,894,207	18,275,347	13,381,141		273%	(v)
Finance & Professionals costs	8,458,678	-	8,458,678	5,239,918	(3,218,760)		(38%)	(vi)
CAPITAL								
Naicec Project								
Total expenditure	275,877,210	-	275,877,210	370,180,999				
Surplus / Deficit for the period	-	-	(0)	14,165,580	-			

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 AIA hosted the BBI signature verification exercise which had not been anticipated thus the increase in AIA.

ii) Compensation of employees

This is due to the fact that the demand for casual employees went down since the institution had been closed as a result of Covid-19 pandemic in the third quarter of the financial year.

iii) Boards Emoluments

There was an increase in the number of Board meetings due to the restructuring and change in administration of the institution that required regular meetings.

iv) Administration Expenses

The function that happened necessitated increase in utilities and other hiring charges thus the unfavourable variance in the expenditure item.

v) Selling and Distribution Expenses

There was reopening of the restaurant causing the major change in this expenditure line.

vi) Finance & Professionals costs

During the period under review, the expenses under this expenditure line were kept minimal due to closure of the institution thereby there were no major projects that required engagement of consultants.

O. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Bomas of Kenya Limited is a body corporate established under the provision of Kenya Companies Acts Cap 486 of the laws of Kenya on 11th September 1970 and it is domicile in Kenya. At cabinet level the entity is represented by the Cabinet Secretary, Ministry of Tourism and Wildlife, who is responsible for the general policy and strategic direction of Bomas of Kenya Limited.

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

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the entity's accounting policies.

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

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 presented.

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

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2020

IFRS 16: Leases

The new standards for annual reports, which were effective from 1st January 2019, introduce a new lessee accounting model. Under the model, a lessee is required to recognise assets and liabilities for all leases that are of a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2020 (Continued)

Application of IFRS 16 requires right-of-use assets and lease liabilities to be recognised in respect of most operating leases where the Company is the lessee. Bomas of Kenya is not affected by this standard.

IFRIC 23: Uncertainty Over income tax treatments

The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers:

- Whether tax treatments should be considered collectively
- Assumptions for taxation authorities' examinations
- The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- The effect of changes in facts and circumstances

Amendments to IFRS 9 titled Prepayment Features with Negative Compensation (issued in October 2017)

The amendments, applicable to annual periods beginning on or after 1 January 2020, allow entities to measure pre-payable financial assets with negative compensation at amortised cost or fair value through other comprehensive income if a specified condition is met.

Amendments to IAS 28 titled Long-term Interests in Associates and Joint Ventures (issued in October 2017)

The amendments, applicable to annual periods beginning on or after 1st January 2020, clarify that an entity applies IFRS 9, rather than IAS 28, in accounting for long-term interests in associates and joint ventures.

Amendments to IFRS 3 - Annual Improvements to IFRSs 2015–2017 Cycle, issued in December 2017.

The amendments, applicable to annual periods beginning on or after 1st January 2020, provide additional guidance on applying the acquisition method to particular types of business combination.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2020

Amendments to IFRS 11 - Annual Improvements to IFRSs 2015–2017 Cycle, issued in December 2017

The amendments, applicable to annual periods beginning on or after 1st January 2020, clarify that when an entity obtains joint control of a business that is a joint operation, it does not re-measure its previously held interests.

Amendments to IAS 12 - Annual Improvements to IFRSs 2015–2017 Cycle, issued in December 2017

The amendments, applicable to annual periods beginning on or after 1st January 2020, clarify that all income tax consequences of dividends should be recognised when a liability to pay a dividend is recognised, and that these income tax consequences should be recognised in profit or loss, other comprehensive income or equity according to where the entity originally recognised the transactions to which they are linked.

Amendments to IAS 23 - Annual Improvements to IFRSs 2015–2017 Cycle, issued in December 2017

The amendments, applicable to annual periods beginning on or after 1st January 2020, clarify that the costs of borrowings made specifically for the purpose of obtaining a qualifying asset that is substantially completed can be included in the determination of the weighted average of borrowing costs for other qualifying assets.

Amendments to IAS 19 titled Plan Amendment, Curtailment or Settlement (issued in February 2019)

The amendments, applicable to plan amendments, curtailments or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1st January 2020, requires an entity to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement when the entity re-measures its net defined benefit liability (asset) in the manner specified in the amended standard.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2020

Amendments to IAS 1 and IAS 8 Definition of material

The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of ‘obscuring’ material information with immaterial information has been included as part of the new definition. The threshold for materiality influencing users has been changed from ‘could influence’ to ‘could reasonably be expected to influence’. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of material or refer to the term ‘material’ to ensure consistency. The amendments are applied prospectively for annual periods beginning on or after 1 January 2020, with earlier application permitted.

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2020

IFRS 17 Insurance Contracts (Issued 18 May 2017)

IFRS 17 requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as of 1 January 2021.

Amendments to References to the Conceptual Framework in IFRS Standards (Issued 29 March 2019- Applicable for annual periods beginning 1 January 2020)

Together with the revised *Conceptual Framework* published in March 2019, the IASB also issued *Amendments to References to the Conceptual Framework in IFRS Standards*. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32. Not all amendments, however, update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised *Conceptual Framework*. Some pronouncements are only updated to indicate which version of the framework they are referencing to (the IASC framework adopted by the IASB in 2001, the IASB framework of 2010, or the new revised framework of 2019) or to indicate that definitions in the standard have not been updated with the new definitions developed in the revised *Conceptual Framework*.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

iii. Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2019.

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 recognised to the extent that it is probable that future economic benefits will flow to the entity and the revenue can be reliably measured. Revenue is recognised at the fair value of consideration received or expected to be received in the ordinary course of the entity's activities, net of value-added tax (VAT), where applicable, and when specific criteria have been met for each of the entity's activities as described below.

- i) **Revenue from the sale of goods and services** is recognised in the year in which the entity 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 recognised in the year in which the entity 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 recognised in profit or loss on a time proportion basis using the effective interest rate method.
- iv) **Dividend income** is recognised in the income statement in the year in which the right to receive the payment is established.
- v) **Rental income** is recognised in the income statement as it accrues using the effective lease agreements.
- vi) **Other income** is recognised as it accrues.

b) In-kind contributions

In-kind contributions are donations that are made to the entity 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, the entity 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Where re-measurement at re-valued amounts is desired, all items in an asset category are re-valued through periodic valuations carried out by independent external valuers.

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

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

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 costs of ongoing but incomplete works on buildings and other civil works and installations.

Depreciation is calculated on the reducing balance method except for buildings which is depreciated at cost.

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

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)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Intangible assets

Intangible assets comprise purchased computer software licences, which are capitalised on the basis of costs incurred to acquire and bring to use the specific software. These costs are amortised over the estimated useful life of the intangible assets from the year that they are available for use, usually over three years.

f) Amortisation and impairment of intangible assets

Amortisation is calculated on the straight-line basis over the estimated useful life of computer software of three years.

All computer software is reviewed annually for impairment. Where the carrying amount of an intangible asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognised so that the asset is written down immediately to its estimated recoverable amount.

g) Investment property

Buildings, or part of a building (freehold or held under a finance lease) and land (freehold or held under an operating lease) held for long term rental yields and/or capital appreciation, and which are not occupied by the entity, are classified as investment property under non-current assets.

Investment property is carried at fair value, representing open market value determined periodically by independent external values. Changes in fair values are included in profit or loss in the income statement.

h) Leases

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged.

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. The bonds are measured at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

k) Unquoted investments

Unquoted investments stated at cost under non-current assets, and comprise equity shares held in other Government owned or controlled entities.

l) Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories comprises purchase price, import duties, transportation and handing charges, and is determined on the moving average price method.

m) Trade and other receivables

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

n) Taxation

Current income tax

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n) Taxation (Continued)

Current income tax (Continued)

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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n) Taxation (Continued)

Deferred tax (Continued)

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.

o) 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.

p) Borrowings

Interest bearing loans and overdrafts are initially recorded at fair value being received, net of issue costs associated with the borrowing. Subsequently, these are measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any issue cost and any discount or premium on settlement. Finance charges, including premiums payable of settlement or redemption are accounted for on accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. Loan interest accruing during the construction of a project is capitalised as part of the cost of the project.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

q) Trade and other payables

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

r) Retirement benefit obligations

The company 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 on a graduated tier scale i.e. I & II per employee per month.

s) 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.

t) 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 recognized in profit or loss.

u) Budget information

The original budget for FY 2020-2021 was approved by the Cabinet Secretary, Ministry of Tourism & Wildlife on 3rd August, 2020. Subsequent revisions were made to the approved budget in accordance with specific approvals from the National Treasury being a caution due to the effects of COVID-19 pandemic.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

u) Budget information (Continued)

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 statement of budget and actual performance of these financial statements.

v) Service concession arrangements

The Entity 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.

w) Comparative figures

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

x) 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, 2019.

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

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.

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
- Changes in the market in relation to the asset

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 13.

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.

Bomas of Kenya Ltd
Annual Reports and Financial Statements
For the year ended June 30, 2021

NOTES TO THE FINANCIAL STATEMENTS (Continues)

6. Revenue

	2020/2021	2019/2020
SALES	KShs.	KShs.
Restaurant sales	1,064,050	72,860
Parties and Reception	91,206,471	32,981,307
Gate collection & playground	816,200	7,261,943
Hire of Dancers/halls	700,000	9,977,299
Rent Income	899,459	439,571
Sundry Income	851,479	407,891
Gain on provision for bad debts	-	1,140,761
Total sales	95,537,659	52,281,632

a) Gate Collections & Video Filming

This is revenue from gate charges for entertainment i.e., watching traditional dances, touring the traditional villages, and video filming.

b) Hire of Dancers, Hall/ Auditorium

This is revenue that is received or is receivable for hire of dancers and auditorium hall

c) Rent Income

This is revenue that is received or is receivable from tenants that occupy part of the company facilities.

d) Sundry Income

This comprises of items that are neither regularly received nor included in the vote heads e.g. consultancy, adverts.

Bomas of Kenya Ltd
Annual Reports and Financial Statements
For the year ended June 30, 2021

7. Cost of Sales

	2020/2021	2019/2020
	KShs.	KShs.
Purchase -Main Bar	499,788.78	
Purchase - Nyama Choma Bar	137,280.00	-
Purchases - Parties/ Reception	11,231,108.84	5,556,950
Purchase - Main Restaurant	6,407,169	-
Total	18,275,347	5,556,950

There was activity in the restaurant as the operations begun minimally in the month of March 2021 after closure due to Covid-19.

8. Grants from National Government

	2020/2021	2019/2020		
	KShs.	KShs.		
Recurrent grants received	234,382,658	195,700,000		
Capital grants realized	54,426,262	56,393,830		
Total	288,808,920	252,093,830		
Name of the Entity sending the grant	Amount recognized in the Statement of Comprehensive Income KShs.	Amount deferred under deferred income KShs.	Amount recognised in capital fund. KShs.	Total grant income during the year KShs.
Ministry of Tourism & Wildlife	234,382,658	54,426,262	-	288,808,920
Total	234,382,658	-	234,382,658	288,808,920

Government grants and donations related to the acquisition of capital assets are recognized as deferred grant income in the statement of financial performance on a systematic basis over the period in which depreciation of related assets are charged.

Bomas of Kenya Ltd
Annual Reports and Financial Statements
For the year ended June 30, 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. Administration Costs

	2020/2021	2019/2020
Description	KShs.	KShs.
Staff Costs(9b)	171,762,878	160,826,214
Directors' Emoluments (9c)	15,815,591	9,564,372
Motor Vehicle Running & transport	6,885,800	5,618,528
Traveling & Entertainment	2,892,020	3,181,567
Medical Expenses	9,718,545	16,123,722
Dancers Expenses	2,868,310	2,978,000
Food & Accommodation	5,986,485	5,982,556
Uniforms for Staff	342,365	320,200
Publicity & Promotion	6,566,497	3,159,346
Printing & Stationery	3,736,322	3,559,954
Telephone & Postage	2,735,345	2,507,243
Cleaning & laundry	4,765,065	2,669,283
Security Charges	2,978,178	4,610,200
Hiring Charges	11,719,449	4,404,510
Staff Training	4,049,588	2,900,931
Sundry Expenses	1,429,245	1,971,461
Interest & Bank Charges	381,748	193,688
Subscriptions & Donations	460,830	812,413
Insurance & Licenses	8,116,635	5,827,730
Legal & professional	4,626,170	728,601
Audit fee	232,000	232,000
Land Rates	403,240	403,240
Electricity & Water charges	7,109,252	6,648,506
Repairs & Maintenance	14,673,481	6,759,692
Diverse Cultural Project	5,290,863	349,550
Provisions for bad & doubtful debts	1,933,488	-
Depreciation Charge	54,426,262	56,393,830
Total	351,905,652	308,727,337

Bomas of Kenya Ltd
Annual Reports and Financial Statements
For the year ended June 30, 2021

9b Staff Costs

	2020/2021	2019/2020
Description	Kshs	Kshs
Salaries and allowances of permanent employees	133,784,525	131,494,782
Wages of temporary employees, Attachment and internships	16,346,510	13,798,141
General Managers salary	2,951,786	3,420,258
Compulsory national health insurance schemes	2,363,300	2,105,250
Compulsory national social security schemes	4,084,474	4,237,536
Terminal Benefits / Gratuity	11,951,283	5,559,447
Provision for leave paid	281,000	210,800
Total	171,762,878	160,826,214
The average number of employees at the end of the year was:	2020/2021	2019/2020
Permanent employees – Management	6	7
Permanent employees – Unionisable	107	109
Temporary and contracted employees	83	60
Total	196	176

9c Directors' Emoluments

	2020/2021	2019/2020
	KShs.	KShs.
Chairman Honorarium	960,000	960,000
Sitting Allowance	9,194,857	3,029,147
Travel & Subsistence	5,660,734	5,575,225
Total	15,815,591	9,564,372

Bomas of Kenya Ltd
Annual Reports and Financial Statements
For the year ended June 30, 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. Property, Plant and Equipment

2021	FREEHOLD 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	0.3	0.5	0.2	
AT JULY 1, 2020	76,950,000	663,323,319	1,891,179,331	21,499,815	252,411,262	20,226,949	24,556,090	47,011,426	2,997,158,193
Additions	-	-	-	-	12,782,851	1,263,681	5,100	10,000	14,061,633
Disposals	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-
AT JUNE 30 2021	76,950,000	663,323,319	1,891,179,331	21,499,815	265,194,114	21,490,631	24,561,190	47,021,426	3,011,219,825
DEPRECIATION									
At July 1, 2020	-	-	364,633,684	18,237,289	171,536,697	14,168,886	24,313,742	39,923,603	632,813,901
Charge for the year-on profit & loss	-	-	38,163,641	815,631	11,707,177	2,196,523	123,724	1,419,565	54,426,262
Charge for the year-on revaluation surplus	-	-	=	=	=	=	=	=	=
	76,950,000	663,323,319	1,526,545,647	3,262,526	80,874,566	6,058,063	242,348	7,087,823	2,364,344,292
Impairment loss	-	-	=	=	=	=	=	=	=
Elimination on disposal	-	-	-	-	-	-	-	-	-
AT JUNE 30, 2021	-	-	402,797,325	19,052,921	183,243,874	16,365,409	24,437,466	41,343,167	687,240,163
NET BOOK VALUE AT JUNE 2021	76,950,000	663,323,319	1,488,382,006	2,446,894	81,950,240	5,125,221	123,724	5,678,259	2,323,979,663

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Property, Plant and Equipment (Continued)

2020	FREE HOLD LAND	CAPITAL WORK IN PROGRESS	BUILDING S & CIVIL WORKS	MOTOR VEHICLES	FURNITURE FITTINGS & EQUIPMENT	COMPUTERS	TOOLS	PUMPS & PIPES	TOTALS
COST OR VALUATION			2.5% on cost	0.25	0.125	0.30	0.50	0.2	
AT JULY 1, 2019	76,950,000	645,470,419	1,891,179,331	21,499,815	251,909,864	17,063,049	24,551,890	47,011,426	2,975,635,795
Additions		17,852,900	-	-	501,398	3,163,900	4,200	-	21,522,398
Disposals	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-
AT JUNE 30 2020	76,950,000	663,323,319	1,891,179,331	21,499,815	252,411,262	20,226,949	24,556,090	47,011,426	2,997,158,193
DEPRECIATION									
At July 1, 2019	-	-	325,491,488	17,149,781	159,983,187	11,572,573	24,071,394	38,151,647	576,420,070
Charge for the year-on profit & loss	-	-	39,142,196	1,087,509	11,553,509	2,596,313	242,348	1,771,956	56,393,830
Charge for the year-on revaluation surplus	-	-	-	-	-	-	-	-	-
Impairment loss	76,950,000	663,323,319	1,565,687,843	4,350,035	91,926,677	5,490,476	480,495	8,859,779	2,399,215,724
Elimination on disposal	-	-	-	-	-	-	-	-	-
At June 30, 2020	-	-	364,633,684	18,237,289	171,536,697	14,168,886	24,313,742	39,923,603	632,813,901
NET BOOK VALUE AT JUNE 2020	76,950,000	663,323,319	1,526,545,647	3,262,526	80,874,566	6,058,063	242,348	7,087,823	2,364,344,292

Bomas of Kenya Ltd
Annual Reports and Financial Statements
For the year ended June 30, 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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 as below:-

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 and the cultural / Conference centre within the organization.

	2021	2020
	KShs	KShs
Work in progress analysis		
Balance brought forward	663,323,319	645,470,419
Additions for the year	-	17,852,900
Total balance carried forward	663,323,319	663,323,319

Bomas of Kenya Ltd
Annual Reports and Financial Statements
For the year ended June 30, 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11.) Inventory

	2020/2021	2019/2020
INVENTORY	KShs.	KShs.
Finished Goods	1,577,643	-
Total	1,577,643	-

12.) Trade and Other Receivables

	2020/2021	2019/2020
	KShs.	KShs.
Debtors- long outstanding	-	5,844,308
Trade Debtors	32,019,722	12,684,840
Staff Debtors	805,448	661,461
Deposits Paid	1,183,500	1,183,500
Little Theatre & Ushanga Kenya Receivables	51,897,978	51,897,978
Total	85,906,648	72,272,087
Provision for bad & Doubtful Debts-		
(10% of trade debtors)	(3,201,972)	(1,268,484)
(100% of long outstanding debtors over 10 years)	-	(5,844,308)
Provision for ex- staff debtors	(112,014)	(112,014)
Total	82,592,662	65,047,281
Provision for bad & Doubtful Debts		
Opening balance	1,268,484	2,409,245
Closing balance	3,201,972	1,268,484
Gain / Loss on Provisions	(1,933,488)	1,140,761

Bomas of Kenya Ltd
Annual Reports and Financial Statements
For the year ended June 30, 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12 (a) Trade Receivables

	2020/2021	2019/2020
	KShs.	KShs.
Gross trade receivables	32,019,722	12,684,840
Provision for doubtful receivables	-	(1,268,484)
	_____	_____
	32,019,722	11,416,356
	=====	=====
At June 30, the ageing analysis of the gross trade receivables was as follows:		
Less than 30 days	19,304,282	-
Between 30 and 60 days	-	-
Between 61 and 90 days	-	-
Between 91 and 120 days	30,600.00	-
Over 120 days	12,684,840	12,684,840
	_____	_____
	32,019,722	12,684,840
	=====	=====

12(b) Staff Receivables

	2020/2021	2019/2020
	KShs.	KShs.
Gross staff loans and advances	93,750	111,615
Provision for impairment loss	-	-
	_____	_____
	93,750	111,615
	_____	_____
Less: Amounts due within one year	93,750	111,615
	_____	_____
Amounts due after one year	-	-
	=====	=====

Bomas of Kenya Ltd
Annual Reports and Financial Statements
For the year ended June 30, 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. Bank and Cash Balances

	2020/2021	2019/2020
	KShs.	KShs.
Cash at bank - Current A/c No (1108986668)	36,187	146,411
Cash in bank – Current A/c No (1108985580)	2,978,717	4,821,962
M-Pesa - Account	13,908	33,002
Cash in hand	43,320	39,760
Cash Float	40,000	40,000
Total	3,112,132	5,081,135
	=====	=====

Detailed analysis of the cash and cash equivalents

Financial institution	Account number	2020/2021	2019/2020
		KShs.	KShs.
a) Current account			
Kenya Commercial bank		3,014,904	4,968,373
Sub- total		3,014,904	4,968,373
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)			
CashFloat		40,000	40,000
cash in hand		43,320	39,760
M pesa		13,908	33,002
Sub- total		97,228	112,762
Grand total		3,112,132	5,081,135

Bomas of Kenya Ltd
Annual Reports and Financial Statements
For the year ended June 30, 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. Ordinary Share Capital

	2020/2021	2019/2020
	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
	=====	=====

15. 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.

	2020/2021	2019/2020
	KShs.	KShs.
Balance brought forward	124,896,132	126,136,644
Less:-depreciation surplus for the year	-	1,240,512
<i>Revaluation surplus (valuation done in 1996)</i>	39,933,036	
Balance carried forward	<u>164,829,167</u>	<u>124,896,132</u>

16. 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.

Bomas of Kenya Ltd
Annual Reports and Financial Statements
For the year ended June 30, 2021

17. Retained Earnings

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

	2020/2021	2019/2020
	KShs.	KShs.
Balance brought forward	215,468,309	224,136,622
Revaluation Reserve(amortization)		1,240,512
<i>Revaluation surplus (valuation done in 1996)</i>	(39,933,036)	
<i>Restated opening Balance</i>	175,535,273	
Net Surplus / Deficit for the year	14,165,580	(9,908,825)
Balance carried forward	189,700,853	215,468,309

18. Deferred Capital Grant

	2020/2021	2019/2020
	KShs.	KShs.
Balance for the year 2019/2020	2,026,830,878	2,083,224,708
Deferred Grant for the year 2020/2021	54,426,262	56,393,830
Balance Carried Forward	<u>1,972,404,616</u>	<u>2,026,830,878</u>

Bomas of Kenya Ltd
Annual Reports and Financial Statements
For the year ended June 30, 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

19. Trade and Other Payables

	2020/2021	2019/2020
	KShs.	KShs.
Trade Creditors	34,380,102	48,073,467
Other payables	27,600,366	
Auditor General	724,000	492,000
Withholding VAT	681,444	444,600
Deferred VAT Income	-	-
KUDHEIHA	-	146,340
Master Payroll	4,262,784	
Paymaster General	1,710,832	4,463,918
SACCO Payment	7,145,506	3,720,000
Bank Loan	2,112,509	3,314,114
NHIF	204,400	376,100
NSSF	425,520	1,166,850
Total	17,266,995	14,123,922
Total Payable	79,247,463	62,197,389
Total Payable	79,247,463	62,197,389

Bomas of Kenya Ltd
Annual Reports and Financial Statements
For the year ended June 30, 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

20. 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 2021, the company realized a surplus of Kshs. 14,165,580. A substantial amount of income during the year was grants from the Government. No provision for tax was therefore made.

21. Incorporation

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

22. Events After the Reporting Period

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

23. Currency


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

Bomas of Kenya Ltd
Annual Reports and Financial Statements
For the year ended June 30, 2021

APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.1	Unrecognized Revenue	Management explained that both Utalii Hotel and Bomas of Kenya planned and managed all events concurrently upon which BoK invoiced clients directly eliminating the need to recognize the 10% commission	Finance Manager	Not Resolved	One year
1.2	Rental Income	Management explained that reduction in rental income arose due to the expiry of the lease agreement between BOK and China WUYI that had leased a 5-acre piece of land.	Finance Manager	Not Resolved	One year
3.0	Delay in Completion of Enterprise Resource Planning (ERP) System	Management has engaged developers to ensure that modules of the ERP have been integrated to ensure that the system can be relied on to give accurate reports	Finance Manager	Not Resolved	One year
4.1	Long Outstanding Payables	Management embarked on clearing the long outstanding payables and this is an ongoing exercise.	Finance Manager	Not Resolved	One year
5.0	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.	Finance Manager	Not resolved	One year
7.0	Valuation of Assets	Ministry of Tourism & Wildlife is working on a model to carry out valuation of State Corporation under it	General Manager	Not resolved	One year
8.0	Unpaid Compensation for Compulsory Land Acquisition	The Matter has been referred to our Lawyer and now being pursued through a tribunal for settlement.	General Manager	Not resolved	One year

General Manager 
 Date. 22nd July, 2022


 Chairperson of the Board
 Date. 22nd June 2022

Bomas of Kenya Ltd
Annual Reports and Financial Statements
For the year ended June 30, 2021

APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

Projects

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

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Nairobi International Convention & Exhibition Centre (NAICEC) – Transaction Advisory Services, Feasibility study and Masterplan Development	15,690,000,000	332,544,993.00	5			GOK
2	Equipping of the Convention Centre	210,700,000	210,700,000.00	100			GOK
3	Construction of Perimeter Fence	76,400,000	76,400,000.00	100			GOK

Bomas of Kenya Ltd
Annual Reports and Financial Statements
For the year ended June 30, 2021

APPENDIX III: INTER-ENTITY TRANSFERS

ENTITY NAME:			
Break down of Transfers from the State Department of Tourism			
FY 2020/21			
a	Recurrent Grants	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>
	Recurrent	8/7/2020	43,767,500.00
	Recurrent	10/15/2020	43,767,500.00
	Recurrent	11/18/2020	87,535,000.00
	Recurrent	2/16/2021	716,993.00
	Recurrent	4/30/2021	58,595,665.00
		Total	234,382,658.00
b	Development Grants	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>
		Total	
c	Direct Payments	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>
		Total	

The above amounts have been communicated to and reconciled with the parent Ministry of Tourism & Wildlife

Finance Manager
 Bomas of Kenya Limited

Sign



Date



Head of Accounting Unit
 Ministry of Tourism & Wildlife

Sign -----

Date -----