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**Annual Report
2002**

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REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF BOMAS OF KENYA LIMITED FOR THE YEAR ENDED 30TH JUNE 2002

I have examined the financial statements of Bomas of Kenya Limited for the year ended 30 June, 2002 in accordance with the provisions of Section 29 of the Exchequer and Audit Act (Cap 412). I have obtained all the information and explanations considered necessary for the purpose of the audit. Proper books of account have been kept by the Company and the financial statements, which have been prepared under the historical cost conventions, are in agreement therewith and comply with the Companies act, (Cap 486).

1. FINANCIAL POSITION

During the year ended 30th June 2002, the Company incurred a net loss of Kshs. 22,744,762 (2001 - Kshs. 23,832,000) which increased the accumulated losses to Kshs. 164,073,899 as at the same date. The Company was unable to service its KTDC loan and interest thereof totalling Kshs. 167,230,189 or to remit statutory deductions amounting to Kshs. 14,125,432 as at 30th June 2002. In addition, the Balance Sheet reflects a negative working capital of Kshs. 7,172,801. Evidently, therefore the Company was technically insolvent and its continued operation as a going concern was dependent upon financial support from its creditors and Government.


2. DE-LINKING OF BOMAS OF KENYA LTD FROM KENYA TOURIST DEVELOPMENT CORPORATION

The Public Investments Committee (PIC) while discussing the 1991/92 Bomas of Kenya Accounts on 18th August 1994 recommended the de-linking of the operations of the Company with those of the Kenya Tourist Development Corporation. The information available indicates that the proposal to delink Bomas from KTDC was deferred by Cabinet in 1998 but no further action appears to have been taken to resolve the matter.

3. DEBTORS

The debtors balance of Kshs. 6,036,780 as at 30 June 2002 includes Kshs. 5,313,878 and Kshs. 1,070,789 in respect of trade and staff debtors respectively. Included in the figure of trade debtors is in amount of Kshs. 3,962,972 which has been outstanding for over six years. In addition, Kshs. 154,457 is owed by former staff members of the company. Although a provision for bad and doubtful debts of Kshs. 531,387 has been made in the financial statements, this appears inadequate considering the period the debts have been outstanding. In the circumstances therefore the Debtor's figure of Kshs. 6,036,780 may be overstated by an undetermined amount that may never be recovered.

Except for the foregoing reservations, in my opinion, the financial statements, when read together with the notes thereon, give a true and fair view of the state of financial affairs of the Company as at 30th June, 2002 and of its loss and cash flows for the year then ended.



E. N. MWAI
CONTROLLER AND AUDITOR GENERAL
NAIROBI
08 DECEMBER 2004

BOMAS OF KENYA LIMITED

BALANCE SHEET AS AT 30TH JUNE 2002

	NOTE KSHS	2002 KSHS	2001 KSHS
FIXED ASSETS	2	<u>230,439,703</u>	<u>192,788,261</u>
CURRENT ASSETS			
Stock	1.3	105,450	238,980
Debtors	4	6,036,780	5,078,374
Fixed Deposit		4,000,000	4,620,299
Cash at Bank		2,800	14,930
Cash in Bank		45,920	36,600
		<u>10,190,950</u>	<u>9,989,183</u>
CURRENT LIABILITIES			
Overdrawn Bank Balance		3,238,319	3,306,751
Creditors	8	14,125,432	5,771,078
		<u>(17,363,751)</u>	<u>(8,807,829)</u>
NET CURRENT (LIABILITIES) / ASSETS		<u>(7,172,801)</u>	<u>1,181,354</u>
TOTAL NET ASSETS		<u>223,266,902</u>	<u>193,969,615</u>
FINANCED BY:			
Share Capital	5	5,080,000	5,080,000
Deficit Carried Forward	7	(164,073,899)	(135,499,488)
Revaluation Reserve		164,829,167	164,829,167
Capital Grant		20,201,445	20,201,445
Cultural Grant		30,000,000	
		<u>56,036,713</u>	<u>54,611,124</u>
LOAN			
Kenya Tourist Development Corp	6	167,230,189	139,358,491
		<u>223,266,902</u>	<u>193,969,615</u>

.....
James M. Mwangi

James M. Mwangi

DIRECTORS

BOMAS OF KENYA LIMITED


PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 2002

PARTICULARS	NOTE	2002 <u>KSHS</u>	2001 <u>KSHS</u>
TURNOVER		<u>20,162,238</u>	<u>17,906,205</u>
Net Profit / (Loss) for the year		<u>(22,744,762)</u>	<u>(22,947,035)</u>
AFTER CHARGING			
Provision for Depreciation	2	5,777,159	4,094,588
Interest in KTDC Loan	6	27,871,698	23,226,415
Audit Fee		100,000	100,000
Directors Allowances		520,273	453,610
And After Crediting Grant Received from Government (MTI)		<u>38,480,097</u>	<u>23,832,000</u>

BOMAS OF KENYA LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30TH JUNE, 2002

CASH FLOW FROM OPERATING ACTIVITIES

	2002 KSHS	2001 KSHS
Net Profit /(loss) after prior year adjustment	(67,054,058)	(46,779,035)
Add: Items not Involving Movement of Cash		
Provision for Depreciation	5,777,159	4,094,588
Interest in KTDC Loan	<u>27,871,698</u>	<u>23,226,415</u>
	33,648,857	27,321,003
Add: Changes in Working Capital		
(Increase)/Decrease in Stock	133,530	(97,348)
(Increase)/Decrease in Debtors	(958,406)	(926,896)
Increase/(Decrease) in Creditors	<u>8,354,354</u>	<u>(296,902)</u>
	<u>7,529,478</u>	<u>(1,321,146)</u>
Net Cash generated from Operations	(25,876,173)	(20,779,178)
RETURN ON INVESTMENTS & SERVING OF FINANCE		
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of Fixed Assets	(13,428,601)	(4,669,727)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Government Grants	<u>38,480,097</u>	<u>23,832,000</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(824,677)	(1,616,905)
Add: Begining Balance of Cash and Cash Equivalents	<u>1,635,078</u>	<u>3,251,983</u>
ENDING BALANCE OF CASH AND CASH EQUIVALENTS	<u>810,401</u>	<u>1,635,078</u>



BOMAS OF KENYA LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30TH JUNE, 2002

1. PRINCIPAL ACCOUNTING POLICIES:

a) CONVENTION

The company prepares its Accounts under the historical cost convention.

b) DEPRECIATION

Depreciation is calculated on the reducing balance method using the following Rates per Annum

Land	Nil
Buildings	2.5%
Motor Vehicles	25%
Furniture, Fittings & Equipments	12.5%
Loose Tools	50%
Pumps & Pipes	20%

c) STOCK:

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

d) CAPITAL GRANT:

i) In 1987 a Hall was constructed by the Government on the grounds belonging to the Bomas Of Kenya Limited at a cost of Ksh. 20,201,445/=. The building has been handed over to the company. The value of the hall has been treated as a Capital Grant in the Accounts.

ii) During the financial year the company received a Cultural Grant (Lighting and Sound Equipment) of Kshs. 30,000,000 from the Japanese Government.

e) PROVISION FOR DEPRECIATION OF BUILDINGS.

Provision for depreciation of buildings at 2.5% for the year under review amounts to Ksh. 5,777,159/=.

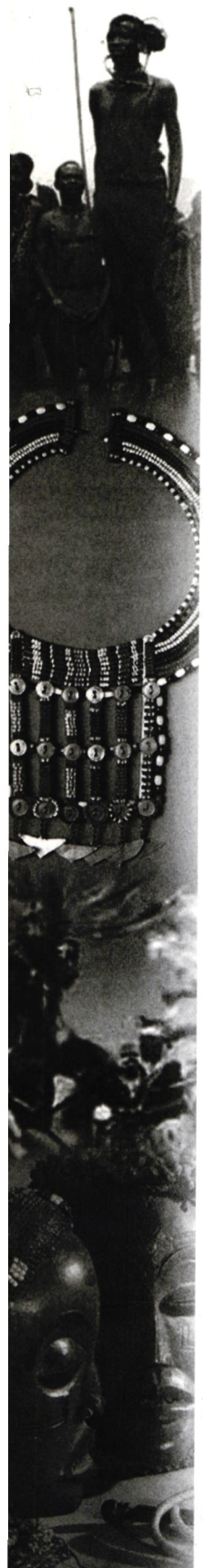
f) PROVISION FOR BAD AND DOUBTFUL DEBTS

A general provision for bad and doubtful debt has been made at 10% of the Trade debtor figure.

BOMAS OF KENYA LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2002.

2. FIXED ASSETS	LAND	BUILDINGS & CIVIL WORKS	MOTOR VEHICLES	FURNITURE FITTINGS & EQUIPMENT	LOOSE TOOLS	PUMPS & PIPES	TOTAL
	KSHS.	KSHS.	KSHS.	KSHS.	KSHS.	KSHS.	KSHS.
Cost/Revaluation as at 1.7.2001	76,950,000	125,385,028	4,866,562	9,783,861	445,885	1,254,085	281,685,421
Additions	...	10,393,809	...	32,068,442	193,988	772,362	43,428,601
	<u>76,950,000</u>	<u>135,788,837</u>	<u>4,866,562</u>	<u>41,852,303</u>	<u>639,873</u>	<u>2,026,447</u>	<u>262,114,022</u>
Depreciation as at 1.7.2001	...	15,915,122	3,980,624	5,237,720	300,765	462,929	25,897,160
Charge for the year	...	<u>2,996,593</u>	<u>221,485</u>	<u>2,076,823</u>	<u>169,554</u>	<u>312,704</u>	<u>5,777,159</u>
	...	<u>18,911,715</u>	<u>4,202,109</u>	<u>7,314,543</u>	<u>470,319</u>	<u>775,633</u>	<u>31,674,319</u>
Net Value as at 30.6.2002	<u>76,950,000</u>	<u>116,867,122</u>	<u>664,453</u>	<u>34,537,760</u>	<u>169,554</u>	<u>1,250,814</u>	<u>230,439,703</u>
Net Value as at 30.6.2001	<u>76,950,000</u>	<u>109,469,906</u>	<u>885,938</u>	<u>4,546,141</u>	<u>145,120</u>	<u>791,156</u>	<u>192,788,261</u>



BOMAS OF KENYA LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30TH JUNE, 2002

		2002 KSHS	2001 KSHS
3.	STOCK		
	Dinks	68,965	106,418
	Cigarettes	4,670	4,970
	Provisions	<u>31,815</u>	<u>127,592</u>
		<u>105,450</u>	<u>238,980</u>
4.	DETERS		
	Trade Debtors	5,313,878	4,615,166
	Staff Debtors	1,070,789	741,224
	Deposits Paid	<u>183,500</u>	<u>183,500</u>
		<u>6,568,167</u>	<u>5,539,890</u>
	Provision for bad & Doubtful Debts	<u>(531,387)</u>	<u>(461,516)</u>
		<u>6,036,780</u>	<u>5,078,374</u>
5.	SHARE CAPITAL		
	Authorized & Issue		
	254,000 ordinary shares of ksh.20/= each	5,080,000	5,080,000
	All the Issued Share Capital is held by Kenya Tourists Development Corporation		
6.	LOAN		
	KTCD Interest Bearing Loan	<u>167,230,189</u>	<u>139,358,491</u>
7.	STATEMENT OF ACCUMULATED LOSSES		
	Balance as at 30 th June, 2001	(135,499,488)	(112,552,453)
	Prior year adjustments	(5,829,649)	---
	Net Loss for the year	<u>(22,744,726)</u>	<u>(22,947,035)</u>
		<u>(164,073,899)</u>	<u>(135,499,488)</u>
8.	CREDITORS		
	Trade Creditors	1,971,816	1,696,609
	Other creditors	<u>12,153,616</u>	<u>4,074,469</u>
		<u>14,125,432</u>	<u>5,771,078</u>

BOMAS OF KENYA LIMITED
DETAILED PROFIT AND LOSS ACCOUNTS
FOR THE YEAR ENDED 30TH JUNE 2002.

	2002 KSHS	2001 KSHS
BAR & RESTAURANT SALES	<u>13,028,818</u>	<u>9,639,495</u>
<u>COST OF SALES</u>		
Opening stock	238,980	141,632
Purchases	8,172,632	6,561,671
Closing Stock	<u>(150,450)</u>	<u>(238,980)</u>
	8,306,153	6,464,323
Gross Profit/ (Loss)	4,722,665	3,175,172
<u>OTHER INCOME</u>		
Gate Collection & Programmes	<u>5,263,360</u>	<u>4,923,333</u>
Hire of Dancers, Hall/Audition	1,870,060	3,367,737
Rent	<u>2,152,170</u>	<u>2,402,802</u>
Sundry Income	563,438	452,080
Interest on Fixed Deposit	284,076	955,950
Grant from Government (MOTI)	<u>38,480,097</u>	<u>23,832,000</u>
	48,613,201	35,933,902
TOTAL INCOME	<u>53,335,866</u>	<u>39,109,074</u>
<u>EXPENSES</u>		
Administration & General	40,025,173	32,014,382
Finance & Professional	29,789,806	24,960,333
Establishment Expenses	<u>6,256,649</u>	<u>5,081,394</u>
	<u>76,080,628</u>	<u>62,055,109</u>
Net Profit / (Loss) for the year	<u>(22,744,762)</u>	<u>(22,947,035)</u>

BOMAS OF KENYA LIMITED

ANALYSIS OF EXPENSES FOR THE YEAR ENDED 30TH JUNE, 2002

	2002 KSHS	2001 KSHS
<u>ADMINISTRATION & GENERAL</u>		
Salaries and Wages	16,045,388	12,015,716
Motor Vehicle Running	1,711,292	1,054,096
Traveling & Entertainment	2,514,252	2,396,982
Medical Expenses	652,770	527,623
Dancers Expenses	871,252	451,700
Food & Accomodation	503,961	482,364
Acrobats Expenses	551,000	465,200
Guest Dancers	569,080	570,472
Uniforms for Staff	595,300	444,628
Publicity & Promotion	3,680,640	4,283,020
Printing & Stationery	1,624,693	1,188,922
Telephone & Postage	1,506,977	1,137,541
Cleaning & laundry	462,133	237,228
Security Charges	93,227	54,208
Directors Emoluments	520,273	453,610
Hiring Charges	650,730	579,790
Staff Training	567,835	446,997
Sundry Expenses	860,700	828,765
Subcriptions & Donations	266,102	300,932
Provision for Depreciation	<u>5,777,159</u>	<u>4,094,588</u>
	<u>40,025,173</u>	<u>32,014,382</u>
<u>FINANCIAL & PROFESSIONAL</u>		
Interest & Bank Charges	686,168	473,021
Insurance & Licences	953,893	776,779
Interest on KTDC Loan	27,871,698	23,226,415
Legal & Professional Fees	117,176	269,960
Audit Fees	100,000	100,000
Provision for Bad & Doubtful debts	<u>69,871</u>	<u>114,158</u>
	<u>29,798,806</u>	<u>24,960,333</u>
<u>ESTABLISHMENT</u>		
Land Rates	805,764	305,764
Electricity & Water charges	2,601,296	2,255,866
Repairs & Maintenance	<u>2,849,589</u>	<u>2,519,764</u>
	<u>6,256,649</u>	<u>5,081,394</u>

BOMAS OF KENYA LIMITED
OTHER CREDITORS AS AT 30TH JUNE 2002.

NO.		2002 KSHS	2001 KSHS
1.	Telecom (K) Ltd.	370,189.00	
2.	Auditor - General (Corporation)	532,000.00	432,000.00
3.	COTU	10,855.00	6,210.00
4.	Electro Watts Ltd	200,000.00	200,000.00
5.	Jaribu Credit Traders		5,716.05
6.	KUEMIE	51,584.25	29,602.50
7.	NCC - Land Rates	1,971,722.00	710,194.00
8.	NCC - Service Charge	1,80,108.00	1,80,108.00
9.	NHIF	298,712.00	178,580.00
10.	NSSF	719,418.00	576,480.00
11.	PAYE	542,162.00	505,210.00
12.	Utalii Co-op	(27,271.00)	(46,271.00)
13.	Bomas Co-op	331,053.00	189,425.00
14.	Deposit Received from Tenants	755,434.00	401,450.00
15.	Madison Insurance	400,000.00	
16.	Contract Staff Gratuity	658,089.00	
17.	VAT Provision	5,209,561.00	705,764.00
	GRAND TOTAL	<u>12,153,616.00</u>	<u>4,074,469.20</u>

BOMAS OF KENYA LIMITED

TRADE CREDITORS AS AT 30TH JUNE, 2002

NO.	NAME	AMOUNT
1.	Africa Online	89,926.00
2.	Apexe Architects	18,000.00
3.	Bionic Products	3,800.00
4.	Dairy Meet	37,253.00
5.	Elijah Kimwaki	6,822.00
6.	F.K.E.	20,000.00
7.	Gilgil Telecommunications	54,676.00
8.	Gituku Enterprises	36,900.00
9.	Glaciers Product	5,760.00
10.	J.G. Muirori	35,000.00
11.	Joles Ltd	15,684.00
12.	Johyin Enterprises	310,011.00
13.	Kenya Times	18,495.00
14.	Kenya Nuts	7,400.00
15.	Kilimanjaro Constructions	13,154.00
16.	Kenwide Photographic	78,800.00
17.	Moi Education	10,000.00
18.	Mount Kenya Wate	2,811.00
19.	Mundu Electronics	8,025.00
20.	Mutema Uuki	15,866.00
21.	Ministry of Tourism	15,000.00
22.	Onchiri Mosese	50,000.00
23.	Pamoma Agencies	143,002.00
24.	Rose & Fan Enterprises	218,371.00
25.	Rentokil	52,557.00
26.	Simon Porsitau	60,531.00
27.	Rose Ndirangu	94,905.00
28.	Horns Africa	29,550.00
29.	Montona	478.00
30.	Jektam	10,000.00
31.	Monica Matolo	51,060.00
32.	Josphine Mweri	10,800.00
33.	Ogent Enterprise	33,500.00
34.	Alexander Sawe	20,000.00
35.	City Commission of Nairobi	51,095.00
36.	Ministry of Commerce	11,000.00
37.	Moti Wholesalers	3,000.00
38.	Bureau Graphics	26,000.00
39.	Misic Copyright Society	25,000.00
40.	Paul Ondinyo	80,729.00
41.	Sunflate Enterprise	101,852.00
42.	Noon Tours & Travel	94,103.00
		1,971,816.00

PREPARED BY:

SENIOR ACCOUNTANT:.....

CHECKED BY:

CHIEF ACCOUNTANT:.....

