

Annual Report

2001

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REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE ACCOUNTS OF BOMAS OF KENYA LIMITED FOR THE YEAR ENDED 30TH JUNE 2001

I have examined the financial statements of the Bomas of Kenya for the year ended 30 June, 2001 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).

Except for the reservations set out here below, in my opinion accounts, 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, 2001 and of its loss and cash flows for the year then ended.

1. FINANCIAL POSITION

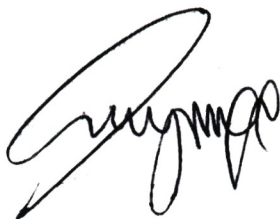
During the year ended 30th June 2001, the Company incurred a net loss of Kshs. 22,947,035 which increased the accumulated losses to Kshs. 135,499,488. The Company was unable to service its KTDC loan and interest thereof amounting to cash Kshs. 139,358,491 as at the same date. Evidently therefore, the Company was technically insolvent and its continued operation as a going concern is dependent upon financial support from its creditors, bankers and Government.

2. DEBTORS

The debtors balance of Kshs. 5,078,374 as at 30th June 2001 includes trade debtors of Kshs. 2,964,712 which have been outstanding for over thirteen (13) years and their recoverability is, therefore, doubtful. Further the debtors figure includes debts totaling Kshs. 112,135 outstanding against employees who are no longer in the service of the company. The company has not indicated how the amount will be recovered from the ex-staff.

3. DE-LINKING OF BOMAS OF KENYA LTD FROM KENYA TOURIST DEVELOPMENT CORPORATION (KTDC)

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 from those of the Kenya Tourist Development Corporation. An interministerial committee was formed to work out the modalities of delinking the operations of the two state corporations and its recommendations were conveyed to the treasury by the Permanent Secretary, Ministry of Tourism and Wildlife, through letter dated 10th September 1996. Although information available indicates that the treasury was in agreement with the recommendations, no action appears to have been taken to implement the recommendations.



**D. G. NJOROGE
CONTROLLER AND AUDITOR GENERAL
NAIROBI
03 SEPTEMBER 2003**

BOMAS OF KENYA LIMITED

BALANCE SHEET AS AT 30TH JUNE 2001

	NOTE KSHS	2001 KSHS	2000 KSHS
FIXED ASSETS	2	<u>192,788,261</u>	<u>192,213,122</u>
CURRENT ASSETS			
Stock	1.3	238,980	141,632
Debtors	4	5,078,374	4,151,478
Fixed Deposit		4,620,299	5,620,300
Cash at Bank		14,930	—
Cash in Bank		<u>36,600</u>	<u>14,040</u>
		9,989,183	9,927,450
CURRENT LIABILITIES			
Overdrawn Bank Balance		3,306,751	2,382,357
Creditors	8	<u>5,771,078</u>	<u>6,067,980</u>
		(8,807,829)	(8,450,337)
NET CURRENT (LIABILITIES) / ASSETS		<u>1,181,354</u>	<u>1,477,113</u>
TOTAL NET ASSETS		<u>193,969,615</u>	<u>193,690,235</u>
FINANCED BY:			
Share Capital	5	5,080,000	5,080,000
Deficit Carried Forward	7	(135,499,488)	(112,552,453)
Revaluation Reserve		164,829,167	164,829,167
Capital Grant		<u>20,201,445</u>	<u>20,201,445</u>
		54,611,124	77,558,156
LOAN			
Kenya Tourist Development Corp	6	<u>139,358,491</u>	<u>116,132,076</u>
		193,969,615	193,690,235

.....
George Kellie

P. M. Mest

DIRECTORS

BOMAS OF KENYA LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 2001

PARTICULARS	NOTE	2001 KSHS	2000 KSHS
TURNOVER		<u>17,906,205</u>	<u>16,247,125</u>
Net Profit / (Loss) for the year		<u>(22,947,035)</u>	<u>(14,924,695)</u>
AFTER CHARGING			
Provision for Depreciation	2	4,094,588	4,046,936
Interest on KTDC Loan	6	23,226,415	19,355,346
Audit Fee		100,000	50,000
Directors Allowances		453,610	656,327
And After Crediting Grant Received from Government (MTTI)		<u>23,832,000</u>	<u>20,705,000</u>

BOMAS OF KENYA LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30TH JUNE, 2001

CASH FLOW FROM OPERATING ACTIVITIES

	2001 KSHS	2000 KSHS
Net Profit /(Loss) before Grant but after prior year adjustments	<u>(46,779,035)</u>	<u>(35,629,696)</u>
Add: Items not involving Movement of Cash		
Provision for Depreciation	4,094,588	4,046,936
Interest on KTDC Loan	<u>23,226,415</u>	<u>19,355,346</u>
	<u>27,321,003</u>	<u>23,402,282</u>
Add: Changes in Working Capital		
(Increase)/Decrease in Stock	(97,348)	37,852
(Increase)/Decrease in Debtors	(926,896)	(190,893)
Increase/(Decrease) in Creditors	<u>(296,902)</u>	<u>(1,107,250)</u>
	<u>(1,321,146)</u>	<u>(878,505)</u>
Net Cash generated from Operations	<u>(20,779,178)</u>	<u>(13,105,919)</u>
RETURN ON INVESTMENTS & SERVING OF FINANCE		
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of Fixed Assets	<u>(4,669,727)</u>	<u>(3,658,957)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Government Grants	23,832,000	20,705,000
Net Increase/(Decrease) in Cash and Cash Equivalents	(1,616,905)	3,940,124
Add: Begining Balance of Cash and Cash Equivalents	<u>3,251,983</u>	<u>(688,141)</u>
ENDING BALANCE OF CASH AND CASH EQUIVALENTS	<u>1,635,078</u>	<u>3,251,983</u>

BOMAS OF KENYA LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30TH JUNE, 2001

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.

e) PROVISION FOR DEPRECIATION OF BUILDINGS.

Provision for depreciation of buildings at 2.5% for the year under review amounts to Ksh. 2,806,920/=.

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 2001.

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 1.7.2000	76,950,000	121,889,686	4,866,562	9,284,679	211,655	813,112	214,015,694
Additions	...	3,495,342	...	499,182	234,230	440,973	4,669,727
	<u>76,950,000</u>	<u>125,385,028</u>	<u>4,866,562</u>	<u>9,783,861</u>	<u>445,885</u>	<u>1,254,085</u>	<u>218,685,421</u>
Depreciation as at 1.7.2000	...	13,108,202	3,685,312	4,588,272	155,645	265,141	21,802,572
Charge for the year	...	<u>2,806,920</u>	<u>295,312</u>	<u>649,448</u>	<u>145,120</u>	<u>197,788</u>	<u>4,094,588</u>
	...	<u>15,915,122</u>	<u>3,980,624</u>	<u>5,237,720</u>	<u>300,765</u>	<u>462,929</u>	<u>25,897,160</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>
Net Value as at 30.6.2000	<u>76,950,000</u>	<u>108,781,484</u>	<u>1,181,250</u>	<u>4,696,407</u>	<u>56,010</u>	<u>547,971</u>	<u>192,213,122</u>

BOMAS OF KENYA LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30TH JUNE, 2001

		2001 KSHS	2000 KSHS
3.	STOCK		
	Dinks	106,418	48,616
	Cigarettes	4,970	1,894
	Provisions	<u>127,592</u>	<u>91,122</u>
		<u>238,980</u>	<u>141,632</u>
4.	DEBTORS		
	Trade Debtors	4,615,166	3,473,584
	Staff Debtors	741,224	841,752
	Deposits Paid	<u>183,500</u>	<u>183,500</u>
		<u>5,539,890</u>	<u>4,498,836</u>
	Provision for bad & Doubtful Debts	(461,516)	(374,358)
		<u>5,078,374</u>	<u>4,151,478</u>
5.	SHARE CAPITAL		
	Authorized & Issued		
	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		
	KTDC Interest Bearing Loan	<u>139,358,491</u>	<u>116,132,076</u>
7.	STATEMENT OF ACCUMULATED LOSSES		
	Balance as at 30 th June, 1999	(112,552,453)	(97,627,758)
	Net Loss for the year	<u>(22,947,035)</u>	<u>(14,924,695)</u>
		<u>(135,499,488)</u>	<u>(112,552,453)</u>
8.	CREDITORS		
	Trade Creditors	1,696,609	1,641,560
	Other creditors	<u>4,074,469</u>	<u>4,426,420</u>
		<u>5,771,078</u>	<u>6,067,980</u>

BOMAS OF KENYA LIMITED
DETAILED PROFIT AND LOSS ACCOUNTS
FOR THE YEAR ENDED 30TH JUNE 2001.

	2001 KSHS	2000 KSHS
BAR & RESTAURANT SALES	<u>9,639,495</u>	<u>9,403,485</u>
COST OF SALES		
Opening stock	141,632	179,484
Purchases	6,561,671	6,387,622
Closing Stock	<u>(238,980)</u>	<u>(141,632)</u>
	6,464,323	6,425,474
Gross Profit/ (Loss)	<u>3,175,172</u>	<u>2,978,011</u>
OTHER INCOME		
Gate Collection & Programmes	4,923,333	4,985,200
Hire of Dancers, Hall/Auditorium	3,367,737	1,858,440
Rent	2,402,802	9,113,672
Sundry Income	452,080	693,296
Interest on Fixed Deposit	955,950	416,478
Grant from Government (MTTI)	<u>23,832,000</u>	<u>20,705,000</u>
	<u>35,933,902</u>	<u>37,536,520</u>
TOTAL INCOME	<u>39,109,074</u>	<u>40,514,531</u>
EXPENSES		
Administration & General	32,014,382	28,620,209
Financial & Professional	24,960,333	21,503,830
Establishment Expenses	<u>5,081,394</u>	<u>5,315,187</u>
	<u>62,055,109</u>	<u>55,439,226</u>
Net Profit / (Loss) for the year	<u>(22,947,035)</u>	<u>(14,924,695)</u>

BOMAS OF KENYA LIMITED
ANALYSIS OF EXPENSES
FOR THE YEAR ENDED 30TH JUNE, 2001

	2001 KSHS	2000 KSHS
ADMINISTRATION & GENERAL		
Salaries and Wages	12,015,716	10,725,233
Motor Vehicle Running	1,054,096	1,026,558
Traveling & Entertainment	2,396,982	2,787,810
Medical Expenses	527,623	557,796
Dancers Expenses	451,700	102,125
Food & Accomodation	482,364	745,615
Acrobats Expenses	265,200	349,650
Guest Dancers	570,472	336,328
Uniforms for Staff	444,628	358,557
Publicity & Promotion	4,283,020	1,775,340
Printing & Stationery	1,188,922	1,081,259
Telephone & Postage	1,137,541	1,364,737
Cleaning & laundry	237,228	298,846
Security Changes	54,208	21,500
Directors Emoluments	453,610	656,327
Hiring Charges	579,790	587,742
Staff Training	446,997	447,689
Sundry Expenses	828,765	865,644
Subscriptions & Donations	300,932	484,517
Provision for Depreciation	4,094,588	4,046,936
	<u>32,014,382</u>	<u>28,620,209</u>
FINANCIAL & PROFESSIONAL		
Interest & Bank Charges	473,021	711,048
Insurance & Licences	776,779	846,072
Interest on KTDC Loan	23,226,415	19,355,346
Legal & Professional Fees	269,960	234,774
Audit Fees	100,000	50,000
Provision for Bad & Doubtful debt	114,158	306,590
	<u>24,960,333</u>	<u>21,503,830</u>
ESTABLISHMENT		
Land Rates	305,764	305,764
Electricity & Water charges	2,255,866	3,577,163
Repairs & Maintenance	2,519,764	1,432,260
	<u>5, 081, 394</u>	<u>5, 315, 187</u>

BOMAS OF KENYA LIMITED
OTHER CREDITORS AS AT 30TH JUNE 2001.

NO.		CR
1.	Auditor - General (Corporations)	432,000.00
2.	COTU	6,210.00
3.	Electro Watts Ltd	200,000.00
4.	Jaribu Credit Traders	5,716.05
5.	KUEMIE	29,602.50
6.	NCC - Land Rates	1,415,958.05
7.	NCC - Service Charge	180,108.00
8.	NHIF	178,580.00
9.	NSSF	576,480.00
10.	PAYE	505,210.00
11.	Utalii Co-op	(46,271.00)
12.	Bomas Co-op	<u>189,425.60</u>
13.	Deposit Received	<u>401,450.00</u>
		<u><u>4,074,469.20</u></u>

BOMAS OF KENYA LIMITED
ANALYSIS OF CREDITORS AS AT 30TH JUNE, 2001

NO.	NAME	AMOUNT
1.	Trade Creditors	1,641,560.00
2.	Sundry Creditors	1,297,036.00
3.	Auditor - General Corporations	382,000.00
4.	COTU	2,645.00
5.	Deposit Received (Rent)	378,410.00
6.	Insurance Premium	812.00
7.	KUEMIE	19,570.00
8.	NCC - Land Rates	1,110,194.55
9.	Service Charge (Stuff)	142,328.00
10.	NHIF	140,260.00
11.	NSSF	424,640.00
12.	PAYE	357,295.00
11.	Utalii Co-op Sacco (Overpayment)	(44,871.00)
12.	Bomas Sacco	216,102.00
	TOTAL	6,067,980.00

