

BIHC

BOMA International Hospitality College
An Affiliate of Kenya Red Cross

in
Partnership
with

B.H.M.S.

Business & Hotel Management School
Lucerne, Switzerland

Building a World-Class Hospitality Industry

2015/2016 Annual Report



**...A COLLEGE
FOCUSED ON
BUILDING
CHARACTER**

AND

INSPIRING

CAREERS!



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ABBREVIATIONS

BIHC - Boma International Hospitality College

BHMS - Business and Hotel Management School

GDG - Gina Din Group

ISK - Individual Stove Kitchen

IFRC - International Federation of Red Cross Red Crescent Societies

KEPSA - Kenya Private Sector Alliance

KRCS - Kenya Red Cross Society

NGOs – Non-Governmental Organisations

NYSE - New York Stock Exchange

SG - Secretarial General

UNFPA - United Nations Population Fund





Introduction And History Of BIHC

Vision

To be a leading pan-African hospitality education and training brand, recognized in cutting-edge practical-centric knowledge and skills development.

Mission

Our mission is to prepare our diverse student body for successful careers in the hospitality and tourism industry by providing them with relevant quality education and work experience to successfully operate service-oriented business entities.

Core values

1. Professionalism
2. Growth
3. Timeliness
4. Passion

Value Proposition

Building character and inspiring careers

Fundamental Principles

1. I am proud to put hospitality first in everything I do.
2. I am proud of my professional appearance, language and behaviour.
3. I have the opportunity to continuously learn and grow.
4. I understand the value of time and I perform my duties in a timely manner.
5. I am empowered to carry out my duties with dedicated concern.
6. My positive attitude and personality will let my skills shine through.
7. I create an environment of teamwork for optimum service delivery to the guest.
8. I am passionate about my work and my contribution to my College.
9. I understand my role in the organisation and I am accountable for the success of my College.
10. I interact with guests with class and sophistication.
11. I am responsible for speedy delivery of services to guests.
12. I ensure the quality of services I deliver to the guest is of the highest standards.



History of the Boma International Hospitality College (BIHC)



Histo

The Boma International Hospitality College (BIHC) was established in 2015 to address an increasing gap in the provision of qualified staff within the hospitality industry in Kenya. The gap was a result of the growth that has been experienced in the local and international tourism sector during the last few years.

In 2016, BIHC partnered with the Business and Hotel Management School (BHMS), a world-class hospitality school in Luzern, Switzerland. This partnership paved the way for a dynamic educational and training approach that allows the undergraduate students to study their final bachelor year at BHMS in Switzerland.

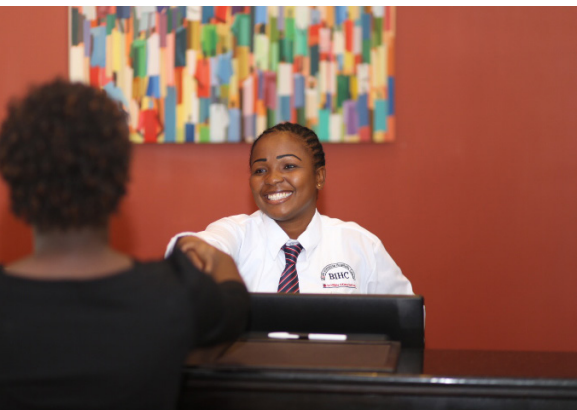
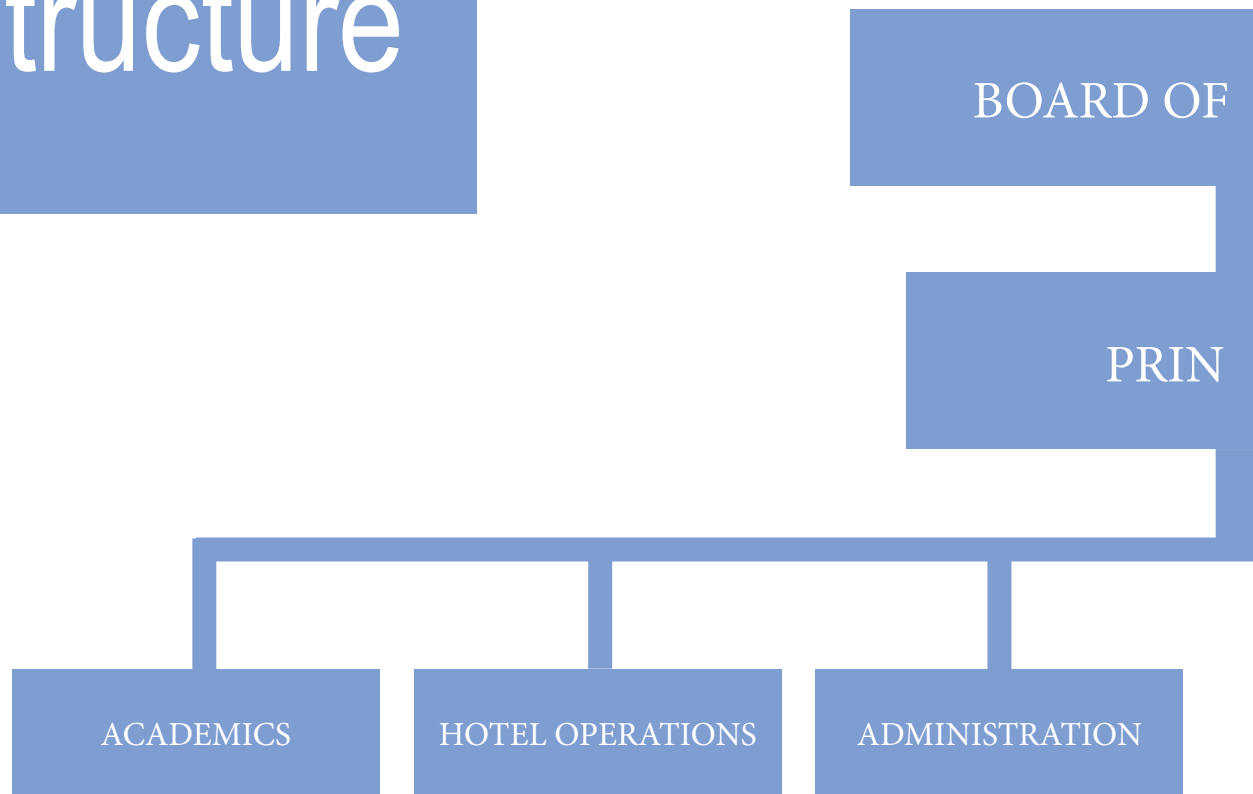
The aim of BIHC is to link hospitality programmes and industries around the globe through education, collaboration and partnerships. The college, in partnership with BHMS seeks to address the current and long-term needs of the industry and its graduates locally and internationally.

BIHC is an affiliate of the Kenya Red Cross Society (KRCS) and is partly owned by the Boma Hotels that prides itself with branches in Nairobi and Eldoret.

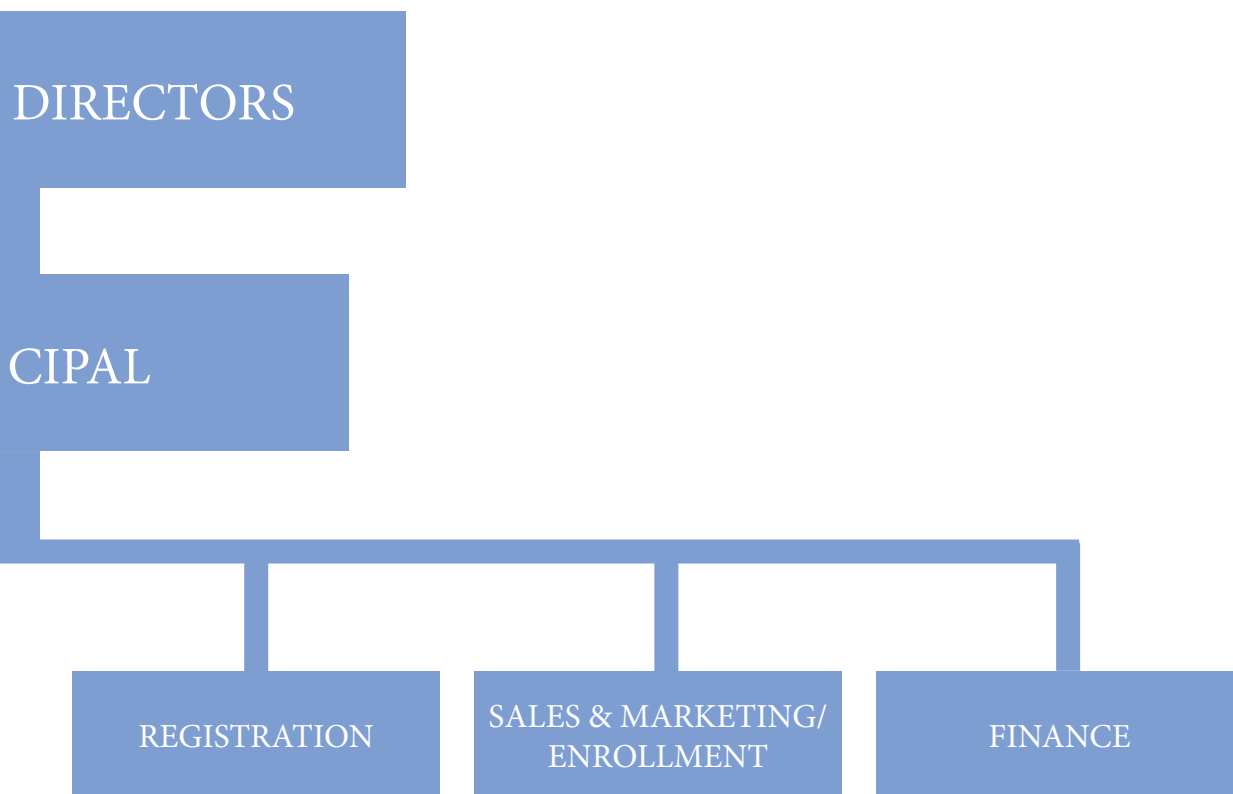
The BIHC curriculum maintains a strong emphasis on Swiss educational traditions of balancing theoretical and practical training. This has made BIHC graduates the preferred candidates in the job market because from the onset, they perform beyond their employers' expectations, thus saving employers, the time and money that is usually spent to train new employees.

The BIHC curriculum maintains a strong emphasis on Swiss educational traditions of balancing theoretical and practical training.

The BIHC Structure



Struc



The BIHC Board Members



GINA DIN KARIUKI – Chair of Board

Gina Din- Kariuki is a mentor, respected businesswoman, philanthropist, and the Founder and Executive Chair of the Gina Din Group (GDG), the most awarded communications agency in the region. With over 30 years of management service and experience providing state of the art media and communication strategy to corporates, governments and Non-Governmental Organisations (NGOs) in Africa and abroad. Gina has built a reputation as a leading authority in the communications field across

Africa and has been named one of Africa's 100 Most Influential People by New African magazine.

In addition to her role at GDG, Gina serves as a director at Erin Energy in Kenya. Erin Energy is an oil and gas exploration and production company listed on the New York Stock Exchange (NYSE) with energy intents in Nigeria, Ghana, Gambia and Kenya. Gina serves as the Goodwill Ambassador of the Kenya Red Cross Society (KRCS) and has also established her own foundation, the Gina Din Foundation. The foundation was



established to empower youth and women with high potential by connecting them to global resources and mentors. In 2016, Gina was appointed honorary ambassador for UNFPA with a specific mandate for women issues, with a focus on lending her voice to the gender agenda of the United Nations.

Gina serves as a Goodwill Ambassador for the Kenya Red Cross Society (KRCS) and has also established her own foundation...

The BIHC Board Members Cont...

DR. ABBAS GULLET – Director

Dr. Abbas Gullet has been Secretary General (SG) of the Kenya Red

Dr Gullet has worked with KRCS and the International Red Cross and Red Crescent (IFRC) Movement locally and internationally since 1985.

Cross Society since 2005. He holds a Postgraduate Diploma (MBA) in Practising Management (INSEAD 1997) from the joint campuses of Lancaster University, McGill University, Hitotubashi University,

and Bangalore School of Management. An honorary doctorate was conferred to him by Egerton University for his work in humanitarian services. Since 1985, Dr. Gullet has worked with KRCS and the International Federation of Red Cross and Red Crescent Societies (IFRC) locally and internationally. During this period he worked in Uganda, Geneva, Tanzania and Sudan under different operations. He also held various positions including, Deputy SG of the IFRC based in Geneva from 2002-2004. He is currently serving as the Vice President for Africa of the IFRC.

WAIRIMU NJAGE – Director

Wairimu Njage is the Executive Director and Vice Chairperson of the board of directors at Rusinga School, a leading private school.

An experienced organisational development professional, Ms Njage is also a certified change management practitioner. She holds degrees in management and psychology and has over 15 years of experience gained from working with international advisory and boutique consulting firms. She has also pursued various executive education courses including the Advanced Management Programme and the Women Directors Leadership Programme at Strathmore University.

An experienced organisational development professional, Ms Njage is also a certified change management practitioner.

A Rotarian, Ms Njage is also a member of the Kenya Institute of Management, the Association of Change Management Professionals and the Chartered Institute of Personnel and Development. She also serves on the board of AfriLink Entrepreneurs International, an international nonprofit organisation that focuses on addressing the crisis of youth unemployment and poverty in Africa; and is an executive committee member on the governance board of the Kenya Association of International Independent Schools.

In 2017, Wairimu was appointed Governor of Kenya Private Sector Alliance (KESPA) serving as Vice Chairperson of the Education subcommittee (Basic Education).

JOASH OLUM – Director

Joash Olum serves as a director at the Boma Hotels and the Boma International Hospitality College (BIHC). Mr Olum has over 36 years experience in the tourism sector having worked at the Wildlife Safaris before joining Somak Travel Limited which experienced an exponential growth during his tenure.

His passion for philanthropy has seen him get involved in various community service initiatives and projects that bring positive impact to young people.

Joash has also served as director at the Kenya Tourism Development Corporation (KTDC) and the Ashnil Hotels and Lodges.

Mr Olum has over 36 years of experience in the tourism sector ...

MIKE MACHARIA – Director

Statement From The Chair Of The Board



Located off the bustling Mombasa Road in Nairobi is the Boma International Hospitality College (BIHC). The school, which was established two years ago, seeks to provide students with high-quality education and training at affordable fees. Since its inception, the college has witnessed a steady uptake in student enrolment, while the programs have evolved to better suit the needs of the market.

Presently, BIHC offers a wide range of courses that include diplomas in Hotel Management and Culinary Arts and shorter courses in Pastry and Basic Cooking. This is the ideal hospitality-training establishment for Kenya, a premier tourist destination that heavily relies on the hospitality industry for

revenue. Besides being a major part of the Kenyan economy, hospitality is also ingrained in our culture. As an avid traveller, I have visited several countries and can confidently say that there is nothing like Kenyan hospitality. Kenyans are warm and inviting hosts. I believe that with further training and further exposure, young Kenyan professionals will excel in the fields of hospitality and hotel management and become global examples of excellence.

Over the course of 2016, I have been honoured to serve as board member and chairlady of BIHC.

I wish to thank the entire BIHC team for all their hard work.

I look forward to more exciting milestones in the many years to come.

GINA DIN KARIUKI

Chair of Board, BIHC

Statement From The Principal



Boma International Hospitality College (BIHC) was launched in May 2015 with the mission of providing world class hospitality training to a demanding industry. The first intake was launched with 42 students that then grew to 190 by the end of 2016.

Due to the growing demand for quality hospitality education in Kenya, BIHC expanded its facilities, setting up classrooms for theoretical subjects, borrowing labs from Boma Hotels and service training outlets, including an Individual Stove Kitchen (ISK) that allowed students to develop independent cooking skills and progress to the

production kitchen where they also learned how to work in teams for the preparation of set and *à la carte* dishes.

Further to this, students then progressed to the Boma Hotels to harness their practical fields in areas such as coffee shop and restaurant services, fine dining, banqueting, bar lounges and rooms' division services. They also spent time within sales and marketing, human resources, accounting and finance departments.

Due to its demanding nature, hospitality requires and will always require a multitude of skilled professionals to fit, manage and stimulate the most dynamic among the service industries. For the future player, 'Service' involves constant interaction with international individuals, freedom of choice, travel, appreciating different languages and cultures, interacting with specialised brands and fields of specialisation, disciplinary change, exposure to new technologies, excellence, glamor and many other emotions and well-deserved personal gratifications.

Students should feel attracted by the range of prospects while realising that passion and hard work are also a requirement to master all the theories and applications inherent to the industry. A determined character will also be of help to make it through the ranks and up the hierarchical ladder.

What an industry! We will always try to convince the next generations to join the industry and be involved with an amazing array of professional stimulations, for what else other than the brightest possible future.

GIANFRANCO ASTORI
Principal, BIHC

BIHC Academic Calendar: 2015-2016

2015 CALENDAR

TERM	START DATE	END DATE
May	25th May	21st August
September	8th September	18th December

2016 CALENDAR

TERM	START DATE	END DATE
January	11th January	23rd April
May	9th May	5th August
September	5th September	2nd December



Departments

A. Academics

BIHC offers three academic programs: short courses, certificate courses and diploma courses. The short courses and master classes are offered on part-time basis while the certificate and diploma courses are offered on full-time basis.

Diploma Courses

Culinary Arts

First year Certificate holders of the Diploma in Culinary Art were engaged in a challenging Year 2. This comprised of extensive exposure through the Boma Hotels culinary sectors: preparing for real guests within three restaurants and banqueting operations. An expatriate chef was also introduced to demonstrate to students a variety of new dishes that were prepared on an ad hoc basis.

This second semester was also characterised by several essential subjects in Food and Beverage operation and management: Food and Beverage service skills for future clients; Sales and Marketing for future guests; Human Resource for current and future employees; Accounting for the understanding of costs and margins; Hospitality laws for the rules and exposure to risks; and languages to welcome foreign guests.



Hotel Management

This two-year course built on the knowledge needed to affirm the decision of fashioning hospitality as a business inspired professional choice. The programme offered a wide-angle perspective on hospitality operations, with a main focus on rooms' division concepts, rooms' products and services.

The programme also included a wide range of supporting subjects aimed towards providing a preparatory phase for the third and final bachelor year students. Advanced subjects such as, revenue management and law were included in the course and delivered through a modular system.



Certificate Courses

Food and Beverage Operations

This one-year programme was aimed at applicants who were interested in studying and advancing in hospitality management or business career. The programme offered a wide-angle perspective on hospitality operations, with a main focus on food and beverage concepts, products and services. The programme also included a number of supporting subjects aimed at the

introduction of fundamental management functions and interdepartmental relationships to create awareness to changes within cultures and societies including communication.

The one-year programme also introduced students to applied hotel applications within The Boma Hotels, for a direct experience with guests and with the application of standard operating procedures.





Short Courses

Basic Cookery and Pastry

This course introduced the learner to the culinary field to help them apply the basic cooking methods used in various classical and modern cuisines, kitchen tools and equipment, basic stocks, soups and sauces, meat, fish, poultry and seafood and basic desserts and sweets.

Pastry and Bakery

This course introduced the learner to pastry and bakery production by guiding them towards production of pastries, cakes, tortes, flans, confectionery, breads and snacks for tea. The lessons were a fusion of practical demonstrations and individual participation.

B. Hotel Operations

BIHC introduced the applied Hotel Operations module to its syllabus to enable students put into practice what they had learned in the classrooms.

The second year also involved students in various hotel applications within the Boma Hotels administration departments such as, sales and marketing, human resources, finance and accounting for a direct experience with supervisors and with the application of Rooms Division standard operating procedures.

In 2016, BIHC worked with four and five star establishments that included, Best Western, Hilton, Sarova and Serena for the students to gain further work experience through externships. Students are expected to complete 16 consecutive weeks of practical experience within these hotels.



Internship

BIHC students gained practical skills in four and five star environments such as, Kempinski, Sheraton, Dusit D2, Serena and many more.



C. Enrollment and Marketing

The enrolment and marketing department is responsible for the recruitment of students.



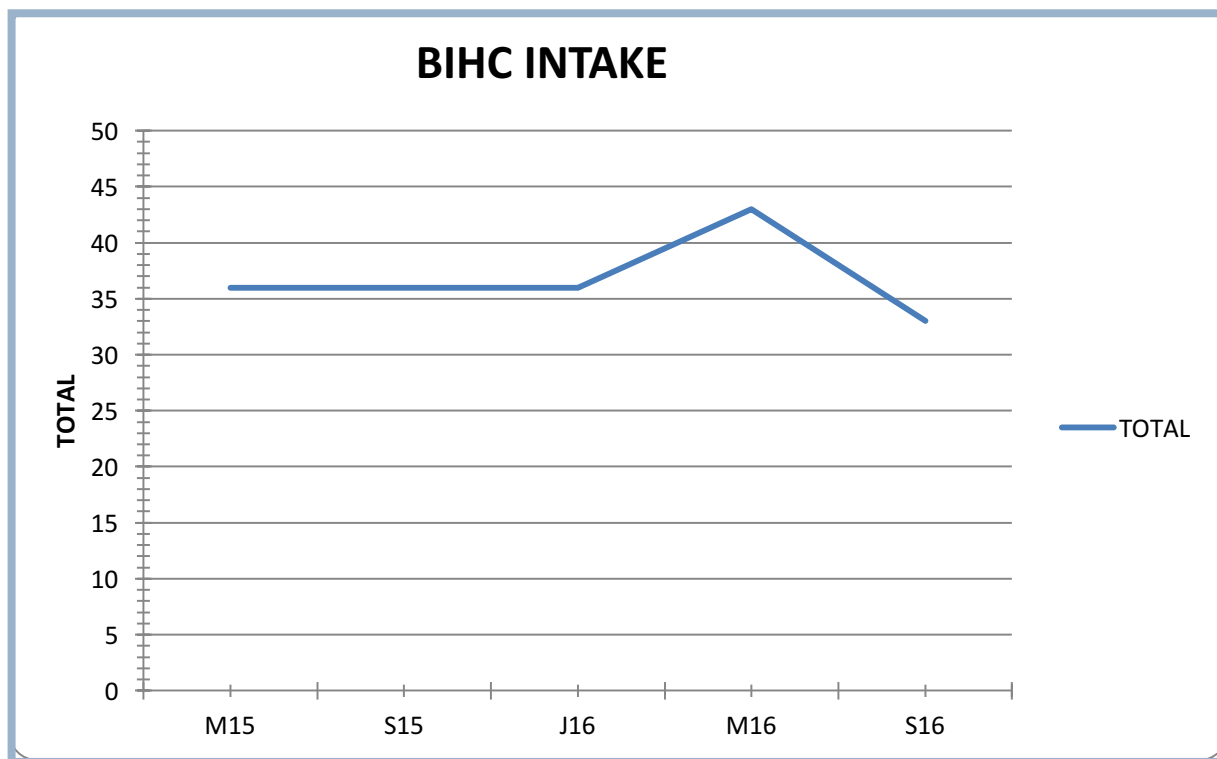
Student Recruitment

BIHC has admitted 190 students since it was established in May 2015. The college prides itself on growing steadily as illustrated below.

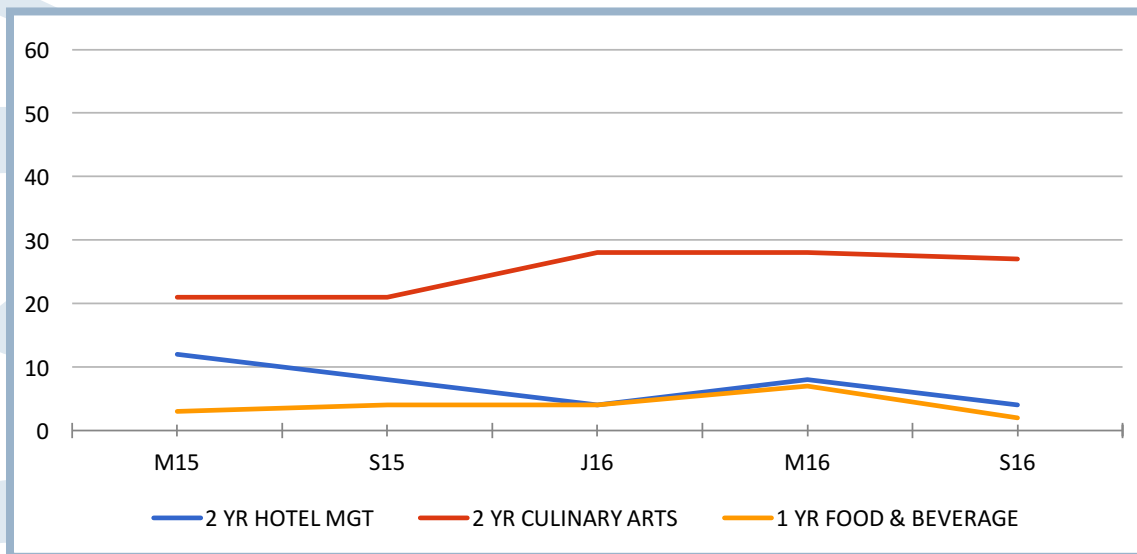
Year	Student Numbers
2015 May and Sept	75
2016 January, May and Sept	115

Number of students per intake

Intake	Numbers
May 2015	37
Sep 2015	38
Jan 2016	38
May 2016	43
Sep 2016	34

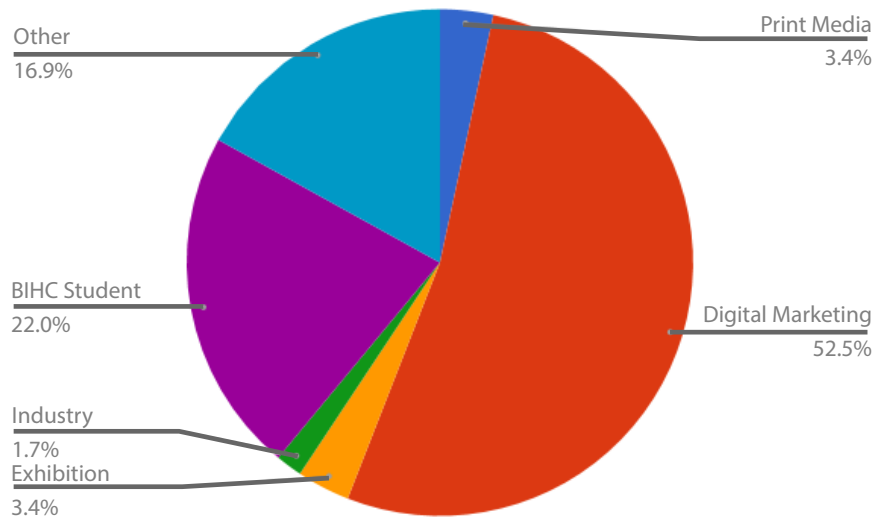


GRAPH SHOWING BIHC INTAKE AS PER THE COURSES



Marketing

Digital Marketing has been effective in BIHC's recruitment process with over 50 per cent of the total student population having been recruited through online channels such as Facebook, Instagram, Twitter and Google Ads. A further 22 per cent of the new recruitments were referrals from enrolled BIHC students, which is a testament to BIHC's drive to ensure that students are satisfied with the quality of education and campus life. Exhibitions contributed 3.4 per cent to the total student enrolment while those already in the industry but seeking to enhance their education and attain certificates/diplomas contributed to 1.7 per cent of the intake.





Extra Curricular Activities



Staying true to the saying 'all work and no play, makes Jack a dull boy', BIHC students and the administration teamed up to flex some muscles and support their teams during the BIHC Sports Day.

The students were also engaged during the 2016 Kenya Red Cross Society (KRCS) Annual Gala Dinner which is a corporate charity event which generates funds that are channeled to the KRCS Disaster Kitty and used to respond to humanitarian needs during emergencies. The students had a chance to apply and practice what they had learned in the classrooms in regards to offering hospitality services during corporate events.





FINANCIALS

**BOMA
INTERNATIONAL
HOSPITALITY
COLLEGE LIMITED
ANNUAL REPORT
AND FINANCIAL
STATEMENTS FOR
THE YEAR ENDED
31 DECEMBER 2016**

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COMPANY INFORMATION

BOARD OF DIRECTORS	: Abbas Gullet
	: Zinet Gina Din
	: Joash Odhiambo Olum
	: Wairimu Ruth Rachel Mwangi
REGISTERED OFFICE AND	: L.R. No. 209/10203
PRINCIPAL PLACE OF BUSINESS	: Red Cross Road, off Popo Road
	: P.O. Box 40712, 00100
	: NAIROBI
INDEPENDENT AUDITOR	: PKF Kenya
	: Certified Public Accountants
	: P.O. Box 14077, 00800
	: NAIROBI
COMPANY SECRETARY	: Victoria Nthenya Muya
	: Certified Public Secretary
	: P.O. Box 28896, 00100
	: NAIROBI
PRINCIPAL BANKER	: National Bank of Kenya Limited
	: NAIROBI
PARENT	: Boma Hotel Limited
	: KENYA

Boma International Hospitality College Limited Annual report and financial statements For the year ended 31 December 2016

REPORT OF THE DIRECTORS

The directors submit their annual report and the audited financial statements for the year ended 31 December 2016, which disclose the state of affairs of the company.

In accordance with Section 42 of the Sixth Schedule of the Kenyan Companies Act, 2015, Transitional and Savings Provisions, this report has been prepared in accordance with Section 157 of the repealed Kenyan Companies Act, as if that repeal had not taken effect.

PRINCIPAL ACTIVITY

The company runs a training college on hospitality services.

	12 months to 31 December 2016	8 months to 31 December 2015
RESULTS	Shs	Shs
Profit/(loss) before tax	8,562,369	(23,625,773)
Tax	(2,662,729)	6,998,306
Profit/(loss) for the year/period	<u>5,899,640</u>	<u>(16,627,467)</u>

DIVIDEND

The directors do not recommend the declaration of a dividend for the year (2015: Nil).

DIRECTORS

The directors who held office during the year and at the date of this report are shown on page 30.

In accordance with the company's Articles of Association, no director is due for retirement by rotation.

INDEPENDENT AUDITOR

The company's independent auditor, PKF Kenya, has indicated willingness to continue in office in accordance with the Kenyan Companies Act, 2015.

BY ORDER OF THE BOARD



DIRECTOR NAIROBI

27th July 2017

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Kenyan Companies Act, 2015 requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for that year. It also requires the directors to ensure that the company keeps proper accounting records that are sufficient to show and explain the transactions of the company; that disclose, with reasonable accuracy, the financial position of the company and that enable them to prepare financial statements that comply with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Kenyan Companies Act, 2015 . The directors are also responsible for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors accept responsibility for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and in the manner required by the Kenyan Companies Act, 2015. They also accept responsibility for:

- i. Designing, implementing and maintaining such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- ii. Selecting and applying appropriate accounting policies; and
- iii. Making accounting estimates and judgements that are reasonable in the circumstances.

The directors are of the opinion that the financial statements give a true and fair view of the financial position of the company as at 31 December 2016 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Kenyan Companies Act, 2015.


In preparing these financial statements the directors have assessed the company's ability to continue as a going concern. Nothing has come to the attention of the directors to indicate that the company will not remain a going concern for at least the next twelve months from the date of this statement.

Boma International Hospitality College Limited Annual report and financial statements For the year ended 31 December 2016

The directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibilities.

So far as each of the directors is aware, there is no relevant audit information which the auditor is unaware of, and each of the directors has taken all the steps that ought to have been taken in order to become aware of any relevant audit information and to establish that the auditor is aware of that information.

Approved by the board of directors on 27th July 2017 and signed on its behalf by:



DIRECTOR

DIRECTOR

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF BOMA INTERNATIONAL HOSPITALITY COLLEGE LIMITED. (Cont.)

Opinion

We have audited the financial statements of Boma International Hospitality College Limited set out on pages 7 to 15, which comprise the statement of financial position as at 31 December 2016, statement of profit or loss and accumulated losses, statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Boma International Hospitality College Limited as at 31 December 2016, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs) and the Kenyan Companies Act, 2015.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. The other information comprises the report of the directors and the schedule of other expenditure but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of directors for the financial statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS for SMEs and the requirements of the Kenyan Companies Act, 2015, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our 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 our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We 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 our 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of directors' 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 we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's 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.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal requirements

As required by the Kenyan Companies Act, 2015 we report to you, based on our audit, that:

- (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (ii) in our opinion proper books of account have been kept by the company, so far as appears from our examination of those books; and
- (iii) the company's statement of financial position and statement of profit or loss and accumulated losses are in agreement with the books of account.

The engagement partner responsible for the audit resulting in this report of the independent auditor is CPA Salim Alibhai - P/No. 2151.



Certified Public Accountants NAIROBI



2017

1053/17

STATEMENT OF PROFIT OR LOSS AND ACCUMULATED LOSSES

		12 months to 31 December 2016 Shs	8 months to 31 December 2015 Shs
Revenue	Notes 4	60,572,315	14,765,647
Direct costs		(6,258,955)	(2,870,024)
Gross profit		54,313,360	11,895,623
Administrative expenses		(39,811,683)	(30,011,188)
Other operating expenses		(5,939,308)	(5,510,208)
Profit/(loss) before tax	5	8,562,369	(23,625,773)
Tax	7	(2,662,729)	6,998,306
Profit/(loss) for the year/period		5,899,640	(16,627,467)
Accumulated (losses) at start of year/period		(16,627,467)	-
Profit/(loss) for the year/period		5,899,640	(16,627,467)
Accumulated (losses) at end of year/period		(10,727,827)	(16,627,467)

The notes on pages 43 to 50 form an integral part of these financial statements.

Report of the independent auditor - pages 36 - 39

**Boma International Hospitality College Limited Annual report
and financial statements For the year ended 31 December 2016**

STATEMENT OF FINANCIAL POSITION

		2016	As at 31 December 2015
	Notes	Shs	Shs
CAPITAL EMPLOYED			
Share capital	8	100,000	100,000
Accumulated (losses)		(10,727,827)	(16,627,467)
Shareholders' (deficit)		<u>(10,627,827)</u>	<u>(16,527,467)</u>
REPRESENTED BY			
Non-current assets			
Deferred tax	9	4,335,577	6,998,306
Property and equipment	10	32,371,668	35,402,269
		<u>36,707,245</u>	<u>42,400,575</u>
Current assets			
Inventories	11	517,242	517,242
Trade and other receivables	12	5,173,060	6,352,507
Cash and cash equivalents	13	5,797,010	1,106,891
		<u>11,487,312</u>	<u>7,976,640</u>
Current liabilities			
Trade and other payables	14	42,265,624	58,655,482
Deferred income	15	16,556,760	8,249,200
		<u>58,822,384</u>	<u>66,904,682</u>
Net current (liabilities)		<u>(47,335,072)</u>	<u>(58,928,042)</u>
		<u>(10,627,827)</u>	<u>(16,527,467)</u>

The financial statements on pages 40 to 50 were approved and authorised for issue by the Board of Directors on 27th July 2017 and were signed on its behalf by:

 DIRECTOR  DIRECTOR

The notes on pages 43 to 50 form an integral part of these financial statements.

Report of the independent auditor - pages 36 - 39

**Boma International Hospitality College Limited Annual report
and financial statements For the year ended 31 December 2016**

STATEMENT OF CASH FLOWS

		12 months to 31 December 2016 Shs	8 months to 31 December 2015 Shs
	Notes		
Profit/(loss) before tax Adjustments for:			
		8,562,369	(23,625,773)
Depreciation on plant and equipment	10		
Changes in working capital:		3,030,601	3,853,604
- inventories		-	(517,242)
- trade and other receivables		1,179,447	(6,352,507)
- trade and other payables		(16,389,858)	58,655,482
- deferred income		8,307,560	8,249,200
Net cash from operating activities			
Investing activities			
		4,690,119	40,262,764
Purchase of property and equipment	10	-	(39,255,873)
Net cash (used in) investing activities			(39,255,873)
Financing activities			
Proceeds from issue of ordinary shares	8	-	100,000
Net cash from financing activities			
Increase in cash and cash equivalents			100,000
Movement in cash and cash equivalents			
At the start of the year/period		1,106,891	-
Increase		4,690,119	1,106,891
At end of year/period	13	5,797,010	1,106,891

The notes on pages 43 to 50 form an integral part of these financial statements.

Report of the independent auditor - pages 36 - 39

Boma International Hospitality College Limited Annual report and financial statements For the year ended 31 December 2016

NOTES

1. General Information

Boma International Hospitality College Limited (the Company) is incorporated in Kenya under the Kenyan Companies Act as a private company limited by shares, and is domiciled in Kenya. The address of its registered office and principal place of business are as shown on page 1. The company runs a training college on hospitality services.

2. Basis of preparation

The financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SME's). They have been prepared under the historical cost convention and presented in Kenya Shilling.

The preparation of financial statements in conformity with the IFRS for SME's requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimations are significant to the financial statements, are disclosed in Note 3 (a).

These financial statements comply with the requirements of the Kenyan Companies Act, 2015. The statement of profit or loss and accumulated losses represents the profit and loss account referred to in the Act. The statement of financial position represents the balance sheet referred to in the Act.

Going concern

The financial performance of the company is set out in the report of the directors and in the statement of profit or loss and accumulated losses. The financial position of the company is set out in the statement of financial position.

At the reporting date there was excess of current liabilities over current assets of Shs 47,335,072 (2015: Shs 58,928,042). Subsequent to this the company has been profitable, has generated cashflows from operations and is supported by its related parties to assist to pay its liabilities as they fall due.

Based on this the directors are of the opinion that the company is a going concern.

3. Significant accounting policies

NOTES (Cont.)

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

a) Key sources of estimation uncertainty

In the application of the accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other relevant factors. Such estimates and assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The directors have made the following estimates that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

- **Useful lives of property and equipment**

Management reviews the useful lives and residual values of the items of property and equipment a regular basis. During the financial period, the directors determined no significant changes in the useful lives and residual values.

- **Trade and other receivables**

The company reviews their portfolio of receivables at the reporting date. In determining whether receivables are impaired, the management makes judgement as to whether there is any evidence indicating that there is a measurable decrease in the estimate future cashflows expected.

b) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for tuition and application fees and other income in the ordinary course of business and is stated net of rebates and discounts.

The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when the specific criteria has been met for the company's activity as described below. The amount of revenue is not considered to be reliably measured until all contingencies relating to the sale have been

NOTES (Cont.)

resolved. The company bases its estimates on historical results, taking into consideration the type of customer, type of transaction and specifics of each arrangement as described below.

Training income is recognised upon attendance of classes by the student for the courses offered.

c) Translation of foreign currencies

Transactions in foreign currencies during the period are converted into Kenya Shillings (the functional currency), at the rates ruling at the transaction dates.

At the end of each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. The resulting differences from conversion and translation are dealt with in profit or loss in the period in which they arise.

d) Property and equipment

All property and equipment is initially recorded at cost and thereafter stated at historical cost less depreciation. Historical cost comprises expenditure initially incurred to bring the asset to its location and condition ready for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost can be reliably measured. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation is calculated on the reducing balance basis to write down the cost of each asset, to its residual value over its estimated useful life using the following annual rates:

	Rate %
Buildings	2
Equipment	20
Furniture and fittings	20
Computers	30

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

NOTES (Cont.)

Gains and losses on disposal of property and equipment are determined by comparing the proceeds with the carrying amount and are taken into account in determining profit/(loss) before tax.

e) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the first in first out (FIFO) method. The cost of inventories comprise the purchase price of the goods and other direct costs incurred in bringing the inventory to their present location and condition. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of selling.

f) Trade and other receivables

Trade and other receivables are initially recognised at transaction price. Most sales are made on the basis of normal credit terms, and the receivables do not bear interest. Where credit is extended beyond normal credit terms, receivables are measured at amortised cost using the effective interest method. At the end of each reporting period, the carrying amounts of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in profit or loss.

g) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand and deposits held at call with banks.

h) Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

i) Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss.

Current tax

Current tax is provided on the results for the year, adjusted in accordance with tax legislation.

Deferred tax

Deferred tax is provided using the liability method for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.

Boma International Hospitality College Limited Annual report and financial statements For the year ended 31 December 2016

NOTES (Cont.)

Currently enacted tax rates are used to determine deferred tax. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised.

j) Retirement benefit obligations

The company and its employees contribute to the National Social Security Fund (NSSF), a statutory defined contribution scheme registered under the NSSF Act. The company's contributions to this defined contribution scheme are charged to profit or loss in the year to which they relate. k) Share capital

Ordinary shares are classified as equity.

l) Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

	12 months to 31 December 2016	8 months to 31 December 2015
	Shs	Shs
4. Revenue		
Training income	56,472,219	14,626,637
Other income	4,100,096	139,010
	<u>60,572,315</u>	<u>14,765,647</u>
5. Profit/(loss) before tax		
The following items have been charged in arriving at the profit/(loss) before tax:		
Depreciation on plant and equipment (Note 10)	3,030,601	3,853,604
Audit fees	300,000	250,000
Staff costs (Note 6)	<u>17,964,046</u>	<u>9,999,604</u>
6. Staff costs		
Salaries and wages	17,701,779	9,976,604
Other staff costs	<u>262,267</u>	<u>23,000</u>
	<u>17,964,046</u>	<u>9,999,604</u>
7. Tax		
Current tax - -		
Deferred tax charge/(credit) (Note 9)	2,662,729	(6,998,306)
	<u>2,662,729</u>	<u>(6,998,306)</u>

Boma International Hospitality College Limited Annual report and financial statements For the year ended 31 December 2016

NOTES (Cont.)

The tax on the company's profit before tax differs from the theoretical amount that would arise using the basic rate as follows:

Profit/(loss) before tax	8,562,369	(23,625,773)
Tax calculated at a tax rate of 30% (2015: 30%)		
Tax effect of	2,568,711	(7,087,732)
- expenses not deductible for tax purposes	94,018	89,426
Tax charge/(credit)	2,662,729	(6,998,306)

8. Share capital	2016	2015
Authorised, issued and fully paid:	Shs	Shs
1,000 (2015: 1,000) ordinary shares of Shs. 100 each	100,000	100,000

9. Deferred tax

Deferred tax is calculated, in full, on all temporary differences under the liability method using a principal tax rate of 30% (2015: 30%). The movement on the deferred tax account is as follows:

	2016 Shs	2015 Shs
At start of year/period	(6,998,306)	-
Charge/(credit) to profit or loss (Note 7)	2,662,729	(6,998,306)
At end of year/period	(4,335,577)	(6,998,306)

Deferred tax (assets) and liabilities, deferred tax charge/(credit) to profit or loss are attributable to the following items:

	At start of year	Charge profit or loss	At end of year
	Shs	Shs	Shs
Deferred tax liabilities/(assets)			
Property and equipment	(2,705)	383,002	380,297
Tax losses carried forward	(6,995,601)	2,279,727	(4,715,874)
Net deferred (asset)	(6,998,306)	2,662,729	(4,335,577)

Boma International Hospitality College Limited Annual report and financial statements For the year ended 31 December 2016

NOTES (Cont.)

10. Property and equipment

	Buildings	Equipment	Furniture and fittings	Computers	Total
	Shs	Shs	Shs	Shs	Shs
Cost At start and at end of year					
Depreciation	24,832,391	6,832,582	2,868,303	4,722,597	39,255,873
At start of year	496,648	1,366,516	573,661	1,416,779	3,853,604
Charge for the year	486,715	1,093,213	458,928	991,745	3,030,601
At end of year	983,363	2,459,729	1,032,589	2,408,524	6,884,205
Net book value					
As at 31 December 2016	23,849,028	4,372,853	1,835,714	2,314,073	32,371,668
As at 31 December 2015	24,335,743	5,466,066	2,294,642	3,305,818	35,402,269

11. Inventories

	2016 Shs	2015 Shs
Consumables	517,242	517,242

12. Trade and other receivables

Trade receivables	4,163,858	6,337,507
Other receivables	1,009,202	15,000
	5,173,060	6,352,507

Boma International Hospitality College Limited Annual report and financial statements For the year ended 31 December 2016

NOTES (Cont.)

13. Cash and cash equivalents	2016 Shs	2017 Shs
Cash at bank and in hand	5,797,010	1,106,891

For the purpose of the statement of cash flows, the period end cash and cash equivalents comprise of the above.

14. Trade and other payables	2016 Shs	2015 Shs
Current		
Trade payables	2,035,689	2,705,458
Other payables	617,059	250,000
Payable to related parties (Note 16)	39,612,876	55,700,024
	<u>42,265,624</u>	<u>58,655,482</u>

15. Deferred income		
Pre-paid fees	16,556,760	8,249,200

16. Related party transactions and balances

The company is controlled by Boma Hotel Limited incorporated in Kenya which owns 100% of the company's shares.

The following transactions were carried out with related parties:

Purchase of services		
- Red Court Hotel Limited	5,021,162	981,163

Key management compensation	2016 Shs	2015 Shs
Short-term employee benefits	4,284,000	2,832,000

Outstanding balances	2016	2015
- Payables to related parties (Note 14)	Shs	Shs
Red Court Hotel Limited	6,002,326	981,163
Boma Hotel Limited	16,881,577	31,922,947
Kenya Red Cross Society	16,728,973	22,795,914
	<u>39,612,876</u>	<u>55,700,024</u>

**Boma International Hospitality College Limited Annual report
and financial statements For the year ended 31 December 2016**

SCHEDULE OF OTHER EXPENDITURE

	2016	2015
1. ADMINISTRATION EXPENSES		
Employment:	Shs	Shs
Salaries and wages	17,701,779	9,976,604
Staff welfare	262,267	23,000
Total employment costs	<u>17,964,046</u>	<u>9,999,604</u>
Other administration expenses:		
Advertising	2,302,641	3,280,487
Travelling and entertainment	3,500,648	820,640
Postages and telephones	745,284	577,798
Printing and stationery	1,311,717	1,324,737
Legal and professional fees	11,312,184	12,566,781
Office and miscellaneous expenses	1,369,566	759,488
Computer expenses	29,580	-
Bank charges	177,623	73,939
Audit fees	300,000	250,000
Subscriptions and periodicals	485,000	174,800
Fines and penalties	313,393	182,914
Total other administrative expenses	<u>21,847,637</u>	<u>20,011,584</u>
Total administrative expenses	<u><u>39,811,683</u></u>	<u><u>30,011,188</u></u>
2. OTHER OPERATING EXPENSES		
Establishment:		
Repairs and maintenance	2,790,157	1,656,604
Depreciation on property and equipment	3,030,601	3,853,604
Insurance	118,550	-
Total other operating expenses	<u><u>5,939,308</u></u>	<u><u>5,510,208</u></u>

**BOMA
INTERNATIONAL
HOSPITALITY
COLLEGE LIMITED
ANNUAL REPORT
AND FINANCIAL
STATEMENTS FOR
THE YEAR ENDED
31 DECEMBER 2015**

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COMPANY INFORMATION

BOARD OF DIRECTORS	: Abbas Gullet
	: Zinet Gina Din
	: Joash Odhiambo Olum
	: Wairimu Ruth Rachel Mwangi
REGISTERED OFFICE AND	: L.R. No. 209/10203
PRINCIPAL PLACE OF BUSINESS	: Red Cross Road, off Popo Road
	: P.O. Box 40712, 00100
	: NAIROBI
INDEPENDENT AUDITOR	: PKF Kenya
	: Certified Public Accountants
	: P.O. Box 14077, 00800
	: NAIROBI
COMPANY SECRETARY	: Victoria Nthenya Muya
	: Certified Public Secretary
	: P.O. Box 28896, 00100
	: NAIROBI
PRINCIPAL BANKER	: National Bank of Kenya Limited
	: NAIROBI
PARENT	: Boma Hotel Limited
	: KENYA

Boma International Hospitality College Limited Annual report and financial statements For the year ended 31 December 2015

REPORT OF THE DIRECTORS

The directors submit their report and the audited financial statements for the 8 month period ended 31 December 2015, which disclose the state of affairs of the company.

INCORPORATION

The company was incorporated on 8 May 2015.

PRINCIPAL ACTIVITY

The company runs a training college on hospitality services.

RESULTS

	8 months to 31 December 2015 Shs
(Loss) before tax	(23,625,773)
Tax	6,998,306
(Loss) for the period	<u>(16,627,467)</u>

DIVIDEND

The directors do not recommend the declaration of a dividend for the period.

DIRECTORS

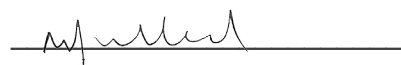
The directors who held office during the period and to the date of this report are shown on page 54.

In accordance with the company's Articles of Association, no director is due for retirement by rotation.

INDEPENDENT AUDITOR

The company's independent auditor, PKF Kenya, was appointed during the period and has indicated willingness to continue in office in accordance with the Kenyan Companies Act.

BY ORDER OF THE BOARD



DIRECTOR NAIROBI

27th July 2017

Boma International Hospitality College Limited Annual report and financial statements For the year ended 31 December 2015

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Kenyan Companies Act requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for that year. It also requires the directors to ensure that the company maintains proper accounting records that disclose, with reasonable accuracy, the financial position of the company. The directors are also responsible for safeguarding the assets of the company.


The directors accept responsibility for the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error. They also accept responsibility for:

- i. Designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements;
- ii. Selecting and applying appropriate accounting policies; and
- iii. Making accounting estimates and judgements that are reasonable in the circumstances.

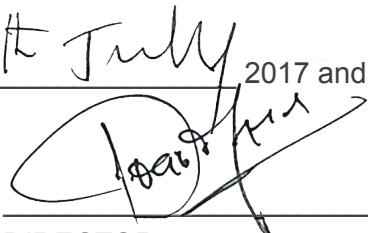
The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company as at 31 December 2015 and of its financial performance and cash flows for the period then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Kenyan Companies Act.

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

Approved by the board of directors on 27th July 2017 and signed on its behalf by:



DIRECTOR



DIRECTOR

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF BOMA INTERNATIONAL HOSPITALITY COLLEGE LIMITED. (Cont.)

Report on the financial statements

We have audited the financial statements of Boma International Hospitality College Limited set out on pages 6 to 14, which comprise the statement of financial position as at 31 December 2015, statement of profit or loss and accumulated losses, statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

Directors' responsibility for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Kenyan Companies Act and for such 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Boma International Hospitality College Limited as at 31 December 2015, and of its financial performance and cash flows for the period then ended in accordance with International Financial Reporting Standard for Small and Medium-sized and the Kenyan Companies Act.

Report on other legal requirements

As required by the Kenyan Companies Act we report to you, based on our audit, that:

- (i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (ii) In our opinion proper books of account have been kept by the company, so far as appears from our examination of those books; and
- (iii) The company's statement of financial position and statement of profit or loss and accumulated losses are in agreement with the books of account.

The engagement partner responsible for the audit resulting in this report of the independent auditor is CPA Salim Alibhai - P/No. 2151.


Certified Public Accountants NAIROBI

4 August 2017
1054/17

STATEMENT OF PROFIT OR LOSS AND ACCUMULATED LOSSES

		8 months to 31 December 2015 Shs
	Notes	
Revenue	4	14,765,647
Direct costs		(2,870,024)
Gross profit		11,895,623
Administrative expenses		(30,011,188)
Other operating expenses		(5,510,208)
(Loss) before tax	5	(23,625,773)
Tax	7	6,998,306
(Loss) for the period		(16,627,467)
Retained earning at start of period		-
(Loss) for the period		(16,627,467)
Accumulated losses at end of period		(16,627,467)

The notes on pages 62 to 69 form an integral part of these financial statements.

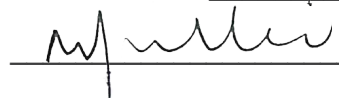

Report of the independent auditor - pages 57 and 58.

Boma International Hospitality College Limited Annual report and financial statements For the year ended 31 December 2015

STATEMENT OF FINANCIAL POSITION

		As at 31 December 2015
CAPITAL EMPLOYED	Notes	Shs
Share capital	8	100,000
Accumulated (losses)		(16,627,467)
Shareholders' (deficit)		(16,527,467)
REPRESENTED BY		
Non-current assets		
Deferred tax	9	6,998,306
Property and equipment	10	35,402,269
		42,400,575
Current assets		
Inventories	11	517,242
Trade and other receivables	12	6,352,507
Cash and cash equivalents	13	1,106,891
		7,976,640
Current liabilities		
Trade and other payables	14	58,655,482
Deferred income	15	8,249,200
		66,904,682
Net current (liabilities)		(58,928,042)
		(16,527,467)

The financial statements on pages 52 to 71 were approved and authorised for issue by the Board of Directors on 27th July 2017 and were signed on its behalf by:

 DIRECTOR  DIRECTOR

The notes on pages 62 to 71 form an integral part of these financial statements.

Report of the independent auditor - pages 57 and 58.

Boma International Hospitality College Limited Annual report and financial statements For the year ended 31 December 2015

STATEMENT OF CASH FLOWS

		8 months to 31 December 2015 Shs
(Loss) before tax		(23,625,773)
Adjustments for:		
Depreciation on plant and equipment	10	3,853,604
Changes in working capital:		
- inventories		(517,242)
- trade and other receivables		(6,352,507)
- trade and other payables		58,655,482
- deferred income		8,249,200
Net cash from operating activities		<u>40,262,764</u>
Investing activities		
Purchase of property and equipment	10	<u>(39,255,873)</u>
Net cash (used in) investing activities		<u>(39,255,873)</u>
Financing activities		
Proceeds from issue of ordinary shares	8	<u>100,000</u>
Net cash from financing activities		<u>100,000</u>
Increase in cash and cash equivalents		<u>1,106,891</u>
Movement in cash and cash equivalents		
At the start of the period		-
Increase		<u>1,106,891</u>
At end of period	13	<u><u>1,106,891</u></u>

The notes on pages 62 to 71 form an integral part of these financial statements.

Report of the independent auditor - pages 57 and 58.

Boma International Hospitality College Limited Annual report and financial statements For the year ended 31 December 2015

NOTES

1. General Information

Boma International Hospitality College Limited (the Company) is incorporated in Kenya under the Kenyan Companies Act as a private company limited by shares, and is domiciled in Kenya. The address of its registered office and principal place of business are as shown on page 1. The company runs a training college on hospitality services.

2. Basis of preparation

The financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SME's). They have been prepared under the historical cost convention and presented in Kenya Shillings.

The preparation of financial statements in conformity with the IFRS for SME's requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimations are significant to the financial statements, are disclosed in Note 3 (a).

These financial statements comply with the requirements of the Kenyan Companies Act. The statement of profit or loss and accumulated losses represents the profit and loss account referred to in the Act. The statement of financial position represents the balance sheet referred to in the Act.

Going concern

The financial performance of the company is set out in the report of the directors and in the statement of profit or loss and accumulated losses. The financial position of the company is set out in the statement of financial position.

At the reporting date there was excess of current liabilities over current assets of Shs 58,928,042 and the company reported a net loss of Shs 16,627,467. Subsequent to this the company has been profitable, has generated cashflows from operations and is supported by its related parties to assist to pay its liabilities as they fall due.

Based on this the directors are of the opinion that the company is a going concern.

Boma International Hospitality College Limited Annual report and financial statements For the year ended 31 December 2015

3. Significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

a) Key sources of estimation uncertainty

In the application of the accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other relevant factors. Such estimates and assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The directors have made the following estimates that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

-Useful lives of property and equipment

Management reviews the useful lives and residual values of the items of property and equipment a regular basis. During the financial period, the directors determined no significant changes in the useful lives and residual values.

-Trade and other receivables

The company reviews their portfolio of receivables at the reporting date. In determining whether receivables are impaired, the management makes judgement as to whether there is any evidence indicating that there is a measurable decrease in the estimate future cashflows expected.

3. Significant accounting policies (continued)

b) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for tuition and application fees and other income in the ordinary course of business and is stated net of rebates and discounts.

Boma International Hospitality College Limited Annual report and financial statements For the year ended 31 December 2015

NOTES (Cont.)

The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when the specific criteria has been met for the company's activity as described below. The amount of revenue is not considered to be reliably measured until all contingencies relating to the sale have been resolved. The company bases its estimates on historical results, taking into consideration the type of customer, type of transaction and specifics of each arrangement as described below.

Training income is recognised upon attendance of classes by the student for the courses offered.

c) Translation of foreign currencies

Transactions in foreign currencies during the period are converted into Kenya Shillings (the functional currency), at the rates ruling at the transaction dates.

At the end of each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. The resulting differences from conversion and translation are dealt with in profit or loss in the period in which they arise.

d) Property and equipment

All property and equipment is initially recorded at cost and thereafter stated at historical cost less depreciation. Historical cost comprises expenditure initially incurred to bring the asset to its location and condition ready for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost can be reliably measured. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation is calculated on the reducing balance basis to write down the cost of each asset, to its residual value over its estimated useful life using the following annual rates:

	Rate %
Buildings	2
Equipment	20
Furniture and fittings	20
Computers	30

NOTES (Cont.)

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal of property and equipment are determined by comparing the proceeds with the carrying amount and are taken into account in determining (loss) before tax.

e) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the first in first out (FIFO) method. The cost of inventories comprise the purchase price of the goods and other direct costs incurred in bringing the inventory to their present location and condition. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of selling. f) Trade and other receivables

Trade and other receivables are initially recognised at transaction price. Most sales are made on the basis of normal credit terms, and the receivables do not bear interest. Where credit is extended beyond normal credit terms, receivables are measured at amortised cost using the effective interest method. At the end of each reporting period, the carrying amounts of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in profit or loss.

g) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand and deposits held at call with banks.

h) Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

NOTES (Cont.)

i) Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss.

Current tax

Current tax is provided on the results for the period, adjusted in accordance with tax legislation.

Deferred tax

Deferred tax is provided using the liability method for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred tax. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised.

j) Retirement benefit obligations

The company and its employees contribute to the National Social Security Fund (NSSF), a statutory defined contribution scheme registered under the NSSF Act. The company's contributions to this defined contribution scheme are charged to profit or loss in the year to which they relate.

k) Share capital

Ordinary shares are classified as equity.

	8 months to 31 December 2015
	Shs
4. Revenue	
Training income	14,626,637
Other income	139,010
	<hr/>
	14, 765,647

Boma International Hospitality College Limited Annual report and financial statements For the year ended 31 December 2015

NOTES (Cont.)

5. (Loss) before tax

The following items have been charged in arriving at the (loss) before tax :

Depreciation on property and equipment (Note 10)	3,853,604
Audit fee	250,000
Staff costs (Note 6)	<u>9,999,604</u>

6. Staff costs

Salaries and wages	9,976,604
Other staff costs	<u>23,000</u>
	<u>9,999,604</u>

7. Tax

Current tax	-
Deferred tax credit (Note 9)	<u>(6,998,306)</u>
	<u>(6,998,306)</u>

The tax on the company's (loss) before tax differs from the theoretical amount that would arise using the basic rate as follows:

(Loss) before tax	<u>(23,625,773)</u>
Tax calculated at a tax rate of 30%	<u>(7,087,732)</u>
Tax effect of - expenses not deductible for tax purposes	<u>89,426</u>
Tax charge	<u><u>(6,998,306)</u></u>

Boma International Hospitality College Limited Annual report and financial statements For the year ended 31 December 2015

NOTES (Cont.)

8. Share capital

	2015 Shs
Authorised, issued and fully paid:	100,000
1,000 ordinary shares of Shs. 100 each	

9. Deferred tax

Deferred tax is calculated, in full, on all temporary differences under the liability method using a principal tax rate of 30%. The movement on the deferred tax account is as follows:

	2015 Shs
At start of period	-
(Credit) to profit or loss (Note 7)	(6,998,306)
At end of period	(6,998,306)

Deferred tax assets and deferred tax credit to profit or loss are attributable to the following items:

	At start of period Shs	(Credit) profit or loss Shs	At end of period Shs
Deferred tax (assets)			
Property and equipment	-	(2,705)	(2,705)
Tax losses carried forward	-	(6,995,601)	(6,995,601)
Net deferred asset	-	(6,998,306)	(6,998,306)

10. Property and equipment

Boma International Hospitality College Limited Annual report and financial statements For the year ended 31 December 2015

NOTES (Cont.)

	Buildings	Equipment	Furniture and fittings	Computers	Total
Cost	Shs	Shs	Shs	Shs	Shs
At start of period	-	-	-	-	-
Additions	24,832,391	6,832,582	2,868,303	4,722,597	39,255,873
At end of period	24,832,391	6,832,582	2,868,303	4,722,597	39,255,873
Depreciation					
At start of period	-	-	-	-	-
Charge for the period	496,648	1,366,516	573,661	1,416,779	3,853,604
At end of period	496,648	1,366,516	573,661	1,416,779	3,853,604
Net book value					
As at 31 December 2015	24,335,743	5,466,066	2,294,642	3,305,818	35,402,269

11. Inventories

Consumables

2015

Shs

517,242

12. Trade and other receivables

Trade receivables

Other receivables

6,337,507

15,000

6,352,507

2015

Boma International Hospitality College Limited Annual report and financial statements For the year ended 31 December 2015

NOTES (Cont.)

13. Cash and cash equivalents

Shs

Cash at bank and in hand	1,106,891
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For the purpose of the statement of cash flows, the period end cash and cash equivalents comprise of the above.

14. Trade and other payables

2015

Current

Shs

Trade payables	2,705,458
Other payables	250,000
Payable to related parties (Note 16)	55,700,024
	<hr/> 58,655,482 <hr/>

15. Deferred income

Pre-paid fees	8,249,200
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16. Related party transactions and balances

Boma International Hospitality College Limited Annual report and financial statements For the year ended 31 December 2015

NOTES (Cont.)

The company is controlled by Boma Hotel Limited incorporated in Kenya which owns 100% of the company's shares.

The following transactions were carried out with related parties:

	8 months to 31 December 2015
	Shs
Purchase of services	
- Red Court Hotel Limited	981,163
Key management compensation	
Short-term employee benefits	2,832,000
Outstanding balances	
	2015
	Shs
- Payables to related parties (Note 14)	
Red Court Hotel Limited	981,163
Boma Hotel Limited	31,922,947
Kenya Red Cross Society	22,795,914
	55,700,024

SCHEDULE OF OTHER EXPENDITURE

	8 months to 31 December 2015 Shs
1. ADMINISTRATION EXPENSES:	
Employment	
Salaries and wages	9,976,604
Staff welfare	23,000
Total employment costs	<u>9,999,604</u>
Other administration expenses:	
Advertising	3,280,487
Travelling and entertainment	820,640
Postages and telephones	577,798
Printing and stationery	1,324,737
Legal and professional fees	12,566,781
Office and miscellaneous expenses	759,488
Bank charges	73,939
Audit fee	250,000
Subscriptions and periodicals	174,800
Fines and penalties	182,914
Total other administrative expenses	<u>20,011,584</u>
Total administrative expenses	<u>30,011,188</u>
2. OTHER OPERATING EXPENSES	
Establishment:	
Repairs and maintenance	1,656,604
Depreciation on property and equipment	3,853,604
Total other operating expenses	<u>5,510,208</u>



BOMA INTERNATIONAL HOSPITALITY COLLEGE





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