



FOOTBALL KENYA FEDERATION



ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2016

**FOOTBALL KENYA FEDERATION
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2016**

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FOOTBALL KENYA FEDERATION
FEDERATION INFORMATION

REGISTERED OFFICE

FKF HOUSE
P.O. Box 12705-00400,
Nairobi.

**NATIONAL EXECUTIVE
COMMITTEE**

Nick Mwendwa	-President
Doris Petra	-Vice President
Robert Muthomi	-Secretary General/CEO
Ahmed Siad	-Member
Chris Amimo	-Member
David Gikaria	-Member
Enos Tony Kweya	-Member
Joseph Andere	-Member
Raphael Mwalungo	-Member
David Njoroge	-Member
Timothy Murithi	-Member
Elio Lolli	-Member

SECRETARY

Robert Muthomi

AUDITORS

Clyde & Associates
Certified Public Accountants (K)
P.O Box 210-00200
Nairobi.

BANKERS

KCB Bank Kenya Limited
P.O Box 48400-00100
Nairobi.

FEDERATION ADVOCATES

Silas Munyao & Co. Advocates,
Koin-Eei Plaza, 3rd Floor,
P.O Box 1835
Kericho

PRESIDENT'S FOREWORD

The past one year has been instrumental in laying the much needed foundations, key in strengthening and shaping both the current and future of Kenyan football.

In this perspective, the Football Kenya Federation (FKF) has within the last one year endeavored to undertake key developmental activities aimed at propelling the game to greater heights.

This it has done, despite numerous court cases and an inherited debt of nearly Kshs 180 million that have both curtailed football development across the board.

The aforementioned notwithstanding the Federation has made tremendous strides in heralding a new dawn for Kenyan football. We have strengthened the National Teams Set up that also marked the establishment of the first ever National U13 side and a nationally scouted U20 Women National Team.

In addition, Harambee Stars and Harambee Starlets were the teams that played the most number of International friendly matches, within the year, in both the men and women categories respectively.

During the period Harambee Stars took on DRC (Away), Liberia (Home), Mozambique (Home), Uganda Cranes (Home), DRC (Home), Malawi (Home), Sierra Leone (AFCON Qualifier Away), Mozambique (Away), Morocco U23 (Away), Mauritania (Away), Iraq (Away) and Thailand (Away).

Meanwhile, Harambee Starlets took part in three major tournaments, the AWCON, CECAFA and COSAFA Women Tournaments where the team was knocked out in the group stages, the finals and semi-finals respectively.

In addition, the team also played friendly matches against, FC Wydad Casablanca and CA Khanifra (Away in Morocco) and Lynchburg University from the United States of America (Home).

Our youth teams remained active during this period, with the U20 men's team taking on Senegal U20 (Away), Egypt U20 (Away) and South Africa U20 (Away), while the women's team played Botswana U20 (Away, World Cup Qualifiers) Ethiopia U20 (Home and Away, World Cup Qualifiers).

The National U13 team which as I mentioned earlier was scouted from the 2016 FKF U13 Championships took part in the 2017 Southampton Cup Junior tournament, winning the Shield trophy in the process.

We were able to conduct a number of referee trainings both at the elite and grass-root level. A total of 61 Kenya Premier League (KPL), 75 National Super League (NSL) and 60 FKF Division One referees were trained in January 2017, with a further 106 referees trained during the FKF mid-season break in June.

In addition, 13 Referee Instructors, 38 KPL Match Commissioners and over 100 grass-root referees in Kericho, Aberdares, Kakamega, Eldoret and Coast were trained with the remaining regions set to follow in due course.

The Federation trained 35 male referees in the FIFA MA course and 35 female referees in the FIFA Women Referees Development Course and 55 referees on the FIFA Contest for Badge 2018.

Two of our most experienced referees Aden Marwa and Mary Njoroge were proposed for and attended the FIFA Referees Elite Course, held in Switzerland and Portugal respectively.

Our competitions department has remained vibrant, overseeing and managing the NSL, The National Men's Division One League, the GOTV Shield Tournament, the Women Premier League and the Women Division One Leagues.

There have been huge strides in the NSL, with the Federation securing a Kshs 10 million deal that has put the league on Free to Air TV Bamba Sports. The Women Leagues, though still without a sponsor and largely run by the Federation using the FIFA Forward Funds have been expanded to include two zones. This is an effort aimed at according more players a chance to showcase their talent.

This year saw the implementation of the cash disbursement program that was adopted in the 2016 FKF AGM, with branches now entitled to a 10 percent grant from the National Office totaling to Kshs 100,000 per quarter.

The first schedule of the monies has already been disbursed to the branches and those that have accounted for the same getting subsequent monies. This is the first time in the history of Kenyan football that FKF branches are receiving money from the National Office.

Our Technical Department continues to play a pivotal role in football development at the grassroots level. This has culminated in the signing of an MOU with Juja Preparatory to make the School the first ever FKF Football Center for excellence.

Further, the department under the tutelage of Technical Director Mr. Andreas Spier continues to impart knowledge and build capacity for our local coaches. They have already rolled out the second phase of the Basic/Advanced Basic Coaching courses that aims to train a further 2000 coaches by April next year, adding to the 1832 Coaches that were trained in 2016 and a further 170 Coaches trained in the CAF C License.

In Youth development the department played a leading role in the establishment and rollout of the U13/U15 leagues that culminated with the selection of the first ever U13 national team that took part in the Southampton Cup.

The youth development agenda which now has an established desk at the FKF secretariat has experienced tremendous growth since its establishment in 2016, with the number of registered players standing at 20,000 for the U13s and 7,050 for the U15s as compared to 16,800 that were registered in the previous years.

In addition, the number of sub branches that are taking part in the U13/U15 leagues has also increased from 43 sub branches in 2016 to the current 50, with the league having kicked off in almost all of the 50 sub branches. The aforementioned department has also embarked on the process of registering and accrediting coaches with a view of professionalizing and safeguarding the industry from unfair competition and exploitation. The Federation has also partnered with Safaricom for the Chapa Dimba tournament that is currently ongoing in most Sub-branches with the aim of fostering youth and women development.

As I conclude, I wish to state that despite all the enormous work undertaken in 2017 we remain steadfast in our commitment to developing the game. This is even as we learn from our short comings that in 2017 included being stripped off the right to host the 2018 African Nations Championship (CHAN 2018) tournament. That notwithstanding, plans to host the 2017 CECAFA Senior Challenge are at an advanced stage with tournament scheduled to begin on November 25, 2017.

I thank you all for your continued support and dedication this even as I hope that the year ahead will be one of prosperity and success for Kenyan football.

Signed:



Nick Mwendwa
President - Football Kenya Federation

FOOTBALL KENYA FEDERATION
NATIONAL EXECUTIVE COMMITTEE REPORT

The NEC Members submit their report together with the audited financial statements of the Federation for the year ended 31st December 2016.

PRINCIPAL ACTIVITIES

The Federation's Principal activity is management and promotion of the game of Football in the Republic of Kenya and is the only recognised affiliate of FIFA, CAF and CECAFA.

RESULTS FOR THE YEAR

The results for the year are as shown on page 7.

The Surplus for the year 2016 of KHz. 31,256,067/= (Deficit for 2015 of KHz. 150,961 /=-) has been added to Reserves.

NATIONAL EXECUTIVE COMMITTEE

The NEC that served in office during the year and to the date of this report are as set out in page 1.

AUDITORS

Clyde & Associates, were appointed as the Federation auditors have indicated willingness To continue in office.

By order of the NEC



President/NEC Chainman



Secretary General/CEO

Date: 21st August ,2017

FOOTBALL KENYA FEDERATION
STATEMENT OF NEC RESPONSIBILITIES

The National Executive Committee are required in terms of the Societies Act of Kenya to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the Federation as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The NEC acknowledges that they are ultimately responsible for the system of internal financial control established by the Federation and place considerable importance on maintaining a strong control environment. To enable the NEC to meet these responsibilities, the NEC sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Federation and all employees are required to maintain the highest ethical standards in ensuring the Federation's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Federation is on identifying, assessing, managing and monitoring all known forms of risk across the Federation. While operating risk cannot be fully eliminated, the Federation endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The NEC are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The NEC have reviewed the Federation's cash flow forecast for the year to December 31, 2016 and, in the light of this review and the current financial position, they are satisfied that the Federation has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the federation's financial statements. The financial statements have been examined by the federation's external auditors and their report is presented on page 6.

The financial statements set out on pages 7 to 21, which have been prepared on the going concern basis, were approved by the NEC and were signed on its behalf by:



President/NEC Chairman



Chairman-Finance

**REPORT OF THE INDEPENDENT AUDITOR
TO THE MEMBERS OF
FOOTBALL KENYA FEDERATION**

Opinion

We have audited the accompanying financial statements of Football Kenya Federation, set out on pages 7 to 21, which comprise the statement of financial position as at 31st December 2016, the statement of income and expenditure, statements of movement in fund and statement of cash flows for the year then ended, and notes, 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 the Federation as at 31st December 2016 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard and the Societies Act (Chapter 108).

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 federation 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 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.

Material uncertainty related to going concern

We draw attention to note 14 in the Financial Statements, which indicates that the federation recorded a surplus of Kshs. 31,256,067 during the year, ended 31 December, 2016 and, as of that date, the federation's current liabilities exceeded its total assets by Kshs. 32,821,649. This situation occurred because the current office holders accepted to honour obligations entered into by the Previous office holders that resulted to creditors amounting to Ksh.180, 384,765. If these creditors As stated in note 14, these events or conditions, along with other matters as set forth in note, indicate that a material uncertainty exists that may cast significant doubt on the federation's ability To continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of matter

We draw attention to Note 13 to the Financial Statements which indicates that the previously issued Financial Statements for the year ended 31 December 2015, on which a qualified opinion in the auditor's report dated 11th September 2016 had been issued, we have restated creditors with the figure of ksh.180,384,765. As explained in Note 13, this is to reflect the effects of the correction of the Accounting treatment of creditors. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial statements of the current period. These matters were addressed in the context of our audit of the Financial statements as a whole, and in forming our opinion thereon, and We do not provide a separate opinion on these matters.

In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in We do not have any Key Audit Matters to Report

Other information

The NEC is responsible for the other information. Other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's

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.

National Executive Committee's responsibility for the financial statements

The NEC are responsible for the preparation and fair presentation of the financial statements that give a true and fair view in accordance with the International Financial Reporting Standard for Societies Act, and for such internal control as the national executive committee 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 national executive committee are responsible for assessing the federation'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 national executive committee either intend to liquidate the federation 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 judgement and maintain professional scepticism 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 federation's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting Estimates and related disclosures made by management.

-conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or 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 Societies 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 federation, so far as appears from our examination of those books; and
 - (iii) The federation's statement of financial position and statement of income and expenditure account are in agreement with the books of accounts.
- The engagement partner responsible for the audit resulting in this independent auditor's report was CPA Clyde Atsango Mutsotso , Practising Certificate No. 1623

Certified Public Accountants
Nairobi

CPA Clyde

22/07



FOOTBALL KENYA FEDERATION
STATEMENT OF INCOME & EXPENDITURE
FOR THE YEAR ENDED 31ST DECEMBER 2016

	<i>Notes</i>	2016 Kshs.	2015 Kshs.
Grants	4	299,379,626	229,182,834
Other Income	5	15,627,752	13,358,030
		315,007,378	242,540,864
Direct Costs	6	(206,455,512)	(185,739,470)
Surplus		108,551,866	56,801,395
Staff cost	7	(37,879,433)	(10,180,126)
Administrative expenses	8	(26,800,343)	(41,425,566)
Other operating expenses	9	(12,616,023)	(5,346,663)
Surplus from operations/(Deficit)		31,256,067	(150,961)
Surplus/(Deficit)		31,256,067	(150,961)
Surplus for the year /(Deficit)		31,256,067	(150,961)
Total comprehensive income/(Deficit) for the year available for the Federation's outstanding activities		31,256,067	(150,961)

The accounting policies on pages 13 to 18 and the notes on pages 19 to 23 form an integral part of the financial statements.

FOOTBALL KENYA FEDERATION
STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER 2016

	<i>Notes</i>	2016 Kshs.	Restated 2015 Kshs.
ASSETS			
Current Assets			
Trade and other receivables	10	4,693,646	-
Cash in hand and at bank	12	18,628,659	(150,961)
		23,322,305	(150,961)
Non-Current Assets			
Property, plant and equipment	11	123,147,301	116,458,010
		123,147,301	116,458,010
TOTAL ASSETS		146,469,606	116,307,049
LIABILITIES AND FUND			
Current Liabilities			
Trade and other payables	13	179,291,254	180,384,765
		179,291,254	180,384,765
Fund			
Reserve Fund		(32,821,649)	(64,077,716)
		(32,821,649)	(64,077,716)
TOTAL FUNDS & LIABILITIES		146,469,606	116,307,049

The financial statements on pages 9 to 23 were approved for issue by the national executive committee 21st August 2017 and were signed on their behalf by:



President/NEC Chairman



Chairman-Finance

The accounting policies on pages 13 to 18 and the notes on pages 19 to 23 form an integral part of the financial statements.

FOOTBALL KENYA FEDERATION
STATEMENT OF MOVEMENT IN FUNDS
FOR THE YEAR ENDED 31ST DECEMBER 2016

	<i>Notes</i>	Reserve Fund	Total
		Kshs.	Kshs.
At 1st January 2015		(63,926,755)	(63,926,755)
Balance at 1st January 2015		(63,926,755)	(63,926,755)
<i>Changes in equity in 2016:</i>			
Surplus/(Deficit) for the year		(150,961)	(150,961)
Total comprehensive income for the year		(150,961)	(150,961)
At 1st January 2016		(64,077,716)	(64,077,716)
<i>Changes in equity in 2016:</i>			
Surplus for the year		31,256,067	31,256,067
Total comprehensive income for the year		31,256,067	31,256,067
At 31st December 2016		(32,821,649)	(32,821,649)

The accounting policies on pages 13 to 18 and the notes on pages 19 to 23 form an integral part of the financial statements.

FOOTBALL KENYA FEDERATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST DECEMBER 2016

	2016 Kshs.	2015 Kshs.
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus/(Deficit)	31,256,067	(150,961)
<i>Adjustments for non-cash income and expenses:-</i>		
Depreciation	4,028,570	-
(Deficit)/Surplus before working capital changes	35,284,637	(150,961)
<i>Changes in operating assets and liabilities:</i>		
Decrease/(increase) in trade and other receivables	(4,693,646)	-
Prior Year balances	-	(13,993,929)
Increase/(decrease) in trade and other payables	(1,093,511)	16,072,235
<i>Cash generated from operations</i>	29,497,481	1,927,345
<i>Net cash from operating activities</i>	29,497,481	1,927,345
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Property, Plant and Equipment	(10,461,406)	(5,360,000)
Purchase of intangible assets	(256,455)	-
<i>Net cash used in investing activities</i>	(10,717,861)	(5,360,000)
Net increase / (decrease) in cash and cash equivalents	18,779,620	(3,432,655)
Cash and cash equivalent at beginning of year (Note 12)	(150,961)	3,281,694
Cash and cash equivalent at end of year (Note 12)	18,628,659	(150,961)

The accounting policies on pages 13 to 18 and the notes on pages 19 to 23 form an integral part of the financial statements.

FOOTBALL KENYA FEDERATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2016

GENERAL INFORMATION

The Federation is registered as a society under the Societies Act (Chapter 108) of the Laws of Kenya

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are Set out below and this is the first year of application.

(a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The measurement basis applied is the historical cost basis, Except for land and buildings, which have been measured at cost.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the national Executive Committee to exercise judgement in the process of applying the Federation's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

(i) New and amended standards adopted by the Federation

The following standards have been adopted by the federation for the first time for the financial year beginning on or after 1 January 2016 and have a material impact on the federation:

Amendment to IAS 32, „Financial instruments: Presentation' on offsetting financial assets and financial liabilities. This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The amendment did not have a significant effect on the Federation financial statements.

Amendments to IAS 36, „Impairment of assets" , on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of

Cost Generating Units which had been included in IAS 36 by the issue of IFRS 13?

Amendment to IAS 39, „Financial instruments: Recognition and measurement" on the novation of derivatives and the continuation of hedge accounting. This amendment considers legislative changes to „over-the-counter' derivatives and the establishment of central counterparties.

Under IAS 39 novation of derivatives to central counterparties would result in discontinuance of hedge accounting. The amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument meets specified criteria. The federation has applied the amendment and there has been no significant impact on the federation financial Statements as a result.

IFRIC 21, „Levies" , sets out the accounting for an obligation to pay a levy if that liability is within the scope of IAS 37 „Provisions" . The interpretation addresses what the obligating event is that gives rise to pay a levy and when a liability should be recognised. The Federation is not Currently subjected to significant levies so the impact on the Federation is not material.

Other standards, amendments and interpretations which are effective for the financial year beginning on 1 January 2016 are not material to the federation.

FOOTBALL KENYA FEDERATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2016

2 Summary of significant accounting policies (continued)

(ii) New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016, and have not been applied in preparing IFRS 9, „Financial instruments“, addresses the classification, measurement and recognition of Financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2016. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the „hedged ratio“ to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Federation is yet to assess IFRS 9's full impact.

IFRS 15, „Revenue from contracts with customers“ deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 „Revenue“ and IAS 11 „Construction contracts“ and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted. The federation is assessing the impact of IFRS 15.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be Expected to have a material impact on the Federation.

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates („the functional currency“). The financial statements are presented in Kenya Shillings in thousands (Shs) which is the Federation's Functional currency.

(b) Foreign currency translation

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuations where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

FOOTBALL KENYA FEDERATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2016

2 Summary of significant accounting policies (continued)

(b) Foreign currency translation(continued)

(ii) Transactions and balances

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within „finance income or cost" . All other foreign exchange gains and losses are presented in profit or loss within „other income or expenses" .

(c) Revenue recognition

Income represents funding from the Donors, Subscription from Clubs and other income. Revenue grants are recognised in the year they are received.

(d) Property, plant and equipment

Land and buildings are shown at fair value, based on valuations by external independent valuers, less subsequent depreciation for buildings. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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 federation and the cost of the item can be measured reliably. 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.

Increases in the carrying amount arising on revaluation of land and buildings are credited to other comprehensive income and shown as revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against the revaluation reserve; all other decreases are charged to profit or loss. Each year the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to profit or loss) and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

-Buildings 40 years

-Furniture and Equipment 10 years

-Equipment and motor vehicles 4 years

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

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

FOOTBALL KENYA FEDERATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2016

2 Summary of significant accounting policies (continued)

(d) Property, plant and equipment(continued)

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels

For which there are separately identifiable cash flows (cash-generating units).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are included in profit or loss. When revalued assets are sold, the amounts

Included in the revaluation reserve relating to that asset are transferred to general funds.

(e) Inventories

The Federation does not hold inventories

(f) Financial assets

(i) Classification

All financial assets of the Federation are classified as loans and receivables, based on the purpose for which the financial assets were acquired. The National Executive Committee Determine the classification of the financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as Non-current assets.

(ii) Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Federation commits to purchase or sell the asset. Loans and receivables are initially recognised at fair value plus transaction costs and subsequently carried at amortised cost

Using the effective interest method.

(iii) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability Simultaneously.

(iv) Impairment

The Federation assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a „loss event“) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be Reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults

FOOTBALL KENYA FEDERATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2016

2 Summary of significant accounting policies (continued)

(f) Financial assets(continued)

(iv) Impairment(continued)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised Impairment loss is recognised in deficit or surplus.

(g) Trade receivables

Trade receivables are amounts due from employees for imprests advanced and from gate collections yet to be banked by respective clubs. If collection is expected in one year or less (or in the normal operating cycle of the football federation or if longer), they are classified as Current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at Amortised cost using the effective interest method less provision for impairment.

(h) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank Overdrafts. Bank overdrafts are shown within borrowings in current liabilities

(i) Share capital

The federation holds no share capital and is limited by Guarantee.

(j) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any differences between proceeds (net of transaction costs) and the redemption value is recognised in surplus or deficit over the period Of the borrowings, using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-Payment for liquidity services and amortised over the period of the facility to which it relates. Borrowings are classified as current liabilities unless the Federation has an unconditional right To defer settlement of the liability for at least 12 months after the end of the reporting period.

(k) Income tax

The Federation is exempted from the Income Tax obligation.

(l) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business or if longer). If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the Effective interest method.

FOOTBALL KENYA FEDERATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2016

2 Summary of significant accounting policies (continued)

(m) Provisions

Provisions are recognised when: the Federation has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

(n) Comparatives

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

Prior period adjustments relate to restatement of payables to the extent of Shs.180, 384,765/= that were previously not included in the financials. Payables amounting to Ksh.29,430,005, Motor vehicle which had a cost of Ksh.1,000,000 and computers having a cost of Ksh.50,000 were also excluded from the financials as their existence could not be verified.

3 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable Under the circumstances.

(i) Critical accounting estimates and assumptions

Receivables

Critical estimates are made by the National Executive Committee in determining the recoverable amount of impaired receivables.

Useful lives of equipment

The Federation determines the estimated useful lives and related depreciation charges for its equipment. This estimate is based on projected product lifecycles. Technical or commercial obsolescence and legal or other limitations on asset usage are also considered in determining The useful life.

The Federation determines the estimated useful lives and related depreciation charges for its equipment. This estimate is based on projected product lifecycles. Technical or commercial obsolescence and legal or other limitations on asset usage are also considered in determining The useful life.

If previous estimates are no longer considered appropriate, adjustments to the depreciation charged are reflected prospectively, i.e. in the period in which the estimates are revised and in subsequent periods

(ii) Critical judgements in applying the entity's accounting policies

In the process of applying the federation's accounting policies, management has made judgements in determining:

- the classification of financial assets and leases
- whether assets are impaired
- contingent liabilities and provision

FOOTBALL KENYA FEDERATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2016

4 GRANTS	2016	2015
	Kshs.	Kshs.
FIFA Receipts	124,759,157	31,252,949
CAF Receipts	45,072,719	-
Sportpesa Receipts	41,000,000	-
Gotv Receipts	10,242,000	10,233,500
Ministry of Sports	72,347,065	70,275,824
MP & Silva	-	74,465,658
Borrowings	-	34,477,038
FKF National Division 1	-	2,781,900
Sponsorship KPL	-	5,695,965
Joint Development Project	5,958,685	-
<i>Total Grants Income</i>	<i>299,379,626</i>	<i>229,182,834</i>

5 OTHER INCOME	2016	2015
	Kshs.	Kshs.
FKF National Super League	4,142,600	4,221,500
FKF Women Sponsorship	1,000,000	62,000
Gate Collections	5,071,033	4,573,836
TV Rights	2,515,000	-
Appeals and Fines	300,000	585,000
Other Income	2,599,119	3,915,694
<i>Total Other Income</i>	<i>15,627,752</i>	<i>13,358,030</i>

6 DIRECT COSTS	2016	2015
	Kshs.	Kshs.
GOTV Shield Cup	3,904,710	4,354,290
Men's Football Accommodation	10,888,593	11,338,851
Men's Football Transport	27,948,310	39,415,370
Men's Football Ground Hire	97,280	567,682
Men's Football Match Officials Fee	210,000	3,124,563
Men's Football Security	724,000	1,599,500
Men's Football Allowances	6,277,800	20,670,500
Men's Football Others	17,426,700	2,907,215
Youth Football Others	5,335,686	284,700
Youth Football Accommodation	5,266,800	6,482,150
Youth Football Stadium Hire	498,920	1,686,382
Youth Football Transport	9,244,380	9,120,684
Youth Football Security	50,000	125,000
Youth Football Stipend	924,800	5,055,460
CAF Expenses	1,423,119	817,344

FOOTBALL KENYA FEDERATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2016

6 DIRECT COSTS(continued)	Kshs.	Kshs.
Women Football Others	11,045,648	966,605
Women Football Accommodation	30,611,720	2,397,370
Women Football Transport	23,163,192	12,388,802
Women Football Stadium Hire	736,635	35,000
Women Football Match Officials Fee	80,000	-
Women Football Security	95,000	65,600
Women Football H. Allowances	13,874,885	2,924,740
Technical Development	24,848,657	4,270,000
Refereeing	3,241,243	2,026,900
Leagues & Competitions	5,806,107	-
Beach / Futsal Soccer	2,157,828	859,830
Committee Expenses	573,500	-
FKF Premier League	-	51,717,372
FKF Elections Documentations	-	537,560
<i>Total Direct Costs</i>	206,455,512	185,739,470

7 STAFF COST	2016	2015
	Kshs.	Kshs.
Salaries & Wages	37,879,433	10,180,126
	37,879,433	10,180,126

8 ADMINISTRATION EXPENSES	2016	2015
	Kshs.	Kshs.
Accommodation & Meals	710,110	-
Telephone Postage & internet	835,192	219,019
Committee Expenses	6,462,251	7,199,066
General Administrative Expenses	1,076,121	303,000
Audit Fees	1,141,000	478,000
Print & Stationery	1,286,323	-
Office Expenses	2,401,317	8,113,638
Legal Fees	2,090,000	3,848,000
Medical Expenses	19,780	55,000
Repairs & Maintenance	150,903	104,000
Staff Medical Insurance	3,805,360	-
Security	1,101,015	-
Staff Meals	595,713	2,275,240
Training	72,800	-
Bank Charges	730,306	425,800
Office Equipment	224,180	-
Compensation	4,008,200	-
Buildings Insurance	89,772	-
Refund to local Borrowings	-	18,404,803
<i>Total Administration Expenses</i>	26,800,343	41,425,566

FOOTBALL KENYA FEDERATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2016

9 OTHER OPERATING EXPENSES	2016	2015
	Kshs.	Kshs.
Advertisement	41,700	305,000
Depreciation	4,028,570	-
Renovations	3,622,098	4,310,000
Transport	3,695,607	665,013
Subscriptions	34,140	66,650
Utilities	541,914	-
Entertainment	20,480	-
Clearance Fee	530,480	-
Commission Expense	101,034	-
	12,616,023	5,346,663

10 TRADE AND OTHER RECEIVABLES	2016	2015
	Kshs.	Kshs.
Advances	4,250,446	-
Other Trade Receivables	443,200	-
	4,693,646	-

11 PROPERTY, PLANT AND EQUIPMENTS (refer Page 23)

12 CASH AND CASH EQUIVALENTS

	At 1st January 2016	Cash Flows	At 31st December 2016
	Kshs.	Kshs.	Kshs.
Cash in hand	-	-	-
Cash at bank	(150,961)	18,930,581	18,779,620
	(150,961)	18,930,581	18,779,620

13 TRADE AND OTHER PAYABLES	2016	2015
	Kshs.	Kshs.
Payables b/f	180,384,765	-
Additions during the year	8,745,057	-
Payment within the year	(10,413,568)	-
Accrued Audit Fee	575,000	-
Other Payables	-	180,384,765
	179,291,254	180,384,765

FOOTBALL KENYA FEDERATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2016

14 GOING CONCERN

The federation's total liabilities exceeds its total assets by Kshs. 32,821,649/=; however, this fact does not mean that the main financiers will withdraw their support within the next 12 months, and on this assurance, the accounts have been prepared on a going concern basis. If their support is withdrawn, the federation faces a material uncertainty and the federation may not be able to continue as a going concern and, therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business.

15 CONTINGENT LIABILITIES

There were no contingencies at the year end.

FOOTBALL KENYA FEDERATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2016

11 PROPERTY, PLANT AND EQUIPMENT

	<u>Goal Project</u>	<u>Computer</u>	<u>Furniture</u>	<u>Software</u>	<u>Total</u>
COST					
At 1st January 2016	123,605,888	-	1,837,500	-	125,443,388
Additions	-	3,363,406	7,098,000	256,455	10,717,861
Disposals	-	-	-	-	-
At 31st December 2016	123,605,888	3,363,406	8,935,500	256,455	136,161,249
					-
Accumulated Depreciation and Impairment					
At 1st January 2016	8,378,859	-	606,519	-	8,985,378
Charge for the Year	2,880,676	994,022	153,873	-	4,028,570
Disposal	-	-	-	-	-
At 31st December 2016	11,259,535	994,022	760,391	-	13,013,948
					-
CARRYING AMOUNT					
At 31st December 2016	112,346,353	2,369,384	8,175,109	256,455	123,147,301



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