



FOOTBALL KENYA FEDERATION 6TH ANNUAL GENERAL MEETING



ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2017

Clyde & Associates Certified Public Accountants (K) Nairobi.

**FOOTBALL KENYA FEDERATION
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2017**

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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 perhaps been the most challenging in our young tenure, due to a number of unforeseeable reasons, key amongst them being the numerous court cases that we continue to face, a financial gap occasioned by SportPesa's withdrawal as our official Betting Partner and inadequate government funding that has forced us to heavily rely on credit facilities especially for national team assignments.

In light of the foregoing, we have proactively made a decision to undertake key developmental activities, both commercial and technical, aimed at propelling all aspects of the game to greater heights.

This, we have done through innovative ways geared towards attracting more commercial partners whilst improving the footballing experience for our fans and players.

In this perspective, we plan to invest in playing facilities, in the future and have recently procured an Outside Broadcasting (OB) van to better enhance audience experience, produce our own content and take greater ownership of the business operations for our showcase events that include the FKF leagues, Women Football development, the Shield tournament, National teams qualifiers and grass-root football.

It is our strong feeling that this venture will not only play a vital role in building the football brand but will also enable us deliver on our commitment to the game, guarantee better production quality of our matches across all platforms, whilst raising the much needed revenue to further develop the sport.

Our nearly Ksh 1.2 billion budget though ambitious, has the potential to revolutionize our football and herald a new dawn for a sport that has over the years suffered stifled growth occasioned by rampant corruption and mismanagement.

Moreover, we are on the verge of making history by not only qualifying twice for the AWCON in our first term but also qualifying for AFCON after a 14 year absence.

Indeed, the culmination of the aforementioned goes to demonstrate the effort and commitment we have put in, in a bid to change the game for the better. This, we have done by consistently strengthening structures and processes, key in not only increasing Kenya's chances of success in major tournaments but also creating the much needed conveyor belt across our national teams for future prosperity.

As a result, the little things that we have done differently and consistently are starting to bear fruits, for the first time in a number of years, fans have begun to show faith in our national teams, as was witnessed by the huge crowd that turned up to support Harambee Stars when we played Ghana and Ethiopia at Kasarani during our AFCON qualifiers, with the team winning both matches.

It is my wish that the new found momentum is not only maintained during all our national team matches but that it is also translated to our league and cup matches, as we endeavor to grow the sport.

As FKF president, I am cognizant of the effort we have all put in to bring the game to where it is today, albeit with a lot of unique challenges that continue to act as bottle necks towards achieving our common goal.

Finally, I want to reiterate that we are far from achieving what we set out to do on February 10, 2016, when we were elected into office but despite the many challenges we have faced both as individuals and as an institution we have remained steadfast in our resolve to bringing real change to the game demonstrated by our ever dying commitment to do good in what we stand for and believe in.

As we go into 2019 I want to thank all of you, first for your loyalty to the game and dedication in doing what is right and may the bond and common purpose that brought us together, further, strengthen our relationship beyond the foreseeable future, for the good of the game.

Yours Sincerely,

A handwritten signature in dark ink, appearing to be 'Nick Mwendwa', with a stylized, overlapping script.

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 2017.

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 9.

The Net Loss for the year 2017 of Kshs. 69,594,398/= (Surplus for 2016 of Kshs. 31,256,067 / =) 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: 8th August, 2018

**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 acknowledge 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, 2017 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 pages 6 - 8.

The financial statements set out on pages 9 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
Date: 08/08/2018



Chairman-Finance

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Suite 221, Koinange Street,
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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 9 to 21 which comprise the Statement of Financial Position as at 31st December 2017, the Statement of Comprehensive Income and Movement in funds and Cash Flows statement 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 2017 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard and the requirements of 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, 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.

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 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.

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 NEC 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 NEC 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 NEC 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 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 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 conditions that

may cast significant doubt on the Federation'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 the auditor's report. However, future events or conditions may cause the Federation 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 Societies Act we report to you, based on our audit, that:-

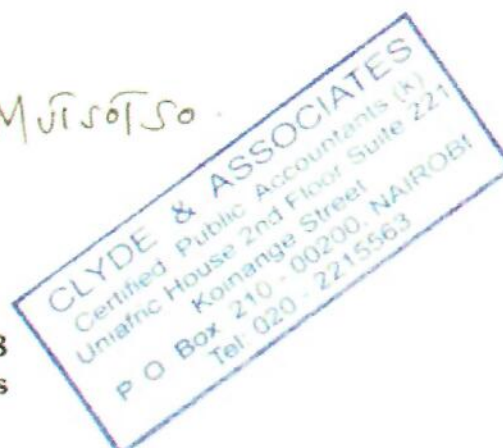
- we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- in our opinion proper books of account have been kept by the Federation, so far as appears from our examination of those books; and
- the Federation's Statement of Financial Position and statement of comprehensive income are in agreement with the books of account.

The engagement partner responsible for the audit resulting in this independent auditor's report was CPA Clyde Atsango Mutsotso, Practicing Certificate No. 1623

CPA CLYDE A MUTSOTSO

Clyde & Associates

08/08/2018
Certified Public Accountants



FOOTBALL KENYA FEDERATION
STATEMENT OF INCOME & EXPENDITURE
FOR THE YEAR ENDED 31ST DECEMBER 2017

	<i>Notes</i>	2017 Kshs.	2016 Kshs.
Grants	4	388,136,924	299,379,626
Other Income	5	23,965,025	15,627,752
		<u>412,101,948</u>	<u>315,007,378</u>
Direct Costs	6	(341,862,921)	(206,455,512)
<i>Surplus</i>		<u>70,239,027</u>	<u>108,551,866</u>
Staff cost	7	(69,745,234)	(37,879,433)
Administrative expenses	8	(72,047,106)	(26,800,343)
Other operating expenses	9	(10,293,345)	(12,616,023)
Surplus from operations/(Deficit)		<u>(81,846,656)</u>	<u>31,256,067</u>
Surplus/(Deficit)		<u>(81,846,656)</u>	<u>31,256,067</u>
Surplus for the year /(Deficit)		<u>(81,846,656)</u>	<u>31,256,067</u>
Other comprehensive income:			
Creditors written back		15,841,943	-
Forex Exchange Gain/Loss	10	(3,589,685)	-
Other comprehensive income for the year		<u>12,252,258</u>	<u>-</u>
Total comprehensive income/(Deficit) for the year available for the Federation's outstanding activities		<u><u>(69,594,398)</u></u>	<u><u>31,256,067</u></u>

The accounting policies on pages 11 to 17 and the notes on pages 11 to 19 form an integral part of the financial statements.

FOOTBALL KENYA FEDERATION
STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER 2017

	<i>Notes</i>	2017 Kshs.	2016 Kshs.
ASSETS			
Current Assets			
Trade and other receivables	11	3,209,690	4,693,646
Cash in hand and at bank	13	882,279	18,628,659
		<u>4,091,969</u>	<u>23,322,305</u>
Non Current Assets			
Property, plant and equipment	12	305,506,698	123,147,301
		<u>305,506,698</u>	<u>123,147,301</u>
TOTAL ASSETS		309,598,667	146,469,606
LIABILITIES AND FUND			
Current Liabilities			
Trade and other payables	14	242,620,602	179,291,254
		<u>242,620,602</u>	<u>179,291,254</u>
Fund			
Reserve Fund		66,978,065	(32,821,649)
		<u>66,978,065</u>	<u>(32,821,649)</u>
TOTAL FUNDS & LIABILITIES		309,598,667	146,469,606

The financial statements on pages 7 to 19 were approved for issue by the national executive committee _____ 2018 and were signed on their behalf by:



President/NEC Chairman



Chairman-Finance

The accounting policies on pages 11 to 17 and the notes on pages 11 to 19 form an integral part of the financial statements.

FOOTBALL KENYA FEDERATION
STATEMENT OF MOVEMENT IN FUNDS
FOR THE YEAR ENDED 31ST DECEMBER 2017

	<i>Notes</i>	Reserve Fund	Total
		Kshs.	Kshs.
At 1st January 2016			
<i>As previously stated</i>		(64,077,716)	(64,077,716)
Balance at 1st January 2016		(64,077,716)	(64,077,716)
<i>Changes in equity in 2016:</i>			
Surplus/(Deficit) for the year		31,256,067	31,256,067
As at 31 December 2016		(32,821,649)	(32,821,649)
At 1st January 2017		(32,821,649)	(32,821,649)
<i>Changes in equity in 2017:</i>			
Surplus for the year		(69,594,398)	(69,594,398)
Revaluation Reserve		169,394,112	169,394,112
Total comprehensive income for the year		66,978,065	66,978,065
At 31st December 2017		66,978,065	66,978,065

The accounting policies on pages 13 to 19 and the notes on pages 13 to 21 form an integral part of the financial statements.

FOOTBALL KENYA FEDERATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST DECEMBER 2017

	2017 Kshs.	2016 Kshs.
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus/(Deficit)	(69,594,398)	31,256,067
<i>Adjustments for non-cash income and expenses:-</i>		
Depreciation	3,906,864	4,028,570
(Deficit)/Surplus before working capital changes	(65,687,534)	35,284,637
<i>Changes in operating assets and liabilities:</i>		
Decrease/(increase) in trade and other receivables	1,483,956	(4,693,646)
Increase/(decrease) in trade and other payables	63,329,348	(1,093,511)
<i>Cash generated from operations</i>	<i>(874,231)</i>	<i>29,497,480</i>
<i>Net cash from operating activities</i>	<i>(874,231)</i>	<i>29,497,480</i>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Property, Plant and Equipment	(16,872,149)	(10,461,406)
Purchase of intangible assets	-	(256,455)
<i>Net cash used in investing activities</i>	<i>(16,872,149)</i>	<i>(10,717,861)</i>
Net increase / (decrease) in cash and cash equivalents	(17,746,380)	18,779,619
Cash and cash equivalent at beginning of year (Note 13)	18,628,658	(150,961)
Cash and cash equivalent at end of year (Note 13)	882,278	18,628,658

The accounting policies on pages 13 to 19 and the notes on pages 13 to 21 form an integral part of the financial statements.

FOOTBALL KENYA FEDERATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2017

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 based on a revaluation report.

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 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 these 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.

FOOTBALL KENYA FEDERATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2017

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.

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:

**FOOTBALL KENYA FEDERATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2017**

2 Summary of significant accounting policies (continued)

(d) Property, plant and equipment(continued) -

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.

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) 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.

(g) 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

(h) Share capital

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

(i) 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.

**FOOTBALL KENYA FEDERATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2017**

2 Summary of significant accounting policies (continued)

(i) Borrowings(continued)

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.

(j) Income tax

The Federation is exempted from the Income Tax obligation.

(k) 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.

(l) 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.

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.

FOOTBALL KENYA FEDERATION
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3 Critical accounting estimates and judgements

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

4 GRANTS

	2017 Kshs.	2016 Kshs.
FIFA Receipts	120,051,320	124,759,157
CAF Receipts	9,380,219	45,072,719
Sportpesa Receipts	86,150,000	41,000,000
Govt Receipts	10,387,445	10,242,000
Ministry of Sports	30,294,000	72,347,065
CECAFA Receipts	100,734,440	-
Safaricom Chapa Dimba	31,139,500	-
Joint Development Project	-	5,958,685
<i>Total Grants Income</i>	<u>388,136,924</u>	<u>299,379,626</u>

5 OTHER INCOME

	2017 Kshs.	2016 Kshs.
FKF National Super League	6,438,575	4,142,600
FKF Women Sponsorship	-	1,000,000
Gate Collections	1,080,166	5,071,033
TV Rights	-	2,515,000
Appeals and Fines	431,000	300,000
Training & Other Sponsorships	14,291,784	-
Participatory Fees	1,723,500	2,599,119
<i>Total Other Income</i>	<u>23,965,025</u>	<u>15,627,752</u>

6 DIRECT COSTS

	2017 Kshs.	2016 Kshs.
GOTV Shield Cup	7,395,432	3,904,710
Men's Football Accommodation	7,951,737	10,888,593
Men's Football Transport	26,012,613	27,948,310
Men's Football Ground Hire	260,000	97,280
Men's Football Match Officials Fee	-	210,000
Men's Football Security	60,000	724,000
Men's Football Allowances	9,801,036	6,277,800

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6 DIRECT COSTS(continued)

	Kshs.	Kshs.
Men's Football Event Expenses	14,894,312	17,426,700
Youth Football Event Expenses	9,936,541	5,335,686
Youth Football Accomodation	12,965,780	5,266,800
Youth Football Stadium Hire	10,322	498,920
Youth Football Transport	6,788,615	9,244,380
Youth Football Security	45,000	50,000
Youth Football Stipend	9,337,769	924,800
CAF Expenses	204,400	1,423,119
Women Football Event Expenses	895,212	11,045,648
Women Football Accomodation	16,101,830	30,611,720
Women Football Transport	14,775,875	23,163,192
Women Football Stadium Hire	260,000	736,635
Women Football Match Officials Fee	-	80,000
Women Football Security	-	95,000
Women Football H. Allowances	3,531,220	13,874,885
Technical Development	17,004,037	24,848,657
Refereeing	3,839,641	3,241,243
Leagues & Competitions	34,867,243	5,806,107
Beach / Futsal Soccer	10,672,800	2,157,828
Committee Expenses	-	573,500
Chapa Dimba	33,477,337	-
CHAN Expenses	3,370,678	-
CECAFA Expenses	97,403,492	-
<i>Total Direct Costs</i>	341,862,921	206,455,512

7 STAFF COST

	2017	2016
	Kshs.	Kshs.
Salaries & Wages	69,745,234	37,879,433
	69,745,234	37,879,433

8 ADMINISTRATION EXPENSES

	2017	2016
	Kshs.	Kshs.
Annual General Meeting	7,411,878	-
Accomodation & Meals	-	710,110
Telephone Postage & internet	1,556,143	835,192
Committee Expenses	11,898,668	6,462,251
General Administrative Expenses	4,312,025	1,076,121
Audit Fees	575,000	1,141,000
Print & Stationery	2,108,463	1,286,323
Penalties Expenses	2,397,000	-
Office Expenses	4,024,515	2,401,317
Legal Fees	15,831,982	2,090,000
Medical Expenses	-	19,780
Repairs & Maintenance	1,213,706	150,903

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NOTES TO THE FINANCIAL STATEMENTS
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8 ADMINISTRATION EXPENSES(continued)

	Kshs.	Kshs.
Staff Medical Insurance	4,198,674	3,805,360
Security Expenses	3,206,631	1,101,015
Staff Meals Expenses	3,941,674	595,713
Training Expenses	-	72,800
Bank Charges Expenses	684,653	730,306
Office Equipment	-	224,180
Compensation Expense	2,408,713	4,008,200
Buildings Insurance	935,498	89,772
Pension Expenses	5,341,884	-
<i>Total Administration Expenses</i>	<i>72,047,106</i>	<i>26,800,343</i>

9 OTHER OPERATING EXPENSES

	2017 Kshs.	2016 Kshs.
Advertisement Expenses	399,360	41,700
Depreciation Expenses	3,906,864	4,028,570
Renovations Expenses	-	3,622,098
Motor Vehicle Expenses	755,417	-
Transport Expenses	4,224,490	3,695,607
Subscriptions Expenses	376,602	34,140
Utilities Expenses	327,271	541,914
Entertainment Expenses	-	20,480
Clearance Fee	303,340	530,480
Commission Expense	-	101,034
	<i>10,293,345</i>	<i>12,616,023</i>

10 Foreign Exchange Gain/Loss

	Kshs.	Kshs.
Foreign Exchange Loss	3,589,685	-
	<i>3,589,685</i>	<i>-</i>

11 TRADE AND OTHER RECEIVABLES

	2017 Kshs.	2016 Kshs.
Advances	2,287,446	4,250,446
Other Trade Receivables	922,244	443,200
	<i>3,209,690</i>	<i>4,693,646</i>

12 PROPERTY, PLANT AND EQUIPMENT (refer Page 21)

FOOTBALL KENYA FEDERATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2017

13 CASH AND CASH EQUIVALENTS

	At 1st January 2017	Cash Flows	At 31st December 2017
	Kshs.	Kshs.	Kshs.
Cash in hand	(150,961)	-	-
Cash at bank	18,779,620	(17,897,341)	882,279
	18,628,659	(17,897,341)	882,279

14 TRADE AND OTHER PAYABLES

	2017 Kshs.	2016 Kshs.
Payables b/f		
Additions during the year	179,291,254	180,384,765
Creditors Written Off	46,005,894	8,745,057
Payment within the year	(15,143,421)	-
Accrued Audit Fee	(4,145,089)	(10,413,568)
Other Payables	575,000	575,000
	36,036,964	-
	242,620,602	179,291,254

15 CONTINGENT LIABILITIES

During the year 2017, FIFA through a decision by single Judge of players' status committee in Zurich, Switzerland, on 29th August 2017 awarded Ksh.60,000,000 compensation for breach of contract to the claimant Adel Amrouch who had been dismissed by the Federation in the year 2015.

The Federation's legal counsel do not consider that the claim has merit, and the Federation intends to contest it. No provision has been recognised in these financial statements as the directors do not consider it probable that a loss will arise

FOOTBALL KENYA FEDERATION
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12 PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	WIP	Computer & Equipments	Furniture	Software	Total
COST							
At 1st January 2017	92,809,481	30,796,407	-	3,363,406	8,935,500	256,455	136,161,249
Revaluation	127,190,519	42,203,593	-	-	-	-	169,394,112
Additions	-	-	13,936,717	1,067,332	1,868,100	-	16,872,149
Disposals	-	-	-	-	-	-	-
At 31st December 2017	220,000,000	73,000,000	13,936,717	4,430,738	10,803,600	256,455	322,427,510
Accumulated Depreciation and Impairment							
At 1st January 2017		11,259,535	-	994,022	760,391	-	13,013,948
Charge for the Year	-	1,543,512	-	1,031,015	1,255,401	76,937	3,906,864
Disposal	-	-	-	-	-	-	-
At 31st December 2017	-	12,803,047	-	2,025,037	2,015,792	76,937	16,920,812
CARRYING AMOUNT							
At 31st December 2017	220,000,000	60,196,953	13,936,717	2,405,701	8,787,808	179,519	305,506,698



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