



**ANNUAL REPORT AND  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 DECEMBER 2019**



**8<sup>TH</sup> ANNUAL  
GENERAL MEETING**

Benim & Associates  
Certified Public Accountants  
P.O.Box 59792-00200 Nairobi  
Email: [info@benimandassociates.com](mailto:info@benimandassociates.com)



<b>Contents</b>	<b>Page</b>
Federation information	1
Presidents foreword	2-3
National executive committee report	4
Statement of national executive committee responsibilities	5
Report of independent auditor	6-8
Financial statements:	
Statement of comprehensive income	9
Statement of financial position	10
Statement of movement of funds	11
Statement of cash flows	12
Significant accounting policies	13-16
Notes to financial statement	17-22

## Federation information

### Registered Office and Principal Place of Business

FKF House  
Kasarani  
P.O.Box 49911-00100  
Nairobi

### National Executive Committee

Nick Mwendwa	-	President
Doris Petra	-	Vice president
Barry Otieno	-	Secretary/CEO
Ahmed Said	-	Member
Chris Amimo	-	Member
David Gikaria	-	Member
Enos Tonny Kweya	-	Member
Joseph Andere	-	Member
Raphael Mwalungo	-	Member
David Njoroge	-	Member
Timothy Muriithi	-	Member

### Secretary General

Robert Muthomi	-	Left-22nd July 2019
Barry Otieno	-	Appointed -22nd July 2019

### Independent Auditor

Benim & Associates LLP  
Certified Public Accountants  
Trance Towers,514  
P.O.Box 59792-00200  
Nairobi, Kenya  
Email:info@benimandassociates.com

### Principal Bankers

Kenya Commercial Bank Limited  
Thika Road Mall Branch  
P.O Box 48400-00100  
Nairobi

NCBA Bank Limited,  
P.O.Box 44599-00100,  
Nairobi, Kenya

### Federation Legal Advisors

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

Litoro & Omwebu & Advocates  
Tetezi House,1st Floor  
P.O Box 51829-00100  
Nairobi, Kenya

## President's Foreword

The COVID 19 pandemic has made the past one year very challenging and unpredictable, not only for football but also for other key sectors of the global economy. The pandemic continues to threaten not only our existence but also the existence of football and how we have come to know it.

As the world continues to adopt to the new normal and the hope of discovering a COVID 19 vaccine in the foreseeable future becoming increasingly possible, FKF will continue to ensure that the progressive and continuous rollout of a return to football protocol is undertaken within the stipulated WHO, FIFA, CAF and Ministry of health guidelines, with the best interest of the general public, players, officials and millions of football fans spread across the country and beyond at heart.

To realize the aforementioned, the federation has developed, with the assistance of FIFA, CAF and various government agencies a COVID 19 return to football protocol that will ensure, what we believe will be a successful return to football formula, able to mitigate and prevent the spread of the COVID 19 pandemic, with the health and well-being of players and all involved being a priority.

We are pleased that so far, the COVID 19 protocol has enabled the resumption of both our national team engagements and top tier leagues.

Moreover, it is our strong belief that football will soon resume at the grassroots level, dependent on government directives and the COVID 19 situation in the country. However, in the meantime, we wish to advise all our members to observe the existing COVID 19 protocols/regulations and keep safe during this very difficult and challenging time, that has forced us to adopt to a new way of participating and supporting the game.

Nonetheless, despite the challenges brought about by the COVID 19 pandemic, I am more than pleased, Dear members, that with your assistance and following protracted court cases by a small section of individuals, who are not members of FKF, the federation managed to strengthen its institutional frame work by conducting the first elections under the FKF (2017) constitution.

The overwhelming votes in favor of my administration for a second term, despite continuous litigation and elections cancelations, which resulted to the polls being carried three times, is a clear indication of the high level of confidence on the good work we have managed to jointly achieve in the last four years and the people's confidence on what we can do going forward

Accordingly, we now have 48 branches across the country and an extended NEC that will be key in spurring football growth both at the national and grassroots levels.

Moreover, internationally, we continue to participate and compete at all levels. Our women's national team Harambee Starlets won the CECAFA regional tournament in 2019 for the first time in our country's history, this despite numerous financial challenges facing the women's game. While our Men's U17 and U20 teams were unsuccessful in their respective CECAFA engagements, despite putting on a gallant fight, in an effort to qualify for the AFCON Junior tournaments.

Our national team Harambee Stars continues to fight for a qualification slot in the 2021 Africa Cup of nations, whilst also preparing in earnest to embark on the 2022 World Cup qualification in Qatar.

## President's Foreword

Dear members, with centralization of running of football becoming a reality, following the reversion of the top tier league to the federation, for the first time in 17 years, I am pleased to announce that now as a country, we have a chance to further develop the game and ensure equitable distribution of resources, make quick informed decision on the direction of both our national and grassroots football and leverage on the strengths of our biggest assets to underpin the growth in football sectors that continue to struggle commercially.

Despite the aforementioned challenges and through your much needed support, we have managed to secure a league title and broadcasting rights sponsorship deals for the FKF-PL from BetKing and StarTimes, at a combined sum of over USD 3.5 million, a first in the history of the sport, in Kenya.

As we commence our second term, Dear members, our priorities remain to qualify for the to the AWCON 2022, 2023 Women World Cup as well as the 2023 AFCON and 2022 World Cup.

It is also our vision that during the next four to six years, the federation will attain financial independence and stability, by acquiring more commercial partners and significantly reducing our debts and over heads.

Dear members, as we gradually continue to achieve the goals, we set out for ourselves when we first came into office in 2016, we must remain cognizant of the challenges that lie ahead and the important need to pull in the same direction, with the common objective to wholesomely develop the game of football, at all levels and in all parts of the country.

Finally, I take this opportunity to thank each and every one of you for the role you have played and continue to play in your own unique ways to ensure football is always the winner.

May the good Lord keep you safe in these trying times of COVID 19 pandemic, as our common purpose, unity and strong relationship, remain the pillars of our objectives.

Yours Sincerely,

**Nick Mwendwa**  
**FKF President**

### National executive committee report

The National Executive Committee submit their report together with the audited financial statements for the year ended 31 December 2019 which disclose the state of affairs of the Federation.

### Registration

The federation is registered as a national Sports Organization under Section 47 of Sports Act of 2013 (Revised Edition 2013)

### Principal activities

The principal activity of the Federation is management and promotion of the game of Football in the Republic of Kenya and is the only recognized affiliate of FIFA, CAF and CECAFA

### Review of financial results and activities

The annual statements have been prepared in accordance with International Financial Accounting standards and the requirements of the Sports Act, 2013. The accounting policies have been consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the Federation are set out in these annual financial statement.

The Federation's net fund for the year is Kshs (27,973,718)

### Events after the Reporting period

As at 31 December 2019, FKF had capital prepayments of Kshs 123,175,693 paid to WTS Limited for supply of outside broadcasting equipment. However the supplier WTS Limited went under administration on the 16th April 2019 as per communication done by the administrators BDO LLP UK.

According to communication by BDO LLP dated 20th November 2020, the prepayment in question was classified under unsecured Creditors.

### National Executive Committee

The National Executive Committee who held office during the year and to the date of this report are set out on page 1.

### Statement of disclosure to the Federation's auditors.

The National Executive Committee in office at the date of this report confirm that;

- So far as the National Executive is aware, no relevant audit information of which the Federation's auditor is unaware; and
- Each of the NEC member has taken all the steps that they ought to have taken as a NEC member so as to be aware of any relevant information and to establish that the Federation's auditor is aware of that information

### Auditor

Benim & Associates LLP has expressed its willingness to continue in office.

### Approval of annual report and financial statements

The annual report and financial statements set out on pages 9 to 22, which have been prepared on a going concern basis were approved by the National Executive Committee on December, 8<sup>th</sup>, 2020 and signed on its behalf by;



(President/NEC Chairman)



(General Secretary/CEO)

Date: \_\_\_\_\_

### Statement of national executive committee responsibilities

The Sports Act of Kenya requires the National Executive Committee to prepare financial statements for each financial period that give a true and fair view of the state of affairs of the Federation as at the end of the financial period and of its fund for that year. It also requires the NEC to ensure that the Federation keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Federation. The NEC are also responsible for safeguarding the assets of the Federation.

The NEC accepts responsibility for the preparation and presentation of these annual report and financial statements in accordance with International Financial Reporting standard and in the manner required by Kenyan Sports Act 2013. The NEC also accepts responsibility for:

- i) designing, implementing and maintaining internal controls as it determines necessary to enable the presentation of annual report and financial statements that are free of material misstatement, whether due to fraud or error.
- ii) selecting suitable accounting policies and applying them consistently; and
- iii) making accounting estimates and Judgements that are reasonable in the circumstances.

Having made an assessment of the Federations' ability to continue its operations in the foreseeable future, the National Executive Committee is not aware of any material uncertainties related to events and conditions that may cast doubt upon the Federations ability to continue as a going concern.

The National Executive Committee acknowledges that the independent audit of the annual report and financial statements does not relieve them of their responsibilities.

The annual report and financial statements set out on pages 9 to 22, which have been prepared on going concern basis, were approved by the National Executive Committee on December 8<sup>th</sup> 2020 and were signed on its behalf by;



\_\_\_\_\_  
**President/NEC Chairman**



\_\_\_\_\_  
**Chairperson-Finance**

Date:





## BENIM & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS OF KENYA

Head Office - TRANCE TOWERS, TSAVO RD, OFF MOMBASA RD, 5th FL ST.14  
Branch Office NEWTON HOUSE, 2ND FLOOR ROOM 201, KITENGELA

P.O. BOX 59792 - 00200 NAIROBI

TEL: 020 2187943 | 020 4400002

Email: info@benimandassociates.com

Website: www.benimandassociates.com

### Report of independent auditor to the members of Football Kenya Federation For the year ended 31 December 2019

---

#### Opinion

We have audited the annual report and financial statements of Football Kenya Federation, set out on pages 9 to 22 which comprise the statement of comprehensive income, statement of financial position, statement of movement in funds and statement of cashflows for the year then ended, and notes to the annual report and financial statements, including a summary of significant accounting policies.

In our opinion the annual report and financial statements present fairly, in all material respects, the financial position of Football Kenya Federation at December 31, 2019 and its financial performance and cashflows for the year then ended in accordance with International Financial reporting Standards and the requirements of the Sports Act 2013.

#### 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 annual report and financial statement section of our report.

We are independent of the Federation in accordance with 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 annual report and financial statements in Kenya. We have fulfilled our ethical responsibilities in accordance with IEBA Code and in accordance with other ethical requirements applicable to performing audits in Kenya.

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

#### Material Uncertainty related to Property and Equipment

We draw attention to note 14 in the annual report and financial statements which indicates the Federation had paid Kshs 123,175,693 on acquisition of Outside broadcasting equipment (OB) in the year 2018. However the supplier WTS Limited domiciled in United Kingdom went under administration on 16th April 2019 as per communication done by the administrators, BDO LLP. The delivery of this equipment to the federation is subject to the outcome of the administration process which is expected to end on 10 April 2021 as per the latest report by the administrator report BDO LLP UK dated 6th November 2020. However, the financial statements have been prepared on a going concern basis by the NEC. Our opinion is not modified in respect of this matter.

#### Other Information

The NEC is responsible for the other information. The other information comprises the NECs' Report as required by the Sports Act 2013, which we obtained prior to the date of this report. Our opinion on the Annual report and Financial Statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon. In connection with our audit of the annual report and financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual report and 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for audit opinion.



## **Report of independent auditor to the members of Football Kenya Federation-(Continued) For the year ended 31 December 2019**

---

### **Responsibilities of the National Executive Committee for the Annual Report and Financial Statements**

The NEC is responsible for the preparation and fair presentation of the Annual Financial Statements in accordance with International Financial Reporting Standards and the requirements of the Sports Act, 2013, and for such internal control as the NEC determine is necessary to enable the preparation of annual report and financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual report and financial statements, the NEC is 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. The NEC is responsible for overseeing the Federation's financial reporting process.

### **Auditor's responsibilities for the audit of the Annual Report and Financial Statements**

Our objectives are to obtain reasonable assurance about whether the annual report and 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 International Standards on Auditing 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 Annual Financial Statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual report 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 branch's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the NEC.
- Conclude on the appropriateness of the NEC'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 annual report and 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 branch to cease to continue as a going concern.



## BENIM & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS OF KENYA

Head Office - TRANCE TOWERS, TSAVO RD, OFF MOMBASA RD, 5th FL ST.14  
Branch Office NEWTON HOUSE, 2ND FLOOR ROOM 201, KITENGELA

P.O. BOX 59792 - 00200 NAIROBI

TEL: 020 2187943 | 020 440002

Email: info@benimandassociates.com

Website: www.benimandassociates.com

### **Report of independent auditor to the members of Football Kenya Federation-(Continued) For the year ended 31 December 2019**

- Evaluate the overall presentation, structure and content of the annual report and financial statements, including the disclosures, and whether the annual report and financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We communicate with the NEC 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.

We communicate with the NEC 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.

#### **Going concern**

Our responsibilities as auditors were to obtain sufficient, appropriate evidence about the appropriateness of the NEC' use of the going concern assumption in the preparation and presentation of the financial statements and to include whether there is a material uncertainty about the Federation's ability to continue as a going concern.

One of the fundamental accounting concepts is that the financial statements of a Federation are assumed to be prepared on a going basis. The assumption is that the Federation will carry its activities in the same way for the foreseeable future.

#### **Report on other legal requirements**

As required by the Sports Act 2013 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 accounts 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 the statement of comprehensive income are in agreement with the books of account.

*Benim & Associates LLP*  
Certified Public Accountants of Kenya,  
Nairobi, Kenya.  
18<sup>th</sup> December 2020

The signing partner responsible for the audit was CPA Benjamin Muendo Practicing certificate No.2052

**Statement of comprehensive income for the year ended 31 December 2019**

	Note	<u>2019 Kshs</u>	<u>2018 Kshs</u>
Grants	5	581,728,399	558,215,844
Other receipts ( Non Grant)	6	74,906,602	33,066,765
<b>Total receipts</b>		<b><u>656,635,001</u></b>	<b><u>591,282,609</u></b>
<b>Expenses</b>			
Direct expenses	7	(545,114,184)	(349,658,487)
Staff costs	8	(79,642,245)	(65,702,401)
Administrative expenses	9	(68,434,786)	(61,750,990)
Other operating expenses	10	(27,669,244)	(15,005,325)
<b>Total expenses</b>		<b><u>(720,860,458)</u></b>	<b><u>(492,117,203)</u></b>
<b>Fund for the year</b>		<b><u>(64,225,457)</u></b>	<b><u>99,165,406</u></b>
<b>Other Comprehensive income</b>			
Creditors written off		37,308,164	-
Foreign exchange gain/(loss)	11	(1,056,424)	(2,499,562)
		<b><u>36,251,740</u></b>	<b><u>(2,499,562)</u></b>
<b>Net fund for the year</b>		<b><u>(27,973,718)</u></b>	<b><u>96,665,844</u></b>

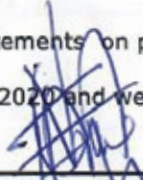
The accounting policies on pages 13 to 16 and the notes from page 17 to 22 form an intergral part of the annual report and financial statements.


**Statement of financial position as at 31 December 2019**

	Note	2019 Kshs	2018 Kshs
<b>Non - current assets</b>			
Property and equipment	12	288,340,186	291,169,272
Intangible asset	13	133,436	190,623
		<b>288,473,622</b>	<b>291,359,895</b>
<b>Current assets</b>			
Receivables and prepayments	14	125,712,339	125,485,693
Cash at bank and in hand	15	2,998,014	-725,557
		<b>128,710,353</b>	<b>124,760,136</b>
<b>Total assets</b>		<b>417,183,975</b>	<b>416,120,031</b>
<b>Liabilities and Fund</b>			
<b>Current liabilities</b>			
Payables and accruals	16	281,513,783	252,476,122
<b>Total current liabilities</b>		<b>281,513,783</b>	<b>252,476,122</b>
<b>Fund</b>			
Revaluation fund		169,394,112	169,394,112
General fund		(33,723,921)	(5,750,203)
		<b>135,670,191</b>	<b>163,643,909</b>
<b>Total liabilities and Fund</b>		<b>417,183,975</b>	<b>416,120,031</b>

The financial statements on pages 9 to 22 were approved by National Executive Committee

on 8/12/2020 and were signed on its behalf by:

  
\_\_\_\_\_  
President/NEC Chairman

  
\_\_\_\_\_  
Chairperson-Finance

The accounting policies on pages 13 to 16 and the notes from page 17 to 22 form an integral part of the annual report and financial statements.

**Statement of movement in funds for the year ended 31 December 2020**

	<b>Revaluation fund Kshs</b>	<b>General Fund account Kshs</b>	<b>Total Kshs</b>
At 1 January 2019	169,394,112	(5,750,203)	163,643,909
Net fund for the year	-	(27,973,718)	(27,973,718)
<b>At 31 December 2019</b>	<b>169,394,112</b>	<b>(33,723,921)</b>	<b>135,670,191</b>
At 1 January 2018	169,394,112	(102,416,047)	66,978,065
Net fund for the year	-	96,665,844	96,665,844
<b>At 31 December 2018</b>	<b>169,394,112</b>	<b>(5,750,203)</b>	<b>163,643,909</b>

The accounting policies on pages 13 to 16 and the notes from page 17 to 22 form an intergral part of the annual report and financial statements.

**Statement of cash flows for the year ended 31 December 2019**

	Note	<u>2019</u> <u>Kshs</u>	<u>2018</u> <u>Kshs</u>
<b>Cash flows generated from operating activities</b>			
Fund for the year		(27,973,718)	96,665,844
<b>Adjustments for:</b>			
Depreciation of property, plant and equipment	12	3,790,053	4,126,011
Amortisation	13	57,187	81,695
<b>Operating profit / (loss) before working capital changes</b>		<b>(24,126,478)</b>	<b>100,873,551</b>
<b>Changes in working capital</b>			
(Increase) /decrease in receivables and prepayment	14	(226,646)	(122,276,002)
Increase/(Decrease) in payables and accruals	16	29,037,661	9,855,520
<b>Net cash generated from operations</b>		<b>4,684,538</b>	<b>(11,546,932)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	12	(960,967)	9,939,096
<b>Cash generated from investing activities</b>		<b>(960,967)</b>	<b>9,939,096</b>
<b>Net decrease in cash and cash equivalents</b>		3,723,571	(1,607,836)
<b>Cash and cash equivalent at start of year</b>		(725,556)	882,279
<b>Cash and cash equivalents at end of year</b>	15	<b>2,998,014</b>	<b>(725,556)</b>

The accounting policies on pages 13 to 16 and the notes from page 17 to 22 form an integral part of the annual report and financial statements.

## 1. Summary of 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 over the years presented unless otherwise stated.

### a).Basis of preparation and summary of significant accounting policies

The financial statements are prepared on a going concern basis in compliance with International Financial Reporting Standards(IFRS) and the Sports Act 2013 (Revised Edition 2013 ) of the Laws of Kenya. They are presented in Kenya Shillings (Kshs) which is also the functional currency, see note 1(c) below, The financial statements comprise the Income Statement, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, and Notes thereon. Income and expenses are recognised in the Income Statement.

Preparation of financial statements in conformity with International Financial Reporting Standards requires use of estimates and assumptions. It also requires management to exercise judgment in applying accounting policies adopted by the Federation. Although such estimates and assumptions are based on Federation's best knowledge and information available, actual results may differ from estimates. The judgments and estimates are reviewed at the end of each reporting period, and any revisions to such estimates are recognised in the year in which the revision is made. Areas involving judgments most significant to the financial statements, and sources of estimation that may have a significant risk resulting in a material adjustment within the next financial year, are disclosed in Note 2

### Measurement basis

The measurement basis used is the historical cost basis except where otherwise stated in the accounting policies below. For those assets and liabilities measured at fair value, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, the Federation uses market observable data as far as possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the Federation using valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs (e.g. by use of the market prices for similar items or discounted cash flow analysis). Inputs used are consistent with the characteristics of the asset/liability that market participants would take into account. Fair values are categorized into three levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).
- Transfers between levels of the fair value hierarchy are recognised by the Institute at the end of the reporting period during which the change occurred.

### b) New and revised standards

One new Standard, one new Interpretation and a number of Amendments to standards became effective for the first time in the financial year beginning 1 January 2019 and have been adopted by the Federation. Neither the Amendments nor the Interpretation has had an effect on the Federation's financial statements.

#### IFRS 16 leases

The new standard, effective for annual periods beginning on or after 1st January 2019, introduces a new lessee accounting model, and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. The standard did not have any effect on the Federations financial statements.

Amendments to IFRS 9 regarding prepayment features with negative compensation and modifications of financial liabilities (issued in October 2017) -The amendments, applicable for annual period beginning on or after 1 January 2019, enable entities to measure at amortized cost some prepayable financial assets with negative compensation. It also provides clarification on accounting for financial liabilities following modifications.

Amendments to References to the Conceptual Framework in IFRS Standards (issued in March 2018) - The amendment, effective for annual periods beginning 1 January 2019, aligns various standards to the new conceptual framework.

IFRIC 23 Uncertainty over Income Tax Treatments (issued in June 2017) - The Interpretation, applicable to annual periods beginning on or after 1st January 2019, clarifies how to apply the recognition and measurement requirements of IAS 12 when there is uncertainty over income tax treatments.



## 1. Summary of Significant Accounting Policies (continued)

### i) New and revised standards that are effective (Continued)

#### **Amendments to IAS 28 titled Long-term Interests in Associates and Joint Ventures (issued in October 2017).**

The amendments, applicable to annual periods beginning on or after 1st January 2019, clarify that an entity applies IFRS 9, rather

than IAS 28, in accounting for long-term interests in associates and joint ventures.

#### **Amendments to IFRS 3 - Annual Improvements to IFRSs 2015–2017 Cycle, issued in December 2017**

The amendments, applicable to annual periods beginning on or after 1st January 2019, provide additional guidance on applying the acquisition method to particular types of business combination.

#### **Amendments to IFRS 11 - Annual Improvements to IFRSs 2015–2017 Cycle, issued in December 2017**

The amendments, applicable to annual periods beginning on or after 1st January 2019, clarify that when an entity obtains joint control of a business that is a joint operation, it does not re-measure its previously held interests.

#### **Amendments to IAS 12 - Annual Improvements to IFRSs 2015–2017 Cycle, issued in December 2017**

The amendments, applicable to annual periods beginning on or after 1st January 2019, clarify that all income tax consequences of dividends should be recognised when a liability to pay a dividend is recognised, and that these income tax consequences should be recognised in the income statement, other comprehensive income or equity according to where the entity originally recognised the transactions to which they are linked.

#### **Amendments to IAS 23 - Annual Improvements to IFRSs 2015–2017 Cycle, issued in December 2017**

The amendments, applicable to annual periods beginning on or after 1st January 2019, clarify that the costs of borrowings made specifically for the purpose of obtaining a qualifying asset that is substantially completed can be included in the determination of the weighted average borrowing costs for other qualifying assets.

#### **Amendments to IAS 19 titled Plan Amendment, Curtailment or Settlement (issued in February 2018)**

The amendments, applicable to plan amendments, curtailments or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1st January 2019, requires an entity to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement when the entity remeasures its net defined benefit liability (asset) in the manner specified in the amended standard.

Based on assessment of the NEC, the adoption of the above standards, will not have a impact on the Federation's financial statements.

### ii) New and revised standards that have been issued but are not yet effective

**Amendments to IAS 8 (issued in October 2018)** - The amendments, applicable for the annual period beginning on or after 1 January 2020, clarifies definition of material.

**Amendments to IFRS 3 titled definition of a business (issued in October 2018)** - The amendment, effective for the annual period beginning on or after 1 January 2020, clarifies the definition of a business.

**Amendments to IFRS 10 and IAS 28 titled Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (issued in September 2014)** – The amendments, applicable from a date yet to be determined, address a current conflict between the two standards and clarify that gain or loss should be recognised fully when the transaction involves a business, and partially if it involves assets that do not constitute a business.

**IFRS 17 Insurance Contracts (issued in May 2017)** - The new standard, effective for annual periods beginning on or after 1 January 2023, provides a uniform measurement and presentation approach for all insurance contracts. The new standard also requires insurance-liabilities to be measured at current fulfilment value.

## 1. Summary of Significant Accounting Policies (continued)

### ii) New and revised standards that have been issued but are not yet effective continued

**Amendment to IFRS 9, IAS 39 and IFRS 7 - Interest Rate Benchmark Reform** (Issued in September 2019) - The amendment, effective for annual period beginning 1 January 2020, is designed to support the provision of useful financial information by organizations during the period of uncertainty arising from the phasing out of interest-rate benchmarks such as interbank offered rates (IBORs).

**The Federation has not applied any of the new or revised Standards and Interpretations that have been published but are not yet effective for the year beginning 1 January 2019, and the NEC does not plan to apply any of them until they become effective.**

**None of the above is expected to have a significant impact on the Institute's financial statements in the period of initial application.**

### c) Translation of foreign currencies

On initial recognition, all transactions are recorded in the functional currency (the currency of the primary economic environment in which the Federation operates), which is Kenya Shillings.

Transactions in foreign currencies during the year are converted into the functional currency using the exchange rate prevailing at the transaction date. Monetary assets and liabilities at the reporting date denominated in foreign currencies are translated into the functional currency using the exchange rate prevailing as at that date. The resulting foreign exchange gains and losses from the settlement of such transactions and from year-end translation are recognised on a net basis in the income statement in the year in which they arise.

### d) Revenue recognition

Revenue represents funding from donors, Subscriptions from football clubs and other related income. Revenue from grants and subscriptions is recognised in the year they are received.

### e) Property and equipment

Land and buildings are shown at fair value based on valuations by external independent valuers, less subsequent depreciation of the 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 and equipment are stated at historical costs less depreciation. Historical costs include expenditure that is directly attributed 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 derecognized. All other repairs and maintenance are charged to comprehensive income statement during the financial period in which they are incurred.

Increases in 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 decreases are charged to statement of comprehensive statement. Each year the difference between depreciation based on the revalued carrying amount of the asset ( depreciation charged to statement of comprehensive income ) and depreciation based on the asset's original cost is transferred to revaluation reserve to retained earnings. Land is not depreciated.

The depreciation chart of items of property and equipment have been assessed as follows:

<b>Asset class</b>	<b>Rate per annum(%)</b>
Buildings	2.50
Furniture and equipment	12.50
IT equipment	30.00

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

## NOTES (Continued)

### f) Intangible assets - Computer Software

Computer software licenses are capitalized based on the costs incurred to acquire and bring to use the specific software. These costs are amortized over the assets' estimated useful life of three years.

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Federation, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include software development staff costs and an appropriate portion of relevant overheads.

### g) Cash and cash equivalents

Cash and cash equivalents include cash in hand and demand and term deposits, with maturities of three months or less from the date of acquisition, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts. In the statement of financial position, bank overdrafts are included as borrowings under current liabilities.

### h) Employee benefits

#### Post-employment benefit obligations

The Federation operates a defined contribution staff retirement benefit scheme for its employees. The scheme is administered by ICEA Lion Kenya and is funded by contributions from both the Federation and the employees. The Federation's contributions to the defined contribution retirement benefit scheme are recognised as expense in the income statement in the year in which they relate.

#### Retirement benefits costs

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

## 2. Significant Judgments and Key Sources of Estimation Uncertainty

In the process of applying the accounting policies adopted by the NEC, the Federation makes certain judgements and estimates that may affect the amounts recognised in the financial statements. Such judgements and estimates are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the current circumstances. However, actual results may differ from those estimates. The judgements and estimates are reviewed at each financial reporting date to ensure that they are still reasonable under the prevailing circumstances based on the information available, and any revisions to such judgements and estimates are recognised in the year in which the revision is made.

Significant judgements in applying the entity's accounting policies.

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

- whether there has been a significant increase in credit risk since the initial recognition of financial assets,
- whether assets are impaired,
- whether the investment property valuation fairly reflects current market value,

## 3. Risk Management Objectives and Policies

### Financial risk management

The Federation's activities expose it to three main financial risks: credit, liquidity and market risks. Risk Management is carried out by the Finance committee under policies approved by the NEC. The policies focus on the unpredictability of changes in the business environment and seek to minimize the potential adverse effects of such risks on the Federation's performance by setting acceptable levels of risk. The Federation has not hedged against any risks in the current year.

### Currency risk:-

Currency risk arises on financial instruments that are denominated in foreign currency.

The federation is exposed to risk through transactions in foreign currencies. The federation's exposures give rise to foreign currency gains and losses that are recognized in the Statement of Comprehensive Income. The federation ensures that its net exposure is kept to an acceptable level by careful monitoring of exchange rates and currency hedging.

## 4. Taxation

### Income tax

The Federation is exempt from income tax obligation on grants received from sponsors. However a certificate of exemption is not in place.

**NOTES (Continued)**

	<b>2019</b>	<b>2018</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>5 Receipts</b>		
<b>Grants</b>		
FIFA Receipts	131,096,379	284,058,131
CAF Receipts	106,828,118	10,082,253
FKF Shield Cup Receipts	24,091,286	23,500,410
Ministry of Sports	269,783,265	195,223,550
National Olympics Committee of Kenya(NOCK)	500,000	-
CECAFA Receipts	-	1,100,000
Safaricom Chapa Dimba	49,429,350	44,251,500
	<b>581,728,399</b>	<b>558,215,844</b>
<b>6 Other receipts ( Non Grant)</b>		
FKF National Super League	21,064,520	9,330,077
FK Sponsorship	15,000,000	-
FKF County Leagues	21,250,000	-
Gate Collections	2,382,832	2,731,408
TV Rights	-	500,000
Appeals and Fines	200,000	206,000
Training and Other Sponsorships	2,848,450	2,756,859
Participatory Fees	2,449,800	3,797,998
Production Van	-	3,147,692
Appearance fee	-	10,596,731
Other receipts	9,711,000	-
	<b>74,906,602</b>	<b>33,066,765</b>
<b>7 Direct expenses</b>		
<b>(i) Men's Football</b>		
Men's Football Accomodation	15,979,204	11,014,677
Men's Football transport	40,113,175	27,800,047
Men's Football Ground Hire	2,097,000	139,000
Men's Football Match Officials Fees	189,270	1,467,490
Men's Football Security	60,000	285,000
Men's Football Allowances	3,430,425	15,773,624
Men's Football event expenses	27,777,573	36,591,024
	<b>89,646,647</b>	<b>93,070,862</b>
<b>(ii) Women Football</b>		
Women Football event expenses	9,790,254	18,639,640
Women Football accomodation	9,492,301	11,458,740
Women Football transport	11,980,855	10,231,420
Women Football stadium hire	711,500	30,000
Women Football match officials fees	483,753	359,172
Women Football allowances	5,038,830	7,078,100
Women Grassroot Football - Pilot project	1,040,500	7,647,330
	<b>38,537,992</b>	<b>55,444,402</b>

**NOTES (Continued)**

	<b>2019</b>	<b>2018</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>7 Continued</b>		
<b>(iii) Direct expenses</b>		
<b>Youth Football</b>		
Youth Football event expenses	4,264,389	17,939,228
Youth Football accomodation	1,545,171	29,368,437
Youth Football stadium hire	-	63,637
Youth Football transport	4,495,053	5,481,549
Youth Football stipend	1,695,000	4,865,510
	<b>11,999,613</b>	<b>57,718,362</b>
<b>(iv) Other direct costs</b>		
FKF Shield Cup	8,637,000	11,326,702
CAF expenses	1,419,062	1,458,907
Technical Development	76,660,281	47,551,822
Refereeing	5,273,910	3,466,316
Leagues and competition	18,209,960	44,450,927
Chapa Dimba	50,123,441	28,437,431
AFCON Expenses	244,606,278	-
CHAN expenses	-	95,050
CECAFA expenses	-	6,637,706
	<b>404,929,932</b>	<b>143,424,861</b>
<b>Total direct costs</b>	<b>545,114,184</b>	<b>349,658,487</b>
<b>8 Staff costs</b>		
Salary and wages	79,642,245	65,702,401
	<b>79,642,245</b>	<b>65,702,401</b>

**NOTES (Continued)**

	<b>2019</b>	<b>2018</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>9 Administrative expenses</b>		
Annual General meeting	3,505,724	7,318,803
Telephone ,postage and internet	1,582,356	1,885,080
Committee expenses	7,477,327	5,340,702
General administrative expenses	16,473,104	12,667,560
Audit fees	638,000	638,000
Printing and stationery	1,245,985	1,738,927
Legal fees	17,903,850	10,842,509
Staff medical insurance	-	547,976
Security expenses	1,366,885	2,088,838
Staff meals and subsistence allowance expenses	8,343,954	9,097,114
Training expenses	573,622	582,884
Bank charges expenses	842,333	730,946
Compensation expenses	2,027,112	2,000,000
Buildings and equipment insurance	780,313	98,562
Pension expense	5,674,223	6,173,090
	<b>68,434,786</b>	<b>61,750,990</b>
<b>10 Other operating expenses</b>		
Advertisement expenses	219,770	45,900
Depreciation	3,790,053	4,126,011
Amortisation	57,187	81,695
Motor vehicle expenses	965,615	689,930
Transport expenses	16,832,848	6,905,211
Subscription expenses	1,048,900	22,400
Utilities expenses	133,383	283,484
Clearance fees	3,496,804	1,500,619
Production van	1,124,683	1,350,075
	<b>27,669,243.57</b>	<b>15,005,325</b>
<b>11 Foreign exchange</b>		
Foreign exchange gain/(loss)	(1,056,424)	(2,499,562)
	<b>(1,056,424)</b>	<b>(2,499,562)</b>

NOTES (Continued)

12 Property and equipment

	Land Kshs	Buildings Kshs	WIP Kshs	Computers & equipment's Kshs	Furniture & Fittings Kshs	Total Kshs
Balance as at 01-01-2019	220,000,000	73,000,000	-	6,218,156	12,921,003	312,139,159
Additions	-	-	-	738,967	222,000	960,967
Reclassification	-	-	-	-	-	-
<b>Balance as at 31-12-2019</b>	<b>220,000,000</b>	<b>73,000,000</b>	<b>-</b>	<b>6,957,123</b>	<b>13,143,003</b>	<b>313,100,126</b>
<b>Depreciation</b>						
Balance as at 01-01-2019	-	14,307,971	-	3,282,973	3,378,944	20,969,887
Charge for the year	-	1,467,301	-	1,102,245	1,220,507	3,790,053
<b>Balance as at 31-12-2019</b>	<b>-</b>	<b>15,775,272</b>	<b>-</b>	<b>4,385,218</b>	<b>4,599,451</b>	<b>24,759,940</b>
<b>Net Book Value</b>						
<b>Balance as at 31-12-2019</b>	<b>220,000,000</b>	<b>57,224,728</b>	<b>-</b>	<b>2,571,905</b>	<b>8,543,552</b>	<b>288,340,186</b>
Balance as at 01-01-2018	220,000,000	73,000,000	13,936,717	4,430,738	10,803,600	322,171,055
Additions	-	-	-	1,787,418	2,117,403	3,904,821
Reclassification	-	-	(13,936,717)	-	-	-
<b>Balance as at 31-12-2018</b>	<b>220,000,000</b>	<b>73,000,000</b>	<b>-</b>	<b>6,218,156</b>	<b>12,921,003</b>	<b>312,139,159</b>
<b>Depreciation</b>						
Balance as at 01-01-2018	-	12,803,047	-	2,025,037	2,015,792	16,843,876
Charge for the year	-	1,504,924	-	1,257,936	1,363,151	4,126,011
<b>Balance as at 31-12-2018</b>	<b>-</b>	<b>14,307,971</b>	<b>-</b>	<b>3,282,973</b>	<b>3,378,944</b>	<b>20,969,887</b>
<b>Net Book Value</b>						
<b>Balance as at 31-12-2018</b>	<b>220,000,000</b>	<b>58,692,029</b>	<b>-</b>	<b>2,935,183</b>	<b>9,542,060</b>	<b>291,169,272</b>

**NOTES (Continued)**

	<u>2019</u> <u>Kshs</u>	<u>2018</u> <u>Kshs</u>
<b>13 Intangible asset</b>		
<b>Software costs</b>		
At 1 January 2019	349,255	256,455
Additions	-	92,800
<b>At 31 December 2019</b>	<b><u>349,255</u></b>	<b><u>349,255</u></b>
<b>Amortization</b>		
At 1 January 2019	158,632	76,937
Charge for the year	57,187	81,695
At 31 December 2019	<b><u>215,819</u></b>	<b><u>158,632</u></b>
<b>Carrying amount at end of year</b>		
<b>At 31 December 2019</b>	<b><u>133,436</u></b>	<b><u>190,623</u></b>
<b>14 Receivables and prepayments</b>		
Deposits and prepayments	125,712,339	125,115,693
Other receivables	-	370,000
<b>At 31 December</b>	<b><u>125,712,339</u></b>	<b><u>125,485,693</u></b>

Included in the prepayments is Kshs 123,175,693 paid to WTS Limited for outside broadcasting equipment which had not been delivered as at the end of the year 31 December 2019.  
The carrying value of receivables approximates fair value

**15 Cash and cash equivalents**

For the purposes of the cash flow statement, cash and cash equivalents comprise the following;

Cash and current account balances

KCB Bank Limited	2,919,505	(725,557)
NCBA Bank Limited	78,510	-
	<b><u>2,998,014</u></b>	<b><u>(725,557)</u></b>

**16 Trade and other payables**

Payables b/f	252,476,122	242,620,602
Additions during the year	103,314,285	53,940,795
Creditors written off	(37,308,164)	-
Payment within the year	(51,366,225)	(90,727,200)
Accrued audit fees	638,000	638,000
Other payables	13,759,765	46,003,925
	<b><u>281,513,783</u></b>	<b><u>252,476,122</u></b>

The carrying value of payables and accruals approximates fair value

**17 Contingent Liabilities**

**a Mr. Adel Amrouche Payments**

FIFA's appellant body, Court of Arbitration of Sports on 19th September 2019, awarded Adel Amrouche, who had appealed for having been dismissed by the Federation in the year 2015, Kshs 110,719,863 including interests.

FKF through the FIFA Member Associations division requested facilitation of settlement of Mr. Amrouche's overall remaining balance of Kshs 110,719,863. FIFA member Associations division approved FKF's request on 28 May 2020, subject to Mr. Amrouche's agreement.

FIFA will make the payments once agreed between the FKF and Mr. Amrouche between the period 28 February 2021 to on or by 31 December 2022.



**NOTES (Continued)**

**17 Contingent Liabilities-Continued**

**b Outside broadcasting equipment (OB)**

The Federation in the year 2018 ,had paid 123,175,693 for acquisition of Outside broadcasting equipment (OB). However the supplier WTS Limited domiciled in United Kingdom went under administration on the 16th April 2019 as per communication done by the administrators BDO LLP.The delivery of this equipment or recovery of prepayments made is subject to the administration process outcome which is expected to end on 10 April 2021

**18 Events after reporting period**

Subsequent to year end,there was an outbreak of COVID19 which spread throughout the world, leading to the World Health Organization(WHO) declaring it a pandemic. The government of Kenya implemented measures aimed to mitigate the spread of the virus, these measures that included ban on social gatherings which continue to negatively affect operations of the Federation.

COVID-19 affected commercial partnerships which were not forth coming.

FIFA gave COVID-19 relief to help federations run during the COVID-19 pandemic and logistical costs are expected to be high as testing of players becomes mandatory.







**TH ANNUAL  
GENERAL MEETING**

FKF House, Kasarani  
P.O BOX 49911-00100 Nairobi  
Email: [info@footballkenya.org](mailto:info@footballkenya.org)  
Website: [www.footballkenya.org](http://www.footballkenya.org)