

# 2020 ANNUAL REPORT

ANNUAL REPORT AND FINANCIAL  
STATEMENTS FOR THE YEAR  
ENDED 31 DECEMBER 2020



# Football Kenya Federation



## Annual Report and Financial Statements For the year ended 31 December 2020

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

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## Federation information

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### Registered Office and Principal Place of Business

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

### National Executive Committee

Nicholas Kithuku Mwendwa	-	President
Doris Petra	-	Vice president
Barry Otieno	-	Secretary/CEO
Chris Amimo	-	Member
Enos Tonny Kweya	-	Member
Joseph Andere	-	Member
Timothy Nabea	-	Member
Raphael Mwalungo	-	Member-Left 17th Oct 2020
David Njoroge	-	Member-Left 17th Oct 2020
David Gikaria	-	Member-Left 17th Oct 2020
Muller Ahmed Said	-	Member-Left 17th Oct 2020
Ahmedqadar Mohamed	-	Member-Appointed 17th October 2020
Gabriel Mughedi	-	Member-Appointed 17th October 2020
Benard Lagat	-	Member-Appointed 17th October 2020
David Bunei	-	Member-Appointed 17th October 2020
Margaret Omondi	-	Member-Appointed 17th October 2020
Antony Makau	-	Member-Appointed 17th October 2020
Micheal Ouma	-	Member-Appointed 17th October 2020
Gordon Chege	-	Member-Appointed 17th October 2020

### General Secretary / CEO

Barry Otieno

### 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

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

## President's Foreword



*Dear Members'*

The COVID 19 pandemic has made the past one year very challenging as it has not only threatened our existence, but also, the very existence of football, as we know it.

The new normal, occasioned by the COVID 19 pandemic, made it very challenging for the federation to fully implement its footballing activities, following several Government lockdowns and cessation of movement, which led to the suspension of FKF leagues and competitions, for the first time in the history of the sports.

Nonetheless, Dear members, the federation, in an effort to adapt to the new normal and ensure a safe return to football, amidst the pandemic, developed COVID 19 protocols which were approved by the Ministry of Health and the Ministry of Sports.

I am pleased to inform you that, so far, the FKF COVID 19 protocols have enabled the resumption of our leagues and competitions, as well as our national team engagements.

Despite the resumption of football, albeit without fans, the federation experienced unique financial challenges occasioned by the waiver of sponsorship monies and delayed remittance of funds by a section of our commercial partners, mostly due to the effect of the COVID 19 pandemic on their businesses.

It is worth noting that despite the aforementioned financial challenges, the federation, with the assistance of FIFA managed to settle USD 1.1 million debt of former Harambee Stars Coach Adel Amrouche and agreed on a quarterly payment plan of USD 50,000 with yet another former Harambee Stars Coach, Bobby Williamson, this despite both debts being occasioned by the former FKF office.

Most importantly, I want to recognize and thank FIFA, for proactively providing financial support to FKF through the FIFA COVID 19 relief funds, which cushioned the federation during the COVID 19 pandemic and assisted the federation offset Coach Adel Amrouche's debt.

Despite the aforementioned challenges, occasioned by the COVID 19 pandemic and a prolonged electioneering period, which was characterized by numerous court cases filed by non-members, determined to sabotage the whole electoral process, I am pleased to inform you that jointly and through your steadfast support, the federation managed to obtain a good number of commercial partnerships that were key in the wholesome development of football.

The federation, during the financial year in review, managed to sign a number of commercial partnership agreements for the FKF PL and remains focused on attaining financial independence and stability, by acquiring more commercial partners and significantly reducing our debts and overheads.

## President's Foreword

Dear members, even as we aspire for financial independence, our resolve to qualify for major footballing events remains unreservedly steadfast, with elaborate plans in place to qualify for the AWCON 2022, 2023 Women World Cup as well as the 2023 AFCON and 2022 World Cup.

To this end, and to further underpin our efforts of making Kenya a footballing power house, the FKF Technical department continues to play a critical role in football development, especially at the grassroots level, not only by training more coaches at various levels but also developing a national curriculum, key in ensuring the long-term success of our youth development programs.

Finally, Dear members, as we look to the year ahead, I wish to take this opportunity to thank you all, for your continued support and dedication towards football development in the country and the crucial role you continue to play in the realization of our shared objectives and goals. Therefore, as we forge ahead let us be reminded of our obligations to those who elected us into office, the hopes and aspirations of the Kenyan nation as well the future generations that will follow in our footsteps. Let's do this!

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 2020 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 58,691,744

### Events after the Reporting period

As at 31 December 2020,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 un secured 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;

a) So far as the National Executive is aware, no relevant audit information of which the Federation's auditor is un aware ;and

b) 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.The National Executive Committee monitor the effectiveness,objectivity and independence of the auditor.This responsibility includes the approval of the engagement contract and the associated fees .

#### 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 August 6th,2021 and signed on its behalf by;

  
\_\_\_\_\_  
(President/NEC Chairman)

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.

The NEC acknowledges that the global sporting activities have been adversely affected by the outbreak of the novel coronavirus of 2019 (COVID - 19) ,which has been declared a pandemic by the World Health Organization. Future developments, including the duration and spread of the outbreak and the related impact on local, national and global sports, all of which are highly uncertain and cannot be predicted.

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 August 6th 2021 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

## 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 cash flows 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, 2020 and its financial performance and cash flows 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 was expected to end on 10 April 2021 as per the latest report by the administrator report BDO LLP UK dated 6th November 2020. No further communication has been received. 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.



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Email: info@benimandassociates.com  
Website: www.benimandassociates.com

## 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 Federation to cease to continue as a going concern.



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- 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.

### 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.

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.

### Report on other matters prescribed by the Kenyan Sports Act, 2013

In our opinion, the information given by the National Executive Council on page 9-22 is consistent with the financial statements

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Everline Apondi Omondi, Practicing certificate No.2396

For and on behalf of Benim and Associates LLP  
Certified Public Accountants of Kenya,  
Nairobi, Kenya.

6<sup>th</sup> August 2021

## Statement of Profit or Loss and Other Comprehensive Income

<b>Figures in Kenyan Shillings</b>	<b>Note(s)</b>	<b>2020</b>	<b>2019</b>
Grants	5	344,480,071	581,728,399
Other receipts ( Non Grant)	6	166,696,942	74,906,602
<b>Total receipts</b>		<b>511,177,013</b>	<b>656,635,001</b>
<b>Expenses</b>			
Direct expenses	7	(209,372,009)	(545,114,184)
Staff costs	8	(93,664,746)	(79,642,245)
Administrative expenses	9	(132,379,519)	(68,434,786)
Other operating expenses	10	(14,514,370)	(27,669,244)
<b>Total expenses</b>		<b>(449,930,643)</b>	<b>(720,860,458)</b>
<b>Fund for the year</b>		<b>61,246,370</b>	<b>(64,225,457)</b>
<b>Other Comprehensive income</b>			
Creditors written off		-	37,308,164
Foreign exchange gain/(loss)	11	(2,554,626)	(1,056,424)
		<b>(2,554,626)</b>	<b>36,251,740</b>
<b>Net fund for the year</b>		<b>58,691,744</b>	<b>(27,973,718)</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.

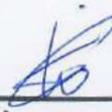
## Statement of financial position

Figures in Kenyan Shillings	Note(s)	2020	2019
<b>Assets</b>			
<b>Non - current assets</b>			
Property and equipment	12	286,211,792	288,340,186
Intangible asset	13	93,405	133,436
		<b>286,305,197</b>	<b>288,473,622</b>
<b>Current assets</b>			
Receivables and prepayments	14	123,922,339	125,712,339
Cash at bank and in hand	15	33,328,889	2,998,014
		<b>157,251,228</b>	<b>128,710,353</b>
<b>Total assets</b>		<b>443,556,425</b>	<b>417,183,975</b>
<b>Liabilities and Fund</b>			
<b>Current liabilities</b>			
Payables and accruals	16	249,194,490	281,513,783
		<b>249,194,490</b>	<b>281,513,783</b>
<b>Fund</b>			
Revaluation fund		169,394,112	169,394,112
General fund		24,967,823	(33,723,921)
		<b>194,361,935</b>	<b>135,670,191</b>
<b>Total liabilities and Fund</b>		<b>443,418,434</b>	<b>417,183,975</b>

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

on <sup>6<sup>th</sup> August</sup> 2021 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 intergral part of the annual report and financial statements.

**Statement of movement in funds**

<b>Figures in Kenyan Shillings</b>	<b>Note(s)</b>	<b>Revaluation fund</b>	<b>General fund</b>	<b>Total</b>
At 1 January 2020		169,394,112	(33,723,921)	135,670,191
Net fund for the year		-	58,691,744	58,691,744
<b>At 31 December 2020</b>		<b><u>169,394,112</u></b>	<b><u>24,967,823</u></b>	<b><u>194,361,935</u></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><u>169,394,112</u></b>	<b><u>(33,723,921)</u></b>	<b><u>135,670,191</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 cash flows

<b>Figures in Kenyan Shillings</b>	<b>Note</b>	<b>2020</b>	<b>2019</b>
<b>Cash flows generated from operating activities</b>			
Fund for the year		58,691,744	(27,973,718)
<b>Adjustments for:</b>			
Depreciation of property, plant and equipment	<b>12</b>	3,709,451	3,790,053
Amortisation	<b>13</b>	40,031	57,187
<b>Operating profit /(loss) before working capital changes</b>		<b>62,441,226</b>	<b>(24,126,478)</b>
<b>Changes in working capital</b>			
(Increase) /decrease in receivables and prepayments	<b>14</b>	1,790,000	(226,646)
Increase/(Decrease) in payables and accruals	<b>16</b>	(32,319,294)	29,037,661
<b>Net cash generated from operations</b>		<b>31,911,932</b>	<b>4,684,538</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	<b>12</b>	(1,581,057)	(960,967)
<b>Cash generated from investing activities</b>		<b>(1,581,057)</b>	<b>(960,967)</b>
Net decrease in cash and cash equivalents		30,330,875	3,723,571
Cash and cash equivalent at start of year		2,998,014	(725,556)
<b>Cash and cash equivalents at end of year</b>	<b>15</b>	<b>33,328,889</b>	<b>2,998,014</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 Statement of 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 judgement in applying accounting policies adopted by the Federation. Although such estimates and assumptions are based on the 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 judgements 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 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 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 in to 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 that are effective

The following new and revised standards and interpretations became effective for the first time in the financial year beginning 1 January 2020 and have been adopted by the Federation where relevant to operations.

#### Amendments to IFRS 16 titled Covid-19 Related Rent Concessions (issued in May 2020)

The amendments, applicable to annual periods beginning on or after 1 June 2020, permit lessees, as a practical expedient, not to assess whether particular rent concessions occurring as a direct consequence of the covid-19 pandemic are lease modifications and instead to account for those rent concessions as if they are not lease modifications.

**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.

**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).

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

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

### i) New and revised standards and interpretations in issue but not yet effective

**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.

### **Amendments to IAS37 titled Onerous Contracts-Cost of Fulfilling a Contract (issued in May 2020)**

The amendments clarify that for the purpose of assessing whether contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts. They are effective for contracts for which an entity has not yet fulfilled all its obligations on or after 1 has not yet fulfilled all its obligations on or after 1 January 2022.

### **Amendments to IAS1 titled Classification of Liabilities as Current or Non-current (issued in January 2020)**

The amendments, applicable to annual periods beginning on or after 1 January 2023, clarify a criterion in IAS 1 for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement of the liability at least 12 months after reporting period.

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 2020, 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 Federation'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.

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

### 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 expensed.

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 to other comprehensive income and debited against the revaluation reserve, all decreases are charged to statement of comprehensive income. 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:

The useful lives of items of equipment have been assessed as follows:

Item	Depreciation method	Rate per annum (%)
Furniture and fittings	Diminishing balance	12.5
Office equipment	Diminishing balance	12.5
IT equipment	Diminishing balance	30

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.

### 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.

## **Notes to the Annual Report And Financial Statements**

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### **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 to the Annual Report And Financial Statements

Figures in Kenyan Shillings	2020	2019
<b>5 Receipts</b>		
<b>Grants</b>		
FIFA Receipts	239,477,028	131,096,379
CAF Receipts	53,815,994	106,828,118
FKF Shield Cup Receipts	8,638,694	24,091,286
Ministry of Sports	19,543,455	269,783,265
National Olympics Committee of Kenya(NOCK)	500,000	500,000
Safaricom Chapa Dimba	22,504,900	49,429,350
	<b>344,480,071</b>	<b>581,728,399</b>
<b>6 Other receipts ( Non Grant)</b>		
FKF Sponsorship	150,440,376	57,314,520
Gate Collections	-	2,382,832
Appeals and Fines	-	200,000
Training and Other Sponsorships	-	2,848,450
Participatory Fees	217,000	2,449,800
Other receipts	16,039,565	9,711,000
	<b>166,696,942</b>	<b>74,906,602</b>
<b>7 Direct expenses</b>		
<b>(i) Men's Football</b>		
Men's Football Accomodation	13,260,963	15,979,204
Men's Football transport	15,398,251	40,113,175
Men's Football Ground Hire	280,000	2,097,000
Men's Football Match Officials Fees	-	189,270
Men's Football Security	-	60,000
Men's Football Allowances	690,000	3,430,425
Men's Football event expenses	16,235,498	27,777,573
	<b>45,864,713</b>	<b>89,646,647</b>
<b>(ii) Women Football</b>		
Women Football event expenses	804,193	9,790,254
Women Football accomodation	-	9,492,301
Women Football transport	2,545,000	11,980,855
Women Football stadium hire	70,000	711,500
Women Football match officials fees	55,000	483,753
Women Football allowances	817,000	5,038,830
Women Grassroot Football - Pilot project	-	1,040,500
	<b>4,291,193</b>	<b>38,537,992</b>

## Notes to the Annual Report And Financial Statements

Figures in Kenyan Shillings	2020	2019
<b>7 Continued</b>		
<b>(iii) Direct expenses</b>		
<b>Youth Football</b>		
Youth Football event expenses	420,500	4,264,389
Youth Football accomodation	5,478,551	1,545,171
Youth Football transport	6,619,108	4,495,053
Youth Football stipend	780,428	1,695,000
	<b><u>13,298,588</u></b>	<b><u>11,999,613</u></b>
<b>(iv) Other direct costs</b>		
FKF Shield Cup	2,813,950	8,637,000
CAF expenses	414,789	1,419,062
Technical Development	14,226,982	76,660,281
Refereeing	1,292,768	5,273,910
Leagues and competition	11,985,686	18,209,960
Chapa Dimba	19,892,637	50,123,441
AFCON Expenses	3,950,000	244,606,278
CECAFA expenses	140,000	-
Top League	87,847,768	-
Covid 19 Expenses	3,352,935	-
	<b><u>145,917,516</u></b>	<b><u>404,929,932</u></b>
<b>Total direct costs</b>	<b><u>209,372,009</u></b>	<b><u>545,114,184</u></b>
<b>8 Staff costs</b>		
Salary and wages	93,664,746	79,642,245
	<b><u>93,664,746</u></b>	<b><u>79,642,245</u></b>

## Notes to the Annual Report And Financial Statements

Figures in Kenyan Shillings	2020	2019
<b>9 Administrative expenses</b>		
Annual General meeting	-	3,505,724
Special General Meeting	13,972,933	-
Telephone ,postage and internet	1,579,176	1,582,356
Committee expenses	7,689,244	7,477,327
General administrative expenses	22,874,942	16,473,104
Audit fees	700,000	638,000
Printing and stationery	1,235,822	1,245,985
Legal fees	17,284,375	17,903,850
Security expenses	2,320,111	1,366,885
Staff meals and subsistence allowance expenses	10,198,416	8,343,954
Training expenses	61,400	573,622
Bank charges expenses	889,616	842,333
Compensation expenses	4,829,000	2,027,112
Buildings and equipment insurance	157,762	780,313
Pension expense	-	5,674,223
Court Awards	27,371,363	-
Disciplinary Fine	21,215,360	-
	<b><u>132,379,519</u></b>	<b><u>68,434,786</u></b>
<b>10 Other operating expenses</b>		
Advertisement expenses	735,926	219,770
Depreciation	3,709,451	3,790,053
Amortisation	40,031	57,187
Motor vehicle expenses	-	965,615
Transport expenses	5,604,956	16,832,848
Subscription expenses	50,000	1,048,900
Utilities expenses	242,214	133,383
Clearance fees	4,131,792	3,496,804
Production van	-	1,124,683
	<b><u>14,514,370</u></b>	<b><u>27,669,243.57</u></b>
<b>11 Foreign exchange</b>		
Foreign exchange gain/(loss)	<u>(2,554,626)</u>	<u>(1,056,424)</u>
	<b><u>(2,554,626)</u></b>	<b><u>(1,056,424)</u></b>

**Football Kenya Federation  
Annual report and financial statements for the year ended December 31, 2020**

**Notes to the Annual Report And Financial Statements**

**Figures in Kenyan Shillings**

12 Property and equipment	Land		Buildings		Computers & equipment's		Furniture & Fittings		Total	
	Kshs		Kshs		Kshs		Kshs		Kshs	
Balance as at 01-01-2020	220,000,000		73,000,000		6,957,123		13,143,003		313,100,126	
Additions	-		-		1,381,057		200,000		1,581,057	
<b>Balance as at 31-12-2020</b>	<b>220,000,000</b>		<b>73,000,000</b>		<b>8,338,180</b>		<b>13,343,003</b>		<b>314,681,183</b>	
<b>Depreciation</b>										
Balance as at 01-01-2020	-		15,775,272		4,385,218		4,599,451		24,759,940	
Charge for the year	-		1,430,618		1,185,889		1,092,944		3,709,451	
<b>Balance as at 31-12-2020</b>	<b>-</b>		<b>17,205,890</b>		<b>5,571,106</b>		<b>5,692,395</b>		<b>28,469,391</b>	
<b>Net Book Value</b>										
<b>Balance as at 31-12-2020</b>	<b>220,000,000</b>		<b>55,794,110</b>		<b>2,767,074</b>		<b>7,650,608</b>		<b>286,211,792</b>	
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	
<b>Balance as at 31-12-2019</b>	<b>220,000,000</b>		<b>73,000,000</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>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>2,571,905</b>		<b>8,543,552</b>		<b>288,340,186</b>	

## Notes to the Annual Report And Financial Statements

Figures in Kenyan Shillings	2020	2019
<b>13 Intangible asset</b>		
<b>Software costs</b>		
At 1 January 2020	349,255	349,255
Additions	-	-
<b>At 31 December 2020</b>	<b>349,255</b>	<b>349,255</b>
<b>Amortization</b>		
At 1 January 2020	215,819	158,632
Charge for the year	40,031	57,187
At 31 December 2020	<b>255,850</b>	<b>215,819</b>
<b>Carrying amount at end of year</b>		
<b>At 31 December 2020</b>	<b>93,405</b>	<b>133,436</b>

The annual amortisation rate used is 30 %.

<b>14 Receivables and prepayments</b>		
Deposits and prepayments	123,772,339	125,712,339
Other receivables	150,000	-
<b>At 31 December</b>	<b>123,922,339</b>	<b>125,712,339</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 2020.

The carrying value of receivables approximates fair value

<b>15 Cash and cash equivalents</b>		
For the purposes of the statement of cash flows, cash and cash equivalents comprise the following;		
Cash and current account balances		
KCB Bank Limited	32,118,507	2,919,505
NCBA Bank Limited	1,210,382	78,510
	<b>33,328,889</b>	<b>2,998,014</b>

<b>16 Trade and other payables</b>		
Payables b/f	281,513,783	252,476,122
Additions during the year	117,857,306	103,314,285
Creditors written off	-	(37,308,164)
Payment within the year	(167,043,910)	(51,366,225)
Accrued audit fees	700,000	638,000
Other payables	16,167,310	13,759,765
	<b>249,194,490</b>	<b>281,513,783</b>

The carrying value of payables and accruals approximates fair value

### 17 Contingent Liabilities 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 was expected to end on 10 April 2021. However no communication has been received on the same.

## **Notes to the Annual Report And Financial Statements**

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### **18 Events after reporting period**

We draw attention to the Report of the NEC on page 5 regarding the impact of COVID-19 on the sustainability of the Federation on Financial Year 2020. 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.

#### **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.Amrouches's overall remaining balance of Kshs 110,719,863.FIFA member Associations division approved FKF's request on 28 May 2020, and this was settled on 2nd June 2021 by FIFA as per the agreement.





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)