



2021

ANNUAL REPORT

**ANNUAL REPORT AND FINANCIAL
STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2021**





Football Kenya Federation

Annual Report and Financial Statements For the year ended 31 December 2021



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

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The reports and statements set out below comprise the annual report and financial statements presented to the National executive Council:

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Federation information

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 Mao	-	Vice president
Barry Omondi Otieno	-	Secretary/CEO
Tony Kweya	-	NEC Member Western
Gordon Davies Chege	-	NEC Member Central
Timothy Muriithi Nabea	-	NEC Member Eastern
Gabriel Mghendi	-	NEC Member Coast
Joseph Andere	-	NEC Member Nyanza
David Bunei	-	NEC Member Lower Rift
Benard Lagat	-	NEC Member Upper Rift
Darbar Ahemdqar Mohamed	-	NEC Member North Eastern
Micheal Majua	-	NEC Member Nairobi
Margaret Omondi	-	NEC Women Representative
Chris Ong'ondo Amimo	-	NEC Member-Co-opted
Antony Makau	-	NEC Member-Co-opted

General Secretary /CEO

Barry Omondi Otieno

Independent Auditor

Benim & Associates LLP
Certified Public Accountants
Trance Towers,514
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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

Stanbic Bank Kenya Ltd
P.O.Box 30550-00100
Nairobi, Kenya

Federation Legal Advisors

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



Dear members,

The year 2020 will forever be etched in our memories as a period of unprecedented challenges and resilience in the face of adversity. The global COVID-19 pandemic wreaked havoc on every aspect of our lives, including our beloved sport of football. As we enter the year 2021, we reflect on the trials we endured and the strides we must take to revitalize Kenyan football.

The suspension of football activities by the Kenyan government, in adherence to public health guidelines to curb the spread of COVID-19, dealt a significant blow to our footballing calendar. Leagues and competitions ground to a halt, leaving players, coaches, and fans alike yearning for the beautiful game. Even as the government gradually eased

restrictions, the absence of spectators in stadiums posed a new set of challenges, both financial and emotional, for clubs and federations.

The measures implemented by the government to ensure the safety of all stakeholders undoubtedly strained the resources of clubs and federations. The financial burden of adhering to stringent health protocols, coupled with the loss of revenue from gate receipts and sponsorships, tested the resilience of our football ecosystem. Despite these obstacles, the unwavering dedication of our footballing community remained steadfast, a testament to the indomitable spirit of Kenyan football.

The disruption caused by the pandemic extended beyond the suspension of matches. Ongoing coaching and referee training programs were halted, depriving aspiring coaches and officials of valuable opportunities for growth and development. The absence of capacity-building initiatives further underscored the need for innovative solutions to nurture talent and enhance professionalism within our ranks.

As we navigate the challenges of the present, we must also look to the future with optimism and determination. The year 2021 presents an opportunity for us to rebuild and rejuvenate Kenyan football, guided by a collective vision of excellence and inclusivity. Together, we will explore new avenues for engagement, leverage technology to enhance fan experiences, and invest in the holistic development of Kenyan football.

In closing, I extend my deepest gratitude to every member of the football fraternity for their unwavering support and resilience during these trying times. Together, we will overcome the obstacles that lie ahead and emerge stronger, united by our shared passion for the beautiful game.

Yours in football,

A handwritten signature in blue ink, appearing to read 'Nick Mwendwa', written over a faint grid pattern.

Nick Mwendwa,
President, Football Kenya Federation

National Executive Committee Report

The National Executive Committee submit their report together with the audited financial statements for the year ended 31 December 2021 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 37,604,001)

Disbandment of the National Executive Committee

On the 12th November, 2021 through GAZETTE NOTICE NO. 12374, the Cabinet Secretary for Sports, Culture and Heritage disbanded the National Executive Committee of Football Kenya Federation and appointed a Caretaker Committee and Secretariat of the Caretaker Committee.

Events after the Reporting period

a) Suspension by FIFA

The said action of disbandment of FKF led to suspension of FKF, In accordance with article 13 of the FIFA Statutes, FKF lost all its membership rights as of 24 February 2022 until further notice. FKF representatives and club teams were therefore no longer entitled to take part in international competitions until the suspension is lifted. This meant that neither the FKF nor any of its members or officials would benefit from any development programmes, courses or training from FIFA and/or CAF.

b) Prepayments

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 official communication received from BDO LLP dated 9th April 2021 indicated a notice to move from Administration to dissolution had been initiated.

c) Accountable Finance documents

The Federation's crucial documents including key financial documents were not returned to the Federation by the Sports Ministry, when the NEC was reinstated and the secretariat offices made accessible to the Federation.

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 unaware; 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.

Approval of annual report and financial statements

The annual report and financial statements set out on pages 9 to 21, which have been prepared on a going concern basis were approved by the National Executive Committee on February 12th, 2024 and signed on its behalf by;



(President/NEC Chairman)

Date: 12/2/2024

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 23 which have been prepared on going concern basis, were approved by the National Executive Committee on February 12th 2024 and were signed on its behalf by;

President/NEC Chairman

Chairperson-Finance

Date: 12/2/2024



Report of independent auditor to the members of Football Kenya Federation For the year ended 31 December 2021

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.

Disclaimer of Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion section, we do not express an opinion on these financial statements.

Basis for Disclaimer of Opinion

During the course of our audit, we encountered significant challenges that limited the scope of our work and prevented us from obtaining sufficient appropriate audit evidence to form an opinion on the financial statements. These challenges include, but are not limited to:

- 1. Unavailability of Documents:** Critical financial documents, records, and supporting evidence could not be provided by management due to the Federations' disbandment by the government which resulted to loss of documents as represented by the management, thus impairing our ability to verify the completeness and accuracy of the financial information.
- 2. Interference by Government:** The Federation experienced interference by the government in its operations in the year 2021, including limitations on access to critical financial information and restrictions related to the Federation's normal operations. This interference hindered our ability to perform audit procedures effectively.
- 3. Limitations on Audit Procedures:** Due to the circumstances described above, we were unable to perform audit procedures that we considered necessary for the circumstances, and as a result, we could not obtain sufficient appropriate audit evidence.

Emphasis of Matter

We emphasize that the effects of these limitations on our audit procedures are pervasive, and the resulting inability to obtain sufficient appropriate audit evidence may impact the reliability of the financial statements.

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 not 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. Further communication received from BDO LLP UK dated 9th April 2021 indicates a notice to move WTS Limited from Administration to dissolution. 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.



BENIM & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS OF KENYA

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Report of independent auditor to the members of Football Kenya Federation-(Continued) For the year ended 31 December 2021

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.
- 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.



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Report of independent auditor to the members of Football Kenya Federation-(Continued) For the year ended 31 December 2021

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 4 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.

..... 14th
..... February 2024

Statement of Profit or Loss and Other Comprehensive Income

Figures in Kenyan Shillings	Note(s)	2021	2020
Grants	5	298,051,284	344,480,071
Other receipts (Non Grant)	6	489,439,039	166,696,942
Total receipts		787,490,324	511,177,013
Expenses			
Direct expenses	7	(611,471,582)	(209,372,009)
Staff costs	8	(88,295,826)	(93,664,746)
Administrative expenses	9	(99,336,228)	(132,379,519)
Other operating expenses	10	(25,968,333)	(14,514,370)
Total expenses		(825,071,969)	(449,930,643)
Fund for the year		(37,581,645)	61,246,370
Other Comprehensive income			
Foreign exchange gain/(loss)	11	(22,356)	(2,554,626)
		(22,356)	(2,554,626)
Net fund for the year		(37,604,001)	58,691,744

The accounting policies on pages 12 to 15 and the notes from page 16 to 21 form an intergral part of the annual report and financial statements.

Statement of financial position

Figures in Kenyan Shillings	Note(s)	2021	2020
Assets			
Non - current assets			
Property and equipment	12	285,446,049	286,211,792
Intangible asset	13	65,384	93,405
		<u>285,511,433</u>	<u>286,305,197</u>
Current assets			
Receivables and prepayments	14	123,804,839	123,922,339
Cash at bank and in hand	15	3,895,383	33,328,889
		<u>127,700,222</u>	<u>157,251,228</u>
Total assets		<u>413,211,655</u>	<u>443,556,425</u>
Liabilities and Fund			
Current liabilities			
Payables and accruals	16	256,453,720	249,194,490
		<u>256,453,720</u>	<u>249,194,490</u>
Fund			
Revaluation fund		169,394,112	169,394,112
General fund		(12,636,178)	24,967,823
		<u>156,757,934</u>	<u>194,361,935</u>
Total liabilities and Fund		<u>413,211,655</u>	<u>443,556,425</u>

The financial statements on pages 9 to 21 were approved by National Executive Committee on
on 12th February 2024 and were signed on its behalf by:



President/NEC Chairman



Chairperson-Finance

The accounting policies on pages 12 to 15 and the notes from page 15 to 21 form an intergral part of the annual report and financial statements.

Statement of movement in funds

Figures in Kenyan Shillings	Note(s)	Revaluation fund	General fund	Total
At 1 January 2021		169,394,112	24,967,823	194,361,935
Net fund for the year		-	(37,604,001)	(37,604,001)
At 31 December 2021		<u>169,394,112</u>	<u>(12,636,178)</u>	<u>156,757,934</u>
At 1 January 2020		169,394,112	(33,723,921)	135,670,191
Net fund for the year		-	58,691,744	58,691,744
At 31 December 2020		<u>169,394,112</u>	<u>24,967,823</u>	<u>194,361,935</u>

The accounting policies on pages 12 to 15 and the notes from page 16 to 21 form an intergral part of the annual report and financial statements.

Statement of cash flows

Figures in Kenyan Shillings	Note	2021	2020
Cash flows generated from operating activities			
Fund for the year		(37,604,001)	58,691,744
Adjustments for:			
Depreciation of property, plant and equipment	12	3,516,995	3,709,451
Amortisation	13	28,021	40,031
Operating profit /(loss) before working capital changes		(34,058,985)	62,441,226
Changes in working capital			
(Increase) /decrease in receivables and prepayments	14	117,500	1,790,000
Increase/(Decrease) in payables and accruals	16	7,259,231	(32,319,294)
Net cash generated from operations		(26,682,254)	31,911,932
Cash flows from investing activities			
Purchase of property, plant and equipment	12	(2,751,252)	(1,581,057)
Cash generated from investing activities		(2,751,252)	(1,581,057)
Net decrease in cash and cash equivalents		(29,433,506)	30,330,875
Cash and cash equivalent at start of year		33,328,889	2,998,014
Cash and cash equivalents at end of year	15	3,895,383	33,328,889

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.

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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 have become effective for the first time in the financial year beginning 1st January 2021:

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 IFRS 9, IAS 39, and IFRS 7 titled Interest Rate Benchmark Reform Phase 2 (issued in August 2020)

The amendments, applicable to periods beginning on or after 1st January 2021, complement those issued in 2019 and focus on the effects on financial statements when a company replaces the old interest rate benchmark with an alternative benchmark rate as a result of the reform.

Football Kenya Federation

Annual report and financial statements for the year ended December 31, 2021

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 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.

Amendments to IAS 16 titled Property, Plant and Equipment: Proceeds before Intended Use (issued in May 2020)

The amendments, applicable to annual periods beginning on or after 1 January 2022, prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing an asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

Amendments to IAS 1 titled Disclosure of Accounting Policies (issued in February 2021)

The amendments, applicable to annual periods beginning on or after 1st January 2023, require entities to disclose their material accounting policy information rather than their significant accounting policies.

Amendments to IAS 8 titled Definition of Accounting Estimates (issued in February 2021)

The amendments, applicable to annual periods beginning on or after 1st January 2023, introduce a definition of 'accounting estimates' and include other amendments to IAS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates.

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 2021, 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 in 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	10.0
Computers and equipments	Diminishing balance	25.0
Buildings	Diminishing balance	2.50

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

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,

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	2021	2020
5 Receipts		
Grants		
FIFA Receipts	152,769,444	239,477,028
CAF Receipts	27,378,065	53,815,994
FKF Shield Cup Receipts	-	8,638,694
Ministry of Sports	65,586,431	19,543,455
National Olympics Committee of Kenya(NOCK)	-	500,000
CECAFA Receipts	52,317,344	-
Safaricom Chapa Dimba	-	22,504,900
	298,051,284	344,480,071
6 Other receipts (Non Grant)		
FKF Sponsorship	408,247,382	150,440,376
FKF County Leagues	33,154,000	-
TV Rights	3,330,528	-
Participatory Fees	853,000	217,000
Other receipts	43,854,129	16,039,565
	489,439,039	166,696,942
7 Direct expenses		
(i) Men's Football		
Men's Football Accomodation	40,563,167	13,260,963
Men's Football transport	48,197,872	15,398,251
Men's Football Ground Hire	543,400	280,000
Men's Football Match Officials Fees	484,600	-
Men's Football Security	80,000	-
Men's Football Allowances	-	690,000
Men's Football event expenses	63,040,945	16,235,498
	152,909,984	45,864,713
(ii) Women Football		
Women Football event expenses	4,956,599	804,193
Women Football accomodation	6,500,000	-
Women Football transport	281,300	2,545,000
Women Football stadium hire	200,000	70,000
Women Football match officials fees	259,534	55,000
Women Football allowances	2,717,146	817,000
Women Football Kits	230,100	-
	15,144,679	4,291,193

Notes to the Annual Report And Financial Statements

Figures in Kenyan Shillings	2021	2020
7 Continued		
(iii) Direct expenses		
Youth Football		
Youth Football event expenses	-	420,500
Youth Football accomodation	1,063,237	5,478,551
Youth Football transport	500,000	6,619,108
Youth Football stipend	2,400,316	780,428
Youth Fooytball-Medicine	598,810	-
	4,562,363	13,298,588
(iv) Women Youth Football		
Youth Football event expenses	6,452,787	-
Youth Football accomodation	1,976,300	-
Youth Football transport	721,520	-
Youth Football stadium hire	166,669	-
Women Football match officials fees	6,561,379	-
	15,878,654	-
(v) Other direct costs		
FKF Shield Cup	-	2,813,950
CAF expenses	370,236	414,789
Technical Development	12,890,569	14,226,982
Refereeing	1,883,175	1,292,768
Leagues and competition	55,738,459	11,985,686
Chapa Dimba	-	19,892,637
AFCO Expenses	-	3,950,000
CECAFA expenses	72,643,916	140,000
Top League	268,093,175	87,847,768
Covid 19 Expenses	11,356,372	3,352,935
	422,975,902	145,917,516
Total direct costs	611,471,582	209,372,009
8 Staff costs		
Salary and wages	88,295,826	93,664,746
	88,295,826	93,664,746

Notes to the Annual Report And Financial Statements

Figures in Kenyan Shillings	2021	2020
9 Administrative expenses		
Annual General meeting	7,740,138	-
Special General Meeting	40,000	13,972,933
Telephone ,postage and internet	1,404,397	1,579,176
Committee expenses	7,203,720	7,689,244
General administrative expenses	20,165,358	22,874,942
Audit fees	700,000	700,000
Printing and stationery	1,122,375	1,235,822
Legal fees	11,407,100	17,284,375
Security expenses	1,674,959	2,320,111
Staff meals and subsistence allowance expenses	22,990,840	10,198,416
Training expenses	49,200	61,400
Bank charges expenses	1,292,550	889,616
Compensation expenses	8,099,500	4,829,000
Buildings and equipment insurance	157,762	157,762
Court Awards	15,288,329	27,371,363
Disciplinary Fine	-	21,215,360
	99,336,228	132,379,519
10 Other operating expenses		
Advertisement expenses	874,500	735,926
Depreciation	3,516,995	3,709,451
Amortisation	28,022	40,031
Transport expenses	15,168,525	5,604,956
Subscription expenses	-	50,000
Utilities expenses	611,412	242,214
Clearance fees	-	4,131,792
Referees testing and Evaluation (PET))	5,768,879	-
	25,968,333	14,514,370
11 Foreign exchange		
Foreign exchange gain/(loss)	(22,356)	(2,554,626)
	(22,356)	(2,554,626)

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	
COST 2021									
Balance as at 01-01-2021	220,000,000		73,000,000		8,338,180		13,343,003		314,681,183
Additions	-		-		2,601,252		150,000		2,751,252
Balance as at 31-12-2021	220,000,000		73,000,000		10,939,432		13,493,003		317,432,435
Depreciation									
Balance as at 01-01-2021	-		17,205,890		5,571,106		5,692,395		28,469,391
Charge for the year	-		1,394,853		1,342,081		780,061		3,516,995
Balance as at 31-12-2021	-		18,600,743		6,913,188		6,472,456		31,986,386
Net Book Value									
Balance as at 31-12-2021	220,000,000		54,399,257		4,026,244		7,020,547		285,446,049
COST 2020									
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
Balance as at 31-12-2020	220,000,000		73,000,000		8,338,180		13,343,003		314,681,183
Depreciation									
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
Balance as at 31-12-2020	-		17,205,890		5,571,106		5,692,395		28,469,391
Net Book Value									
Balance as at 31-12-2020	220,000,000		55,794,110		2,767,074		7,650,608		286,211,792

Notes to the Annual Report And Financial Statements

Figures in Kenyan Shillings	2021	2020
13 Intangible asset		
Software costs		
At 1 January 2021	349,255	349,255
Additions	-	-
At 31 December 2021	349,255	349,255
Amortization		
At 1 January 2021	255,850	215,819
Charge for the year	28,022	40,031
At 31 December 2021	283,871	255,850
Carrying amount at end of year		
At 31 December 2021	65,384	93,405

The annual amortisation rate used is 30 %.

14 Receivables and prepayments		
Deposits and prepayments	123,208,193	123,772,339
Other receivables	596,646	150,000
At 31 December	123,804,839	123,922,339

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 2021.

The carrying value of receivables approximates fair value

15 Cash and cash equivalents		
For the purposes of the statement of cash flows, cash and cash equivalents comprise the following:		
Cash and current account balances		
Cash and cash equivalents	3,895,383	33,328,889
	3,895,383	33,328,889

16 Trade and other payables		
Payables b/f	109,134,884	281,513,783
Additions during the year	104,782,230	117,857,306
Payment within the year	-	(167,043,910)
Accrued audit fees	700,000	700,000
Other payables	41,836,607	16,167,310
	256,453,720	249,194,490

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.

A notice to move from administration to dissolution dated 9th April 2021 by the administrators BDO LLP was communicated.

18 Events after reporting period

18(a) Situation of the Football Kenya Federation (FKF)-Suspension by FIFA

The situation of the Football Kenya Federation (FKF) as per FIFA Council decision made on 24th February 2022;

Accordingly, the FIFA Council was informed of the course of events which may be summarised as follows;

On 11 November 2021, the Cabinet Secretary of the Ministry of Sports, Culture and Heritage of Kenya (hereafter: "the Cabinet Secretary") decided to appoint a "caretaker committee" in lieu of the elected Football Kenya Federation (FKF) Executive Committee, as a result of several inspections of the FKF by the Registrar of Sports prompted by "an extended deterioration of the state of football management in Kenya".

On 12 November 2021, the FIFA administration referred the FKF to art. 14 par. 1 i) and art. 19 par. 1 of the FIFA Statutes on undue third-party interference, as well as to art. 14 par. 3, under which sanctions may be imposed in the event of a breach of the aforementioned provisions. On the same day, the caretaker committee released a statement announcing that it was suspending all top-tier football leagues. Later that day, the FKF President was arrested by the Kenyan Directorate of Criminal Investigation and taken into custody.

On 14 November 2021, FIFA wrote to the Cabinet Secretary urging her to reconsider her position in the light of the principles contained in art. 14 par. 1 i) and art. 19 par. 1 of the FIFA Statutes and signalled its willingness to engage in discussions with her office in order to help normalise the situation. Eventually, on 17 and 23 November 2021, FIFA representatives and the Cabinet Secretary held a videoconference call to discuss the situation of the FKF. The Cabinet Secretary referred, inter alia, to a court ruling on the inspection report and legality of the caretaker committee, which was due to be rendered on 16 December 2021.

On 26 November 2021, the FKF President was rearrested, following which the FKF President took the decision to officially transfer his functions and responsibilities to his Vice-President, Mrs Doris Petra, in the context of his temporary absence, as per art. 42 par. 8 of the FKF Statutes.

On 15 December 2021, a virtual meeting between FIFA and the Cabinet Secretary was scheduled to discuss the latest developments relating to the expected court ruling, but ultimately it could not take place.

Later on, FIFA was informed that the relevant court ruling was first postponed to 17 January, Later on, FIFA was informed that the relevant court ruling was first postponed to 17 January, and eventually to 14 March 2022.

On 20 January 2022, the caretaker committee issued a notice to all football stakeholders in Kenya calling on them to ensure that they complied with the Kenyan Sports Act within a specified period of time, so as to enable them to participate in "the upcoming FKF elections".

The FIFA Council considered that the aforementioned circumstances were serious and constituted a clear case of undue interference by a third party. Therefore, on the basis of article 14 paragraphs 1 i) and 3 of the FIFA Statutes - as well as article 16 paragraph 1, under which the FIFA Council may, without a vote of the Congress, temporarily suspend with immediate effect a member association that seriously violates its obligations - the FIFA Council decided to suspend the FKF with immediate effect due to flagrant violations of the FIFA Statutes. Furthermore, and without prejudice to the ongoing investigations into the allegations of corruption, the FIFA Council decided that the lifting of the suspension be subject to the following conditions:

- The repeal of the Cabinet Secretary's decision of 11 November 2021 appointing the caretaker committee in lieu of the elected FKF Executive Committee
- FIFA's receipt of confirmation from the FKF and its management, led by Vice-President Doris Petra and General Secretary Barry Otieno, that the FKF and its premises are once more under their full and unconditional control.

Consequently, and in accordance with article 13 of the FIFA Statutes, FKF loses all its membership rights as of 24 February 2022 until further notice. FKF representative and club teams are therefore no longer entitled to take part in international competitions until the suspension is lifted. This also means that neither the FKF nor any of its members or officials may benefit from any development programmes, courses or training from FIFA and/or CAF.

Finally, notwithstanding this suspension imposed on the FKF and in line with FIFA zero-tolerance policy towards corruption and any other unethical conduct, FIFA reiterates its commitment to cooperating with any ongoing investigations regarding FKF officials. FIFA will therefore remain at the disposal of the national authorities during the suspension period.

18(b) Accounting Documents

Accounting documents had not been recovered as per communication dated 13th June 2023 and 13th September 2023 by FKF Secretary General to the Cabinet secretary Ministry of Youth Affairs, The Arts And Sports.

18(c) 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.





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