

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL



REPORT

Paper laid on the Table of the House by the Leader of the Majority Party on Wednesday 15th August 2018

PARLIAMENT OF KENYA LIBRARY

OF

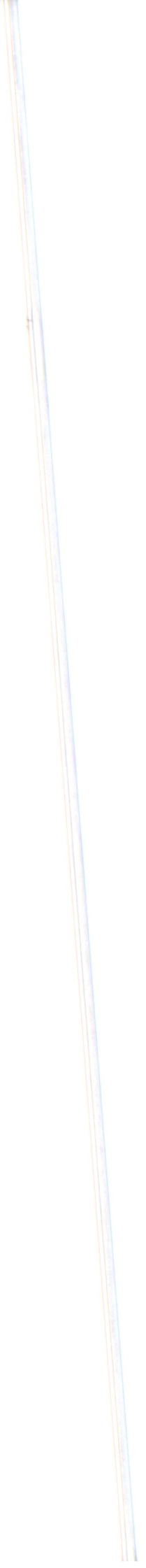
THE AUDITOR-GENERAL

(Afternoon)

ON

THE FINANCIAL STATEMENTS OF SPORTS KENYA

FOR THE YEAR ENDED 30 JUNE 2017





SPORTS KENYA

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2017**

**Prepared in accordance with the Accrual Basis of Accounting Method under the International Public Sector
Accounting Standards (IPSAS)**

Table of Content

Page

I. KEY ENTITY INFORMATION AND MANAGEMENT	1
II. THE BOARD OF DIRECTORS	5
III. MANAGEMENT TEAM.....	9
IV. CHAIRMAN'S STATEMENT	12
V. REPORT OF THE DIRECTOR GENERAL	13
VI. CORPORATE GOVERNANCE STATEMENT.....	15
VII. REPORT OF THE DIRECTORS.....	18
VIII. STATEMENT OF DIRECTORS' RESPONSIBILITIES.....	19
IX. STATEMENT OF FINANCIAL PERFORMANCE.....	20
XII. STATEMENT OF FINANCIAL POSITION.....	21
XIII. STATEMENT OF CHANGES IN NET ASSETS.....	22
XIV. STATEMENT OF CASH FLOWS	23
XV. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS.....	24
XVI. NOTES TO THE FINANCIAL STATEMENTS	26

I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

Sports Kenya is a body corporate established under the Sports Act 2013. Sports Kenya is the successor of Sports Stadia Management Board established by the Sports Stadia Management Board order of 2002.

(b) Principal Activities

The principal functions of the Sports Kenya are to:-

- a.) Promote, coordinate and implement grassroots, national and international sports programs for Kenyans, in liaison with the relevant sports organizations and facilitate the active participation of Kenyans in regional, continental and international sports, including in sports administration;
- b.) Manage and maintain the sports facilities specified in the First Schedule and any other facilities which the Cabinet Secretary may, by notice in the Gazette, declare to be sports facilities for the purpose of this Act;
- c.) Establish, manage, develop, plan and maintain the sports facilities, including convention centres, indoor sporting and recreational facilities for the purpose of this Act;
- d.) Adopt, develop, plan, set stadia standards and license and regularly inspect stadia for sporting and recreational use;
- e.) Establish and maintain a sports museum;
- f.) Participate in the promotion of sports tourism;
- g.) Provide the necessary amenities or facilities for persons using the services or facilities provided by Sports Kenya;
- h.) Operate sports facilities on public grounds in such a manner as it may deem necessary;
- i.) Collaborate with county governments, learning institutions and other stakeholders concerned with sports and recreation, in the search, identification and development of sporting talent, provision of sports equipment, facilities and technical training,
- j.) Identify and recommend talents in sports to national sports organizations;
- k.) Inculcate the sense of patriotism and national pride through sports and recreation, create awareness on matters of national interest through sporting events, create awareness on the benefits of regular participation in sports for healthy living and provide advisory and counselling services to athletes;
- l.) Determine the national colours to be used in national and international competitions, in consultation with the relevant national sports organisations;

Sports Kenya
Reports and Financial Statements
For the year ended June 30, 2017

m.) Facilitate the preparation and participation of Kenyan teams in various international events and the hosting of similar events in the country and recommend members of steering committees for international sports competitions, in consultation with the relevant national sports organizations;

n.) Recommend to the relevant authorities issuance of work permits and visas to foreign athletes and technical sports personnel, in consultation with the relevant national sports organization;

o.) Approve, at the request of the respective national sports organization, the clearance of foreign sports technical personnel before engagement by national sports organization and other sporting bodies;

p.) Organize and coordinate training, conduct research, maintain a resource centre and provide and engage consultancy services for sports development programmes, in consultation with the respective national sports organizations

q) With the approval of the Cabinet Secretary, prescribe;-

- i. access to, or use of any of the resources or facilities of Sports Kenya;
- ii. the provision of programs, services, information or advice by Sports Kenya;
and
- iii. the admission of persons to events and activities organized by Sports Kenya;
- iv. recommend, in liaison with the relevant sports organization, tax exemption for sportspersons; and
- v. perform such other functions related to the implementation of this Act as may be directed by the Cabinet Secretary.

(c) Key Management

The Sports Kenya day-to-day management is under the following key organs:

- i. Acting Director General - Gordon Oluoch
- ii. Deputy Director General - Gabriel Komora
- iii. Assistant Director Property Services - Wilberforce Chebet
- iv. Assistant Director Finance - Francis Githaiga
- v. Assistant Director Business Development - Julius Mbii
- vi. Assistant Director Human Resource - Munase Mulama
- vii. Annah Konuche –Corporation Secretary.

(d) Fiduciary Responsibility is charged to the following board members:-

Mr. Fred Muteti	Chairman, Sports Kenya
Mr. Gordon Oluoch	Ag Director General/Board Secretary
Mr. Johnson Ikiugu	Rep.PS Ministry of Education
Mr. Paul Ndegwa	Rep. PS National Treasury
Mr. Alex Mbuvi	Rep. Office of the Attorney General
Mr. Mwangi Muthee	BoardMember/Chairman Technical, Development and Safety Committee
Mr. Stephen Karinga	Ag CEO, Sports Academy
Mr. Maina Kamau	Rep. PS Ministry of Sports, Culture and the Art
Mr. Luke Luseno	Ag. Secretary, Office of the Sports Disputes Tribunal

Sports Kenya
Reports and Financial Statements
For the year ended June 30, 2017

Mr. Indakwa Jaxon	Ag. CEO, National Sports Fund
Mr. Isaac Musembi	Board Member/ Chair, Audit Committee
Mr. Ibrahim Husseni	Board Member/ Chair, Finance and Investment Committee
Ms. Doris Petra	Board Member/ Chair, Human Resource and Training Committee
Mr. James Wang'ombe	Rep. Inspector General (State Corporations) Office of the Deputy President.

(e) Fiduciary Oversight Arrangements

These are subcommittees that provide a high-level description of the key fiduciary oversight arrangements covering: -

- i. Finance and Investment Committee
- ii. Audit Committee
- iii. Technical Safety and Development Committee
- iv. Human Resource and Training Committee
- v. Full Board Committee

(f) Sports Kenya Headquarters

P.O. Box, Private Bag
Kasarani,
Thika Road,
Nairobi, KENYA

(g) Entity Contacts

Telephone: (020) 2390500/2390501
E-mail: info@stadiumskenya.co.ke
Website: www.stadiumskenya.co.ke

(h) Entity Bankers

1. Standard Chartered Bank,
Ruaraka
P.O. Box 60000
City Square 00200
Nairobi, Kenya

(i) Independent Auditors




Auditor General
Kenya National Audit Office
Anniversary Towers, University Way
P.O. Box 30084
GOP 00100
Nairobi, Kenya





Sports Kenya
Reports and Financial Statements
For the year ended June 30, 2017

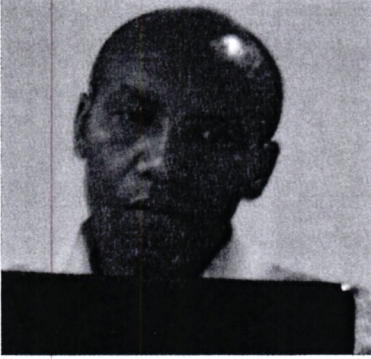




(j) Principal Legal Adviser


The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

II. THE BOARD OF DIRECTORS




S/N	Director passport Size photo & Name	Date of Birth, Key Professional/Academic Qualifications, Work Experience
1	<p>Mr. Fred Muteti</p> 	<p>Chairman Sports Kenya Board</p> <p>D.O.B 1976</p> <p>University Graduate</p>
2	<p>Ms. Saima Ondimu,SS</p> 	<p>Sports Kenya Board</p> <p>Designation: Acting Director General from 13th May, 2017.</p> <p>D.O.B -</p> <p>Qualification: Master's Degree in International Hospitality Management & Tourism from StrathClyde University(UK) and Postgraduate Diploma in Diplomacy & International Relations from University of Nairobi</p> <p>Experience: Over 32 Years' experience in Public Services in different capacities as an administrator and a career diplomat. She has previously also worked as a Senior Deputy Secretary at the Ministry of Sports, Culture & the Arts.</p>
3	<p>Mr. Mwangi Muthee</p> 	<p>Board Member/ Chair Technical Development and Safety Committee</p> <p>D.O.B 1961</p> <p>Designation: Managing Director Business Man</p> <p>Qualification: - Msc Toxicology, Hygiene & Safety - BSc (Hons) Bio-chemistry & Botany</p> <p>Experience: - Director in various Firms - Former Chairman, KRU - Former Coach - Mwamba Rugby Club - Former Rugby Player</p>





4	<p>Mr. Stephen Karinga</p> 	<p>Ag CEO, Kenya Academy of Sports</p> <p>D.O.B 1957</p> <p>Designation: Sports Administrator</p> <p>Qualification: - Bachelor in Education -Masters (Ongoing)</p> <p>Experience: - 27 years in the Public Service - Long serving teacher and a formerly worked in the Armed Forces</p> <p>Board Member</p>
5	<p>Mr. Ibrahim Husseni</p> 	<p>Board Member/Chair Finance & Investment Committee</p> <p>D.O.B 1958</p> <p>Designation: IAAF Regional Director and Athletics Kenya</p> <p>Qualification: - Bachelors</p>
6	<p>Mr. Isaac Musembi</p> 	<p>Board Member/Chair Audit Committee</p> <p>D.O.B 1973</p> <p>Designation: Head Coach of Swimming, ISK</p> <p>Qualification: - Diploma in Sports Science</p> <p>Experience: - 17 years</p>
7	<p>Mr. Jaxon Indakwa</p> 	<p>Ag CEO, National Sports Fund</p> <p>D.O.B 1966</p> <p>Designation: -Asst. Commissioner of Sports</p> <p>Qualification: - Bachelor in Government and linguistics - Post graduate Diploma in Sports Administration -Masters (Ongoing)</p> <p>Board Member</p> <p>Experience: Over 27 years in Public Service</p>

8	<p>Mr. James Wang'ombe</p> 	<p>Rep. Inspector General Inspectorate, State Corporations</p> <p>DOB: 1963</p> <p>Designation: Asst. Inspector General Insp. Of State Corporations</p> <p>Qualification: MBA BA (Econs)</p> <p>Experience: 25 years in Public Service</p>
9	<p>Ms. Doris Petra</p> 	<p>Board Member /Chair Human Resource and Training Committee</p> <p>D.O.B 1956</p> <p>Designation: -Vice President, FKF</p> <p>Qualification: - A Levels</p> <p>Experience:</p>
10	<p>Mr. Johnson Ikiugu</p> 	<p>Board Member Rep. PS, Ministry of Education</p> <p>D.O.B 1956</p> <p>Designation: Retired</p> <p>Qualification: -Masters in Education, Bachelors in Education, PHD (Ongoing)</p> <p>Experience: Long serving teacher, School Principal and Snr. Deputy Director of Education at the Ministry of Education</p>
11	<p>Mr. Pual Ndegwa</p> 	<p>Board Member Rep. PS, National Treasury</p> <p>D.O.B 1969</p> <p>Qualification: -Msc. Information Technology Management</p> <p>Experience: Over 20 years' experience in public service</p>
12	<p>Mr. Maina Kamau</p> 	<p>Board Member Rep. PS Ministry of Sports, Culture and the Arts</p> <p>D.O.B 1958</p> <p>Designation: -Assistant Commissioner for Sports</p> <p>Qualification: -Masters</p>

13	<p>Mr. Luke Luseno</p> 	<p>Sports Kenya Board Member</p> <p>Designation: Ag. Secretary, Office of the Sports Disputes Tribunal</p> <p>D.O.B</p> <p>Experience: Over 21 years' experience in public service</p>
----	--	--

III. MANAGEMENT TEAM

S/NO	Passport size photo & Name	Key Professional/Academic Qualifications, Main area of Responsibility
	<p>Ms. Saima Ondimu, SS</p> 	<p>Sports Kenya Board Designation: Acting Director General from 13th May, 2017. D.O.B -</p> <p>Qualification: Master's Degree in International Hospitality Management & Tourism from StrathClyde University(UK) and Postgraduate Diploma in Diplomacy & International Relations from University of Nairobi</p> <p>Experience: Over 32 Years' experience in Public Services in different capacities as an administrator and a career diplomat. She has previously also worked as a Senior Deputy Secretary at the Ministry of Sports, Culture & the Arts.</p>
	<p>Mr. Gordon Oluoch MBS,HSC</p> 	<p>Qualification: Bachelor of Education (PE and Sports)MBA (Ongoing)</p> <p>Designation: Acting Director General until 13th May, 2017.</p> <p>Responsibility; Secretary to the Board; Developing and recommending to the board the long term strategy business plans and annual operating budgets and establishing proper internal monitoring and control system and procedures; Administration of all the resources and activities of the board; Formulating, implementing and monitoring board development policy legislation and regulations; among others</p> <p>Experience: Over 30 Years' experience in Public Services and Sports</p>
	<p>Mr. Gabriel Komora</p> 	<p>Qualifications: MBA, Corporate Management</p> <p>Designation: Deputy Director Technical Services</p> <p>Responsibility; Responsible to the Board to Formulate policies regarding utilization of the Board's facilities; Ensure that the Board's facilities are well maintained; Formulate policies for technical maintenance of mechanical and electrical works;</p> <p>Experience: 24 years in Public Service of which 5 years as CEO SSMB Board</p>

	<p>Mr. Francis Githaiga</p> 	<p>Qualifications: MBA Business Administration Finance - Moi University, Certified Public Accountant(CPA III)</p> <p>Designation: Deputy Director Finance</p> <p>Responsibility; Responsible to the Board to develop and implement accounting systems, procedures that will enhance the quality, timeliness and availability of financial information and overseeing administrative related issues of the Board.</p> <p>Experience: 29 years of which 12yrs in Public Sector in Senior Management level in the SSMB Board.</p>
	<p>Mr. Munase Mulama</p> 	<p>Qualifications: M.A. HRM -Madurai Kamraj University, B.A Public Administration and Political Science.</p> <p>Designation: Deputy Director Human Resource & Administration</p> <p>Responsibility; Responsible to the Board to formulate Human Resources Policies and Procedures relevant to Recruitment, Remuneration, Development and Retention of Employees; Formulate Policies on Employees Relations, Reward Systems, Welfare, and Administrative Support</p> <p>Experience: 27 years in Public Service of which 7 years as Assistant Director HRA in SSMB</p>
	<p>Mr. Julius Mbii</p> 	<p>Qualifications: MBA - University of Nairobi, Diploma in Business Management, B.Sc.</p> <p>Designation: Deputy Director Business Development.</p> <p>Responsibility; Responsible to the Board to formulate policies, procedures for Marketing all the Boards facilities; Develop and implement short- and long-range goals, objectives, policies, and operating procedures of the division; Develop and identifying new revenue generation opportunities for the Board</p> <p>Experience: 19 years in Public Service of which 9years as Assistant Director SSMB Board</p>
	<p>Ms. Annah Konuche</p> 	<p>Qualifications: MBA (On going) JKUAT, Master of Laws(LL.M) University of Pittsburgh, LL.B Moi University & Post graduate Diploma in Law</p> <p>Designation: Corporation Secretary</p> <p>Responsibility; Providing guidance to the Board and Board members individually on their duties, responsibilities and powers and how these should be exercised in the best interest of the organization; Ensuring that Board procedures are followed and reviewed regularly, and that the Board complies with the law, rules</p>

Sports Kenya
Reports and Financial Statements
For the year ended June 30, 2017

		and regulations; Experience: 13 years as an Advocate of High Court of Kenya and 1 year in Sports Kenya
--	--	--

IV. CHAIRMAN'S STATEMENT

It is with pleasure that we represent the financial results for the year ended 30th June 2017. The years performance have been impressive despite challenges encounters within the year.

Highlights

Sport Kenya has received tremendous infrastructure upgrade in readiness for the WU18 championship. The improvement of the facilities will strategically place Sports Kenya as a premier host facility For International Championships. This is with the region poised to host with CHAN (Africa Nations Championships) and CECAFA. Regional stadia refurbishment programme posed to have upgrade of stadia within the 47 counties too has begun with works in (7) seven ongoing. These are projects within the jubilee manifesto which are estimated to be completed within the financial year 2017/18.

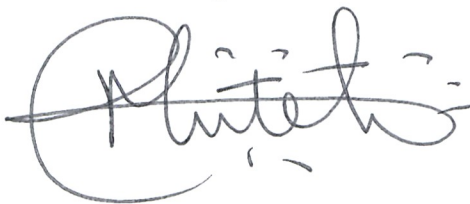
Operating Environment

The year under review, saw the facilities shut down for the renovation works for the WU18 championships that was hosted in the facilities in the month of July 2017. The championships brought over 100 countries within the country who are all competed in the stadia. The event was successful bringing together over 60,000,000 fans to cheer the athletes. This is a clear indication that continued upgrade of facilities will see the facilities acquire International Standard Status.

Strategic partnership with corporates for both Naming and Advertising rights came to an end in the year and could not be considered for renewal in order to meet the International sporting Bodies requirement of a clean stadia.

Results

The Board is pleased to announce a surplus of **Kshs 3,886,169/=** during the financial year 2016/2017.



**Mr. Fred Muteti
B.O.D Chairman,
Sports Kenya.**

V. REPORT OF THE DIRECTOR GENERAL

FINANCIAL RESULTS

Revenue

Sports Kenya revenue from exchange transaction decreased from **Kshs 355,677,439/=** to **Ksh243,781,272/=** from the previous year. This was attributed to decrease in income from hire of facilities and branding income. Gate collections income decreased because of Premier League matches being redirected to other county stadia due to renovation works at our stadia. Hotel Income declined from previous year due to cancelation of one of the Boards major customers, the Equity Foundation. Advertising Income too declined due a legal tussle with our outdoor adverting company Alliance Media, which led to a reduction in the monthly fees paid to Sports Kenya.

Rental income still posed a major challenge during the year with the outstanding balances remaining very high.

With improved of the estate management, Sports Kenya is optimist to have the rental income increases with reduction in outstanding balances.

On sponsorship and partnerships, Sports Kenya is continuing to pursue strategic partners so as to position herself as a strategic partner with the corporate world.

Sports Kenya and the Kenya Golf Union are pursuing the development of an 18- hole Golf Course. This will be a public Golf course making the sport popular and widely played.

Debt Collection has remained a challenge with major federations owing Sports Kenya huge amounts of money. Adherence to the set credit policies laid down will require to be followed strictly if we are to achieve reduced debt level.

Expenditure

Despite Prudent financial management practices being applied Sports Kenya still struggles. Having assumed the added responsibility of undertaking sports programs at the grassroots, national and international level (Sports Act 2013), Sports Kenya is going through serious financial constraints and requires a bigger budgetary allocation from treasury.

Areas where Sports Kenya experienced high levels of expenditures included casual wages, water, and electricity, security and cleaning services.

Service Delivery

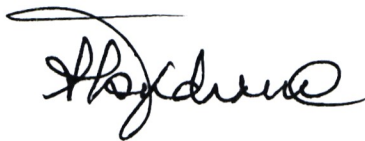
Service delivery innovations realized which is customer focused include pay bill numbers for all our cash collection points. Social media platforms are also available for marketing and awareness creation.

Future Outlook

In line with vision 2030, and the preparation for the fourth coming African Nations Championships (CHAN), the board has already engaged itself with construction of county

Sports Kenya
Reports and Financial Statements
For the year ended June 30, 2017

stadia namely, Kipchoge Keino stadium in Eldoret, Moi International Sports Centre, Nyayo National stadium in Nairobi, Kinoru stadium in Meru and Kenyatta stadium in Machakos. With completion of these 5 new stadia as outlined in jubilee manifesto and the international sports academy coupled with bids to host international championships and competitions, Sports Kenya expects to see tremendous growth in sports tourism as per the manifesto.



Ms. Saima Ondimu, SS
Ag. Director General,
Sports Kenya.

VI. CORPORATE GOVERNANCE STATEMENT

Introduction

Sports Kenya is established by the Sports Act No. 25 of 2013 as a successor to the Sports Stadia Management Board (SSMB). Sports Kenya embraces all the principles of governance as enunciated under the Constitution of Kenya, 2010, the State Corporations Act, Cap 446 as well as Mwongozo. These principles include integrity, accountability, transparency and good governance.

Sports Kenya just like all other state corporations, is governed by a Board of Directors whose responsibility is to manage, control and administer the assets of Sports Kenya in such manner and for such purposes as best promotes the purposes for which Sports Kenya is established among other roles envisaged in the Sports Act. The Sports Kenya Board of Directors through its committees oversee the corporate governance of the organisation, advises management in developing financial plans, determines the strategic direction of the corporation, goals and objectives as well as evaluation of the management's performance in pursuing and achieving the set goals.

Composition of the Board of Directors

The current Board of Sports Kenya is made up of thirteen members as provided by the Sports Act and during the period of review, it was properly constituted at all times. The membership of the Board as provided by the Sports Act is as follows;

- a. A non-executive chairperson, appointed by the President
- b. The Principal Secretary, Ministry of Sports, Culture and the Arts
- c. The Principal Secretary, Finance
- d. The Attorney General
- e. The Principal Secretary, Education
- f. The Chief Executive Officer, Academy of Sports
- g. The Chief Executive Officer, National Sports Fund
- h. The Secretary, Sports Disputes Tribunal
- i. Four nominees of Sports Organisations/Federations appointed by the Cabinet Secretary, Ministry of Sports, Culture and the Arts
- j. The Director General, Sports Kenya who is a secretary to the Board.

Statement of Policy on Corporate Governance

Sports Kenya adheres to and has adopted the required standards of governance and applies the best corporate practice rules. It is guided by the following principles;

- a. Ensure that systems are established to ensure equality of all users of public services is achieved;
- b. Ensure impartiality and fairness in the process of delivery of public services;
- c. Ensure promotion of National Cohesion and National Values;
- d. Ensure continuity of the institution under all circumstances;
- e. Establish systems to enable innovativeness and adaptability of institution to the needs of users;
- f. Ensure professionalism and ethics in the institution is achieved and maintained;
- g. Establish systems to ensuring promotion and protection of rights of users of public services and public servants as enshrined in the Bill of Rights;
- h. Institutionalizing a culture of accountability, integrity, transparency and promote values and principles of the public service;
- i. Ensure a corruption free institution
- j. Ensuring effective, efficient and responsible use of public resources, and

- k. Ensuring responsiveness by public servants in delivery of public services.

Role and Functions of the Board

- a. To manage, control and administer the assets of Sports Kenya
- b. To receive any gifts, grants, donations or endowments on behalf of Sports Kenya
- c. Set the strategic plan outlining the organisation's vision, mission, purpose and core values.
- d. Set and approve policy decisions of the organisation
- e. Approve the procurement plan of the organisation
- f. Approve the annual budget and final accounts of the organisation
- g. Approve the organisational structure
- h. Enhance the corporate image of the organisation
- i. Competitively recruit the Director General of the organisation and approve the recruitment of senior staff of the organisation
- j. Monitor the organisation's performance and ensure sustainability
- k. Approve the opening of accounts for the funds of Sports Kenya

Fiduciary Oversight Arrangements

Sports Kenya Board has a functional organisational structure that has been responsible for the dynamic growth and progress made during the period under review. The Board operates through four Committees responsible for deliberations and recommendations on various issues which are then forwarded to the full Board for adoption. The Committees in consultation with management prepare Board papers for discussion and adoption by the full Board of Directors whenever they meet. The Committees of the Board are:

- a. Finance and Investment
- b. Human Resource and Training
- c. Audit
- d. Technical, Development and Safety

Board Committee Meetings Held in the Year

The Sports Kenya Board was properly constituted during the period in review and met regularly and achieved the threshold of number of meetings as required under the State Corporations Act, Cap 446 Laws of Kenya.

End of Term

None of the members of the Board had their term end during the year under review. There was a change in the management in May, 2017 with the appointment of a new Director General, Ms. Saima Ondimu in acting capacity and who replaced Mr. Gordon Oluoch who was also in acting capacity.

Summary of Board Evaluation

The Board evaluation was undertaken during the period of review but SCAC have not released the results.

Conflict of Interest

Sports Kenya has opened a Conflict of Interest Register for its Board as required by Mwongozo and by the Code of Ethics established pursuant to the Leadership and Integrity Act. Similarly, in all its meetings, declaration of interest forms part of the agenda of the meetings and Board members and staff alike are required to disclose any potential conflict of interest at the start of the meeting.

Induction and Training

A few members of the Board attended the Mwongozo induction training conducted by SCAC in February, 2016.

Whistle Blowing Policy

Sports Kenya has a whistle Blowing Policy as required under the law. This is also in tandem with a draft Anti – Corruption Policy of the Organisation. All information received by the Board touching on corruption or crimes committed by Board members, employees and associates of Sports Kenya shall be treated as highly confidential and shall not be disclosed without the consent of the whistle blower.

Performance Appraisal of the Board

Sports Kenya did perform once appraisal of the Board’s performance in the year under review but SCAC have not released the results.

VII. REPORT OF THE DIRECTORS

The Directors have the pleasure to submit this annual report with the Un-audited financial statements for the year ended 30th June 2017 which shows the state of Sports Kenya's affairs.

Principal activities

The principal activity of the Board is to manage all Government-owned sports facilities effectively and efficiently, and to institute sports programs at the grassroots, national and international levels for Kenyans.

Results

The results of the entity for the year ended June 30, 2017 are set out on page 20

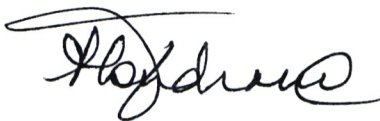
Directors

The members of the Board of Directors who served during the year are shown on page 5 to 8. During the year 2016/2017 the term of Independent directors ended on 31st May, 2017.

Auditors

The Auditor General is responsible for the statutory audit of the Sports Kenya in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 for the year ended June 30th, 2017.

By Order of the Board



**Ms. Saima Ondimu, SS
Ag. Director General,
Sports Kenya**

VIII. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 require the Directors to prepare financial statements in respect of Sports Kenya, which give a true and fair view of the state of affairs of the Sports Kenya at the end of the financial year and the operating results of Sports Kenya for that year. The Directors are also required to ensure that Sports Kenya keeps proper accounting records which disclose with reasonable accuracy the financial position of Sports Kenya. The Directors are also responsible for safeguarding the assets of Sports Kenya.

The Directors are responsible for the preparation and presentation of the Sports Kenya's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year ended on June 30, 2017. This responsibility includes:

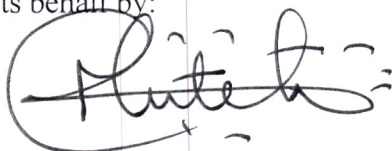
- (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity;
- (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- (iv) safeguarding the assets of Sports Kenya;
- (v) selecting and applying appropriate accounting policies; and
- (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for Sports Kenya's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the State Corporations Act. The Directors are of the opinion that Sports Kenya's financial statements give a true and fair view of the state of Sports Kenya's transactions during the financial year ended June 30, 2017, and of Sports Kenya's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for Sports Kenya, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

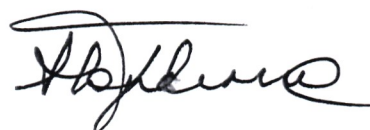
Nothing has come to the attention of the Directors to indicate that Sports Kenya will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Sports Kenya's financial statements were approved by the Board on 18th Sept, 2017 and signed on its behalf by:



Mr. Fred Muteti
Board Chairman
Sports Kenya
Date 18th Sept, 2017



Ms. Saima Ondimu, SS
Ag. Director General
Sports Kenya
Date 18th Sept 2017

REPUBLIC OF KENYA

Telephone: +254-20-342330
Fax: +254-20-311482
E-mail: oag@oagkenya.go.ke
Website: www.kenao.go.ke

P.O. Box 30084-00100
NAIROBI



OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON SPORTS KENYA FOR THE YEAR ENDED 30 JUNE 2017

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Sports Kenya set out on pages 20 to 42, which comprise the statement of financial position as at 30 June 2017, and the statement of comprehensive income, statement of changes in equity, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, in my opinion and belief were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Sport Kenya as at 30 June 2017, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Sports Act No.25 of 2013.

In addition, as required by Article 229(6) of the Constitution, based on the procedures performed, except for the matters described in the Basis of Qualified Opinion section of my report, I confirm that, nothing has come to my attention to cause me believe that public money has not been applied lawfully and in an effective way.

Basis for Qualified Opinion

1. Accuracy and Completeness of the Financial Statements - Capital Work-in-Progress

The statement of financial position as at 30 June 2017 reflect capital work in progress balance of Kshs.52,839,956 which differs with the balance reflected in the statement of changes in net assets of Kshs.1,037,087,249 resulting in unexplained difference of Kshs.984,247,293. No reconciliation has been provided for the differences.

As a result, the accuracy of the non-current assets balance of Kshs.205,467,547 and the financial statements as a whole as at 30 June 2017 could not be confirmed.

Report of the Auditor General on the Financial Statements of Sports Kenya for the year ended 30 June 2017

2.0 Property, Plant and Equipment

The property, plant and equipment balance of Kshs.152,627,590.56 as at 30 June 2017 excludes the undetermined values of land on which the International Sports Centre Kasarani and Nyayo National Stadium are built as they do not have title deeds. As previously reported the property, plant and equipment balance also excludes grounded motor vehicles registration numbers GK. 710Q, GK. 703X and a tractor registration No. GK. O581 which have been lying in the yard without logbooks since 2002 when they were taken over from the former parent ministry. Although management have indicated that they have written letters to the ministry requesting for official transfer of ownership to Sport Kenya, evidence of that communication is yet to be availed for audit verification.

Audit inspection of Kisumu stadium carried out in October 2016, which is located at the outskirts of the Kisumu town and measuring six (6) hectares, with an estimated value of Kshs.800,000,000 revealed that it had been grabbed by a religious organization (Redeemed Gospel Church) while an area along the perimeter fence next to Nakumatt mega plaza had been turned into a huge dumping site.

In view of the foregoing, the ownership, completeness, security and carrying values of the property, plant and equipment figure of Kshs.152,627,590 reflected in the statement of financial position as at 30 June 2017 cannot be confirmed.

3.0 Construction of Seven County Stadia

During the year under review, Sports Kenya awarded tenders for the construction of seven county stadia at a combined cost of Kshs.2,008,474,122 as follows:

Tender	Tender No.	Contractor	Amount Paid (Kshs.)	Contract Sum (Kshs.)
Kamariny Stadium – Iten Elgeyo Marakwet County	SK/RT/003/2016-2017	M/s Funan Construction Co. Ltd.	34,805,400	287,837,775
Ruringu Stadium- Nyeri County	SK/RT/008/2016-2017	M/s Funan Construction Co. Ltd	26,836,393	288,045,530
Kipchoge Keino – Eldoret Uasin Gishu County	SK/RT/004/2016-2017	M/s Weihai International Economic & Technology	36,278,397	304,204,413
Karatu Ndarugu-Gatundu Kiambu County	SK/RT/005/2016-2017	M/s Smith and Gold Productions Co. Ltd.	37,002,740	259,604,780
Wote Stadium- Wote Makweni County	SK/RT/006/2016-2017	M/s Taphes & Nitram Enterprise Ltd	49,131,006	299,309,554
Marsabit Stadium- Marsabit County	SK/RT/007/2016-2017	M/s Benisa Ltd	33,551,063	295,263,215
Chuka Stadium - Tharaka Nithi County	SK/RT/003/2016-2017	M/s Toddy Civil Engineering Co.Ltd	31,174,719	274,208,855
Total			248,779,718	2,008,474,122

However, tender documents relating to the procurement of contractors for the seven (7) County Stadia Projects which include original tender documents, tender opening minutes, evaluation committee reports and professional opinions were not provided for audit verification. The documents were stated to have been taken away by the Ethics and Anti-Corruption Commission (EACC) officers to assist them in their investigations of alleged irregularities in the award of the tenders.

In the circumstances, it has not been possible to confirm the efficiency, competition, fairness with which the contracts were entered into or whether value for money spent was obtained from the amount already paid totalling Kshs.248,779,717 as at 30 June 2017.

4.0 Rio Olympic Games - Irregular Expenditure

4.1 Excess Vote-Rio Games Expenditure

During the period under review, Sports Kenya made payments totalling Kshs.382,245,597 in form of allowances and other expenses for the Olympic Games held in Rio de Janeiro Brazil from 5 August 2016 to 21 August 2016 an item that was not reflected in Sports Kenya budget and therefore was an excess vote.

It was explained that the excess vote was as a result of Sports Kenya spending funds from their voted items with the understanding that the Ministry of Sports Culture and the Arts were to refund the amount spent. As at 30 June 2017 the Ministry had not refunded the amount despite several reminders.

4.2 Un-Surrendered Rio-Olympic Imprests

Imprests amounting to Kshs.73,523,070 were under unclear circumstances issued by Sports Kenya to the parent Ministry staff to facilitate Rio Olympics Games activities on the part of the Ministry of Sports, Culture and the The Arts. Out of the Kshs.73,523,070 issued to the Ministry staff, an amount Kshs.17,000,000 was issued to a procurement officer for the purpose of catering for the Rio Olympics expenses such as airport transfers, accommodation and refreshments. As at 30 June 2017, the imprests issued had not been surrendered. It was also noted that the imprests issued had no prior budget.

In the circumstance, it has not been possible to confirm the propriety of the expenditure of Kshs.455,768,667 incurred on Rio Olympics Games by Sports Kenya as at 30 June 2017.

5.0 Lack of Substantive Director-General for Sports Kenya

Sports Kenya has never had a substantive Director General since its inception and as stipulated in the Sports Act No.25 of 2013. All officers who have ever occupied the position, have been doing so in an acting capacity. Despite the efforts made by the Board in their Special Board meeting and final interview for the position of Director-General of Sports Kenya held on 19 July 2016 at Moi International Sports Centre VIP lounge main stadium under MIN.4/SB/19/7/2016, the Cabinet Secretary for Sports Culture and The Arts has so far not filled the vacancy. It is not clear and has not been explained what

challenges the state department for Sports faces that hinders filling of the position of Director-General at Sports Kenya.

In the circumstances, implementation of policies, programs, performance targets and proper management of Sports Kenya funds cannot be assured.

6.0 Going Concern/Sustainability of Services

Examination of the financial statements of Sports Kenya disclosed that the current liabilities of Kshs.538,463,207 exceeded the current assets of Kshs.441,677,114 by Kshs.96,786,093. Hence, Sports Kenya was operating with a negative working capital and the financial statements have been prepared on the basis of continuous support from the Government and creditors.

Consequently, the continued service sustainability of Sports Kenya is threatened.

7. Consultancy Services for Construction of Three Stadiums

7.1 Legal Consultancy for Public Private Partnership (PPP)

Sports Kenya on 9 September 2015 entered into a contract with M/s S.S Malonza and Co. Advocates Ref: RFP/SK/001/20115-2016 under Request for Proposals for Public Private Partnership legal advisory services for construction of three (3) stadiums at a contract sum of Kshs.47 million to be undertaken on the basis of Public Private Partnership (PPP). According to the contract document, the consultant was to perform the services commencing on 9 September 2015 and through to 30 June 2015.

During the year under review, the consultant was paid Kshs.30,936,000 but it was noted that, no private partnership has so far been entered into and no stadium has been developed or initiated using Public Private Partnership.

In the circumstances, Sports Kenya and the Kenyan Public have so far not obtained value for money from the legal consultancy payments made so far totalling Kshs.30,936,000 as at 30 June 2017.

7.2. Consultancy Services for Feasibility Study and Development of Detailed Designs for Three (3) Stadia

Sports Kenya on 8 January 2015 entered into a contract with a consortium of local and international firms to offer consultancy services for feasibility study and development of detailed designs for three (3) national/international stadiums in Nairobi, Mombasa and Eldoret Counties at a contract price of US\$1,071,105.43 or approximately Kshs.110,323,860. Further, the entire project including feasibility study was estimated at a cost of US\$320,000,000 which was used as a basis for payment to the other consultants in the consortium.

A review of the position in the year under review, indicates that the feasibility studies were completed in 2016 while the project was stated to be at the detailed design stage. As at 30

June 2016, the consortium had received payments totalling to Kshs.537,297,227. However, there was no evidence of the feasibility study and designs being put into use two and a half (2½) years later.

In addition, although the sites for the construction of three (3) stadiums had been identified in Nairobi, Mombasa and Eldoret Counties, according to the management, no formal agreements in form of Memorandum of Understanding (MoU) had been signed to initiate the process of acquiring the Land.

It is therefore not clear if and when the construction of the stadiums would be started and the feasibility study put into use.

In view of the foregoing, Sports Kenya and the Kenyan public have not received value for money from the Kshs.537,297,227 expenditure on feasibility study as at 30 June 2017.

8.0 Delayed Works

8.1 Delayed Construction and Completion of a Hostel and Football/Rugby Pitches and Associated Civil Works

The former Sports Stadia Management Board (now Sports Kenya) on 21 March 2013 entered into a contract with M/s Landmark Holdings Limited for the construction of a Hostel and Football/Rugby Pitches and Associated Civil Works at Kasarani Sports Complex at a contract sum of Kshs.859,859,770. The works were to commence on 21 March 2013 with the date of practical completion set at 22 March 2016 a period of 156 weeks.

Audit inspection of the project carried out in March 2018 revealed that the project was still incomplete three (3) years later and the contractor was still on site despite expiry of the contract period. As at the time of the audit, Sports Kenya had already handed over the project to the Kenya Academy of Sports (KAS) while the contractor had at the time of handover received payments totalling Kshs.875,759,846 or 102% of the total works which was over and above the contract sum by Kshs.15,945,076 and the project was still on-going.

Despite over payment of the full contract sum of Kshs.875,759,846 by Kshs.15,945,076, the project was still incomplete and the delayed completion of the project is likely to lead to extension of time and escalation of costs which should not remain a charge to public funds.

8.2. Delayed Construction Works for Indoor Sports Facility at Moi International Sports Centre- Kasarani

Sports Kenya on 27 May 2016 entered into a contract (Tender No. SK/005/2015-2016) with M/s Nitram and Taphes Enterprises Ltd for the construction of an indoor sports facility at the Moi International Sports Centre, Kasarani at a contract sum of Kshs.31,020,776. The works were to commence on 27 May 2016 with a completion period of 32 weeks in

which the construction company was expected to have executed the works and carried out remedies for any defects therein.

The indoor games facilities to be constructed included a Tennis and Badminton Court. A site inspection of the project carried out on 16 March 2018 revealed that although the contractor was still on site, the works had not been completed despite expiry of the contract period. As at 30 June 2017 the contractor had received payments totalling to Kshs.18,254,707 or 58.8% of the total contract sum.

The delayed completion of the project is likely to lead to extension of time and escalation of costs which should not remain a charge to public funds.

In view of the foregoing, value or money has not been obtained and the delays to project completion will lead to further unacceptable projects costs.

9.0 Unremitted Statutory Deductions

The statement of financial position as at 30 June 2017 reflect current liabilities balance of Kshs.538,463,207 which includes unremitted PAYE of Kshs.16,940,606 for the year under review and a provision for assessed unpaid tax balance of Kshs.342,693,873. The provision of Kshs.342,693,873 was as a result of non-payment of tax in the previous years. However, documentary evidence of the tax assessment was not presented for audit review.

The failure to remit PAYE deductions on or before the 9th day of the month following pay roll month attracts penalties at the rate of 20% for late payment and interest at 2% per month. The management did not provide any reasons as to why they were not tax compliant and were therefore in breach of Part IV (1) of the Kenya Revenue Authority Act.

In consequence, the validity of the unpaid assessed tax of Kshs.342,693,873 by Kenya Revenue Authority and unremitted PAYE of Kshs.16,940,606 cannot be confirmed.

10.0 Accounts Receivables from Non-Exchange Transactions

Included in the accounts receivables from non-transactions balance of Kshs.139,328,015 are balances of Kshs.107,390,842 due from the former Ministry of Youth Affairs and Kshs.10,000,000 due from Football Kenya Federation. As disclosed in Note 13 to the financial statements, the balances were indicated as loan advances made to the respective entities. However, no evidence has been presented to confirm that the stated amounts were paid and transferred to the accounts of the respective entities in order to qualify as a debt. Further, the terms and purpose for the loan advances have not been provided and no effort appears to have been made to pursue these debts.

In the circumstances, the propriety and validity of the two debts totaling Kshs.117,390,842 could not be ascertained.

11.0 Accounts Receivable from Exchange Transactions

11.1 Trade Debtors

The statement of financial position as at 30 June 2017 reflects an accounts receivable from exchange transactions balance of Kshs.239,275,924. Included in this balance was Kshs.130,546,860 in respect of trade debtors as disclosed under Note 14 to the financial statements. The trade debtors balance of Kshs.130,546,860 further included an amount of Kshs.76,325,666 relating to long outstanding balances in respect of the Kenya Football Federation - Kshs. 42,338,852, Kenya Rugby Football - Kshs.12,637,616, National Olympic Committee - Kshs.5,136,700 and Kenya Volleyball Federation of Kshs.12,654,298.

Further, as reported in the previous years, the trade debtors balance of Kshs.130,546,680 also includes debts totaling Kshs.30,559,000 owed by two (2) media firms namely M/s Alliance Media - Kshs.11,850,000 and M/s Page signs and Graphics - Kshs.18,709,000 in respect of fees due from advertising contracts which have been outstanding since 2012. Although one of the advertising firm M/s Alliance Media has since taken the matter to court, the issue has not been resolved.

No provision for bad and doubtful debts has been made in the financial statements to guard against any loss that might be occasioned by non-recovery of the debts.

11.2 Outstanding Imprests

The accounts receivables from exchange transaction balance of Kshs.239,275,924 reflected in the statement of financial position as at 30 June 2017 includes outstanding imprests totalling Kshs.7,403,352 which had not been surrendered by the due dates. No reasons have been given for the failure to recover the unsurrendered imprests in full from the respective officer's monthly salaries as required.

11.3 Rent Receivable

The accounts receivables from exchange transactions balance of Kshs.239,275,924 also includes Kshs.100,977,713 in respect of rent receivables out of which Kshs.4,862,063 relates to rent deposits from tenants. However, the rent deposits could not be traced to relevant house numbers of the depositors. Despite mention in the previous years, management has not reconciled the rent deposits against payees of the respective houses.

In the circumstances, the accuracy and completeness of the accounts receivables from exchange transactions balance of Kshs.239,275,924 could not be confirmed as at 30 June 2017.

12.0 IAAF World U18 Champions Nairobi-Sports Kenya

Between June 2016 and December 2017, the State Department of Sports Development granted Authority to Incur Expenditure (AIE) to Sports Kenya totaling Kshs.1,098,665,395 for the purpose of hosting the IAAF World U18 Championships in Nairobi.

12.1 AIE Disbursement to Sports Kenya

A Local Organizing Committee (LOC) was formed and charged with the responsibility of coordinating and preparing for World Youth U18 Championships. Audit review of the expenditure incurred from the AIEs issued to Sports Kenya revealed the following irregularities:

12.1.1 Diversion of World Youth Championships Funds to Rio Games Fund then to Other Unrelated Actives

An amount of Kshs.201,817,637.26 budgeted for World Youth Championships, was diverted by Sports Kenya and utilized for non-related activities such as paying Sports Kenya salaries, allowances and tax obligations, Kenya Rugby Sevens allowances, Tong Modo Mombasa Open, FIM Motor Cross, Masai Mara Marathon and COTIF Women Tournament as follows:

Date	Payee	Details	Amount Kshs.
18.07.2016	MOSCA	Tong il Moo-do Mombasa Open	30,000,000
18.07.2016	MOSCA	Junior Golf Foundation	998,000
25.07.2016	MOSCA	Kenya Rugby Sevens Allowances	40,870,800
26.07.2016	MOSCA	Office Operations	11,086,942
02.08.2016	MOSCA	COTIF Women Tournament	1,435,100
11.08.2016	MOSCA	KECOSO	5,000,000
11.08.2016	MOSCA	Duncan Asumbwe	10,000,000
11.08.2016	MOSCA	FIM Motorcross of African Nations	5,000,000
15.08.2016	MOSCA	Masai Mara Marathon Ltd	3,000,000
23.11 to 28 12.2016	Sports Kenya	Kenya Revenue Authority	53,003,787
16.12.2016	Sports Kenya	Gross Salary for November & December 2016	28,923,009
-	Sports Kenya	Wote Stadium	12,500,000
Total			201,817,638

Further, the total expenditure of Kshs.201,817,637 was not supported by acknowledgement receipts/letters from the recipients. As a result of the diversion of funds meant for the IAAF World Youth U18 Championships, the Local Organizing Committee ended up with a pending bill of Kshs.195,104,232.08.

12.1.2 Pending Bills

The Utilization of the World Under 18 Championships funds for non-related activities resulted to pending bills totalling Kshs.195,104,232 owed to suppliers of goods and services. Further, the goals and objectives of the local organizing committee were not achieved as planned.

No plausible reason has been provided for diverting budgeted funds to other activities some of which had voted provisions.

Consequently, the pending bills balance of Kshs.195,104,232 is not a proper charge to public funds.

13.0 Supply and Installation of Three Running Tracks at Kasarani Stadium and Kenyatta University Sports Field

The Local Organizing Committee for the IAAF World Under 18 Championships on 1 March 2017 entered into a contract with M/s Mondo Iberica S.A through direct procurement for the supply and installation of three running tracks at Kasarani Stadium and Kenyatta University Sports Field at a contract sum of Euros 3,018,739.89 (approximately Kshs.344,037,488.76). The works were to commence on 1 March 2017 with a completion period of 18 weeks. Further, examination of records availed for audit revealed:

- i) M/s Mondo Iberica SA was paid an advance payment of 50% of the contract sum which amounted to Euros 1,509,369.94 (Kshs.169,200,370). This payment was not secured with a bank guarantee and exceeded the 20% allowable limit contrary to Section 147(1) of the Public Procurement and Asset Disposal Act, 2015.
- ii) Available records indicate M/s Mondo Iberica S.A has so far been paid a total of Euros 3,117,344.13 (Kshs.355,275,143) which was Euros 98,604.24 (approximately Kshs.11,237,654.24) above of the contract sum. In addition, an audit inspection of the installation of the tartan track at Kenyatta University revealed that the works had not been completed by the 10th of July 2017 or by 54 weeks after signing of the contract.
- iii) M/s Mondo Iberica SA was also paid an additional Kshs.2,566,200 for sending additional technicians to assist in the installation of the tracks despite the fact that the works had already been covered in the initial contract.
- iv) Bills of Quantities and Completion Certificates were also not availed for audit verification to confirm that works were done to right standards and specifications. In addition, retention fee of 5% was not deducted from the contractor's payments in accordance with clause 26 of the contract to cover for the defect liability period.
- v) Clause 27.1 of the contract requires the contractor to pay the Local Organizing Committee liquidated damages of Euros 136 (approximately Kshs.15,499.50) per week for delays in completing of the works. No evidence has been produced to show that a claim has been lodged against the contractor.

vi) In view of the foregoing, the regularity and propriety of Kshs.355,275,143 could not be ascertained. Further, no justification has been provided for the payment of Kshs.11,237,654.24 and Kshs.2,566,200 in excess of the contract sum.

14.0. Unsupported Expenditure

- 14.1** Payment vouchers for expenditures totalling Kshs.6,666,941 made between May and July 2017 were not availed for audit. In the absence, of supporting documentations, the propriety of the expenditures incurred therein could not be vouched.
- 14.2** Payment vouchers for expenditures totalling Kshs.20,411,280 were not supported by relevant supporting documents such as requisitions, quotations, rooming list, attendance lists, travel clearance, tax compliance certificates, business registration certificates, contracts, fuel register, vehicle work tickets. In the absence of supporting documentations, the propriety of the expenditure could not be confirmed.
- 14.3** An amount of Kshs.48,068,500 was paid as allowances to staff, athletics officials and committee members. However, the payment vouchers were not supported with appointment letters, committee minutes and signed payments schedules. In the absence of adequate supporting documents, the propriety of the Kshs.48,068,500 payments could not be confirmed.
- 14.4** The Local Organizing Committee paid Kshs.20,790,000, to Athletics Management and Services, an associate of Dentsu Inc, as a license fee under the category release agreement signed between it and Dentsu Inc an IAAF Partner on the 13 December 2016. The payment of the fee was intended to grant the Local Organizing Committee the rights to solicit, procure and appoint as national sponsors, companies within the country that fall under the released product category. In return the Local Organizing Committee was entitled to retain all the moneys raised from such appointments. However, no acknowledgement receipts from the recipients was a produced for audit review.

Further, it has not been possible to determine if any value was derived from this expenditure since no receipts or bank statements were produced for audit review to show how much was generated from rights to solicit for sponsorships granted to the Local Organizing Committee. It has not been possible to ascertain whether value for money spent in these activities was obtained or confirm the propriety of the expenditure of Kshs.20,790,000.

In absence of the supporting documents, the propriety and validity of Kshs.267,682,774 expenditure on public funds could not be confirmed.

15.0 Irregular Direct procurements

Sports Kenya incurred Kshs.49,706,824 through direct procurement contrary to the provision of Section103 (1) of the Public Procurement and Asset Disposal Act, 2015 as follows:

15.1 Dry Cleaning Services

M/s Pewin Dry Cleaners and Launderers Limited were directly procured by the Local Organizing Committee and paid a down payment of Kshs.10,000,000 leaving a pending balance of Kshs.20,820,762 for provision of laundry services to athletes participating in the IAAF Under18 World Youth Championships 2017 held in Nairobi. However, no contract was produced for audit review and as a result, it has not been possible to confirm whether the rates charged were competitive or whether value for money was obtained from the expenditure of Kshs.10,000,000.

The same firm was also given another contract by the Local Organizing Committee under M/s Pewin Cabs Ltd to provide transport services at a cost of Kshs.66 million by the State Department of Sports Development.

15.2 Procurement of Furniture and Other Equipment

The Local Organizing Committee incurred expenditures totaling to Kshs.40,358,607 relating to the procurement of furniture and equipment under the World Youth Championship. The payments were made to various firms which supplied items such as laptops, UPS, workstations, desktop computers, timing equipment and printers. However, there was no evidence to show that the items were delivered, received and taken on charge. In the circumstances, the propriety of the Kshs.40,358,607 expenditure could not be confirmed.

15.3 Procurement of Sports Equipment

Nairobi Sports House was directly by the Local Organizing Committee procured and paid Kshs.5,224,300 for the supply of uniforms and sports equipment without developing specific requirements. However, there was no evidence of how the items were delivered, received and taken on charge. In the circumstances, the propriety of the Kshs.5,224,300 expenditure could not be confirmed.

15.4 Procurement of Equipment and Stationery

M/s Dahel Business Solution was directly procured by the Local Organizing Committee and paid a total of Kshs.1,893,920 for the Supply of equipment and stationery. However, there was no evidence to show that these items were delivered, received and taken on charge. In the circumstances, the propriety of the Kshs.1,893,920 expenditure could not be confirmed.

15.5 Purchase of Mobile Phones

An amount of Kshs.4,646,963 was paid to Safaricom Limited for the supply of mobile phones. However, the expenditure was not supported with a list of the officials supplied with the phones and the phones were not availed for audit verification.

In view of the foregoing, it has not been possible to confirm receipt and distribution of the mobile phones worth Kshs.4,646,963.

15.6 Foreign Travel

An amount of Kshs.5,902,687 was spent on foreign travel to Uganda and Poland to observe the organization of IAAF events. However, the expenditure was not supported with a list of the officials, reports on lessons learnt, action points and travel clearance letters.

15.7 Procurement of Motor Vehicles

Sport Kenya purchased two Mitsubshi motor vehicles worth Kshs.10,912,000 from Simba Motors Corporation through the adoption of the supply contracts between the Corporation and Government Supplies Branch. However, a scrutiny of contract supporting the payment voucher revealed that the vehicles purchased were not included in the supply contract signed between the Supplies Branch and Simba Motors Corporation. In addition, the respective logbooks and inspection certificates from the Chief mechanical and transport engineer were not produced for audit review. The vehicles were also not made available for physical verification.

In view of the foregoing, it has not been possible to confirm the propriety and value for money for the total expenditure of Kshs.78,938,477 as at 30 June 2017.

Unresolved Prior Year's Matters

16.0 Supply, Delivery and Installation of Synthetic Track Surface Mombasa County Stadium

As previously reported, Sports Kenya entered into a contract on 9 April 2015 with a local construction company for the supply, delivery and installation of a synthetic track surface at the Mombasa County Stadium at a contract price of Kshs.48,852,056. However, the specific duration of the contract was not given. During the financial year 2015/2016, Kshs.69,752,994 was paid to the contractor while Kshs.10,666,934 was paid during the year under review leading to a total amount paid to Kshs.80,419,928 resulting in an excess payment of Kshs.31,567,872.

No justification has been made for the excess payment which is beyond the threshold of contract value variation of 25% allowed by Section 139 (4) (c) of the Public Procurement and Asset Disposal Regulations, 2015. During the audit of the financial statements for 2016/2017 it was noted that, almost three (3) years after signing the contract, the tartan track has not been installed and was said to be in containers placed outside the stadium. Only partial work has been done on the sub-base despite the overpayment of the contract sum.

Although the management of Sports Kenya has continued to state that part of the works remaining was to be undertaken by the County Government of Mombasa, no status report on the progress made was availed for audit review. In addition, no Memorandum of understanding (MoU) between the County Government of Mombasa and the Sports

Kenya detailing responsibilities and ownership of the project was presented for audit verification.

In the circumstances, the propriety and value for money for the expenditure of Kshs.80,419,928 cannot be ascertained.

17.0 Supply, Delivery and Installation of Synthetic Track Surface - Nyayo National Stadium

As previously reported, Sport Kenya paid a total of Kshs.111,596,640 for the Supply, delivery and installation of synthetic track surface at Nyayo National Stadium which was Kshs.21,745,360 or 24% over and above the contract sum of Kshs.89,851,280.

A review of the matter in 2017, indicated that only Kshs.75,721,041 was reflected in the financial statements of Sport Kenya as opposed to Kshs.111,596,640 confirmed as paid in audit report for 2015/2016 resulting in unexplained difference of Kshs.35,875,559.

In view of the foregoing, financial statement balance of Kshs.75,721,041 as reflected in Note 9.0 cannot be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Sports Kenya in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

Key Audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Qualified Opinion and Other Matter sections of my report, I have determined that there are no Key Audit Matters to communicate in my report.

Other Matter

1. Budget and Budgetary Performance

1.1 Receipts

Analysis of actual receipts against budgeted amounts revealed the following variances:

Revenue head	Budget Kshs.	Actual Kshs.	Excess (+) Shortfall (-) Kshs.	Variance %
Government grants	4,231,919,961	1,778,677,483	-2,453,242,478	58
Other sources	727,583,120	243,781,272	-483,801,848	66
Total	4,969,503,081	2,022,458,755	-2,947,044,326	59

Actual receipts amounted to Kshs.2,022,458,755 against the budgeted receipts of Kshs.4,969,503,081 resulting in a shortfall of Kshs.2,947,044,326 or 59%. The shortfall was mainly attributed to austerity measures taken by the government resulting in reduction in Grants. Revenue from other sources also realized a shortfall of Kshs.483,801,848 from the budgeted Kshs.727,583,120 to Kshs.243,781,272 or 66% which was mainly attributed to closure of revenue generating facilities for renovations during the year under review.

1.2 Expenditure

Sports Kenya had budgeted to spend Kshs.4,959,503,081 in 2016/2017 but the actual expenditure amounted to Kshs.2,016,210,445 resulting in under expenditure of Kshs.2,943,292,636 or 59% as highlighted below:

Expenditure	Budget Kshs.	Actual Kshs.	Over (+) Under (-) Kshs.	Over/(under) %
Employee Costs	346,097,081	190,586,451	-155,510,630	(45)
Board Remuneration	15,000,000	15,485,012	485,012	3.2
General Expenses	236,760,000	137,482,940	-99,277,260	(42)
Contracted and Professional Services	65,566,000	77,718,472	12,152,472	19
Rehabilitation Works	3,182,700,000	335,167,692	-2,847,532,308	(89)
Rio Expenses	0	382,245,597	382,245,597	100
WYC 2017 Expenses	936,000,000	788,849,678	147,150,322	(16)
Bulk Purchase of Water & Electricity	99,600,000	55,543,375	-44,056,625	(44)
Repairs & Maintenance	49,300,000	11,953,748	-37,346,252	(76)
Finance Cost	0	410,540	410,540	100
Total	4,959,503,081	2,016,210,445	-2,943,292,636	(59)

Under-expenditure

1. Overall, due to the large budget deficit the Sports Kenya underspent by Kshs.2,943,292,636 or 59%.
2. Sports Kenya had budgeted to spend Kshs.3,182,000,000 on rehabilitation works but only Kshs.335,167,692 was spent resulting to an under-expenditure of Kshs.2,847,532,308 or 89%. The under expenditure was attributed to non-receipt of Government Grants.
3. An amount of Kshs.49,300,000 was budgeted for repairs and maintenance but only Kshs.11,953,748 was spent resulting in an under-expenditure of Kshs.37,346,252 or 76%. No notes were provided for the under-expenditure.

Over-Expenditure

1. The Board did not budget any amount under Rio Expenses but the management spent Kshs.382,245,597 or 100%. This was attributed to expenses paid by Sports Kenya from its funds on behalf of the State Department of Sports Development. The management had not received refund of the amount spent as at the time of audit.

2. An amount of Kshs.65,566,000 was budgeted in respect on contracted and Professional Services but Kshs 77,718,472 was spent resulting to an over expenditure of Kshs.12,152,472 or 19%. No notes were provided for the over expenditure on this item.

The failure to receive and spend Kshs.2,943,292,636 or 59% of the budgeted expenditure implies that the planned goals and objectives were not achieved.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis)] and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Sports Kenya 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 management either intends to liquidate Sports Kenya or to cease operations, or have no realistic alternative but to do so.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

Those charged with governance are responsible for overseeing the Sports Kenya financial reporting process.

Auditor-General's Responsibilities for the Audit of the Financial Statements

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

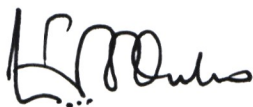
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to

those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my 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 and for the purpose of giving an assurance on the effectiveness of Sport Kenya internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Sports Kenya's ability to continue as a going concern or to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause Sports Kenya to cease to continue as a going concern or to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of Sports Kenya to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.



FCPA Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

10 July 2018

**Sports Kenya
Reports and Financial Statements
For the year ended June 30, 2017**

**IX. STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2017**

	Notes	2016-2017 Kshs	Restatement 2015-2016 Kshs
Revenue from Non-Exchange Transactions			
GOK and UNICEF (Recurrent +Nyta+Fc)	3.1	-	45,579,960
GOK Grants Sports kenya	3.2	818,584,471	375,691,600
GOK Grants (IAAF WU18)	3.3	452,702,170	
GOK Grants (IAAF WU18)Deferred Income	3.3	400,000,000	-
		1,671,286,641	421,271,560
Revenue from exchange transactions			
Rendering of services -Hire of facilities	2.1	66,855,134	66,549,621
Rental revenue from facilities and equipment	2.2	48,964,544	50,115,207
Naming Rights	2.4	6,875,000	27,500,000
Other income	2.5	2,025,746	906,983
Hotel Income	2.3	100,091,682	158,705,589
Branding	2.6	14,073,333	50,400,040
Advertising	2.7	4,895,833	1,500,000
		243,781,272	355,677,439
Total revenue		1,915,067,913	776,948,999
Expenditures			
Employee costs	6.0	190,586,451	171,949,578
Remuneration of Board	7.0	15,485,012	21,165,589
General Expenses	4.0	137,482,940	215,707,395
contracted and professional services	8.0	73,264,472	56,946,104
Rehabilitation works	9.0	343,532,123	223,886,614
Federations Expenses	28.0	95,303,900	-
RIO Expenses	29.0	286,941,698	-
WYC 2017 Expenses	27.0	679,815,635	-
Bulk Purchases of water and electricity	5.0	55,543,376	63,760,791
Repairs and Maintenance	11.0	11,953,748	4,764,712
Depreciation and amortization expense	30.0	20,766,936	8,093,710
Finance Cost	10.0	505,454	299,337
		1,911,181,745	766,573,830
Surplus for the period		3,886,169	10,375,169

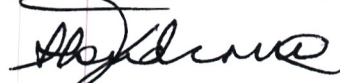
The notes set out on pages 34 to 42 form an integral part of these Financial Statements

**Sports Kenya
Reports and Financial Statements
For the year ended June 30, 2017**

**XII. STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017**

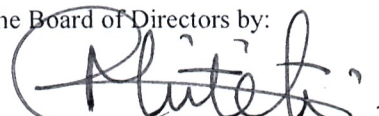
Assets	Notes	2016-2017	2015-2016
		Kshs	Kshs
Current Assets			
Cash and Cash Equivalents	12.0	41,454,713	400,972,325
Accounts receivables from Exchange transactions	14.0	239,275,925	259,345,614
Accounts receivables from Non Exchange Transactions	13.0	139,328,016	56,362,173
Inventories	15.0	3,006,917	3,797,254
Total Current Assets		423,065,569	720,477,365
Non Current Assets			
Property and equipment	16.0	152,627,591	85,429,498
Wip	17.0	52,839,956	1,220,091,636
Total Non Current Assets		205,467,547	1,305,521,134
Total Assets		628,533,116	2,025,998,499
Liabilities			
Current liabilities			
Trade and other payable from exchange transactions	18.0	155,420,893	101,574,730
Refundable deposits from Customers -Rent	19.0	755,700	755,700
Prepayments	20.0	1,022,167	420,208,333
Provision for audit fee	21.0	522,000	522,000
Employee benefit Obligation -pension	22.0	4,858,563	1,597,102
Taxation -PAYE	23.0	16,940,606	12,777,926
Provision for KRA tax Assesment	24.0	342,693,875	226,798,821
Total Liabilities		522,213,804	764,234,613
Equity			
Retained Earnings	25.0	45,683,486	441,797,318
Capital Grants	26.0	60,635,826	819,966,568
Total Equity		106,319,312	1,261,763,886
Total Equity & Liabilities		628,533,116	2,025,998,499

The Financial Statements set out on pages 20 to 23 were signed on behalf of the Board of Directors by:



Ag. Director General
Name: Ms. Saima Ondimu. SS

Date 18th Sept 2017



Chairman of the Board
Name: Mr. Fred Muteti

Date 18th Sept, 2017

Sports Kenya
Reports and Financial Statements
For the year ended June 30, 2017

XIII. STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2017

	Retained Earnings	WIP	Total
Restatement	Kshs	Kshs	Kshs
As at 1/7/2015	31,422,149	484,247,293	515,669,442
Surplus /Loss for the year	10,375,169		10,375,169
Additions for the year		500,000,000	500,000,000
Deferred Income	-		
Prior year Adjustment	-		
As at 30 /06/2016	41,797,318	984,247,293	1,026,044,611
			-
As at 1/7/2016	41,797,318	984,247,293	1,026,044,611
Transfer to KAS Building		(712,474,598)	(712,474,598)
Surplus /Loss for the year	3,886,169		3,886,169
Additions for the year		<u>52,839,956</u>	<u>52,839,956</u>
As at 30/06/2017	<u>45,683,487</u>	<u>324,612,651</u>	<u>370,296,138</u>

**Sports Kenya
Reports and Financial Statements
For the year ended June 30, 2017**

**XIV. STATEMENT OF CASH FLOWS
AS AT 30 JUNE 2017**

	<u>Notes</u>	<u>2016-2017</u> <u>Kshs</u>	<u>2015-2016</u> <u>Kshs</u>
Cashflows from operating			
Surplus for the year		3,886,169	410,375,169
Adjustments for			
Depreciation for the Year	29.0	20,766,936	8,093,710
Operating surplus /Deficit before			
Working Capital Changes			
Increase /Decrease in inventories	15.0	790,337	(2,677,254)
Increase/decrease in receivables exchange transactions	14.0	20,069,689	(97,926,321)
Increase/decrease in receivables non -exchange transactions	13.0	(82,965,843)	(42,740,760)
Increase/decrease in advance income	20.0	(419,186,167)	17,294,808
Increase/decrease in payables	18.0	53,846,163	(67,872,809)
Increase/decrease in PAYE Obligation		4,162,680	
Increase/decrease in Pension Obligation		3,261,461	
Increase/decrease in KRA assesment		115,895,054	
Net cashflow from operating Activities		(279,473,520)	224,546,544
Cashflow from investing activities			
Purchase of Fixed Assets	30.0	(87,965,028)	(60,213,059)
Payment of Capital	17.0	(52,839,956)	(601,205,192)
Cashflow from Financing activities			
Capital Grants Received	26.0	60,635,826	819,966,568
Net increase in cash and cash Equivalents		(359,642,679)	383,094,861
Cash and Cash equivalents At the start of the year		400,972,325	17,877,464
Cash and Cash equivalents at the end of the year	12.0	41,454,713	400,972,325

V. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE PERIOD ENDED 30 JUNE 2017

ITEM DESCRIPTION	Original Budget FY2016/2017		Adjustments		Final Budget FY2016/2017		Actual FY2016/2017		Excess/ (Shortfall)		Excess/ (Shortfall)	
	KSH		KSH		KSH		KSH		KSH		%	
INCOME												
GRANTS	4,231,919,961				4,231,919,961		1,894,127,975.55		(2,337,791,985.45)			(55.24)
RENT	90,000,000				90,000,000		48,964,544.00		(41,035,456.00)			(45.59)
HIRE OF FACILITIES	130,683,120				130,683,120		62,691,243.39		(67,991,876.61)			(52.03)
HOTEL FEES	250,000,000				250,000,000		100,091,682.08		(149,908,317.92)			(59.96)
GATE TAKINGS	50,000,000				50,000,000		1,156,080.00		(48,843,920.00)			(97.69)
HOSPITALITY SUITES	8,500,000				8,500,000		1,357,810.34		(7,142,189.66)			(84.03)
ADVERTISING	11,000,000				11,000,000		4,895,833.33		(6,104,166.67)			(55.49)
FITNESS GYM	5,000,000				5,000,000		-		(5,000,000.00)			(100.00)
SALE OF TENDERS	500,000				500,000		662,000.00		162,000.00			32.40
PARTNERSHIPS & SPONSORSHIPS	150,000,000				150,000,000		20,948,333.33		(129,051,666.67)			(86.03)
TV RIGHTS	8,000,000				8,000,000		1,650,000.00		(6,350,000.00)			(79.38)
DISPOSAL OF ASSETS	8,500,000				8,500,000		-		(8,500,000.00)			(100.00)
MISCELLANEOUS	400,000				400,000		587,244.00		187,244.00			46.81
FEES & LEVIES	15,000,000				15,000,000		776,501.72		(14,223,498.28)			(94.82)
TOTAL INCOME	4,959,503,081				4,959,503,081		2,137,909,247.74		(2,821,593,833)			(56.89)
EXPENSES												
PROGRAMMES												
Regulation, Inspection & Licensing	6,500,000				6,500,000		522,000.00		(5,978,000.00)			(91.97)
National Teams Preparations	-				-		-		-			-
Events & Sports Activities	936,000,000				936,000,000		-		(936,000,000.00)			(100.00)
Research & Consultancy	20,000,000				20,000,000		45,444,000.00		25,444,000.00			127.22
SUB-TOTAL	962,500,000				962,500,000		45,966,000.00		(916,534,000)			(95.22)
PERSONEL&ADMINSTRATION												
Salaries& Wages	174,762,145				174,762,145		168,180,424.86		(6,581,720.14)			(3.77)
Pension & Gratuity	148,501,332				148,501,332		18,840,497.86		(129,660,834.14)			(87.31)
Medical	18,000,000				18,000,000		18,305,439.46		305,439.46			1.70
Leave Allowance	6,833,604				6,833,604		2,728,228.50		(4,105,375.50)			(60.08)
Meetings and Board Allowances	15,000,000				15,000,000		15,485,012.43		485,012.43			3.23
Training	20,320,000				20,320,000		-		(20,320,000.00)			(100.00)
Official Entertainment	10,000,000				10,000,000		1,920,000.00		(8,080,000.00)			(80.80)
Casual Worker	17,000,000				17,000,000		19,215,650.79		2,215,650.79			13.03
SUB-TOTAL	410,417,081				410,417,081		244,675,253.90		(165,741,827)			(40.38)

Sports Kenya
Reports and Financial Statements
For the year ended June 30, 2017

ITEM DESCRIPTION	Original Budget FY2016/2017	Adjustments	Final Budget FY2016/2017	Actual FY2016/2017	Excess / (Shortfall)	Excess / (Shortfall)
OPERATIONS						
Transport Operating	12,000,000		12,000,000	2,063,869.46	(9,936,130.54)	(82.80)
Local Travel	5,500,000		5,500,000	10,867,499.00	5,367,499.00	97.59
Travel Abroad	20,000,000		20,000,000	985,124.00	(19,014,876.00)	(95.07)
Postage	170,000		170,000	-	(170,000.00)	(100.00)
Telephone & Internet	5,600,000		5,600,000	3,580,881.72	(2,019,118.28)	(36.06)
Marketing/Branding/PR	44,650,000		44,650,000	2,020,001.00	(42,629,999.00)	(95.48)
Stationery ,Photocopying & Printing	3,600,000		3,600,000	3,533,667.00	(66,333.00)	(1.84)
Advertising	11,000,000		11,000,000	2,342,829.00	(8,657,171.00)	(78.70)
Contracted Services	11,566,000		11,566,000	9,675,552.00	(1,890,448.00)	(16.34)
Motor Vehicle Insurance	1,500,000		1,500,000	161,452.93	(1,338,547.07)	(89.24)
General Insurance	15,400,000		15,400,000	3,357,283.00	(12,042,717.00)	(78.20)
Electricity	46,200,000		46,200,000	34,220,036.00	(11,979,964.00)	(25.93)
Water & conservancy	53,400,000		53,400,000	21,323,339.55	(32,076,660.45)	(60.07)
Office Cleaning & Materials	8,000,000		8,000,000	3,331,862.17	(4,668,137.83)	(58.35)
Fungicides, Insecticides & Sprays, Chemicals	6,000,000		6,000,000	2,548,657.43	(3,451,342.57)	(57.52)
Security Services	20,000,000		20,000,000	22,598,920.00	2,598,920.00	12.99
Uniforms	3,500,000		3,500,000	3,246,103.40	(253,896.60)	(7.25)
Food Purchases	50,000,000		50,000,000	34,498,847.00	(15,501,153.00)	(31.00)
Gas & fuel	6,500,000		6,500,000	2,576,810.00	(3,923,190.00)	(60.36)
Stadium Expenses	30,000,000		30,000,000	14,510,180.95	(15,489,819.05)	(51.63)
SUB-TOTAL	354,586,000		354,586,000	177,442,915.61	(177,143,084)	(49.96)
MAINTENANCE						
Computer Expenses	7,000,000		7,000,000	1,376,536.00	(5,623,464.00)	(80.34)
Office Refurbishment	4,800,000		4,800,000	3,949,075.00	(850,925.00)	(17.73)
Plant & Equipment	16,500,000		16,500,000	-	(16,500,000.00)	(100.00)
Building & Stadia Facilities	20,000,000		20,000,000	11,953,748.20	(8,046,251.80)	(40.23)
Miscellaneous and other Charges, Bank Charges	1,000,000		1,000,000	410,540.82	(589,459.18)	(58.95)
SUB-TOTAL	49,300,000		49,300,000	17,689,900.02	(31,610,100)	(64.12)
TOTAL RECURRENT EXPENDITURE	1,776,803,081		1,776,803,081	439,808,069.53	- 1,291,029,011	(72.66)
CAPITAL						
Purchase of Motor Vehicle	9,000,000		9,000,000	-	(9,000,000.00)	(100.00)
Plant & equipment	6,500,000		6,500,000	22,121,236.00	15,621,236.00	240.33
CCTV	30,000,000		30,000,000	-	(30,000,000.00)	(100.00)
Office Equipment & Computers	8,900,000		8,900,000	14,446,841.00	5,546,841.00	62.32
Furniture	800,000		800,000	8,140,000.00	7,340,000.00	917.50
Generator	2,500,000		2,500,000	-	(2,500,000.00)	(100.00)
Stadion	40,000,000		40,000,000	-	(40,000,000.00)	(100.00)
MISC	535,000,000		535,000,000	75,721,041.00	(459,278,959.00)	(85.85)
Nairobi Stadium	600,000,000	(600,000,000)	600,000,000	-	(600,000,000.00)	(100.00)
Mombasa Stadium	600,000,000		600,000,000	10,666,934.00	10,666,934.00	-
Eldoret stadium	600,000,000		600,000,000	-	(600,000,000.00)	(100.00)
Sports Academy	350,000,000		350,000,000	34,585,249.30	(315,414,750.70)	(90.12)
Rungu Stadium	200,000,000	(200,000,000)	200,000,000	-	-	-
Convention Centre	200,000,000	(200,000,000)	200,000,000	-	-	-
Regional County Stadia	-	1,000,000,000	1,000,000,000	248,779,717.61	(751,220,282.39)	(75.12)
SUB-TOTAL	3,182,700,000		3,182,700,000	414,461,018.91	(2,768,238,981)	(86.98)
TOTAL EXPENDITURE	4,959,503,081		4,959,503,081		(4,069,267,993)	
SURPLUS/(DEFICIT)						

XVI. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Sports Kenya is established by and derives its authority and accountability from Sports Act 2013 and given the mandate to carry out functions formally performed by Sports Stadia Management board and the Department of Sports. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to promote co-ordinate and implement national and international sports programmes, establish, manage, develop and maintain the sports facilities including convention centres, indoor sporting and recreational facilities in the country and participate in the promotion of sports tourism among others. Sports Kenya is expected to develop modern sports facilities as well as improve the existing ones.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The entity's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the entity. The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

3. ADOPTION OF NEW AND REVISED STANDARDS

i. Early adoption of standards

The entity did not early-adopt any new or amended standards in year 2017.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

The entity recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably.

ii) Revenue from exchange transactions

Rendering of services

The entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the entity.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

b) Budget information

The original budget for FY 2016-2017 was approved by the National Assembly. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section xxx of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

c) Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income.

Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Sales tax

Expenses and assets are recognized net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of sales tax included

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position

d) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 30-year period.

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

Transfers are made to or from investment property only when there is a change in use.

e) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Depreciation is calculated on reducing balance basis to write down the cost of each asset to their reducing balance over their estimated useful life as follows:

Sports Kenya
Reports and Financial Statements
For the year ended June 30, 2017

Motor vehicle	25%
Plant & Equipment	37.5%
Office Equipment	30%
Computers	30%
Furniture	12.5%
Building	2%

Equipment, furniture and fittings are periodically reviewed for impairment where the carrying amount of an asset is greater than estimated recoverable amount it is written down immediately to its carrying amount.

Gain and losses on disposal of equipment furniture and fittings are determined by reference to their carrying amount and are taken into account in determining the surplus or deficit for the year.

g) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The useful life of the intangible assets is assessed as either finite or indefinite.

i) Research and development costs

The Entity expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Entity can demonstrate:

- The technical feasibility of completing the asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits or service potential
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

i) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- Raw materials: purchase cost using the weighted average cost method
- Finished goods and work in progress: cost of direct materials and labor and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

j) Provisions

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingent liabilities

The Entity does not recognize a contingent liability, but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

Contingent assets

The Entity does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

l) Changes in accounting policies and estimates

The Entity recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

m) Employee benefits

Retirement benefit plans

The Entity provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

n) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

o) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment.

Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

p) Related parties

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the directors, the Director General and senior managers.

q) Service concession arrangements

The Entity analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Entity recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise

Sports Kenya
Reports and Financial Statements
For the year ended June 30, 2017

– any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Entity also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

r) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

s) Comparative figures

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Entity's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset based on the assessment of experts employed by the Entity
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note xxx.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

u) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2017.

Sports Kenya
Reports and Financial Statements
For the year ended June 30, 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2016-2017	2015-2016
	Kshs	Kshs
2.0 Income from the Exchange Transactions		
Details		
Hire of Facilities	66,855,134	66,549,621
Rent income	48,964,544	50,115,207
Hotel income	100,091,682	158,705,589
Naming rights income (Safaricom)	6,875,000	27,500,000
Other Income	2,025,746	906,983
Branding (Britam)	14,073,333	50,400,040
Adveristing Income	4,895,833	1,500,000
	243,781,272	355,677,439

	2016-2017	2015-2016
	Kshs	Kshs
2.1 Hire of Facilities		
Hire of Hospitality	1,357,810	2,677,793
Hire of main stadium & Equipments	18,793,555	23,825,928
Hire of Aquatic Stadium	13,859,215	12,725,468
Gate Takings	1,156,080	3,063,956
Hire of flood light	1,865,984	2,108,200
Hire of live coverage	1,650,000	3,675,000
Hire of indoor Courts	28,052,490	17,607,276
Hire of Public Address	-	570,000
Hire of Barriers	120,000	296,000
	66,855,134	66,549,621

	2016-2017	2015-2016
	Kshs	Kshs
2.2 Rental Income		
Residential Housing	31,725,000	31,725,000
Commercial Space	17,239,544	18,390,207
	48,964,544	50,115,207

	2016-2017	2015-2016
	Kshs	Kshs
2.3 Hotel Income		
Hotel income , Cyber café, Bar sales	100,091,682	158,705,589
	-	-
	100,091,682	158,705,589

	2016-2017	2015-2016
	Kshs	Kshs
2.4 Naming Rights		
Moi International Sports	6,875,000	27,500,000
	6,875,000	27,500,000

Sports Kenya
Reports and Financial Statements
For the year ended June 30, 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2016-2017	2015-2016
2.5 Other Income	Kshs	Kshs
Miscellaneous	587,244	91,250
Sale of Tenders	662,000	450,000
Car park	776,502	670,733
Total other Income	2,025,746	1,211,983
	2016-2017	2015-2016
	Kshs	Kshs
2.6 Branding Rights		
Nyayo stadium	13,813,333	50,190,000
Moi International Sports centre	260,000	210,040
	14,073,333	50,400,040
	2016-2017	2015-2016
	Kshs	Kshs
2.7 Advertising Income		
Nyayo National Stadium/ MISC	4,895,833	1,500,000
	4,895,833	1,500,000
	2016-2017	2015-2016
	Kshs	Kshs
3.0 Income from Non-Exchange Transactions		
Government Subsidies for Sports Club	-	45,579,960
GOK GRANTS	818,584,471	375,691,600
World Youth Championship 2017 Grant	852,702,170	400,000,000
	1,671,286,641	821,271,560
	2016-2017	2015-2016
	Kshs	Kshs
3.1 Government Subsidies for Sports Club		
UNICEF-KAS	-	6,000,000
UNICEF-TALANTA	-	5,364,960
GOK-KAS	-	9,790,000
MOSCA	-	24,425,000
	-	45,579,960
	2016-2017	2015-2016
	Kshs	Kshs
3.2 GOK GRANTS		
Recurrent	147,177,020	236,691,600
Development	117,177,696	139,000,000
Water and electricity	30,000,000	-
Project Funds	524,229,755	-
	818,584,471	375,691,600
	2016-2017	2015-2016
	Kshs	Kshs
3.3 IAAFU18 World Youth Championship 2017 Grant		
Deferred income	400,000,000	400,000,000
Received during the year	452,702,170	-
	852,702,170	400,000,000

Sports Kenya
Reports and Financial Statements
For the year ended June 30, 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4.0 General Expenses	2016-2017	2015-2016
	Kshs	Kshs
Marketing and Advertisement	4,362,830.00	26,256,435.00
Transport Operating	2,063,869.46	2,013,668.00
Local travel	10,867,499.00	8,289,710.00
Travel Abroad	985,124.00	2,439,977.00
Stationery	3,533,667.00	2,284,448.34
Computer Expenses	1,376,536.00	271,840.00
Intermilan and Openside	-	2,739,849.00
Telephone and internet	2,654,981.72	2,963,871.00
Gas and fuel	2,576,810.00	2,695,782.00
Official Entertainment	1,920,000.00	947,000.00
Food Purchase	34,498,847.00	29,490,618.00
Medical Insurance	18,305,439.46	16,291,614.00
Subscriptions	88,600.00	67,380.00
Office Refurbishemnt	3,949,075.00	1,179,259.00
Provision of Audit Fee	522,000.00	522,000.00
Office Cleaning Materials	3,331,862.17	5,385,655.00
Insecticides Sprays and Chemicals	2,548,657.43	949,512.00
Motor vehicle insurance	161,452.93	324,390.00
General insurance	3,357,283.00	3,509,717.00
Hotel expenses	14,510,180.95	14,414,240.00
NYTA	-	2,469,240.00
Fc talanta	-	9,847,192.00
Casuals	19,215,650.79	20,696,564.00
Uniforms	3,246,103.40	-
MOSCA Expenses	-	24,425,000.00
KAS expenses	3,406,471.00	17,154,288.00
	137,482,940.31	197,629,249.34

4.1 Marketing and Advertsing Cost	2016-2017	2015-2016
	Kshs	Kshs
Marketing	2,020,001.00	22,841,004.00
Advertising	2,342,829.00	3,415,431.00
	4,362,830.00	26,256,435.00

4.2 Transport Operating	2016-2017	2015-2016
	Kshs	Kshs
Transport Taxi	49,800.00	74,500.00
Transport Fare	149,610.00	246,300.00
Mileage Claims	235,551.20	54,020.00
Motor Vehicle Fuel	882,646.16	1,102,018.00
Motor Vehicle Repair	746,262.10	536,830.00
	2,063,869.46	2,013,668.00

Sports Kenya
Reports and Financial Statements
For the year ended June 30, 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2016-2017	2015-2016
	Kshs	Kshs
4.3 Local Travel		
Local travelling Expenses	934,620	3,426,990
Local perdiem	9,932,879	4,862,720
	10,867,499	8,289,710
	2016-2017	2015-2016
	Kshs	Kshs
4.4 Travel Abroad		
International Travel	234,000	705,665
International Perdiem	751,124	1,734,312
	985,124	2,439,977
	2016-2017	2015-2016
	Kshs	Kshs
4.5 Stationery		
Photocopy	591,269	47,160
Printing	2,524,798	1,956,488
Local Dailies and Publication	417,600	280,800
	3,533,667	2,284,448
	2016-2017	2015-2016
	Kshs	Kshs
4.6 Computer Expenses	1,376,536	271,840
	2016-2017	2015-2016
	Kshs	Kshs
4.7 Open side Expenses		
Open side Consultants	-	2,739,849
	-	2,739,849
	2016-2017	2015-2016
	Kshs	Kshs
4.8 Telephone & Internet		
Internet	730,809	752,536
Telephone -Mobile	1,895,040	2,149,487
Telephone -Landline	29,133	61,848
	2,654,982	2,963,871
	2016-2017	2015-2016
	Kshs	Kshs
4.9 Gas & Fuel		
Gas	870,085	1,379,589
Diesel	1,706,725	1,316,193
	2,576,810	2,695,782
	2016-2017	2015-2016
	Kshs	Kshs
4.10 Official Entertainment	1,920,000	947,000
	1,920,000	947,000

Sports Kenya
Reports and Financial Statements
For the year ended June 30, 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2016-2017	2015-2016
	Kshs	Kshs
5.0 Total Bulk Purchases		
Electricity	34,220,036	30,330,191
Water	21,323,340	33,430,600
	-	-
	55,543,375.55	63,760,791.00

	2016-2017	2015-2016
	Kshs	Kshs
6.0 Employee Costs		
Employee related Costs Salaries and Wages	128,209,138	116,479,304
Employee Related cost contribution to pension	12,974,676	12,038,230
Gratuity	5,865,822	4,524,889
NSSF	490,400	460,000
Acting allowance	628,168	336,730
Special Duty Allowance	3,531,403	1,833,140
Residential Telephone line	925,900	820,000
Housing Allowance	33,857,832	33,286,250
Leave Allowance	2,728,229	2,171,036
Sales Commision	1,374,884	
Total Employee Cost	190,586,451	171,949,578

	2016-2017	2015-2016
	Kshs	Kshs
7.0 Board of Directors Allowances		
Chairmans Honoraria	960,000	960,000
Board of Directors Allowances	6,449,084	9,362,412
International Perdiem	2,436,584	2,628,349
International travel	3,690,293	6,104,538
Local Perdiem	526,467	233,800
Local Travel	1,422,585	1,876,490
	15,485,012	21,165,589

	2016-2017	2015-2016
	Kshs	Kshs
8.0 Contracted And Professional Services		
Cleaning Services	9,675,552	8,950,104
Security services	22,598,920	15,901,032
Legal Fees	40,990,000	47,996,000
	73,264,472	72,847,136

Sports Kenya
Reports and Financial Statements
For the year ended June 30, 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2016-2017	2015-2016
9.0 Rehabilitation works - Regional Stadia	Kshs	Kshs
Kipchoge keino	36,278,397	124,133,620
Kamariny Stadium	34,805,400	-
Wote Stadium	49,131,006	-
Chuka stadium	31,174,719	-
Karatu Ndarugu Stadium	45,367,170	-
Ruringu Stadium	26,836,393	-
Marsabit Stadium	33,551,063	-
Mombasa stadium	10,666,934	69,752,994
Kisumu Stadium	-	30,000,000
Nyayo National Stadium	75,721,041	-
	343,532,123	223,886,614

	2016-2017	2015-2016
10.0 Finance Cost	Kshs	Kshs
Bank charges	505,454	299,337
	505,454	299,337

	2016-2017	2015-2016
11.0 Repair and Maintenance	Kshs	Kshs
Repair and Maintenance of Stadia	11,953,748	4,764,712
	11,953,748	4,764,712

	2016-2017	2015-2016
12.0 Cash and Cash Equivalents	Kshs	Kshs
Standard Chartered main bank	40,281,278	30,465,598
Fund Account	450,256	401,246,139
Project Account	246,082	74,869
Rent Account	477,096	(30,814,281)
	41,454,713	400,972,325

	2016-2017	2015-2016
Accounts Receivables from Non -Exchange transactions	Kshs	Kshs
13.0 Outstanding Grant		
Deaflympics	500,000	500,000
Ministry of youth	107,390,843	24,425,000
KAS	1,364,288	1,364,288
NYTA	15,590,653	15,590,653
Fc Talanta	4,482,232	4,482,232
Kenya Foot Ball Fedration -Loan	10,000,000	10,000,000
	139,328,016	56,362,173

Sports Kenya
Reports and Financial Statements
For the year ended June 30, 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2016-2017	2015-2016
Accounts Receivables from -Exchange		
14.0 transactions	Kshs	Kshs
Rent	100,977,714	113,775,185
Trade Debtors	130,546,680	135,272,247
Salary Advance	348,179	882,492
Impest (Sports Kenya,FC talanta & KAS)	7,403,352	9,415,690
	239,275,925	259,345,614
	2016-2017	2015-2016
15.0 Inventory	Kshs	Kshs
Moi international Sports centre main stores	2,172,288	2,687,993
Food Stores	457,653	588,443
Nyayo National stadium stores	376,976	520,818
	3,006,917	3,797,254
	2016-2017	2015-2016
16.0 Property plant and Equipment	Kshs	Kshs
	152,627,591	85,249,498
	-	-
	152,627,591	85,249,498
	2016-2017	2015-2016
17.0 International Sports Academy (wip)	Kshs	Kshs
	-	580,129,745
Expenditure	34,585,249	132,344,853
	2016-2017	2015-2016
Indoor Court Complex (WIP)	Kshs	Kshs
Expenditure	18,254,707.0	-
	2016-2017	2015-2016
National Stadia	Kshs	Kshs
Feasibility Works -PKF	-	83,686,659
Opening bal	-	507,617,038
Expenditure	-	-
	52,839,956	1,303,778,295
	2016-2017	2015-2016
Trade and other payables from Exchange	Kshs	Kshs
18.0 transactions	155,420,893	101,574,730

Sports Kenya
Reports and Financial Statements
For the year ended June 30, 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2016-2017	2015-2016
	Kshs	Kshs
19.0 Rent Deposits	755,700	755,700
20.0 Prepayments	2016-2017	2015-2016
	Kshs	Kshs
Safaricom Kenya	-	6,875,000
Magnet ventures	1,022,167	-
BRITAM	-	13,333,333
GOK Grants (WYC 2017) Deferred income	-	400,000,000
	1,022,167	420,208,333
21.0 Audit fees	2016-2017	2015-2016
	Kshs	Kshs
	522,000	522,000
22.0 Employee benefit obligation & pension	2016-2017	2015-2016
	Kshs	Kshs
	4,858,563	1,597,102
Tax Obligation	2016-2017	2015-2016
	Kshs	Kshs
23.0 Taxation Liabilities PAYE	16,940,606	12,777,926
24.0 KRA Provisional assessment	2016-2017	2015-2016
	Kshs	Kshs
	342,693,875	226,798,821
25.0 Retained Earnings	2016-2017	2015-2016
	Kshs	Kshs
Surplus for the year	41,797,317	31,422,149
	3,886,169	10,375,168
	45,683,486	41,797,317
26.0 Capital Grants	2016-2017	2015-2016
	Kshs	Kshs
grants for the year	60,635,826	350,000,000
National Stadia	-	469,966,568
	60,635,826	819,966,568
27.0 World youth championship Expenses	206-2017	2015-2016
	Kshs	Kshs
	679,815,635	-
28.0 Federations Expenses	206-2017	2015-2016
	Kshs	Kshs
	95,303,900	-

Sports Kenya
Reports and Financial Statements
For the year ended June 30, 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	206-2017	2015-2016
	Kshs	Kshs
29.0 RIO Expenses	286,941,698	-

30.0 PROPERTY, PLANT AND EQUIPMENTS MOVEMENT SCHEDULE:

	Land and Buildings	Motor Vehicles	Plant & Machinery	Office Equipment	Furniture	Total
	(Kshs.)	(Kshs.)	(Kshs.)	(Kshs.)	(Kshs.)	(Kshs.)
Cost/Valuation	18,882,390	9,635,774	19,677,663	14,639,789.00	13,776,408	76,612,024
NBV- 1 July 2016	58,586,219	344,766	5,050,289	2,411,306.10	19,036,918	85,429,498
Additions	43,256,951	-	22,121,236	14,446,841.00	8,140,000	87,965,028
Disposals	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-
At 30 June 2017	101,843,170	344,766	27,171,525	16,858,147.10	27,176,918	173,394,526
Depreciation and impairment						
At 1 July 2016	3,883,620	10,667,168	20,850,874	15,226,861.90	12,963,359	63,591,883
Depreciation (Charge for the yr)	2,036,863	86,192	10,189,322	5,057,444.13	3,397,115	20,766,936
Impairment	-	-	-	-	-	-
At 30 June 2017	5,920,484	10,753,360	31,040,196	20,284,306.03	16,360,474	84,358,818
Net book values						
At 30 June 2017	99,806,306	258,575	16,982,203	11,800,702.97	23,779,803	152,627,591
At 30 June 2016	58,586,219	344,766	5,050,289	2,411,306.10	19,036,918	85,429,498

FY 2016/2017 EXCHEQUER SCHEDULE

Transfers from Ministries, Departments and Agencies

Name of the Entity sending the grant	Description	Amount recognized to Statement of Comprehensive Income	Amount deferred under / deferred income	Amount recognised in capital fund.	Total grant income during the year
		KShs	KShs	KShs	KShs
Ministry of Sports Culture and arts/State Department sports development	Recurrent Grant -SK	147,177,020.00	-	-	147,177,020.00
	Water & Electricity -SK	30,000,000.00	-	-	30,000,000.00
Ministry of Sports Culture and arts/State Department sports development	Development Grant - SK	117,177,696.00	-	60,635,826.00	177,813,522.00
	Regional Stadium	247,000,000.00	-	-	247,000,000.00
Ministry of Sports Culture and arts/State Department sports development	RIO	274,854,755.00	-	-	274,854,755.00
	WU18	852,702,170.20	-	-	852,702,170.20
Ministry of Sports Culture and arts/State Department sports development	Kenya Academy of Sports	2,375,000.00	-	-	2,375,000.00
TOTAL	GRANTS RECEIVED	1,671,286,641.20	-	60,635,826.00	1,731,922,467.20