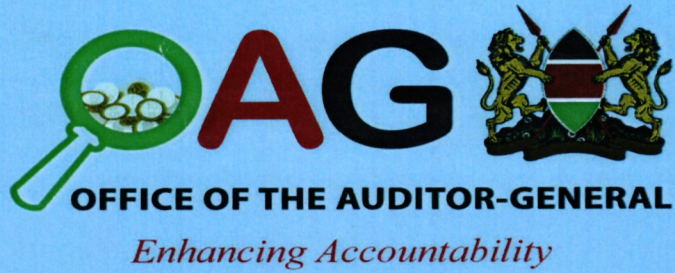


REPUBLIC OF KENYA



<b>REPORT</b>	
THE NATIONAL ASSEMBLY	
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DATE: 24 NOV 2022	DAY: Thurs
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PARLIAMENT  
OF KENYA  
LIBRARY

**THE AUDITOR-GENERAL**

**ON**

**KAS-TALANTA FOOTBALL  
CLUB**

**FOR THE YEAR ENDED  
30 JUNE, 2021**



**KAS FC TALANTA  
(SPORTS INCUBATOR PROJECT)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDING  
JUNE 30, 2021**

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

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**1. KEY ENTITY INFORMATION AND MANAGEMENT**

**(a) Background information**

Football Club Talanta is a professional football club destined to change the face of elite football while ingraining its name as football employment incubator of its kind in the sporting history of Kenya sports industry. Going by brand name 'KAS FC TALANTA', the club is a brain child of the Communications Authority of Kenya (CAK), UNICEF and National Youth Talent Academy (NYTA) (currently KAS- FC TALANTA established on 19<sup>th</sup> of July 2012).

The idea of coming up with this unique football employment incubator program was necessitated by the disillusionment which majority of out of school Kenyan youth often find themselves in, even after going through an education system.

Sports as an industry is increasingly becoming a booming business venture which nations all over the world are using to create opportunities for young people to realize their potentials. Established in 2010, NYTA started as an intervention mechanism to youth frustrations and lack of opportunities believed to be the reason why many had participated in post-election violence following the disputed general elections of 2007, provided youth from disadvantaged backgrounds with a second chance training programme which unlike in mainstream education system, focused on harnessing and nurturing their innate non-academic potentials.

After successful piloting of the talent academies concept, KAS- FC TALANTA was formed as an exit strategy to cushion soccer graduates from relapsing to their initial state of helplessness and act as a pathway to meaningful and secure livelihoods.

In 2012, Communication Authority of Kenya (CA) came in handy to actualize the club's dream, by signing a Three-Year sponsorship deal worth KES. 51 million. In 2016, the sponsorship was renewed and improved to KES 69 million until 2018 where it was renewed for a period of three years ending 2022 for KES 69 million.

KAS- FC TALANTA is an important project and program because its success would be a success story of talent development among the youth that could be replicated throughout the country. So far, there has been a significant positive impact on youth empowerment, talent development, and attainment of gainful employment, community service and outreach, as well as branding and publicity of CA.

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Most of the youth in the team come from a marginalized background and through the projects they have gained technical footballing skills. The team finished 2<sup>nd</sup> in the 2013 FKF Division One, 3<sup>rd</sup> in 2014 Nationwide Super League (NSL) and position 18 in FKF League. The team has been involved with community services such as supporting blind football and media outreaches. Beyond football skills, the players have received social and psychological support to enable them to take control of their choices and futures.

KAS- FC TALANTA's main purpose is to provide vulnerable and marginalized youth an avenue for talent development through exposure and professional training while offering them an opportunity to earn an income and a decent livelihood. The club offers limited timeline opportunity (two years) for talent growth and exposure, professional training, life skills development and entrepreneurship training before linking players to mature professional careers in and outside the country.

The club can boast of, among others, Timothy Otieno (Gor Mahia); Aziz Okaka (Ushuru); Rodgers Omondi (Kariobangi Sharks) and Faroukh Shikhalo (Posta Rangers). The current club coach is Kenneth Kenyatta, assisted by Jackson Gatheru and Patrick Muchiri. The Technical Director, who also sits on the board, is James Theuri.



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**(b) Principal Activities**

KAS- FC TALANTA is a professional football club based in Nairobi.

**Vision:** A premier football club that permits young players to reach their full potential.

**Missions:** To promote, foster and develop youth football in Kenya.

**Motto:** Beyond the Dream.

**Core values**

- ✓ Meritocracy
- ✓ Teamwork
- ✓ Professionalism
- ✓ Innovation
- ✓ Collaboration

**Mandate**

- ✓ Establish and manage sports training academies;
- ✓ Organize, administer and co-ordinate sports courses for technical and sports administration personnel;
- ✓ Promote research and development of talent in sports, in collaboration with institutions of higher learning, national sports organizations and other stakeholders;
- ✓ Collect, collate, store and disseminate tangible and intangible historical sports material to the public, sports organizations, researchers and institutions of learning;
- ✓ Receive and analyze data on training requirements from sports organizations;
- ✓ Link with other institutions and organizations for regular updates on the current sports trends; and
- ✓ Perform any other function that may directly or indirectly contribute to the attainment of the foregoing.

**(c) Key Management**

KAS- FC TALANTA's day-to-day management is under the following key organs:

- Club Secretary
- Club Accountant

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**(d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30, June 2021 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Technical Director	Jacob Ghost Mulee
1.	Finance Committee Member	Nicodemus Bore
2.	Technical Committee Member	James Theuri
3.	Club Secretary	Douglas Ratemo
4.	Head of Finance	Daisy J. Kipkech

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**(e) Fiduciary Oversight Arrangements**

- ✓ Finance/ Audit & General Purpose Committee
- ✓ Technical Committee

**(f) Entity Headquarters**

P.O. Box 9056 - 00200  
Moi International Sports Centre,  
Kasarani  
Nairobi, KENYA

**(g) Entity Contacts**

Telephone: (254) -020-2211460  
P.O. Box 9056 - 00200  
E-mail: talantafc@gmail.com  
Website: www.fctalanta.co.ke

**(h) Entity Bankers**

1. Jamii Bora bank  
Koinange Street  
P.O Box 22741.
2. Equity Bank  
**Mama Ngina**

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**(i) Independent Auditors**




Auditor General  
Office of the Auditor General  
Anniversary Towers, University Way  
P.O. Box 30084  
GPO 00100  
Nairobi, Kenya

**(j) Principal Legal Adviser**



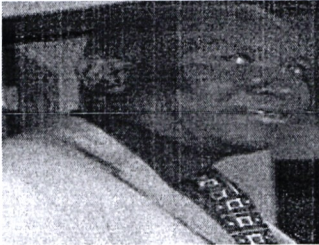

The Attorney General  
State Law Office  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
Nairobi, Kenya

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**2. THE BOARD OF DIRECTORS**



Ref	Directors	Details
1.	 <p><b>D.O.B 1972</b>  <b>Ann Wanjiru Muhihu</b>  <b>Chairperson, Talanta FC</b></p>	<p>Bachelor of Arts, International Business administration</p> <p>January 2012 to present</p> <p>Baraka Roses Limited</p> <p>Marketing Director, April 2007 to January 2012.</p> <p>Blackwater Media Limited-Marketing Director,</p>
2.	 <p><b>D.O.B 1977</b>  <b>Nicodemus Bore</b>  <b>Finance Committee Member</b></p>	<p>MBA(Education), Business Leadership</p> <p>Bachelor of Business Management.</p> <p>Work Experience</p> <p>CEO, KSSHA (Kenya Secondary Schools Heads Association)</p>
3.	 <p><b>James Theuri</b>  <b>B.O.B -5.11.1970</b>  <b>Technical Committee Member</b></p>	<p>BA (Anthropology)</p> <p>Work Experience</p> <p>1997-1999: District sports Officer – Maragua</p> <p>2000: District Sports Officer – Wajir</p> <p>2001-2003: District Sports Officer – Meru</p> <p>2004-2006: District Sports Officer – Bureti</p> <p>2006-2009: District sports officer – Murang’a</p> <p>2009-2012: Provincial director of Sports Central Province. 2013 –to date: Director of Sports Kirinyaga County.</p>

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4.		<p>Technical Director.  KAS FC TALANTA</p>	
<p><b>Jacob Ghost Mulee</b>  <b>D.O.B – 10.12.1969</b>  <b>Technical Director</b></p>	5.		<p>CA(K) Representative.  Board Member.</p>
<p><b>Rachel Alwala</b>  <b>D.O.B 3.09.1973</b>  <b>Board Member</b></p>	6.		<p>Education-MBS (Curriculum studies), B.E(Arts)  Work Experience  Principal Youth Development Officer-Ministry of  Youth and Gender  Linkages and Partnerships-KAS FC TALANTA.</p>
<p><b>John Okwemba</b>  <b>D.O.B 1972</b>  <b>Board Member</b></p>	7.		<p>MBA (Sports and Administration)  Ag. Director Talent Development  KAS FC TALANTA.</p>
<p><b>Douglas Ratemo</b>  <b>D.O.B 1972</b>  <b>Club board Secretary</b></p>			

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**3. MANAGEMENT TEAM**

	Management	Details
1.	 <p><b>Douglas Ratemo.</b>  <b>Club Secretary.</b></p>	<p><b>Work Experience</b></p> <ul style="list-style-type: none"> <li>• Director Talent Development</li> <li>• KAS FC TALANTA</li> </ul> <p><b>Qualifications:</b>  MBA(Sports and Administration</p>
2.	 <p><b>Daisy J. Kipketch.</b>  <b>Finance.</b></p>	<p><b>Work Experience:</b></p> <ul style="list-style-type: none"> <li>• KAS FC TALANTA</li> </ul> <p><b>Qualifications:</b>  Professional/ Academic: CPA part 111  Diploma in Banking &amp; Finance</p>

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**4. CHAIRMAN'S STATEMENT**

KAS- FC TALANTA's eminent performance has been contributed by sturdy teamwork both in the administration and technical department. Having in mind, the club offers the young upcoming professional players an opportunity to be exposed to the professional sporting platform, they are recruited from the grassroots in various regions of the country and given an easy way to showcase their talents. This has led to provision of a decent employment opportunity that has empowered the majority of the youth in Kenya.

The sponsorship of Communication Authority and the affiliation of KAS- FC TALANTA has also abetted the upbringing of the club. Due to this, the club has made a remarkable stride in the National Super League (2020/2021) season by maintaining top position. The players involved in delivering this achievement deserve all our support, the work ethic and sportsmanship enabled the players to perform at their very best and yielded further dividends for the club as the team is currently in position one.

The club's policy of identifying, developing and releasing talent, has seen a significant number of players joining both local and international clubs. The strategic plan that is being implemented currently, enumerates the goals and mission pursued and the organisational structure is committed to implement every aspect.

We also acknowledge the priorities of securing professional standard training facilities with a reason for lacking playing ground. The management is keen considering this as a factor and they are optimistic in finding a solution. We hope our main goal in the coming year will be achieved and that we will form a strong foundation to the benefit of the KAS FC TALANTA.

In brief I am delighted with the performance of Talanta Football Club in this season but unreservedly admit that a lot has to be done in the coming season now that we are hoping to join the Kenya Premier League. What is specifically vindicated is the subtlety we have earned through the players and the technical bench.

I would also like to take this opportunity to thank our club sponsors (C.A) for their loyal and candid support to Talanta Football Club over the years.



**Ms. Ann Wanjiru Mahihu.**

**Chairperson,**  
**Talanta FC Management Committee.**

## **5. REPORT OF THE CHIEF EXECUTIVE OFFICER**

KAS- FC TALANTA board has an intention of creating a high performing club that meets the operational goals and objectives, the club has achieved this with evidence of good results in the National Super League in this season (2020/2021). This is so because at the moment they have acquired 45 points in 24 matches played and are in position one. This is as a result of cooperation between various parties despite of Covid-19 pandemic that affected the sports fraternity.

This summer we did some crucial recruitment and admission of players to the club through competitive trials and auditions. This was after releasing some of the trained players to some of the local and national clubs to allow new recruits to the club. Evidence has shown that the talent development environmental factor significantly influences elite performance. With this mind, the club is utilizing such facts in its quest to develop talent among young people.

On behalf of management, we are committed in securing holistically developed athletes who are expertise in life skills as well as who can serve as role models to their juniors. The board is making an effort to ensure more partners are brought on board to help achieve our goals for the benefit of the club and young generation.

The quality preparation and participation made this season in the team has justified the result. The Communication Authority who are the sponsor of the program, has shown themselves without eschewed as being resilient in ensuring the club is well funded on time which has been contributing to technical support. The role offered by both C.A and KAS has assisted KAS- FC TALANTA to stand out as a unique club in the second-tier football league in Kenya.

Finally, I would like to thank our sponsors for their sustainable support. We acknowledge your passion and desire for the success of the team. Our determination and ambitions will glow for the success of the club and young generation in partnership with you the sponsors.



**CHIEF EXECUTIVE**  
**KAS- FC TALANTA**

**KAS- FC TALANTA  
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**6. STATEMENT OF KAS- FC TALANTA (SPORTS INCUBATOR PROJECT)**

**PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2020/2021**

KAS- FC TALANTA has 3 strategic pillars and objectives within its Strategic Plan for the FY 2019/2020-2020/2021. These strategic pillars are as follows:

**Pillar 1:** Sports Athlete

**Pillar 2:** Sports Personnel

**Pillar 3:** Institutional Capacity

KAS- FC TALANTA develops its annual work plans based on the above 3 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. Due to the unavoidable circumstances, the club performed dismally in achieving its targets set for the FY 2020/2021 period for its 3 strategic pillars. In the FY under review, the club expected Kshs 23 million the sponsor Communications Authority (K) but the funds were received late by the club.

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
<b>Pillar 1:</b> Sports Athlete	i. To recruit, train and nurture talented youths in football.	Number of trained athletes	<ul style="list-style-type: none"> <li>• Conducting recruitment exercises</li> <li>• Conducting training</li> </ul>	30 talented footballers.
<b>Pillar 2:</b> Sports Personnel	i. To train 4 coaches and 2 assistant coaches in football	i. Number of coaches & assistant coaches	Conducting training of coaches & assistant coaches	6 coaches & assistant coaches trained
<b>Pillar 3:</b> Institutional Capacity	i. To increase KAS FC TALANTA-funding ii. To increase KAS FC TALANTA staffing levels	i. Amount of funds mobilized ii. Number of new staff competitively recruited	i. Develop proposals and seek partnerships ii. Seek necessary approvals for recruitment; iii. Seek additional funding for recruitment of staff	<ul style="list-style-type: none"> <li>• Managed to secure Kshs 23 million from Communication Authority as sponsorship for the club</li> </ul>

## **7. CORPORATE GOVERNANCE STATEMENT**

The Board of Directors of KAS- FC TALANTA are pleased to report that during the year ended June 2021, the Company has been in full compliance with all clauses of its Corporate Governance Code (which is disclosed on its web-site [www.fctalanta.co.ke](http://www.fctalanta.co.ke)). The Club has not established a Nominations Committee because, given the company's size, the Board did not consider it needed to establish a separate Board Committee and accordingly the director nominations responsibilities are carried out by the Board without any delegation.

The main focus for the Board during 2020-2021 was concentrated on our response to the challenges and uncertainties presented by the COVID-19 pandemic in our locations. Due to the serious and unpredictable nature of the pandemic and its duration, the activities and frequency of meetings and other communications of the Board increased, to ensure appropriate governance and oversight was maintained throughout. The Board worked to deliver strong and consistent communications throughout the Group, including clear direction that the safety and well-being of our staff, technical bench and players was paramount, and anchoring our actions to the Group's strategic objectives and values. The increased intensity and pace of Board activity during this period demonstrates our governance framework in action, and our commitment to safeguarding and promoting the long-term success of the club for all stakeholders.

The primary responsibility of the Chair is to lead the Board effectively and this includes overseeing the adoption, delivery and communication of the Club's corporate governance model. The Club's Secretary assists and reports directly to the Chair on corporate governance matters. The Chair ensures that the Board as a whole plays a full and constructive part in the development and determination of the Club's strategy and overall commercial objectives. The Board ensures that the club adopts policies and procedures that the Directors consider appropriate with regard to the club's size and activities.

The Board is committed to ensuring that a strong governance framework operates throughout the club, recognizing that good corporate governance is a vital component to support management in their delivery of the club's strategic objectives, and to operate a sustainable business for the benefit of all stakeholders. The Board recognizes that the process of identifying, developing and maintaining high standards of corporate governance suitable for the club is ongoing and dynamic to reflect changes in the club and its business, the composition of the Board and developments in corporate governance.

### **PRACTICAL, OUTCOME-ORIENTED APPROACH TO CORPORATE GOVERNANCE**

The Board considers that the practical, outcome-oriented approach to corporate governance is most appropriate to the size of the organization, the regulatory framework that applies to aim the club and is best aligned to the expectations of the Club's stakeholders. The Board considers that the Club does not depart from any of the principles and the relevant disclosures and explanations are set out in this Corporate Governance Statement.

## **CORPORATE GOVERNANCE STATEMENT CONTINUED**

### **The role and functioning of the Board**

The Board is comprised of a chairperson, six Executive Directors. The Directors have a balance and depth of skills and experience, together with long-standing knowledge of the club, which enables them to discharge their respective duties and responsibilities effectively.

The Board is collectively responsible for the long-term success of the Club. KAS- FC TALANTA's strategy and business model are developed by the Chief Executive Officer and the senior management team and approved by the Board. The management team, led by the Chief Executive Officer, is responsible for implementing the strategy and managing the club at an operational level.

The Club is controlled through the Board, which has established Committees for Audit, Remuneration and Nominations, to which it delegates clearly defined powers. The terms of reference for the Committees are reviewed annually. During the year, the terms of reference for all the Committees were reviewed and updates considered.

There is a formal schedule of matters reserved for consideration by the Board, which includes responsibility for the following:

- Approval of the annual budget and monitoring progress towards its achievement;
- Approval of overall strategy and objectives;
- Changes to capital structure;
- Changes to principal activities;
- Review and approval of annual financial statements;
- Changes to the senior management structure;
- Approval of financing arrangements and treasury policy
- Approval of material investments and disposals; and
- Approval of material unbudgeted expenditure.

These reserved matters are reviewed by the Board, at least annually, to ensure they remain appropriate and complete. In tandem, the Board also reviews an approved schedule of operational matters, which are delegated to management of the operating subsidiaries.

The annual minimum time commitment is 25 days for the Chair and 20 days for other Executive Directors. The Executive Directors are full-time employees.

During the year, there was 100% eligible attendance at all meetings of the Board and Committees.

The Board held eight scheduled meetings in the year which were attended by all Directors. In addition, there were a number of unscheduled Board meetings held throughout the year, each of which was attended by all Directors, primarily to consider items relating to the COVID-19 pandemic.

## **CORPORATE GOVERNANCE STATEMENT CONTINUED**

Prior to the beginning of each year, Board and Committee meetings are scheduled in line with the key financial reporting dates. A Board pack, comprising a full agenda and documents to be tabled, is distributed to all relevant Directors a week prior to each meeting. Any specific actions arising during meetings are agreed by the Board or Committee and a follow-up procedure monitors their completion. Monthly financial and operational reviews are distributed to the Board, irrespective of whether a scheduled meeting is to take place. This assists the Board to keep informed of developments on a regular basis.

All Directors are invited to submit items for discussion for each meeting agenda and time is also allocated at each meeting to discuss any other business, which all Directors are invited by the Chair to raise. All Directors participate in strategy development and decisions required to implement actions to progress towards meeting the objectives of the club.

The Chair is responsible for the effective running of the Board and for ensuring that all Directors play a full and constructive part in the development and determination of the Club's strategy and overall commercial objectives. The Chief Executive Officer's primary role is to deal with the running of the Club's business and executive management of the club. There is a clear division of responsibilities between the Chair and Chief Executive Officer, with no one individual having unfettered powers of decision. The Club Secretary, a senior sports officer for 20 years, advises the Board and reports directly to the Chair on Corporate Governance matters, supports the Chair in the effective functioning of the Board and its Committees and facilitates the receipt by the Board of quality information in a timely matter.

The Directors are also able to take independent professional advice in the furtherance of their duties as necessary.

### **Stakeholders and social responsibilities**

The Club's business model relies on developing and maintaining strong relationships with our employees and regulatory authorities. The Board is conscious of its responsibility towards all stakeholders and believes this is an important consideration for the long-term growth of the club. Stakeholder engagement and feedback is taken seriously throughout the club. Regular communication is made around the employees. The club places considerable value on the involvement of our employees and keeps them informed on matters affecting them as employees and on the various factors affecting the performance of the Club. This is achieved through formal and informal meetings.

The events of the past year highlighted how critical alternative methods of communications are, with employees and other stakeholders working from home and the cessation of movement bringing an immediate and lengthy halt to physical meetings. The club uses social media to engage directly with stakeholders through various channels including Facebook, WhatsApp and Instagram. The club also engages with regulators and government agencies, for example in response to consultations or proposals, both directly and indirectly.

## **CORPORATE GOVERNANCE STATEMENT CONTINUED**

### **Risk management**

Risk management remains the responsibility of the Board. The Executive Committee has delegated responsibility to keep under review the adequacy and effectiveness of the Club's internal financial controls and the internal control and risk management system. Risk management is reviewed at Board meetings as part of the formal Board process. The Board has identified and evaluated the significant risks faced by the Club for the delivery of the Club's strategy. The Board has agreed how each risk is to be addressed and the necessary actions to be taken.

The Executive Committee meets specifically to review the effectiveness of the Club's risk management and internal control systems and to review the risks identified and progress of actions taken to manage the risks. Following the review, progress and actions are reported to the Board.

### **Experience, skills and capabilities**

The Executive Committee meets at least once a year to monitor and review the structure, size and composition of the Board. It considers succession planning and makes recommendations to the Board for any appointments, to ensure that the right skills and expertise are maintained by the Club for effective management. All members of the Board participate in the recruitment of members to the Board. The Directors determine the training requirements appropriate to their role and the needs of the club. Directors attend relevant industry conferences and workshops throughout the year. The members of the Committees refresh their skills and knowledge by attending briefings and seminars and reviewing publications provided by various professional services firms and by audit and other regulatory bodies.

### **Board performance**

Formal Executive Director Performance evaluations are conducted annually in preparation for the review and approval of annual remuneration packages. Each Director's performance is evaluated as an outcome of the formal performance evaluations of the Committee(s) of which they are a member. Performance evaluations identify and record achievements, training requirements and areas for improvement in relation to annual objectives and performance of their respective roles, in order to consider effectiveness. Objectives for the forthcoming year are defined along with identification of how achievements will be met, target dates and details of resource constraints or issues to ensure that actions are planned and taken as a result of the evaluation process.

### **Promotion of corporate culture**

Increasing engagement with our employees in 2020/21, and has been vital during a global pandemic when our top priority was to ensure that our employees were safe. At the end of June 2021, we launched a new internal communications tool which has enabled communication between employees for the first time and helped us to develop a shared culture.

The Club actively promotes integrity in its dealings with our employees. The Board recognizes that the reputations of our club are valuable assets gained over a long period and must be protected. The club has a number of policies, including those for dealing with bribery, gifts, hospitality, corruption, fraud, tax evasion, modern slavery and inside information.

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**CORPORATE GOVERNANCE STATEMENT CONTINUED**

Our Secretariat are required to ensure that advertising and public communications avoid untruths or overstatements. They are also expected to build relationships with suppliers based on mutual trust and endeavour to pay suppliers on time and in accordance with agreed terms of business.

**Independence**

The independence of all Executive Directors is reviewed annually, with reference to their independence of character and judgement and whether any circumstances or relationships exist that could affect their judgement.

In accordance with the Club's regulation, each of the Directors has a duty to avoid a situation where they have, or might have, a direct or indirect interest that conflicts, or potentially may conflict, with the Club's interests. The Club has established procedures for the disclosure by Directors of any such conflicts for the Board to consider and, if appropriate, authorize. If such a conflict exists, the relevant Director is excused from consideration of the relevant matter.

All additional external responsibilities taken on by Directors during the year were considered by the Board for any actual or potential conflicts that may arise. The Board is satisfied that the independence of the Directors who have additional external responsibilities is not compromised.

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**8. MANAGEMENT DISCUSSION AND ANALYSIS**

The Academy of Sports undertook several activities that were aimed at promoting the co-operate image of the organization as well as contributing to the social capital of the society.

The Academy of Sports has issued over 3500 chessboards since 2016 to counties and schools alike. Recently the Academy of Sports supported the chess tournament at Lenana high School by issuing 150 chessboards. The counties that have benefited from the issuance of chessboards include Kisii, Nairobi, Kirinyaga, Nyandarua, Kiambu, Baringo, Murang'a, Narok, Kericho, Nandi, Kisumu, Siaya, Lamu, Kilifi, Mandera, Wajir, Embu, Meru, Tharaka-Nithi, Marsabit, Isiolo, Nyeri, Makueni, and Kakamega Counties. This initiative has encouraged access to mental sports which is set to continue inspiring creativity and criticality in thinking.

The KAS- FC TALANTA through its incubator program has benefited over 15 youth who are fully engaged and gaining a steady income while developing their talents. The players get an opportunity to play in a competitive league (Football Kenya Federation, National Super League). The players are exposed to several trainings that purpose to develop them into all round citizen who can meaningfully contribute to nation building. They are trained on Sports Nutrition, Financial Management, and Anti-Doping Education among many other. The organization is purposing to introduce vocational training where the players can access technical skills that are important and vital when their playing years are over.

In July 2020, together with Tree Side School of mentally challenged organized a tree planting exercise that saw over 200 trees being planted in the school.

**MEETINGS**

Management meetings are held at least four times a year and not more than four months' elapse between the date of one meeting and the date of the next meeting. A schedule of the dates of meetings are agreed upon by management committee members.

In the financial year ending 30<sup>th</sup> June, 2021 the Council two committee meetings due to covid 19 issues and suspensions of the league several times.

By Order of the Chairperson



**Ms. Ann Wanjiru Mahihu**  
**Chairperson,**

## **9. ENVIRONMENTAL AND SUSTAINABILITY REPORTING**

The protection of the environment has become a topic of global debate over twenty years ago. The treaty on climate change held nations responsible for reducing their greenhouse gas emissions which were recognized as being the cause of global warming. The Paris Agreement has since usurped the original treaty, but various countries continue to search for new and innovative methods of reducing their carbon footprint. As a global industry, what is sport doing to reduce its carbon footprint and raise awareness of environmental sustainability.

### **i) Sustainability strategy and profile**

In contribution to environment sustainability, the club with the help of other sports originations intends to acquire innovative ways in the available Kenya stadia to be sustainable in the near future. These ways include:

- A drainage system that collects rainwater for use in the stadium and other facilities in the area. This can save up to 500,000 gallons per year.
- The stadia to be powered solely by clean energy sources. This could save stadium's estimate of 3,000 tonnes of emissions each year. There are also schemes in place to encourage more sustainable methods of travelling to the stadium – such as cycling and using public transport.
- The stadiums should also be installed with solar panels on its roof. Not only does this power the stadium but the excess goes back into the grid to make a wider contribution.

The club is looking forward to lead the way in creating a sustainable model by obtaining land and developing a football pitch with an organically grown ground fed by collected rain water, LED floodlights powered by solar panels and meat-free menus sourced from local producers. KAS- FC TALANTA endeavours to showcase that it is possible for sports clubs to function under an environmentally responsible operating model.

### **ii) Environmental performance**

As a sports club the organization can use the status of sport to disseminate information and increase awareness of environmental responsibility. It can also become possible to increase the clubs' efforts at reducing their carbon.

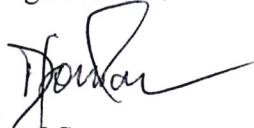
### **iii) Employee welfare**

Kenya Academy is an equal opportunity and is committed to hiring and retaining qualified and competent staff, who possess potential to effectively and efficiently perform their duties to achieve the clubs mission, Vision and strategic objectives.

### **iv) Market place practices-**

The club has developed a website that will see many stakeholders join hands to nurture the talents of our youths who are vulnerable and talented.

Douglas Ratemo



**Board Secretary**

**KAS FC TALANTA**

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**10. REPORT OF THE DIRECTORS**

The members of the management committee who served during the year are shown on page viii-ix. During the year/period ended June 30, 2021 no member has retired or resigned.

**i) Principal activities**

KAS- FC TALANTA spots talent from the less disadvantaged or vulnerable groups, trains, exposes and provide a source of livelihood to them.

KAS- FC TALANTA plays in the recognised nationwide super league and exposes its players to the Kenya premier league and other recognised leagues worldwide.

**ii) Results.**

KAS- FC TALANTA provided a source of income to the talented players during the period under review.

KAS- FC TALANTA also performed quite well but due to the outbreak of Covid 19, the league was cut short

**iii) Directors**

In the financial year ending 30<sup>th</sup> June, 2021 the Board of Directors held 3 board meetings

**iv) Auditors**

The Auditor General is responsible for the statutory audit of the KAS- FC TALANTA incubator project in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Chairperson



**Ms. Ann Wanjiru Mahihu**  
Chairperson  
KAS FC TALANTA

Date 08/02/2022

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**11. STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Section 81 of the Public Finance Management Act, 2012 require the Management Committee to prepare financial statements in respect of KAS- FC TALANTA, which give a true and fair view of the state of affairs of the KAS- FC TALANTA at the end of the financial year and the operating results of TC Talanta for that year ending 30, June 2021. The Management Committee are also required to ensure that KAS- FC TALANTA keeps proper accounting records which disclose with reasonable accuracy the financial position of KAS- FC TALANTA. The Management Committee are also responsible for safeguarding the assets of KAS- FC TALANTA.

The Management Committee are responsible for the preparation and presentation of the KAS- FC TALANTA 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, 2021. 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 KAS- FC TALANTA
- (v) Selecting and applying appropriate accounting policies; and
- (vi) Making accounting estimates that are reasonable in the circumstances.

The Management Committee accept responsibility for KAS- FC TALANTA 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 Management Committee are of the opinion that KAS- FC TALANTA financial statements give a true and fair view of the state of KAS- FC TALANTA transactions during the financial year ended June 30, 2021, and of KAS- FC TALANTA position as at that date. The Management Committee further confirm the completeness of the accounting records maintained for KAS- FC TALANTA 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 Management Committee to indicate that KAS- FC TALANTA will not remain a going concern for at least the next twelve months from the date of this statement.

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**STATEMENT OF DIRECTORS' RESPONSIBILITIES CONTINUED**


**Approval of the financial statements**

The KAS- FC TALANTA financial statements were approved by the Board on 08/02/ 2022  
and signed on its behalf by:

  
Signature

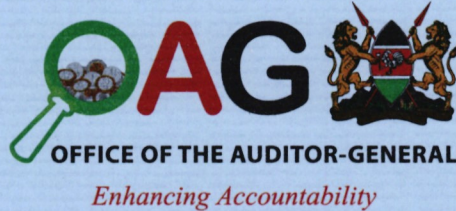
WANJIRU MATHITU  
Name  
Chairperson of the Board

Signature 

Name   
Head of Finance Department

# REPUBLIC OF KENYA

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Website: www.oagkenya.go.ke



**HEADQUARTERS**  
Anniversary Towers  
Monrovia Street  
P.O. Box 30084-00100  
NAIROBI

## REPORT OF THE AUDITOR-GENERAL ON KAS-TALANTA FOOTBALL CLUB FOR THE YEAR ENDED 30 JUNE, 2021

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### PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment, and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of KAS - Talanta Football Club set out on pages 1 to 30, which comprise of the statement of financial position as at

30 June, 2021, statement of financial performance, statement of changes in net assets, statement of cash flows and the 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, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the KAS - Talanta Football Club as at 30 June, 2021, 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 Sports Act, 2013 and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **Undisclosed Material Uncertainty on Sustainability of Services**

The statement of financial position reflects total current assets balance of Kshs.1,141,010 compared to total current liabilities balance of Kshs.9,497,227 as at 30 June, 2021 resulting to a negative working capital of Kshs.8,356,217 (2020: Kshs.10,504,505). This is an indication that the Club is experiencing difficulties in meeting its obligations as and when they fall due.

Further, the statement of financial performance reflects an amount of Kshs.23,000,000 in respect of public contributions and donations from the Communications Authority of Kenya (CAK). Review of the agreement between the CAK and the Kenya Academy of Sports (KAS) revealed that the Club depends wholly on the finances from the CAK to support its operations. The signed agreement between the CAK and the KAS revealed the CAK was to finance the Club with an amount of Kshs.69,000,000 spread over a three (3) years period with the third and last tranche amount of Kshs.23,000,000 being released in June, 2021. However, it is not clear whether the CAK will continue to finance the Club in future. In addition, the Club has not made disclosures in the financial statements on continued source of funding upon expiry of the agreement.

In the circumstances, the Club may not continue to sustain its services unless it gets support from donors and creditors.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the KAS - Talanta Football Club Management in accordance with ISSAI 130 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 judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

## **Other Matter**

### **Unresolved Prior Year Audit Matters**

In the audit report of the previous year, several issues were raised. However, Management has not resolved the issues nor disclosed all the prior year matters as provided by the Public Sector Accounting Standards Board template.

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

#### **1. Long Outstanding Trade and Other Payables**

The statement of financial position reflects a balance of Kshs.3,722,715 in respect to employee benefit obligation outstanding as at 30 June, 2021. This is contrary to Section 94(1)(a) of Public Finance Management Act, 2012 which states that a state organ or public entity is in serious material breach of the measure established under the Act if it has failed to make payments as and when due and has defaulted financial obligations for financial reasons. Further, Section 4(a) of its contract with the players states that, the Club shall pay to the player a gross monthly salary in arrears at the start of every month but not later than the 5<sup>th</sup> day of the month. This means that the Club faces future litigations as it does not comply with the contracts it has issued to its players.

In the circumstances, Management was in breach of the law.

#### **2. Un-Budgeted Year-End Gift**

The statement of financial performance and as disclosed in Note 8 to the financial statements reflects use of goods and services amount of Kshs.7,988,051 which further includes an amount of Kshs.5,568,235 for games operations and expenses. The balance further includes an amount of Kshs.760,000 paid as Christmas token to Board of Directors, technical staff and players to cushion them against the COVID-19 pandemic

and offer financial relief. However, examination of documents revealed the amount had not been budgeted for. This is contrary to Section 12 of the State Corporations Act, 2015 which states that no State Corporation shall, without the prior approval in writing of the Minister and The National Treasury, incur any expenditure for which provision has not been made in an annual estimate prepared and approved by the Minister and The National Treasury.

In the circumstances, the propriety and validity of the Kshs.760,000 could not be confirmed.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

### **Basis for Conclusion**

#### **Non- functional Internal Audit**

According to Mwongozo Code of Governance for State Corporations Chapter 3 on accountability, risk management and internal control, the Board should establish an internal audit function, ensure that there is an effective risk-based internal audit system, approve the internal audit charter, ensure that the internal audit function is independent and it reports to the audit committee. However, the Internal Audit Department does not exist. The Club is therefore exposed to various risks like operation risks since there is no effective risk-based internal audit system.

In the circumstances, the effectiveness of internal controls, risk management and governance could not be confirmed

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## **Responsibilities of Management and the Board of Directors**

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 maintaining effective 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 and for its assessment of the effectiveness of internal control, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Club's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Club or to cease operations.

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.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

The Board of Directors are responsible for overseeing the Club's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

## **Auditor-General's Responsibilities for the Audit**

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.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in

compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the Club's policies and procedures may deteriorate.


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.
- 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 applicable 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 Club's ability to continue 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 the Club to cease to continue to sustain 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 the Club 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.

  
CPA Nancy Gathungu, CBS  
**AUDITOR-GENERAL**

**Nairobi**

**21 July, 2022**

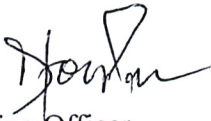
**KAS- FC TALANTA**  
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**13. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH**  
**JUNE 2021**

	Notes	2020-2021	2019-2020
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Public contributions and donations	5	23,000,000	23,000,000
		<b>23,000,000</b>	<b>23,000,000</b>
<b>Revenue from exchange transactions</b>			
Rendering of services	6	701,000	727,000
Finance income	7	103,705	65,894
		<b>804,705</b>	<b>792,894</b>
<b>Total revenue</b>		<b>23,804,705</b>	<b>23,792,894</b>
<b>Expenses</b>			
Use of goods and services	8	7,988,051	7,894,933
Employee costs	9	13,007,799	15,345,550
Remuneration of directors	10	500,000	195,500
Depreciation and amortization expense	11	241,204	263,683
Finance costs	12	15,566	22,354
<b>Total expenses</b>		<b>21,752,620</b>	<b>23,722,020</b>
<b>Net Surplus for the year</b>		<b>2,052,085</b>	<b>70,874</b>

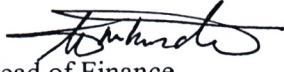
The notes set out on pages 8 to 30 form an integral part of these Financial Statements.

The Financial Statements set out on pages 1 to 7 were signed on behalf of the Board of Directors by:

  
Accounting Officer

Name: **DOUGLAS RATEMO**

Date: **8/02/2022**

  
Head of Finance

Name: **Sman Karole**

ICPAK Member Number:

**P/2375**

Date: **8-02-2022**



Chairman of the Board

Name: **WANJIRU MAHIRO**

Date: **08-02-22**

**KAS- FC TALANTA**  
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**14. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021**

	Notes	2020-2021	2019-2020
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	14	1,141,010	878,523
Receivables from non-exchange transactions	15	-	20,000
<b>Total Current Assets</b>		<b>1,141,010</b>	<b>898,523</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	16	694,069	790,272
<b>Total Non- Current Assets</b>		<b>694,069</b>	<b>790,272</b>
<b>Total Assets</b>		<b>1,835,079</b>	<b>1,688,795</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts Payables from exchange transactions	17	2,001,527	768,507
Employee benefit obligation	18	3,722,715	4,861,536
Accounts Payables from non-exchange transactions	19	3,772,985	5,772,985
<b>Total Current Liabilities</b>		<b>9,497,227</b>	<b>11,403,028</b>
<b>Total Liabilities</b>		<b>9,497,227</b>	<b>11,403,028</b>
<b>Net assets</b>			
Accumulated surplus		(10,162,531)	(12,214,615)
Capital Fund		2,500,382	2,500,382
<b>Total Net Assets</b>		<b>(7,662,148)</b>	<b>(9,714,233)</b>
<b>Total Net Assets and Liabilities</b>		<b>1,835,079</b>	<b>1,688,795</b>


**KAS- FC TALANTA**  
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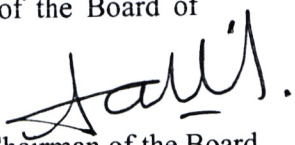
**STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021 CONTINUED**

The Financial Statements set out on pages 1 to 7 were signed on behalf of the Board of

Directors by:

  
Accounting Officer  
Name: DOUGLAS RATOMU

  
Head of Finance  
Name: Smart Karoti  
ICPAK Member Number: P/2875  
Date: 08-02-22

  
Chairman of the Board  
Name: WANSIRU MAHITU  
Date: 08-02-22

**KAS- FC TALANTA**  
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**15. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30**  
**JUNE 2021**

	Capital Reserve	Retained earnings	Total
<b>As at July 1, 2019</b>	<b>2,500,382</b>	<b>(12,285,489.93)</b>	<b>(9,785,107)</b>
Surplus/ Deficit for the year	-	70,873.93	70,873.93
<b>As at June 30, 2020</b>	<b>2,500,382</b>	<b>(12,214,615)</b>	<b>(7,962,107)</b>
<b>As at July 1, 2020</b>	<b>2,500,382</b>	<b>(12,214,615)</b>	<b>9,714,233</b>
Surplus/ deficit for the year		2,052,085	2,052,085
<b>As at June 30, 2021</b>	<b>2,500,382</b>	<b>(10,162,530)</b>	<b>(7,662,148)</b>

**KAS- FC TALANTA**  
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**16. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021**

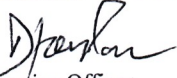
	Notes	2020- 2021	2019- 2020
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Public contributions and donations	5	23,000,000	23,000,000
Rendering of services	6	701,000	727,000
Finance income	7	103,705	65,894
<b>Total Receipts</b>		<b>23,804,705</b>	<b>23,792,894</b>
<b>Payments</b>			
Use of goods and services	8	7,988,051	7,894,933
Employee costs	9	13,007,799	15,345,550
Remuneration of directors	10	500,000	195,500
Finance Costs	12	15,566	22,354
<b>Total Payments</b>		<b>21,511,416</b>	<b>23,458,337</b>
<b>Surplus before Working Capital Changes</b>		<b>2,293,289</b>	<b>334,557</b>
Increase in Accounts Payables from Exchange transactions		1,233,020	(166,104)
Increase/Decrease in Payables from Non- Exchange Transactions		(2,000,000)	(3,421,983)
Increase/Decrease in Accounts Receivables from Non Exchange Transactions		20,000	2,314,200
Increase/Decrease in Employees Obligation Outstanding		(1,138,821)	4,861,536
<b>Net Cash flows from/(used in) Operating activities</b>	20	<b>407,488</b>	<b>3,922,206</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and intangible Assets	16	(145,000)	-
<b>Net cash flows from/(used in) investing activities</b>		<b>(145,000)</b>	
<b>Net Increase/(Decrease)in cash and Cash equivalents</b>		<b>262,488</b>	<b>3,922,206</b>
Cash and cash equivalents at 1 JULY	14	878,523	(3,043,683)
<b>Cash and Equivalents at 30 JUNE</b>	14	<b>1,141,011</b>	<b>878,523</b>

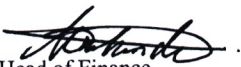
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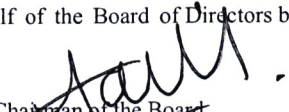
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**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021 CONTINUED**

The Financial Statements set out on pages 1 to 7 were signed on behalf of the Board of Directors by:

  
Accounting Officer  
Name: **DOUGLAS RATIMO**  
Date: **8/02/2022**

  
Head of Finance  
Name: **Sinar Kardi**  
ICPAK Member Number:  
**P/2375**  
Date: **8-2-22**

  
Chairman of the Board  
Name: **WANSIRU MAHIHU**  
Date: **08-02-2022**

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**17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2021**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	Kshs	Kshs	Kshs	Kshs	Kshs	
	A	b	C=(a+b)	d	e=(c-d)	F=d/c
<b>Revenue</b>						
Public contributions and donations	23,000,000	-	23,000,000	23,000,000	-	100%
Rendering of services	750,000	-	750,000	701,000	49,000	93%
Finance income	150,000	-	150,000	103,705	46,295	69%
<b>Total income</b>	<b>23,900,000</b>	<b>-</b>	<b>23,900,000</b>	<b>23,804,705</b>	<b>95,295</b>	<b>100%</b>
<b>Expenses</b>						
Use of goods and services	9,980,000	-	9,980,000	7,988,051	1,991,949	80%
Employee costs	13,000,000	-	13,000,000	13,007,799	(7,799)	100%
Remuneration of directors	600,000	-	600,000	500,000	100,000	83%
Depreciation and amortization expense	-	-	-	241,204	(241,204)	0%
Finance cost	20,000	-	20,000	15,566	4,434	78%
<b>Total expenditure</b>	<b>23,600,000</b>	<b>-</b>	<b>23,600,000</b>	<b>21,752,620</b>	<b>1,847,390</b>	<b>92%</b>
<b>Surplus for the period</b>	<b>300,000</b>	<b>-</b>	<b>300,000</b>	<b>2,052,085</b>	<b>(1,752,085)</b>	<b>684%</b>

The differences observed in the budgeted versus the actual is because the club remained closed from March 2020 due to the outbreak of the virus. The major budget variances were occasioned by this closure.

## **18. NOTES TO THE FINANCIAL STATEMENTS**

### **1. General Information**

KAS- FC TALANTA is established by the sports Act 2013 and derives its authority and accountability from the sports Act. KAS- FC TALANTA is wholly owned by the Government of Kenya and is domiciled in Kenya. KAS FC TALANTA's principal activity is playing football.

#### **Statement of Compliance and Basis of Preparation**

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgment in the process of applying the KAS- FC TALANTA accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the KAS- FC TALANTA

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**2. Adoption of New and Revised Standards**

**i. New and amended standards and interpretations in issue effective in the year ended 30 June 2021.**

Standard	Impact
<p>Other Improvements to IPSAS</p>	<p><b>Applicable: 1<sup>st</sup> January 2021:</b></p> <p>a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks.</p> <p>b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment.  Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved.</p> <p>c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets.  Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</p> <p>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs).  Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard.</p> <p>KAS- FC TALANTA has adopted the changes and remain compliant.</p>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2021.**

Standard	Effective date and impact
<p><b>IPSAS 41:</b> Financial Instruments</p>	<p><b>Applicable: 1<sup>st</sup> January 2023:</b></p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of the KAS- FC TALANTA’s future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset’s cash flows and the objective for which the asset is held;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an KAS -FC TALANTA’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul> <p>KAS FC TALANTA has adopted the changes and remain compliant.</p>
<p><b>IPSAS 42:</b> Social Benefits</p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting KAS- FC TALANTA provides in its financial statements about social benefits. The information provided should help users of the financial statements and</p>

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	<p>general purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the KAS FC TALANTA;</p> <p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the KAS FC TALANTA’s financial performance, financial position and cash flows.</p> <p>KAS -FC TALANTA will adopt the changes and remain compliant at the beginning of the period.</p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p><b>Applicable: 1st January 2023:</b></p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p> <p>KAS- FC TALANTA has adopted the changes and remains compliant.</p>

**iii. Early adoption of standards**

KAS- FC TALANTA did not early – adopt any new or amended standards in year 2020/2021.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**3. Summary of Significant Accounting Policies**

**a) Revenue recognition**

**Rendering of services**

KAS- FC TALANTA 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.

**Interest income**

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period

**b) Budget information**

The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the Academy. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis or timing differences that would require reconciliation between the actual comparable amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts

KAS Talanta FC'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 17 of these financial statements

**a) 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.

**c) 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, KAS- FC TALANTA 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.

- a. Furniture and Fittings 12.5%
- b. Plant and Equipment 12.5%
- c. Electronic Data Processing Equipment 30%
- d. Motor Vehicles 25%

**d) Leases**

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the KAS- FC TALANTA. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value

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of the future minimum lease payments. KAS- FC TALANTA also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that KAS- FC Talanta will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to KAS- FC TALANTA. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

**e) 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.

**f) Research and development costs**

KAS -FC TALANTA expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the KAS- FC TALANTA can demonstrate:

- i) The technical feasibility of completing the asset so that the asset will be available for use or sale
- ii) Its intention to complete and its ability to use or sell the asset
- iii) How the asset will generate future economic benefits or service potential
- iv) The availability of resources to complete the asset
- v) 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

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the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

**i) Financial instruments**

**a) Financial assets**

**Initial recognition and measurement**

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. KAS-KAS- FC TALANTA determines the classification of its financial assets at initial recognition.

**Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

**Held-to-maturity.**

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when KAS- FC Talanta has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

**Impairment of financial assets**

KAS- FC TALANTA assesses at each reporting date whether there is objective evidence that a financial asset or a KAS- FC TALANTA of financial assets is impaired. A financial asset or an KAS- FC TALANTA of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the KAS- FC TALANTA of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- i) The debtors or a KAS- FC TALANTA of debtors are experiencing significant financial difficulty.

- ii) Default or delinquency in interest or principal payments
- iii) The probability that debtors will enter bankruptcy or other financial reorganization.
- iv) Observable data indicates a measurable decrease in estimated future cash flows (e.g., changes in arrears or economic conditions that correlate with defaults)

#### **b) Financial liabilities**

##### **Initial recognition and measurement**

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. KAS FC- Talanta determines the classification of its financial liabilities at initial recognition, all financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

##### **Loans and borrowing**

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

##### **j) 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:

- i) Raw materials: purchase cost using the weighted average cost method.
- ii) Finished goods and work in progress: cost of direct materials and labour 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 KAS- FC TALANTA.

**k) Provisions**

Provisions are recognized when KAS- FC TALANTA 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 KAS- FC TALANTA 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.

**l) Contingent liabilities**

The KAS- FC TALANTA 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.

**m) Contingent assets**

The KAS- FC TALANTA 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 KAS- FC TALANTA 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.

**n) Changes in accounting policies and estimates**

The KAS- FC TALANTA recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

**o) Employee benefits**

**Retirement benefit plans**

KAS- FC TALANTA contributes NSSF to its employees.

**p) 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.

**q) 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.

**r) Related parties**

The KAS- FC TALANTA regards a related party as a person or a KAS- FC TALANTA with the ability to exert control individually or jointly, or to exercise significant influence over the club, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

**s) Service concession arrangements**

The KAS- FC TALANTA 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, we 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 – 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 KAS- FC TALANTA also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

**t) 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.

**u) Comparative figures**

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

**v) 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, 2021.

**4. Significant Judgments and Sources of Estimation Uncertainty**

The preparation of the KAS- FC TALANTA 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. State all judgements, estimates and assumptions made: e.g.

**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. KAS-KAS-

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KAS-FC TALANTA 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 KAS- FC TALANTA. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**5. Public Contributions and Donations**

Description	2020-2021	2019-2020
	KShs	KShs
CAK(Communication Authority of Kenya)	11,500,000	23,000,000
CAK(Communication Authority of Kenya)	5,250,000	
CAK(Communication Authority of Kenya)	6,250,000	
CAK(Communication Authority of Kenya)	11,500,000	
<b>Total transfers and sponsorships</b>	<b>23,000,000</b>	<b>23,000,000</b>

**6. Rendering of Services**

Description	2020-2021	2019-2020
	KShs	KShs
FKF	200,000.00	727,000
FKF	175,000.00	
FKF	30,000.00	
FKF	296,000.00	
<b>Total revenue from the rendering of services</b>	<b>701,000</b>	<b>727,000</b>

(The Income is derived from a relief packages on live football matches)

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**7. Finance Income**

Description	2020-2021	2019-2020
	KShs	KShs
Interest income- July 2020	1,394	65,864
Interest income-August 2020	387	
Interest income-Sept 2020	374	
Interest income-Oct 2020	385	
Interest income- Nov 2020	372	
Interest income- Dec 2020	36,612	
Interest income- Jan 2021	28,794	
Interest income- Feb 2021	6,586	
Interest income- Mar 2021	10,488	
Interest income-Apr. 2021	5,748	
Interest income- May 2021	973	
Interest income – June 2021	11,592	
<b>Total finance income</b>	<b>103,705.00</b>	<b>65,684</b>

(The Finance income is from the cash deposits in Jamii Bank)

**8. Use of Goods and Services**

Description	2020-2021	2019-2020
	KShs	KShs
Winning Allowances	613,000.00	630,000.00
PR & Media	230,000.00	230,000.00
Audit fees	94,000.00	94,000.00
Travel, accommodation, subsistence and other allowances	25,850.00	911,001.00
Motor Vehicle Insurance	157,204.00	423,576.00
Motor Vehicle repairs	86,000.00	100,000.00
KECOSO Match	-	1,043,300.00
Sports gears	136,560.00	337,650.00
Bank Charges	100,201.96	72,768.00
Hospitality	-	90,531.00
Printing and stationery	16,500.00	
Capacity Building & Development	960,500.00	
Games Operations & Expenses	5,568,235.00	3,962,107.00
<b>Total Use of goods &amp; Services</b>	<b>7,988,050.96</b>	<b>7,894,933.00</b>

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**9. Employee Costs**

	2020-2021	2019-2020
	KShs	KShs
Salaries and wages	11,516,464.80	15,345,550
PAYE	1,082,734.40	
Remittance to NHIF	338,400.00	
Social contributions	70,200.00	
<b>Employee costs</b>	<b>13,007,799.20</b>	<b>15,345,550</b>

**10. Board /Council Expenses**

Description	2020-2021	2019-2020
	KShs	KShs
Directors Sitting Allowances- Anne Wanjiru-for Qtr 1,2,3 & 4	80,000	195,000
Directors Sitting Allowances-James Theuri-for Qtr 2, 3& 4	60,000	
Directors Sitting Allowances-Nicodemus Bore- for Qtr 1, 2,3& 4	80,000	
Directors Sitting Allowances- Ghost Mulee- for Qtr 1, 2, 3& 4	80,000	
Directors Sitting Allowances-Rachael Alwala- for Qtr 1& 4	40,000	
Directors Sitting Allowances-John Okwemba- for Qtr 1, 2, 3& 4	80,000	
Directors Sitting Allowances- Douglas Ratemo- for Qtr 1, 2, 3& 4	80,000	
<b>Total</b>	<b>500,000.00</b>	<b>195,000</b>

**11. Depreciation and Amortization Expense**

Description	2020-2021	2019-2020
	KShs	KShs
Motor Vehicle	196,888.69	262,518.00
Computers and accessories	44,315.22	1,165.00
<b>Total depreciation and amortization</b>	<b>241,203.91</b>	<b>263,683.00</b>

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**12. Finance Costs**

Description	2020-2021	2019-2020
	KShs	KShs
Interest Expense –July 2020	209.1	22,354
Interest Expense –August 2020	58	
Interest Expense –September 2020	56	
Interest Expense–October 2020	58	
Interest Expense–November-2020	56	
Interest Expense –December-2020	5,492	
Interest Expense –January 2021	4,319	
Interest Expense –February 2021	998	
Interest Expense –March-2021	1,573	
Interest Expense –April-2021	862	
Interest Expense –May 2021	146	
Interest Expense –June 2021	1,739	
<b>Totals</b>	<b>15,566</b>	<b>22,354</b>

**13. Cash and Cash Equivalents**

Description	2020-2021	2019-2020
	KShs	KShs
Current account	1,141,010	878,523
<b>Total cash and cash equivalents</b>	<b>1,141,010</b>	<b>878,523</b>

**14. Detailed Analysis of the Cash and Cash Equivalents**

Financial institution	Account number	2020-2021	2019-2020
		KShs	KShs
<b>a) Current account</b>			
Jamii Bank Account	1001823633002	1,136,075	878,523
Equity Bank	0470260500859	4,934.88	0
<b>Sub- total</b>		<b>1,141,010</b>	<b>878,523</b>
<b>Grand total</b>		<b>1,141,010</b>	<b>878,523</b>

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**15. Current Receivables from Non -Exchange Transactions**

	2020-2021	2019-2020
	KShs	KShs
<b>Current receivables</b>		
Salary Advances	0	20,000
<b>Total current receivables</b>	<b>0</b>	<b>20,000</b>

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**16. Property, Plant and Equipment**

	Motor vehicles	Computers & Accessories	Total
Cost	Shs	Shs	Shs
As at 1 July 2019	5,900,000	33,000	5,933,000
<b>As at 30 June 2020</b>	<b>5,900,000</b>	<b>33,000</b>	<b>5,933,000</b>
Additions	0	145,000	145,000
<b>As at 30 June 2021</b>	<b>5,900,000</b>	<b>178,000</b>	<b>6,078,000</b>
<b>Depreciation and impairment</b>			
At 1 July 2019	(4,849,927)	(29,118)	(4,879,045)
Depreciation	(262,518.25)	(1,165)	(263,683)
<b>As at 30 June 2020</b>	<b>(5,112,445.25)</b>	<b>(30,282.60)</b>	<b>(5,142,727.85)</b>
Depreciation	(196,888.69)	(44,315.22)	(241,203.91)
<b>Net book values</b>			
<b>As at 30<sup>th</sup> June 2021</b>	<b>590,666</b>	<b>103,402</b>	<b>694,068</b>
<b>As at 30<sup>th</sup> June 2020</b>	<b>787,554.75</b>	<b>2,717.40</b>	<b>790,272</b>

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**17. Accounts Payable from Exchange transactions**

Description	2020-2021	2019-2020
	KShs	KShs
Hue sports	400,000	768,507
Kericho valley hotel	50,000	
Gitere Investment	752,500	
Valley garage	188,900	
Dawn-Bel investment-Balls	21,000	
Waimak production	28,000	
Printbase Solutions	12,000	
Hillcrest	325,000	
Elias Mwangi designer	21,126	
Gloves	15,000	
Audit Fee	188,000	
<b>Total Accounts Payables from Exchange transactions</b>	<b>2,001,526.00</b>	<b>768,507</b>

**18. Employees Obligation outstanding**

Description	2020-2021	2019-2020
	KShs	KShs
Salary & wages for the month of July 2020 & Statutory Deductions (Payroll Attached)	1,264,054	1,264,054
Salary & wages for the month of August 2020 & Statutory Deductions (payroll attached)	1,258,661	1,258,661
Sitting Allowances for Directors 2019/2020 (Details attached)	560,000	560,000
Sitting Allowances for Directors 2020/2021 (Details attached)	560,000	560,000
Other allowances- Food & refreshments	40,000	40,000
<b>Total deposits</b>	<b>3,722,715.00</b>	<b>3,722,715.00</b>

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**19. Account payables from Non – Exchange Transactions**

Description	2020-2021	2019-2020
	KShs	KShs
Advance to KAS FC TALANTA-14/06/2019	900,000	5,772,985
Advance to KAS FC TALANTA-14/06/2019	654,000	
Advance to KAS FC TALANTA-20/06/2019	477,875	
KAS- FC TALANTA retreat in Nanyuki-20/07/2019	600,000	
Accommodation for KAS- FC TALANTA in Nanyuki-20/07/2019	200,000	
KAS- FC TALANTA KECOSO games-18/09/2019	900,000	
Players' salaries	41,110	
<b>Total payable from Non- Exchange transactions</b>	<b>3,772,985</b>	<b>5,772,985</b>

**20. Cash Generated from Operations**

	2020-2021	2019-2020
	KShs	KShs
<b>Surplus for the year before tax</b>	<b>2,052,085</b>	<b>70,874</b>
<b>Adjusted for:</b>		
Depreciation	241,204	263,683
<b>Working Capital adjustments</b>		
Increase/Decrease in Payables from Non- Exchange Transactions	1,233,020	(166,104)
Increase/Decrease in Employees Obligation Outstanding	(2,000,000)	(3,421,983)
Increase/Decrease in accounts receivables from Non-Exchange Transactions	20,000	2,314,200
Increase/Decrease in Employees Obligation Outstanding	(1,138,821)	4,861,536
<b>Net cash flow from operating activities</b>	<b>407,488</b>	<b>3,922,206</b>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**21. Financial Risk Management**

KAS-KAS- FC TALANTA activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The KAS FC TALANTA's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The KAS- FC TALANTA does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

KAS- KAS FC TALANTA's financial risk management objectives and policies are detailed below:

- **Credit risk**

KAS- FC TALANTA has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the KAS FC TALANTA's management based on prior experience and their assessment of the current economic environment.

**Financial Risk Management**

- **Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with KAS FC TALANTA directors, who have built an appropriate liquidity risk management framework for the management of the KAS FC TALANTA's short, medium and long-term funding and liquidity management requirements. The KAS- FC TALANTA manages liquidity risk through continuous monitoring of forecasts and actual cashflows.

The table below represents cash flows payable by KAS- FC TALANTA under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant

### **Financial Risk Management**

#### **i) Market risk**

KAS- FC TALANTA has put in place an internal audit function to assist it in assessing the risk faced by the KAS- FC TALANTA on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the KAS- FC TALANTA's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

KAS-FC TALANTA's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the KAS- FC TALANTA's exposure to market risks or the manner in which it manages and measures the risk.

#### **j. Capital Risk Management**

The objective of the KAS- FC TALANTA capital risk management is to safeguard the KAS- FC TALANTA's ability to continue as a going concern. The KAS- FC TALANTA capital structure comprises of the following funds:

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**22. Events after the Reporting Period**

There were no material adjusting and non- adjusting events after the reporting period.

**23. Ultimate and Holding KAS- FC TALANTA**

The KAS- FC TALANTA is a State Corporation/ or a Semi- Autonomous Government Agency under the Ministry of Sports. Its ultimate parent is the Government of Kenya.

**24. Currency**

The financial statements are presented in Kenya Shillings (Ksh).

