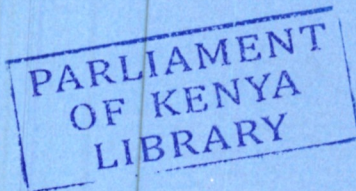


REPUBLIC OF KENYA



*Paper laid by  
leader of Majority Party  
Tuesday 14/8/2018  
Apeh*

OFFICE OF THE AUDITOR-GENERAL



**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**THE FINANCIAL STATEMENTS OF  
KENYA ACADEMY OF SPORTS**

**FOR THE YEAR  
ENDED 30 JUNE 2017**



**KENYA ACADEMY OF SPORTS**  
*Beyond sporting talent*

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**KENYA ACADEMY OF SPORTS**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR**  
**ENDED JUNE 30, 2017**

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



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

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## **I. KEY ENTITY INFORMATION AND MANAGEMENT**

### **(a) Background information**

The Kenya Academy of Sports is a state corporation established under Section 33 of the Sports Act No. 25 of 2013. The institution is mandated to nurture and develop sports talent, train and capacity-build technical sports personnel as well as conduct and promote sports research to revitalise the industry for socioeconomic boost. Before inception of KAS the National Youth Talent Academy (NYTA) and the Kenya National Sports Institute (KNSI), entities supported by the Department of Sports jointly with the Ministry of Education and UNICEF carried out programmes that sort to identify, nurture and develop talent among the youth as well as train sports technical personnel.

The Academy is envisaged to be a highly specialized Institution for training both athletes and technical personnel as well as conducting research in sports.

#### **Vision**

“Global excellence in sports talent development”

#### **Mission Statement:**

“To develop sports talents through establishment and management of sports academies, training and research for global competitiveness and sustainable socio-economic growth”

#### **Core Values**

1. Teamwork
2. Professionalism
3. Innovation
4. Collaboration
5. Meritocracy

#### **Functions of Kenya Academy of Sports**

KAS is mandated to perform the following: -

- a) Establish and manage sports training academies
- b) Organize, administer and coordinate sports courses for sports personnel
- c) Promote research and development of talent in sports
- d) Collect, collate, store and disseminate tangible and intangible historical sports material to the public, sport organizations, researchers and institutions of learning
- e) Receive and analyze data on training requirements from sport organizations



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

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- f) Partner with other institutions & organizations for regular updates on the current sports trends
- g) Perform any other functions to achieve the aforementioned

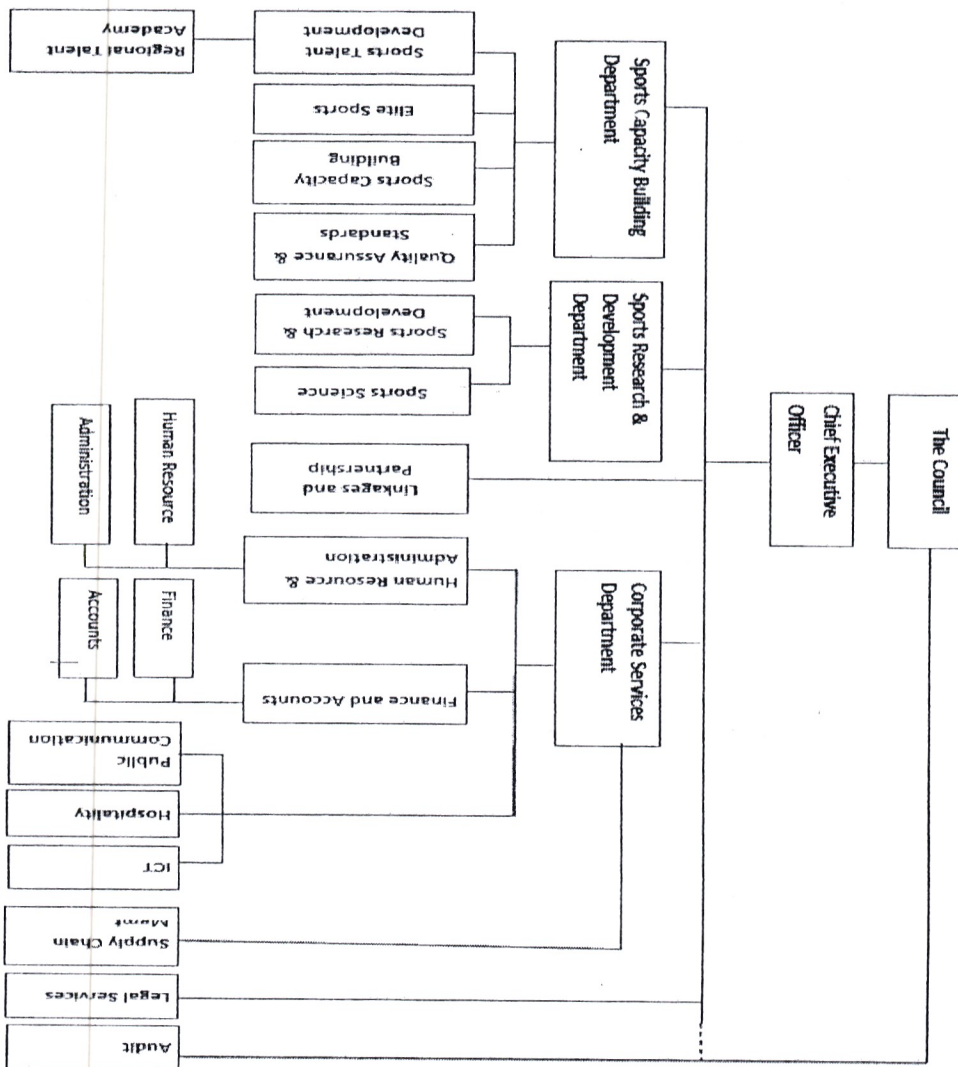
**(b) Principal Activities**

- i. On-going construction works of Phase 1 (Hostel and 5 Play grounds).
- ii. Completed KAS Strategic Plan 2016 – 2022.
- iii. Developed KAS Website.
- iv. Completed Curriculum Development in five sport disciplines for athletes and coaches namely; football, basketball, volleyball, athletics and cricket.
- v. Carried out Sensitization workshops for staff and athletes on HIV/AIDS prevention and Alcohol and Drug abuse reduction.
- vi. Established of direct and indirect sports satellite Academies in Karuri Cricket Centre in Kiambu, Rabai Road Centre in Nairobi County, Acakoro Centre in Korogocho, Makueni Academy in Makueni County.
- vii. Trained thirty (30) Sports Technical Personnel in football.
- viii. Held a Sports Holiday Camp in December, 2016 for 50 children form different parts of Nairobi County.
- ix. On-going distribution of Chess Boards to Country Schools.
- x. Carried out recruitment of thirty (30) football players for FC Talanta which is a football incubator for the Academy.



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

**(c) Key Management**





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

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**d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2017 and who had direct fiduciary responsibility were:

No.	Name of Officer	Design.
1.	Gordon Oluoch	Ag. Chief Executive Officer
2.	Douglas Ratemo	Ag. Director, Talent Development
3.	Joseph K. Baimunya	Ag. Director, Corporate
4.	Doreen Odhiambo	Ag. Director, Research
5.	Margaret Kiragu	Ag. Senior. Manager, Talent Development
6.	John Okwemba	Ag. Senior Manager, Partnerships & Linkages

**E. AUDIT AND COMPLIANCE COMMITTEE**

The members include

- Christine Kanini -Attorney General Representative
- JapsonGitonga -Principal Secretary Representative (MOSCA)
- John Kameta -Member
- Gordon Oluoch -Chief Executive Officer

**e) Independent Auditors**

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

**g) Principal legal adviser**

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

**Kenya Academy of Sports  
Reports and Financial Statements  
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**h) Entity Headquarters**

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

**i) Entity Contacts**

Telephone: (254) 020 2211460  
E-mail: [info@kas.or.ke](mailto:info@kas.or.ke)  
Website: [www.kas.or.ke](http://www.kas.or.ke)

**j) Entity Bankers**

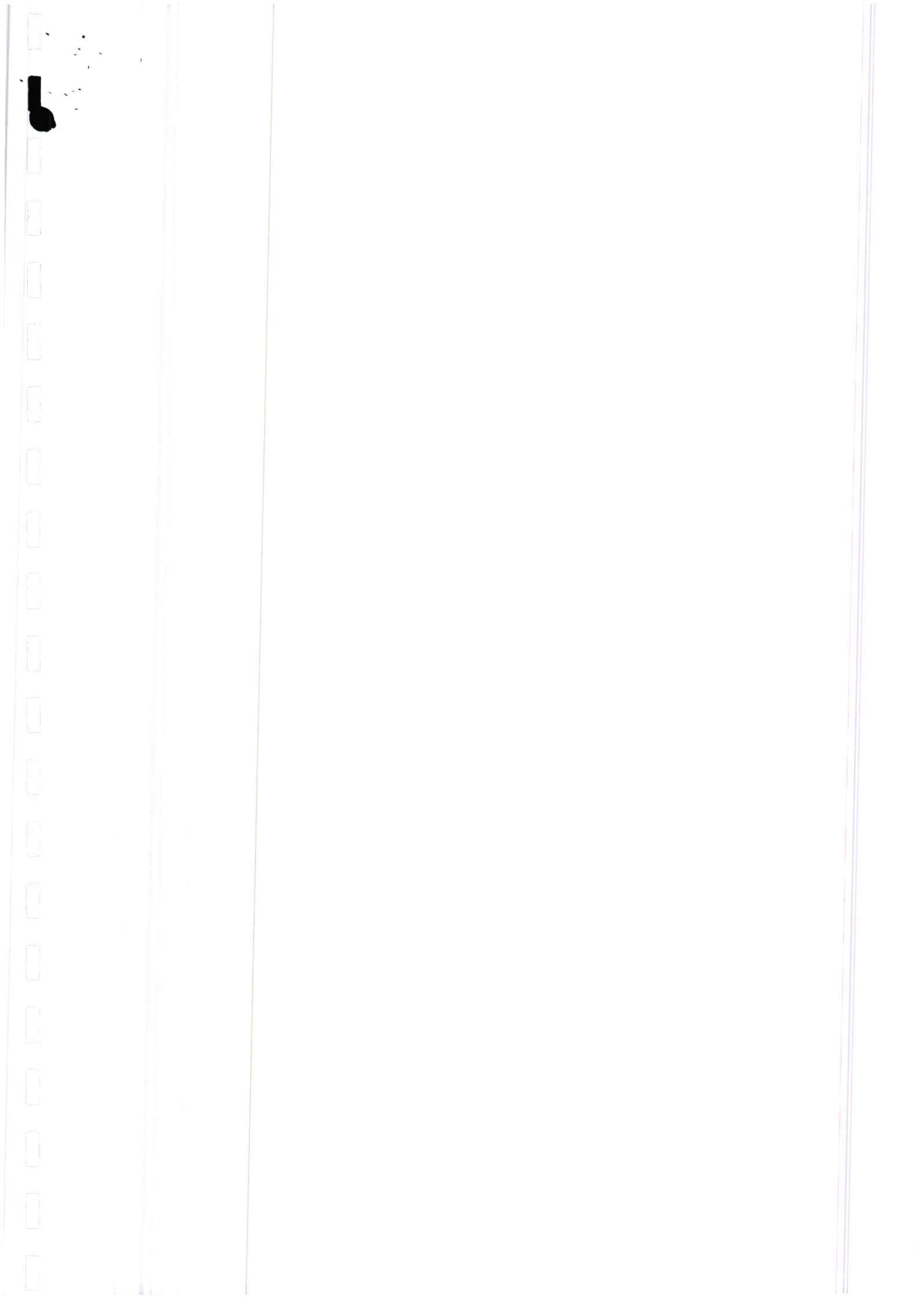
1. Kenya Commercial Bank  
Thika Road Mall Branch  
P.O. Box 105514-0101 Jamia  
Nairobi, Kenya



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

 <p>Washington Akaranga</p>	<p>D. o. B: 03/09/1964</p> <p>Chairman: Kenya Deaf Federation</p> <p>Work Experience</p> <p>Chairman, Finance and Investment Committee</p>
 <p>Tecla Lorupe</p>	<p>D. o. B:</p> <p>Member:NOCK</p> <p>Work Experience:Sports</p> <p>Committee Member: Finance and Investment : Human Resource and Training</p>
 <p>Vitalis Gode</p>	<p>D. o. B:</p> <p>Chairman: Kenya Basketball Federation</p> <p>Work Experience</p> <p>Chairman, Human Resource and Training Committee</p>
<p>Japson Gitonga</p>	<p>Rep: Ministry of Sports, Culture and Arts</p> <p>Technical Development and Safety Committee</p>
<p>Christine Kanini</p>	<p>Rep: AG's Office</p> <p>Committee Member: Finance and Investment,</p> <p>Audit and compliance Committee</p>







**III. MANAGEMENT TEAM**

 <p>Name: Doreen Odhiambo</p>	<p>Research Date of Birth: 18<sup>th</sup> June, 1972 Professional/Academic Qualifications: PHD in Sports Management, Post Graduate Certificate in Research</p>
 <p>Name: Joseph Kirima</p>	<p>Corporate Date of Birth : 10<sup>th</sup> October, 1962 Professional/Academic Qualifications: Bachelor's Degree in Education, Post Graduate Diploma in Sports Management</p>
 <p>Name: Douglas Ratemo</p>	<p>Talent Development Date of Birth: 9<sup>th</sup> January, 1972 Professional/Academic Qualifications: Bachelors of Arts, Post Graduate Diploma in Sports Management</p>



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#### IV. CHAIRMAN'S STATEMENT

##### CHAIRMAN'S STATEMENT

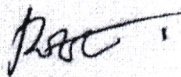
When I was appointed to lead the Council of the Kenya Academy of Sports, a premier national institution in the country, I saw a future of great potential and promise. Picking up from scratch, as Chair and Council, we have made tremendous steps in setting the pace for progress. The seamless chemistry between the Council and Management has made it possible to overcome numerous hurdles which are characteristic of upcoming institutions.

Despite the challenging Financial Year 2016/2017, the Academy managed to perform better in comparison to the previous year with regard to attaining its set targets. As envisaged in the Vision 2030 blueprint, sport plays a major role in national development as a moderator of socio-economic, political and cultural transformation.

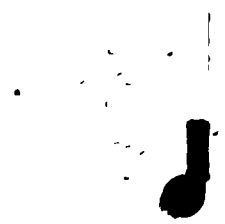
In this regard, I am pleased to note that the Academy trained 1,500 talented youth out of the targeted 1,200 in various sports disciplines across the country through collaboration with schools and private academies. The Academy also conducted 4 Holiday Sports Camps by engaging school-going children productively through fun-filled sports activities. This program has turned out to be cherished by parents in view of the long spell of school vacations.

The Academy offered capacity-building courses to 65 sports technical personnel falling short of its target of 150. This was due to inadequate funding under the Recurrent Vote. In the period under review, one research program was conducted in conjunction with Kenyatta University. The research workshop brought together high-profile individuals directly involved in sports research matters, upcoming research officers, and other stakeholders to chart the way for exploiting the unexplored areas of sports science and its benefits. Reports from the workshop have formed the basis for the Academy to strategize for concrete and objective actions.

The Academy is seeking enhanced funding to complete the Phase 1 of the capital project (85% complete), currently under construction at Kasarani, and embark on Phase II to enable it to fully achieve its mandate. We look forward to a fruitful 2017/2018 Financial Year of increased Government facilitation and partnerships with stakeholders.



**DR. PAUL TERGAT, MBS**  
COUNCIL CHAIRMAN.



**V. REPORT OF THE CHIEF EXECUTIVE OFFICER**

**THE CEO'S STATEMENT**

The Kenya Academy of Sports (KAS) is a State Corporation within the Ministry of Sports, Culture, and the Arts created to offer specialized sports training, build the capacity of technical sports personnel and conduct research.

The Academy took over the responsibilities of what was the Kenya National Sports Institute and the National Youth Talent Academy. Through programmes sponsored by UNICEF and other partners, the Academy has been able to institute programmes in Football (Men), Volleyball (Women) and Rugby (Men). The graduates of the programme such as Michael Olunga of football now turn out for the national teams in their respective sports.

Phase 1 of the Academy facilities comprising the Hostel, a Gate House, 2 football pitches, 2 rugby pitches and 1 basketball court are currently underway. However, due to the slow flow of funds, the project is slow in implementing as the contractors lay down their tools from time to time due to non-payment of completed and certified works in time.

Phase II of the Academy will comprise a three-star hotel for athletes and officials who are better endowed economically and those who do not wish to use hostel facilities. This facility will help to make the Academy self-reliant financially and significantly reduce any dependence on the National Treasury for funding.

It is noteworthy that, in the recent past, the Academy has developed administrative instruments such as the Human Resource Manual which has already been approved, Organizational Structure approved, the Salary Structure also approved, and Career Progression Guidelines which is awaiting approval by the State Corporations Advisory Authority (SCAC).

The Academy has developed the KAS Strategic Plan which will be launched in the near future. Currently, the Academy, in conjunction with the Kenya Institute of Curriculum Development (KICD) and other stakeholders, is in the process of working on a curriculum which will standardize the technical instructions given at satellite and county academies countrywide.

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

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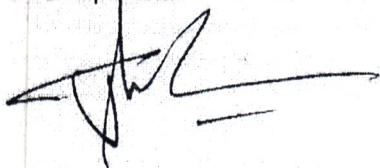
The popular Holiday Training Camp is around the corner and we are in the process of selecting suitable talented youth to participate in the program in November/December, 2017.

The Academy, however, is in serious need of basic operational requirements such as office furniture, computers, motor vehicles and technical requirements such as coaches, trainers, equipment and funds to hire the facilities. This is due to low funding levels for the Development project and Recurrent programmes. In the 2017/2018 financial year, the Academy is to receive in the Printed Estimates Ksh.29.5m under Recurrent Vote and Ksh.200m under Development Vote. The Development Vote has been significantly reduced by more than 50% and what remains is yet to be disbursed to the Academy despite the fact that the work which has already been completed and certified is worth more than the funds availed.

As at October, 2017 the outstanding money to complete phase 1 of the project is Ksh.410.5 million. Currently the contractors have completed and certified work worth Ksh.158 million which must be paid immediately so that the works, which are already behind schedule, do not stall, further.

The Recurrent Vote requires an injection of not less than Ksh.200 million through the Revised Estimates of the 2017/18 financial year to enable the institution recruit and train talented youth, train technical and administration staff, mount research initiatives in sports talent development, and open up satellite academies in the counties and equip them.

Being a Vision 2030 flagship project, there is need to fast track its development so that it serves the mandate for which it was created and fill the existing void in sports development.



**Gordon Oluoch, MBS, HSC  
Ag. CHIEF EXECUTIVE OFFICER**

## **VI. MANAGEMENT DISCUSSION AND ANALYSIS**

The management at the Kenya academy of sports consists of the CEO ,director talent development, director sports research, director corporate services and director linkages and patnertships. There have been key performances operationally ,the department of talent development Is continuing in the endeavor of developing norms and standards for talent identification and selection in partnership with institutions of higher learning and the ongoing construction of the international sports academy. There have also been several coaching courses offered to technical and administration personnel and life skills courses offered to sports incubus under the Kenya academy of sports. Director talent development has also see the conduction of holiday sports camps for school going children in seven sports disciplines during school holidays. Underway is the development and implementation of curricula in sports talent academies in conjunction with Kenyatta university that is in its final stages and finally the criteria for employment in the talent academies.

The Directorate of Linkages, Partnerships and Collaborations has been promoting linkages, Partnerships and Collaborations with Institutions of Higher Learning-Kenyatta university, Nairobi university-through research and provision of internships to students. There has also been the forging of Memorandum of Understandings (MOUs) between Kenyatta university, County governments, and football clubs for purposes of advancing mutual interests, shared goals, ideas and information, tailored towards working together to achieve the goals of vision 2030. These MOUs and collaborations include and not limited to the following; Kenyatta University, FC Talanta Football Club, Acakoro Football Academy, Communications Authority of Kenya, UNICEF and Jamii Bora Bank respectively.

The research directorship has developed a manual for sports research strategy, policies, systems and procedures to govern on the way research is conducted at the Kenya academy of sports. it is also under the sports research directorship that the KAS strategic plan was developed and implemented. Ongoing are several studies; the mapping of sports talent across Kenya counties and the assessment of the number of professionally qualified technical sports personnel in Kenya.

The director corporate services have been updating administrative policies, systems and procedures for and informing the employees through workshops. There has also been the conduction of employee performance, standards and mechanisms to ensure compliance with the Constitution, in consultation with the CEO Kenya Academy of Sports. The directorship has also seen the compilation of directorate and council reports and Coordination of information exchange with the relevant sports stakeholders and the public to ensure client expectations are met. Finally, the directorship has offered leadership

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

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training and professional development to ensure compliance with labor and employment laws. Below is the Compliance report on statutory requirements

Major risks facing the youths joining the academy include drug abuse, unsafe sexual practices, and destructive leisure practices due to unemployment that they are countered with, political instabilities and influences that distort the time specific plans for academy's operations. Additionally, inadequate financial support hinders the efficient operations of the academy through running of sports academies, provision of technical courses and life skills for the youth. There is also the improper implementation of sports programs across Kenyan institutions that strain the performance and development of sports disciplines in the country.

**VII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING**



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

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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 MASPO (Masomo Sport Initiative) program started in July 2016 has seen over 10,000 schools going children in Jericho access nine different sports disciplines. This program has seen children completely and fully utilizes their free time gaining meaningful sport specific technical skill and life-long skills. The program is school based where children access the programs during their normal school days. This has encouraged school attendance and consequently reduced absenteeism and truancy. During the school holidays, children are invited to attend the programs run by MASPO with representations from well over 18 schools.

The Academy of Sports has issued over 1,400 chessboards 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 Academy of Sports through its incubator program (FC Talanta) has benefited over 30 youth who are engaged 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 April 2017, together with Acakoro Football Academy and Football Kenya Federation organized a one-week Football Level One Coaching course that benefited 30 youth with a passion in coaching. The training was organized in such a way that the coaches had firsthand experience of coaching children and teenagers as each day, a team of young players joined the team for practical session in the afternoon. The coaching was conducted by the national coach, Stanley Okumbi. The non-residential training took place in Moi International Sports Centre, Kasarani.



## **VIII. REPORT OF THE DIRECTORS**

The Directors submit their report together with the audited financial statements for the year ended June 30, 2017 which show the state of the Kenya Academy of Sports affairs.

### **Principal activities**

The principal activities of the Kenya Academy of Sports are-

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

### **Vision**

Global excellence in sports talent development.

### **Mission**

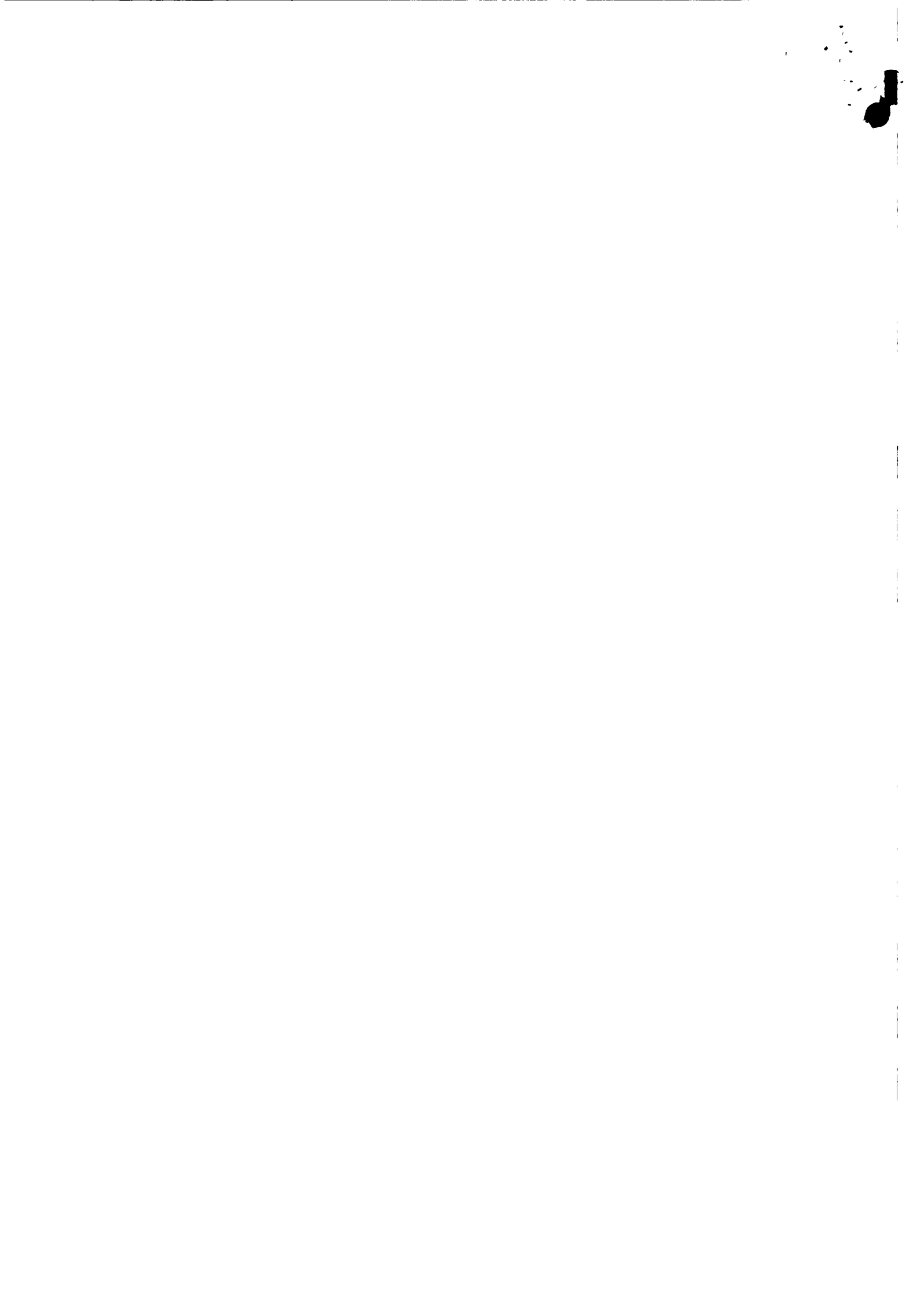
To develop talent through establishment and management of sports academies, training and research for global competitiveness and sustainable socio-economic growth.

### **Results**

The results of the Kenya Academy of Sports for the year ended June 30, 2017 are set out on page 13.

### **Directors**

The members of the Board of Directors who served during the year are shown on page 10 . During the year/period ended June 30, 2017 no director has retired or resigned. However, with the exception of the chairman the board of directors' tenure expired on 11<sup>th</sup> June, 2017 and has not been re-appointed yet. Mr. Ali Dida Abkula did not take up his posting as a member of the board and did not participate in the affairs of the Kenya Academy of Sports.



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

**IX. STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

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

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

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

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

**Approval of the financial statements**

The Kenya Academy of Sports' financial statements were approved by the Board on \_\_\_\_\_ 2017 and signed on its behalf by:

C.E.O

Name: GORDON OLUOCH

Sign: [Signature]

Date: 15/3/2018

Head of Finance

Name: JAMES M. KILONZO

ICPAK Member Number:

Sign: [Signature]

Date: 15/3/18

Chairman of the Board

Name: PAUL TERGAT

Sign: [Signature]

Date: 15/3/2018

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# REPUBLIC OF KENYA

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



P.O. Box 30084-00100  
NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

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

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#### REPORT ON THE FINANCIAL STATEMENTS

#### **Opinion**

I have audited the accompanying financial statements of Kenya Academy of Sports set out on pages 1 to 19, which comprise the statement of financial position as at 30 June 2017, and the statement of comprehensive income, statement of changes in equity, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Kenya Academy of Sports as at 30 June 2017, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Sports Act, 2013.

In addition, as required by Article 229(6) of the Constitution, based on the procedures carried out, nothing has come to my attention to make me believe that public money has not been applied lawfully and in an effective way.

#### **Basis for Opinion**

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

#### **Key Audit Matters**

Key audit matters are those that, in my professional judgment, are of most significance in the audit of the financial statements. There were no Key Audit Matters to communicate in my report.

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

## Other Matter

### 1.0 Budget and Budgetary Performance

#### 1.1 Revenue

The Kenya Academy of Sports had budgeted for revenue totalling Kshs.159,500,000 against actual revenue of Kshs.157,125,000 as follows:

Description	Budget Kshs.	Actual Kshs.	Excess (+) Shortfall (-) Kshs.	Variance %
GOK Grants	159,500,000	157,125,000	- 2,375,000	1.5

The shortfall of Kshs.2,375,000 was explained as expenditures incurred by Sports Kenya on behalf of the Academy during the Academy's formative stages.

#### 1.2 Expenditure

Actual expenditure amounted to Kshs.159,284,372.10 against the approved budget of Kshs.159,500,000 resulting in an under expenditure of Kshs.215,627.90 or 0.01% as follows:

Item	Budget Kshs.	Actual Kshs.	Over/(Under) Kshs.	Variance %
Employee costs	4,450,000	12,858,986	8,408,986	189
Remuneration of Directors	1,600,000	5,886,785	4,286,785	267
General Expenses	3,450,000	11,838,601	8,388,601	243
Acquisition of assets	150,000,000	128,700,000	(21,300,000)	13
<b>Total</b>	<b>159,500,000</b>	<b>159,284,372</b>	<b>(215,628)</b>	<b>0.01</b>

Overall, the Academy underspent the total budgeted amount by Kshs,215,628. However, some items, were overspent by between 100 and 250%. The over expenditure of 189% under employee's costs was explained as due to salary top-ups to seconded Ministry staff to the Academy while over expenditure of 267% under Directors Remuneration was due to many meetings held while setting up structures of the new Academy. Over expenditure by 243% under general expenses was attributed to the need to prioritize the development of manuals, career guidelines, curriculum development of five sports discipline, which attracted huge expenditure due to consultancy fee, transport and allowances.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis)] and for such internal control as management determines is necessary

to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Academy's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Academy or to cease operations, or have no realistic alternative but to do so.

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

Those charged with governance are responsible for overseeing the Academy's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving an assurance on the effectiveness of the Academy's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Academy's ability to continue as a going concern or to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such

disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Academy to cease to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Academy's to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

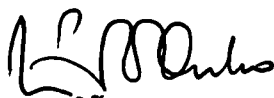
I communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

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.

#### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the State Corporations Act, I report based on the audit, that:

- (i) 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;
- (ii) In my opinion, adequate accounting records have been kept by the Academy, so far as appears from the examination of those books; and
- (iii) The Academy's financial statements are in agreement with the accounting records, so far as appears from the examination of those books; and
- (iv) The Academy's financial statements are in agreement with the accounting records.



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

**Nairobi**

**26 July 2018**

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

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

	Notes	2016-2017 Kshs	2015-2016 Kshs
<b>Income from Non-Exchange Transactions</b>			
GOK Grants	1.(a)	28,425,000	-
		<b>28,425,000</b>	<b>-</b>
<b>Income from exchange transactions</b>			
Rendering of services -Holiday camp fee	2.0	32,000	-
		<b>32,000</b>	<b>-</b>
<b>Total revenue</b>		<b>28,457,000</b>	<b>-</b>
<b>Expenditures</b>			
Employee costs	3.0	12,858,986	-
Remuneration of Board	4.0	5,886,785	-
General Expenses	5.0	11,838,601	-
		<b>30,584,372</b>	<b>-</b>
<b>Surplus/(Deficit) for the period</b>		<b>(2,127,372)</b>	<b>-</b>

The notes set out on pages 7 to 19 form an integral part of these Financial Statements

**C.E.O**

Name: GORDON OLWOCK

Sign: [Signature]

Date: 15/3/2018

**Head of Finance**

Name: JAMES M. KILONZO

ICPAK Member Number:

Sign: [Signature]

Date: 15/3/18

**Chairman of the Board**

Name: PAUL TERGAT

Sign: [Signature]

Date: 15/3/2018



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

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

<b>Assets</b>	<b>Notes</b>	<b>2016-2017 Kshs</b>	<b>2015-2016 Kshs</b>
<b>Current Assets</b>			
Cash and Cash Equivalents	6.0	147,076	-
<b>Total Current Assets</b>		<b>147,076</b>	<b>-</b>
<b>Non-Current Assets</b>			
WIP(International Sports Academy)	7.0	841,174,598	-
<b>Total Non-Current Assets</b>		<b>841,174,598</b>	<b>-</b>
<b>Total Assets</b>		<b>841,321,674</b>	<b>-</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payables from Non -exchange transactions	8.0	2,274,448	-
Total Liabilities		<b>2,274,448</b>	<b>-</b>
<b>Net Assets</b>			
Surplus / (Deficit) for the year	9.0	(2,127,372)	-
Capital Reserve	1.(b)	841,174,598	-
Total Net Assets		<b>839,047,226</b>	<b>-</b>
<b>Total Liabilities &amp; Net Assets</b>		<b>841,321,674</b>	<b>-</b>

The Financial Statements set out on pages 1 to 4 were signed on behalf of the Board of Directors by:

**C.E.O**

Name: GORDON OLVOCH

Sign: [Signature]

Date: 15/3/2018

**Head of Finance**

Name: JAMES M. KILONZO

ICPAK Member Number:

Sign: [Signature]

Date: 15/3/18

**Chairman of the Board**

Name: PAUL TERGAT

Sign: [Signature]

Date: 15/3/2018



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

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

	Attributable to the Kenya Academy of Sports				TOTAL
	Self-insurance reserve	Reserves Capital replacement development reserve/Capital Reserve	Revaluation Reserves	Accumulated surplus	
	Kshs	Kshs	Kshs	Kshs	Kshs
<b>Balance as at 1 July 2015</b>	-	-	-	-	-
Surplus/(deficit) for the period	-	-	-	-	-
Transfers to/from accumulated surplus	-	-	-	-	-
Transfer of excess depreciation on revaluation			-	-	
Grants received during the year		-			
Revaluation gain			-		
<b>Balance as at 30 JUNE 2016</b>	-	-	-	-	-
<b>Balance as at 1 July 2016</b>	-	<b>712,474,598</b>	-	-	<b>712,474,598</b>
Surplus/(Deficit) for the period	-	-	-	(2,127,372)	(2,127,372)
Transfers to/from accumulated surplus	-	-	-	-	-
Transfer of excess depreciation on revaluation			-	-	-
Grants received during the year		128,700,000			128,700,000
Revaluation gain			-		-
<b>Balance as at 30 JUNE 2017</b>	-	<b>841,174,598</b>	-	<b>(2,127,372)</b>	<b>839,047,226</b>



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

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

	<u>Notes</u>	2016-2017 Kshs	2015-2016 Kshs
<b>Cash flows from operating</b>			
Surplus / (Deficit) for the year	9.0	(2,127,372)	-
<b>Adjustments for</b>			
Depreciation for the Year		-	-
<b>Operating surplus /(Deficit) before</b>		<b>(2,127,372)</b>	-
<b>Working Capital Changes</b>			
Increase/decrease in payables	8.0	2,274,448	-
<b>Net cash flow from operating Activities</b>		<b>147,076</b>	-
<b><u>Cash flow from investing activities</u></b>			
Purchase of Fixed Assets	7.0	(128,700,000)	-
<b>Net cash flow from Investing activities</b>		<b>(128,700,000)</b>	-
<b>Cash flow from Financing activities</b>			
Capital Grants Received	1.(b)	128,700,000	-
<b>Net cash flow from Financing activities</b>		<b>128,700,000</b>	-
<b>Net increase in cash and cash Equivalents</b>		<b>147,076</b>	-
Cash and Cash equivalents At the start of the year		-	-
<b>Cash and Cash equivalents at the end of the year</b>	6.0	<b>147,076</b>	-

C.E.O

HEAD OF FINANCE


CHAIRMAN OF THE BOARD

Name: GORDON OLUDCH

Name: JAMES KILOWA Name: PAUL TERGAT

Sign: 

ICPAK Member Number.  
Sign: 

Sign: 

Date: 15/3/2018

Date: 15/3/18 Date: 15/3/2018



Kenya Academy of Sports  
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For the year ended June 30, 2017

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

	Original budget		Adjustments		Final budget		Actual on comparable basis		Performance difference Over/ (Under)		Final budget 10% Growth	
	2016-2017	Kshs	2016-2017	Kshs	2016-2017	Kshs	2016-2017	Kshs	2016-2017	Kshs	2016-2017	Kshs
Revenue												
Government grants and subsidies	159,500,000		(2,375,000)		157,125,000		157,125,000					172,837,500
Rendering of services	-		-		-		32,000		(32,000)			-
Sale of goods	-		-		-		-		-			-
Finance Income	-		-		-		-		-			-
Gains on disposal, rental income and agency fees	-		-		-		-		-			-
<b>Total income</b>	<b>159,500,000</b>				<b>159,500,000</b>		<b>157,157,000</b>		<b>2,343,000</b>			<b>175,450,000</b>
Expenses												
Compensation of employees	4,320,000				4,320,000		12,858,986		8,538,986			4,752,000
Board Remuneration	1,600,000				1,600,000		5,886,785		4,286,785			1,760,000
Goods and services(General Expenses)	3,580,000				3,580,000		11,838,601		8,258,601			3,938,000
International Academy of Sport	150,000,000				150,000,000		128,700,000		(21,300,000)			165,000,000
<b>Total expenditure</b>	<b>159,500,000</b>				<b>159,500,000</b>		<b>159,284,372</b>		<b>(215,628)</b>			<b>175,450,000</b>
<b>Surplus / Deficit for the period</b>							<b>(2,127,372)</b>					

Budget notes

**Compensation of employees:** Expenditure exceeded due to the introduction of salary paid to officers who were seconded from the Ministry headquarter.



Kenya Academy of Sports  
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For the year ended June 30, 2017

- 2. Board Remunerations** – The expenditure on board expenses went up due to various council meetings and committee meetings which were held severally since the institution was newly established with council members appointed earlier before the chairman, so when the chairman was appointed they had to hold several meetings to deliberate on major issues before the council members term expired.
- 3. General Expenses.** The KAS management saw the need to prioritize (operational instruments) i.e the development of human resource manual, career guidelines, curriculum development of five sports discipline, which attracted huge expenditure due consultancy fee, transport and periderms.
- 4. Ksh 2,375,000/=** was sent through Sports Kenya.

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

### **1. Statement of compliance and basic of preparation – IPSAS 1**

The academy's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) The financial statements are presented in Kenya shillings, which is the function and reporting currency of the academy and all values are rounded to the nearest thousands (Ks000). The accounting policies have been consistently applied to all the years presented.

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

### **2. Summary of significant accounting policies**

#### **a) Revenue recognition**

##### **i. Revenue from non-exchange transactions – IPSAS 23**

##### **Fees, taxes, and fines**

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

##### **Transfers from other government entities**

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

##### **ii. Revenue from exchange transactions – IPSAS 9**

##### **Rendering of services**

The academy recognized revenue from rendering of services y 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 in 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.

##### **Sales of services**

Revenue from the sale of services is recognized when the significant and rewards of ownership have been transferred to the buyer, usually on delivery of the service and when the amount of revenue can

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

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be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the academy.

**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 assets net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period

**b) Budget information – IPSAS 24**

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.

**c) Taxes - IAS 12**

The Kenya Academy of Sports is exempt from income tax under the First schedule, paragraph 10 of the Kenyan Income Tax Act (Cap 470).

**Sales Tax**

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

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

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

**d) Property, Plant and equipment – IPSAS 17**

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. Where an asset is acquired in a non-exchange transaction for nil or normal consideration the asset is initially measured at its fair value. The annual depreciation in use are:

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

**e) Intangible assets – IPSAS 31**

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their 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 capitalised development costs, are not capitalised 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) Financial instruments – IPSA 29**

***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. The academy determines the classification of its financial assets as 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 recognised in the surplus or deficit.

**Impairment of financial assets**

The academy assesses at each reporting date whether there is objective evidence that a financial asset is impaired. A financial asset 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 that can be reliably estimated. Evidence of impairment may include the following indicators.

- The debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganisation
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

***i) 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. The academy determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised 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 recognised in surplus or deficit when the liabilities are derecognised as well as through the effective interest method amortization process.

**IPSAS 29.65**

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.

***ii) Research and Development costs***

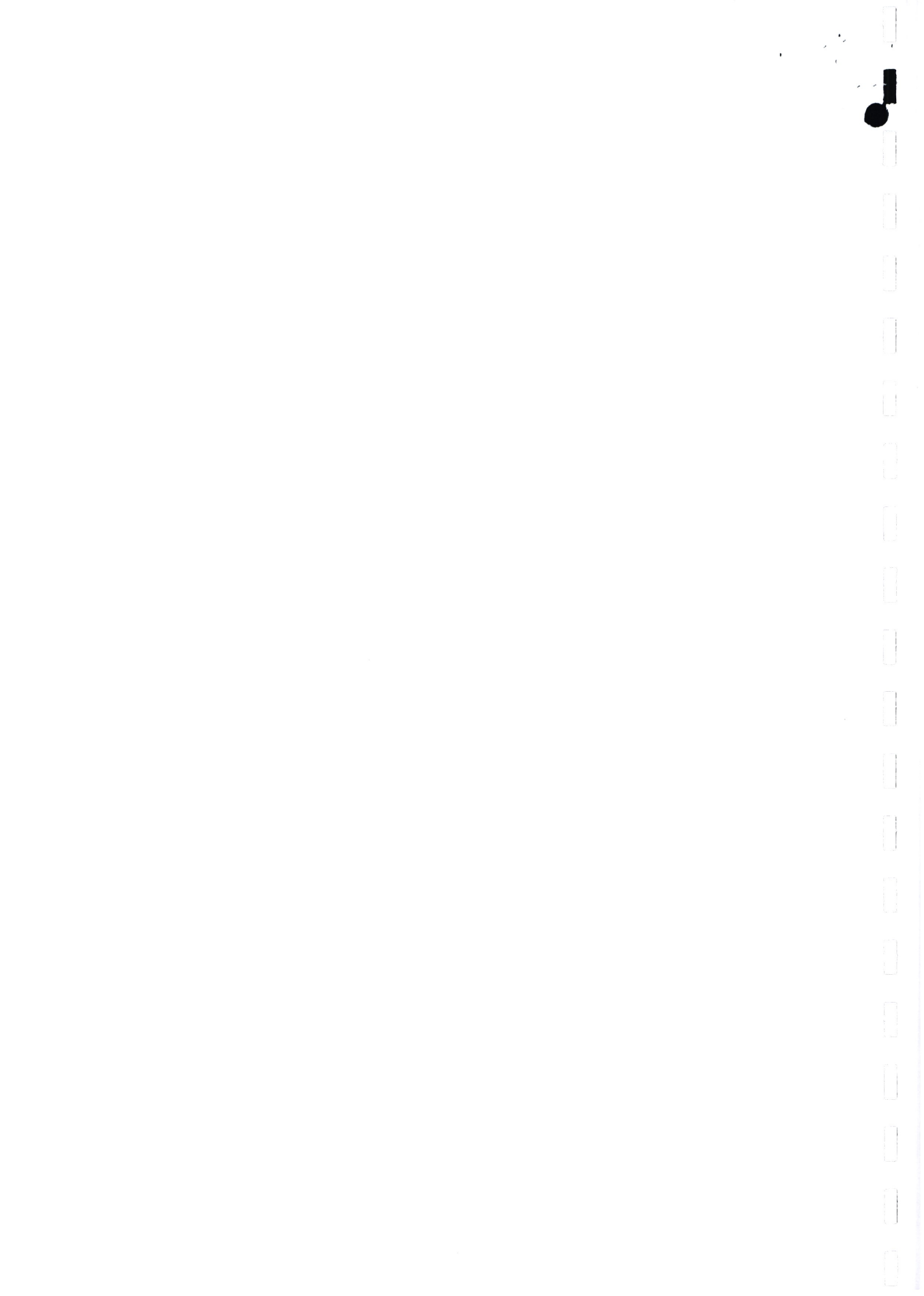
The academy expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the centre can demonstrate:

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

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

***g) Provisions-IPSAS 19***

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



Where the centre 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. The centre makes a provision for gratuity for its employees on contract at the rate of 31% of the basic salary. The amount is charged against income in the year in which it is earned.

#### ***Contingent Liabilities***

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

#### ***Contingent Assets***

The centre 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 centre in the notes to the financial statements. Contingent asset are assessed continually to ensure that developments are appropriately reflected in the financial the financial statement. 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.

#### **h) Nature and Purpose of Reserves**

The Academy and maintains reserves in terms of specific requirements

#### **i) Foreign currency transactions-IPSAS 5**

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. Exchange differences arising from 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 the rise.

#### **j) Borrowing costs –IPSAS 5**

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 asset is complete. Further borrowing costs are charged to the statement of financial performance



**Kenya Academy of Sports  
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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

1.(a) Income from Non-Exchange Transactions	2016-2017	2015-2016
GOK GRANTS	Kshs	Kshs
Recurrent	7,125,000	-
Development	21,300,000	-
	<u>28,425,000</u>	<u>-</u>

NB\* KAS had budgeted Recurrent Grant of **Ksh 9,500,000/=** which **ksh 2,375,000/=** was sent through Sports Kenya and **Ksh 7,125,000/=** was received directly in its accounts.

1.(b) CAPITAL Reserve	2016-2017	2015-2016
	Kshs	Kshs
Capital Transfer b/f from Sports Kenya	712,474,598	-
Capital Grants received for the year	128,700,000	-
	<u>841,174,598</u>	<u>-</u>

NB\* **Capital approach** has been applied to recognize the part of the development grant that was used for construction work for International Sports Academy building amounting to **ksh 128,700,000/=** by debiting work in progress account and Crediting Capital Reserve account with the same amount.

2.0 Income from the Exchange Transactions	2016-2017	2015-2016
Holiday camp fee	Kshs	Kshs
Hire of Hospitality	32,000	-
	<u>32,000</u>	<u>-</u>

3.0 Employees Costs	2016-2017	2015-2016
	Kshs	Kshs
Kas Casuals and Top-Ups	6,908,986	-
Fc Talanta salaries	5,950,000	-
<b>Total Employee Cost</b>	<u>12,858,986</u>	<u>-</u>

4.0 Board Remunerations	2016-2017	2015-2016
	Kshs	Kshs
Chairman Honoraria	880,000	-
Board sitting allowances	5,006,785	-
	<u>5,886,785</u>	<u>-</u>

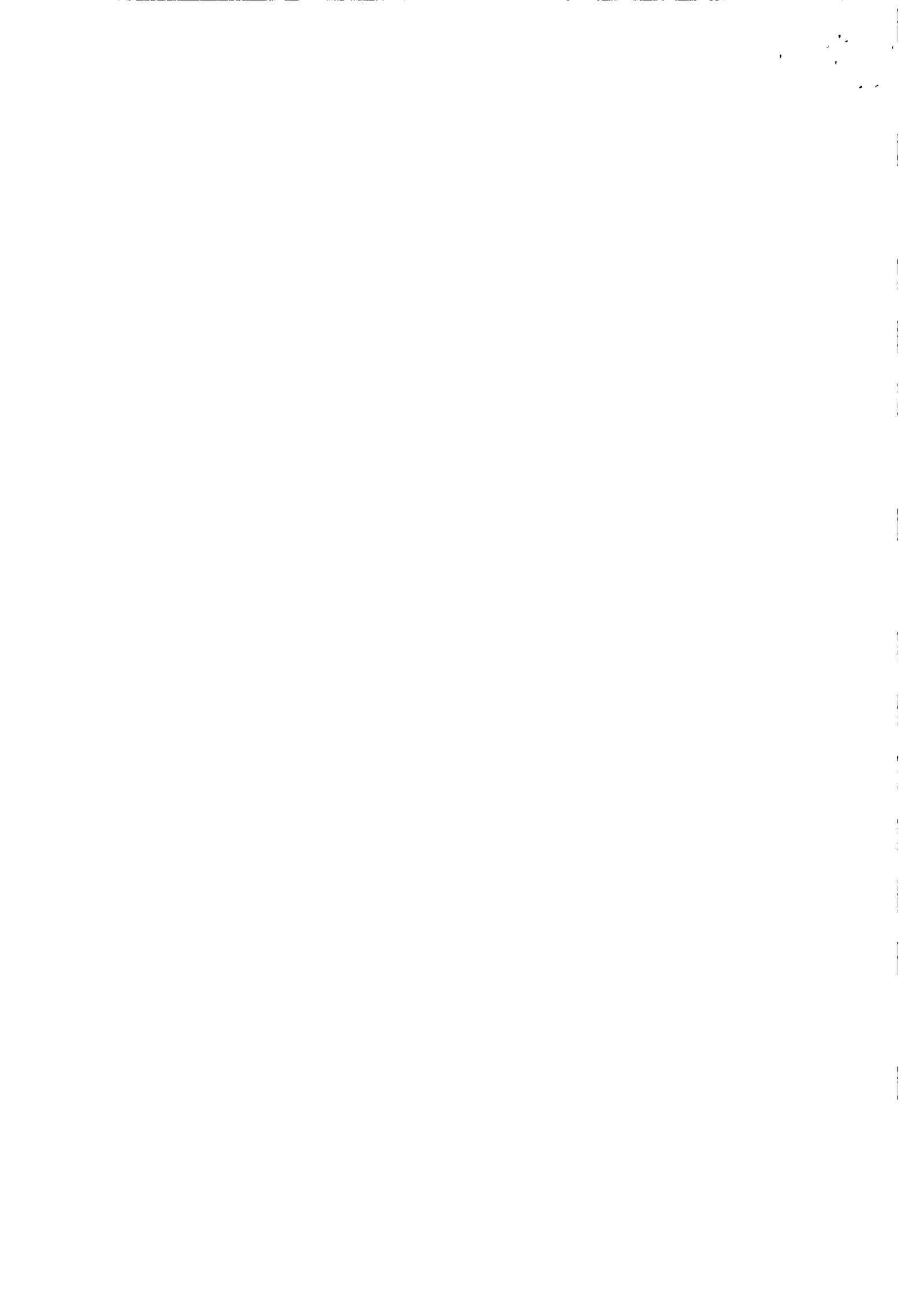


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5.0 General Expenses	2016-2017	2015-2016
	Kshs	Kshs
Talent Identification & Development	1,313,126	-
Training & Capacity	192,200	-
Research & Development	4,729,400	-
Transport & Accommodations	2,525,700	-
Telephone & Internet	1,255,395	-
Regional Academies	113,600	-
Hospitality	674,850	-
Postage	7,000	-
Stationaries & Printing	574,498	-
Office Cleaning & Materials	60,650	-
Conference cost	59,000	-
Bank charges	33,182	-
Audit fee	300,000	-
	<b>11,838,601</b>	<b>-</b>

6.0 Cash and Cash Equivalents	2016-2017	2015-2016
	Kshs	Kshs
Kenya Commercial Bank main bank	147,076	-
	<b>147,076</b>	<b>-</b>

7.0 Work In Progress	2016-2017	2015-2016
	Kshs	Kshs
International Sports Academy	841,174,598	-



Kenya Academy of Sports  
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 For the year ended June 30, 2017

<b>PROPERTY, PLANT AND EQUIPMENTS MOVEMENT SCHEDULE:</b>							
	<b>Building WIP</b>	<b>Motor Vehicles</b>	<b>Plant &amp; Machinery</b>	<b>Office Equipment</b>	<b>Furniture</b>	<b>Total</b>	
	<b>(Kshs.)</b>	<b>(Kshs.)</b>	<b>(Kshs.)</b>	<b>(Kshs.)</b>	<b>(Kshs.)</b>	<b>(Kshs.)</b>	
<b>Cost/Valuation</b>							
<b>NBV- 1 July 2016</b>	712,474,598	-	-	-	-	712,474,598	
<b>Additions</b>	128,700,000	-	-	-	-	128,700,000	
<b>Disposals</b>	-	-	-	-	-	-	
<b>Transfer/adjustments</b>	-	-	-	-	-	-	
<b>At 30 June 2017</b>	841,174,598	-	-	-	-	841,174,598	
<b>Depreciation and impairment</b>							
<b>At 1 July 2016</b>	-	-	-	-	-	-	
<b>Depreciation (Charge for the yr)</b>							
<b>Impairment</b>	-	-	-	-	-	-	
<b>At 30 June 2017</b>	-	-	-	-	-	-	
<b>Net book values</b>							
<b>At 30 June 2017</b>	841,174,598	-	-	-	-	841,174,598	

	2016-2017	2015-2016
	Kshs	Kshs
8.0 <b>Accounts Payables from Non- Exchange transactions</b>		
Audit fee	300,000	-
Accrued Employees benefit obligation & PAYE	1,974,448	-
	<u>2,274,448</u>	<u>-</u>

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	2016-2017 Kshs	2015-2016 Kshs
9.0 <b>Surplus/ (Deficit) for the year</b>	-	-
Surplus/ (Deficit) for the year	(2,127,372)	-
	<u>(2,127,372)</u>	<u>-</u>

**Transfers from Ministries, Departments and Agencies**

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the year
	KShs	KShs	KShs	KShs
Ministry of Sports Culture and arts/State Department sports development	7,125,000	-	-	7,125,000
	21,300,000	-	128,700,000	150,000,000
<b>TOTAL</b>	<b>28,425,000</b>	<b>-</b>	<b>128,700,000</b>	<b>157,125,000</b>

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

**1. Financial Risk Management**

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

The company's financial risk management objectives and policies are detailed below:

**(i) Credit risk**

The entity 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 company's management based on prior experience and their assessment of the current economic environment.

The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the company has recognized in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The board of directors sets the company's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

**(ii) Liquidity risk management**

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

**(iii) Market risk**

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The board has put in place an internal audit function to assist it in assessing the risk faced by the entity 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 entity'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 optimizing the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The company'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 entity's exposure to market risks or the manner in which it manages and measures the risk.

a) Foreign currency risk

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

The entity manages foreign exchange risk from future commercial transactions and recognized assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

b) Interest rate risk

Interest rate risk is the risk that the entity's financial condition may be adversely affected as a result of changes in interest rate levels. The company's interest rate risk arises from bank deposits. This exposes the company to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the company's deposits.

*Management of interest rate risk*

To manage the interest rate risk, management has endeavored to bank with institutions that offer favorable interest rates.

*Sensitivity analysis*

The entity analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

#### **Capital Risk Management**

The objective of the entity's capital risk management is to safeguard the Board's ability to continue as a going concern

#### **2. Events after the reporting period**

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

#### **3. Ultimate and Holding Entity**

The entity is a State Corporation/ or a Semi- Autonomous Government Agency under the Ministry of Sports Culture and The Arts. Its ultimate parent is the Government of Kenya.

#### **4. Currency**

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



**XVII. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

<b>Referen ce No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Focal Point person to resolve the issue (Name and designation)</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>

**Guidance Notes:**

This is the first time the Board is being audited