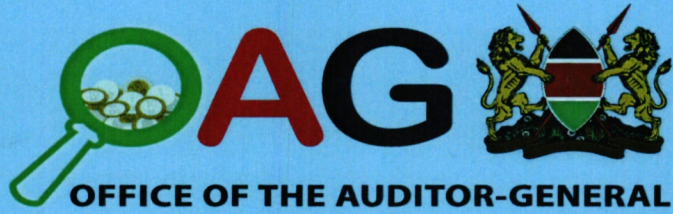


REPUBLIC OF KENYA



Enhancing Accountability

THE NATIONAL ASSEMBLY PAPERS LAID	
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CLERK-AT THE-TABLE:	PK

PARLIAMENT
OF KENYA
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OF

THE AUDITOR-GENERAL

ON

KENYA ACADEMY OF SPORTS

**FOR THE YEAR ENDED
30 JUNE, 2019**





KENYA ACADEMY OF SPORTS
Beyond sporting talent

KENYA ACADEMY OF SPORTS
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDING
JUNE 30, 2019

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

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KEY ENTITY INFORMATION AND MANAGEMENT

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

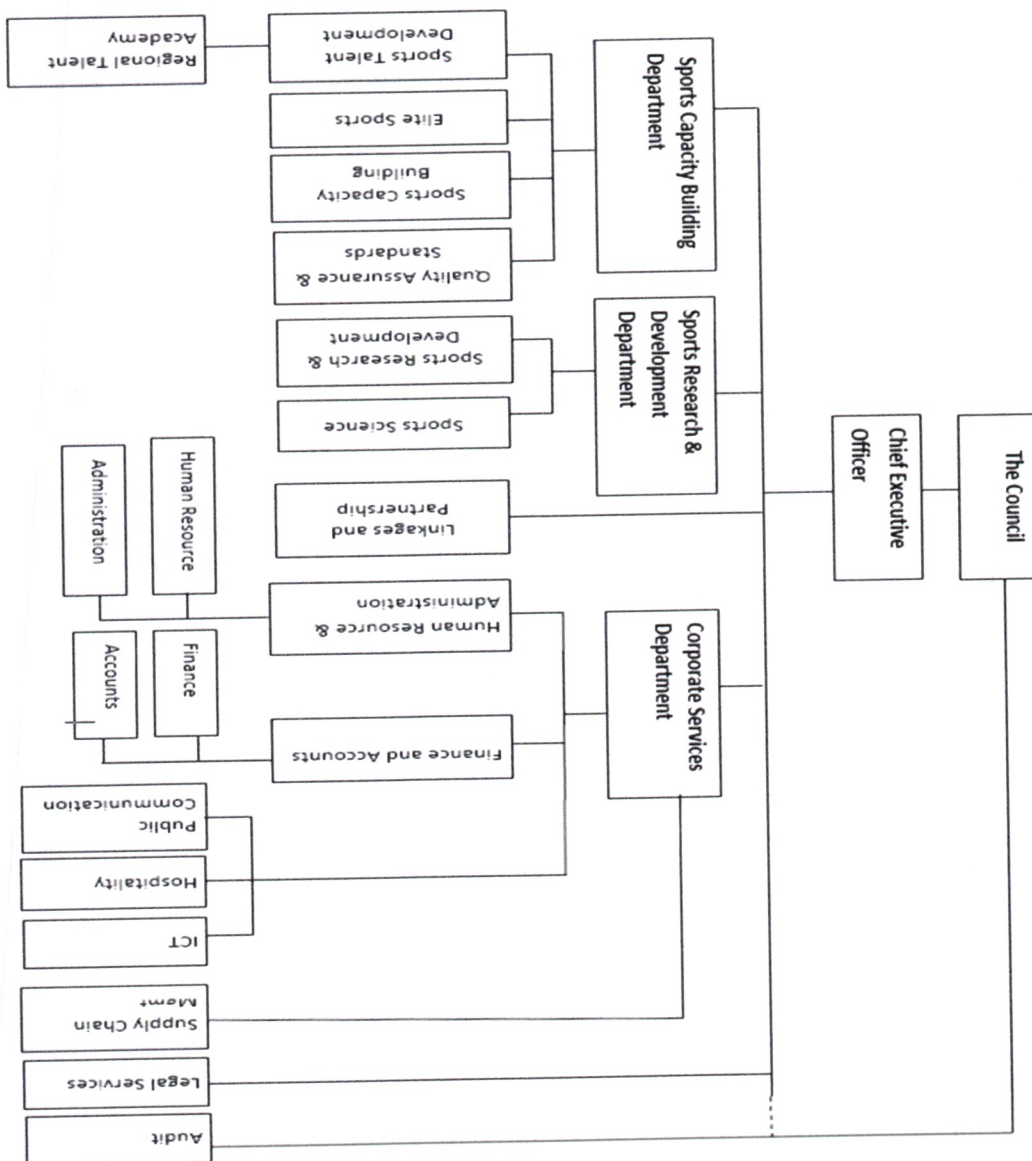
- e) Receive and analyze data on training requirements from sport organizations
- f) Partner with other institutions & organizations for regular updates on the current sports trends
- g) Perform any other functions to achieve the aforementioned

(a) Principal Activities

- i. On-going construction works of Phase 1 (Hostel and 5 Play grounds).
- ii. Completed KAS Strategic Plan 2018 – 2022.
- iii. Developed KAS Website.
- iv. Held an Inaugural International Sports Conference
- v. Developed Key organisational policies
- vi. Completed Curriculum Development in five sport disciplines for athletes and coaches namely; football, basketball, volleyball, athletics and cricket.
- vii. Carried out Sensitization workshops for staff and athletes on HIV/AIDS prevention and Alcohol and Drug abuse reduction.
- viii. Establishment 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.
- ix. Trained thirty (123) Sports Technical Personnel in football.
- x. Held a Sports Holiday Camp in August, 2018 and April 2019 for 200 children from different parts of the country.
- xi. On-going distribution of Sports equipment to County Schools.
- xii. Carried out recruitment of thirty (30) football players for FC Talanta which is a football incubator for the Academy.

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(b) Key Management



(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2018 and who had direct fiduciary responsibility were:

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

Audit And Compliance Committee

The members include

- Agnes Oluoch -Chairperson
- Humphry Khayange -Independent Member
- Marcela Obaga -Treasury
- Christine Kanini -Attorney General's Rep
- Pius Metto -DG Sports Kenya

KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

(d) Entity Headquarters

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

(e) Entity Contacts

Telephone: (254) 020 2211460
E-mail: info@kas.or.ke
Website: www.kas.or.ke

Kenya Academy of Sports
Annual Reports and Financial Statements
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(f) Entity Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya

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




(g) Independent Auditors

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


(h) Principal Legal Adviser




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

THE BOARD OF DIRECTORS

 <p>1. Dr Paul Tergat</p>	<p>D. o. B: 17/06/1969</p> <p>Key Qualifications:</p> <p>Work Experience: In Sports Fraternity</p> <p>NOCK President</p> <p>Council Chairman</p>
 <p>2. Dr. Doreen Odhiambo</p>	<p>Date of Birth: 18th June, 1972</p> <p>Professional/Academic Qualifications: PHD in Sports Management, Post Graduate Certificate in Research:</p> <p>Chief Executive Officer</p>
 <p>Joan Gituma</p>	<p>D.o. B:</p> <p>Independent Member</p> <p>Work Experience:</p> <p>Chairperson, Finance Committee</p> <p>Member: Human Resource and Training</p>

**Kenya Academy of Sports
Annual Reports and Financial Statements
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 <p>Catherine Ndereba</p>	<p>D. o. B:</p> <p>Work Experience: Former world marathon Champion</p> <p>Chairperson, Human Resource committee</p>
 <p>Humphrey Khayange</p>	<p>D. o. B:</p> <p>MBA Chemistry</p> <p>Former Captain Kenya Sevens Rugby Team</p> <p>Work Experience</p> <p>Member, Technical and audit and compliance 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 committee</p>
 <p>Marcela Obaga</p>	<p>D. o. B:</p> <p>Treasury Rep</p> <p>Work Experience</p> <p>Member, Finance and Investment, Audit and Compliance committees</p>

 <p>John Macharia</p>	<p>D.o.B</p> <p>Rep: Ministry of Sports, Culture and Arts Technical Development and Safety Committee</p>
 <p>Christin Kanini</p>	<p>Christine Kanini</p> <p>Rep: AG's Office Committee Member: Finance and Investment, Human Resource and Training Committee</p>
 <p>Pius Metto</p>	<p>D.o.B:</p> <p>Director General: Sports Kenya</p> <p>Member: Finance And investment, Audit and compliance, Technical committees</p>

**Kenya Academy of Sports
Annual Reports and Financial Statements
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Agnes Oluoch

D.o.B:

Independent Member

Member: HR and Training, Audit and compliance committees

MANAGEMENT TEAM

 <p>Name: Doreen Odhiambo</p>	<p>Date of Birth: 18th 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 : 10th 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: 9th January, 1972 Professional/Academic Qualifications: Bachelors of Arts, Post Graduate Diploma in Sports Management</p>

CHAIRMAN'S STATEMENT

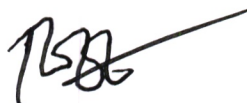
Over the years, the KAS under my stewardship has made considerable progress in setting up a firm foundation for this premier institution. In order to live up to the expectation of the Kenya Youth we are fully aware that we have to work hard and stay focused. At this point in time I can state that we are reasonably well grounded having established the requisite working tools and operational documents.

In the month of June KAS successfully established eight (8) policy documents. This is a milestone bearing in mind that these tools will provide guidelines for decision-making and a consistent clear way to respond to organizational needs and tasks.

It is noteworthy that KAS successfully hosted the inaugural Sports Conference in May 2019. The three-day activity brought together Sports Administrators, professionals, and technical personnel from diverse backgrounds leading to exchange of ideas, sharing experiences and charting away forward for the future of Sports in Kenya. Apart from enhancing her visibility, KAS also widened its pool of partners from within and out of the country.

Being a flagship project of Kenya Vision 2030, KAS hopes to receive increased funding from the Government in order to make impact among the youth through talent development, establishing satellite academies, and training of technical personnel. In addition, it is expected that the ongoing construction of the International Academy will be completed to enable intensive development of sports talent.

As we strive to fulfil our mandate during this financial year we shall keep in sight the Big 4 Agenda and make our contribution in ensuring its success. We also anticipate to receive budgetary support from the Sports, Arts, and Social Development Fund which will enable the Academy to reach all corners of the Country in developing sports talents and empowering the youth economically.



Dr. P. Tergat, MBS
Chairperson

REPORT OF THE CHIEF EXECUTIVE OFFICER

The Kenya Academy of Sports was created by the Sports Act in the year 2013 and became operational in 2014 having taken over the functions of Kenya National Sports Institute (KNSI) and National Youth Talent Academy (NYTA).

The Academy's core mandate revolves around sports talent development, training of technical sports personnel and promotion of research in sports. With the assistance from UNICEF and Communications Authority (CA), KAS has supplemented government funding and managed to make positive change among the Youth from disadvantaged communities. The Mukuru UNICEF project has been progressing well and talented boys and girls have been given an opportunity to exploit their potential in Sports. Plans are underway for KAS to start a similar project in the Kibera informal settlements in Langata. In conjunction with the CA KAS has managed Talanta football and overseen its elevation to the National Super League. Talanta players also come from disadvantaged backgrounds.

The recently concluded inaugural International KAS Conference brought together Sports Professionals and Administrators from diverse backgrounds from within and outside the country. This was an opportunity for KAS to share ideas and experiences and chart a way forward for Sports in Kenya. It was also a chance for KAS to initiate partnerships and collaboration and this is expected to benefit the Academy in many ways.

Similarly, the Academy is geared towards initiating exchange visits with reputable sports institutions in Africa, Europe and Asia. Undoubtedly this will give KAS Management much needed knowledge and experience to elevate the Academy to world class status.

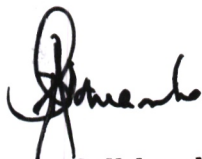
In order to be administratively well-grounded, KAS needed to develop policies that are essential for the operation of the institution. In this light KAS has successfully formulated eight policies which will provide guidelines for decision making and also assist in stipulating framework for setting standards and performance in the organization.

Kenya Academy of Sports
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The KAS budget for financial year 2019/2020 is as follows:-operations budget Kshs. 36,653,000, programmes Kshs. 6,844,934, FC Talanta Kshs. 23,000,000, Mukuru Project Kshs. 3,900,000. It is noted that this a constrained budget and considering the ever-increasing demand for talent development KAS must expand its resource base by seeking more partners to support implementation of programmes.

In the quest to boost its programmes KAS has reached out to the Sports, Arts and Social Development Fund and made a budgetary request which will assist in completion of the Academy complex still under construction.

In the short-term KAS aims to relocate to the Academy Complex and also purchase vehicles. This will undoubtedly enhance efficiency and improve delivery of services.



Dr. Doreen Odhiambo, PhD
Ag. Chief Executive Officer

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. 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 seen 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 Department of Linkages, Partnerships and Collaborations has been promoting linkages, Partnerships and Collaborations with Institutions of Higher Learning-Kenyatta University, The University of Nairobi-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, MTP III and the Big 4 Agenda. 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 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

Kenya Academy of Sports
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and the public to ensure client expectations are met. Finally, the directorship has offered leadership 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.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

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 Academy of Sports through its incubator program (FC Talanta) has benefited over 15 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 2019, together with Tree side School of Mentally challenged organized a tree planting exercise that saw over 200 trees being planted in the school.

Kenya Academy of Sports
Annual Reports and Financial Statements
For the year ended June 30, 2019

REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2019 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, 2019 are set out on pages 1-5.

Directors

The members of the Board of Directors who served during the year are shown on page vii. During the year/period ended June 30, 2019 no director has retired or resigned.

Auditors

The Auditor General is responsible for the statutory audit of the Academy in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015
By Order of the Board

Kenya Academy of Sports
Annual Reports and Financial Statements
For the year ended June 30, 2019

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, 2019. 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, 2019, 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.

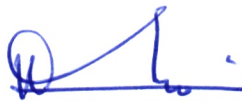
Nothing has come to the attention of the Directors to indicate that Kenya Academy of Sports will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements


The *entity's* financial statements were approved by the Board on _____ 2019 and signed on its behalf by:



Chairman



Director

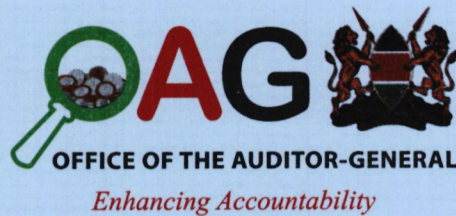


Director

REPORT OF THE INDEPENDENT AUDITORS ON THE *ENTITY* (*specify entity name*)

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON KENYA ACADEMY OF SPORTS FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kenya Academy of Sports set out on pages 1 to 26, which comprise the statement of financial position as at 30 June, 2019, the statement of financial performance, the statement of cash flows, the statement of changes in net assets 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, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Kenya Academy of Sports as at 30 June, 2019, 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 Public Finance Management Act, 2012 and the Sports Act, 2013.

Basis for Qualified Opinion

1.0 Contract Variation - International Sports Academy

Sports Stadia Management Board (now Sports Kenya) entered into a contract on 21 March, 2013 for construction of an International Sports Academy at Moi International Sports Centre, Kasarani at a contract price of Kshs.859,814,770. The scope of the project included the construction of a hostel building; a two (2) floors hotel; two (2) football pitches; two (2) basketball pitches; a rugby pitch; and a borehole.

As at 30 June, 2019, Management had made payments totalling Kshs.1,036,445,457 against the contract sum of Kshs.859,814,770. This exceeded the original contract sum by Kshs.176,630,687 or 20.5% while the project completion level was estimated at 90%. Management has explained the contract variation to have resulted from the cost of consultancy which was not covered in the initial contract.

Under the circumstances, the validity of the contract variation could not be confirmed.

2.0 Lack of Title Deeds for the Academy Complex

The Work in Progress on the Academy complex balance of Kshs.1,036,445,457 as at 30 June, 2019 excludes undetermined values of land on which the Hostel Complex is built. Management has explained that the title to the land is with the Ministry of Sports, Culture and Heritage.

Consequently, the ownership of the land on which the Academy complex is built and the net book value of land and building could not be confirmed..

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kenya Academy of Sports 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 audit 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

Budgetary Control and Performance

The Academy had an approved budget of Kshs.210,422,859 against an actual expenditure of Kshs.233,857,182 resulting in an over expenditure of Kshs.23,434,323 or 11%. Management has not provided approvals and explanations on the over expenditure of Kshs.23,434,323.

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 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

1.0 Delayed Completion of International Sports Academy

Sports Stadia Management Board (now Sports Kenya) entered into a contract on 21 March, 2013 for construction of an International Sports Academy at Moi International Sports Centre, Kasarani at a contract price of Kshs.859,814,770. The scope of the project included the construction of a hostel building; a two (2) floors hotel; two (2) football pitches; two (2) basketball pitches; a rugby pitch; and a borehole.

Phase one (1) of project which included the hostel building commenced on 23 March, 2013 and was expected to be completed within a three (3) year period. As at the time of the audit in January, 2020 the project had not been completed and was about 90% complete. Management has not provided evidence of the contract extension for audit.

Consequently, value for money has not been realised from the expenditure of Kshs.1,036,445,457 on the Project. Also, there is a possible risk of further project cost escalation due to delay in completion.

2.0 Irregular Procurement of Goods and Services

The Management procured desktop computers, laptops, TVs, DVD player, Microwave, Smart Phones, Business Cards and advertising worth Kshs.2,263,380 during the financial year. However, the items were not included in the procurement plan for the year. This was contrary to Section 53(2) of the Public Procurement and Asset Disposal Act, 2015 which requires an Accounting Officer to prepare an annual procurement plan which is realistic in the format set out in the Regulations and which should be within the approved budget prior to commencement of each financial year as part of the annual budget preparation process.

Consequently, Management is in breach of law.

Basis for conclusion

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 audit the procedures performed, except for the matters described in the Basis for Conclusion on

Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, internal controls, risk management and governance were not effective.

Basis for conclusion

Lack of an Internal Audit Function

It was observed that the Academy did not have an internal audit function during the year. However, Management has made arrangements with internal auditors from the Ministry of Sports, Culture and Heritage for conducting of audit in line with the provisions of Section 73(1) of the Public Finance Management Act, 2012.

Although the Academy has an establish Audit Committee, oversight over internal controls and governance may not be effective in the absence of an operational internal audit function.

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 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 those Charged with Governance

Management is responsible for the preparation and for 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 Academy'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 liquidate the Academy 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.

Those charged with governance are responsible for overseeing the Academy'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 review 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 Academy'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 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 continue 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 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.


Nancy Gathungu

AUDITOR-GENERAL

Nairobi

16 July, 2021

Kenya Academy of Sports
Annual Reports and Financial Statements
For the year ended June 30, 2019


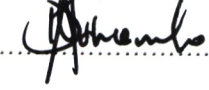
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2019

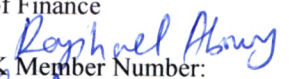
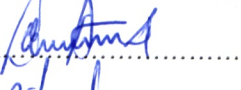
	Notes	2018-2019	2017-2018
Income from Non-Exchange Transactions		Kshs	Kshs
GOK Grants	1.(a)	84,594,101	30,800,000
Unicef Grant	1.(b)	7,073,966	
		91,668,067	30,800,000
Income from exchange transactions			
Conference fee	2.(a)	719,850	
Other Income	2.(b)		1,247,000
Conference fee and Insurance claim		20,000	
		739,850	1,247,000
Total revenue		92,407,917	32,047,000
Expenditures			
Employee costs	3.0	25,408,249	13,466,886
Remuneration of Board	4.0	2,717,307	1,204,136
General Expenses	5.0	46,660,767	18,041,345
		74,786,323	32,712,367
Surplus/(Deficit) for the period		17,621,594	(665,367)

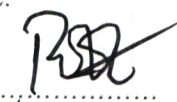
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Notes	2018-2019	2017-2018
Assets		Kshs	Kshs
Current Assets			
Cash and Cash Equivalents	6.0	7,781,604	(301,353)
Accounts Receivables	7.0	9,914,527	1,176,655
Total Current Assets		17,696,131	875,302
Non Current Assets			
WIP(International Sports Academy)	8.0	1,036,445,457	877,374,598
Total Non Current Assets		1,036,445,457	877,374,598
Total Assets		1,054,141,588	878,249,900
Liabilities			
Current liabilities			
Accounts payables from Non -exchange transactions	9.0	2,867,276	3,668,040
Total Liabilities		2,867,276	3,668,040
Net Assets			
Surplus / (Deficit) for the year	10.0	14,828,855	(2,792,739)
Capital Reserve	1.(c)	1,036,445,457	877,374,598
Total Net Assets		1,051,274,312	874,581,859
Total Liabilities & Net Assets		1,054,141,588	878,249,900

The Financial Statements set out on pages 1 to 6 were signed on behalf of the Board of Directors by:

C.E.O
 Name: 
 Sign: 
 Date:

Head of Finance
 Name: 
 ICPAK Member Number:
 Sign: 
 Date: 26/02/2020

Chairman of the Council
 Name:
 Sign: 
 Date:

Kenya Academy of Sports
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For the year ended June 30, 2019

STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2019

	Attributable to the Kenya Academy of Sports				TOTAL
	Self insurance reserve	Reserves		Accumulated surplus	
		Capital replacement development reserve/Capital Reserve	Revaluation Reserves		
	Kshs	Kshs	Kshs	Kshs	Kshs
Balance as at 1 July 2017	0	841,174,598	0	(2,127,372)	839,047,226
	0	0	0		-
Surplus/(deficit) for the period	-	-	-	(665,367)	(665,367)
Transfers to/from accumulated capital	-	-	-	-	-
Transfer of excess depreciation on revaluation	-	-	-	-	-
Grants received during the year	-	36,200,000	-	-	36,200,000
Revaluation gain	-	-	-	-	-
Balance as at 30 JUNE 2018	-	877,374,598	-	(2,792,739)	874,581,859
	-	-	-	-	-
Balance as at 1 July 2018	-	877,374,598	-	(2,792,739)	874,581,859
	-	-	-	-	-
Surplus/Deficit for the period	-	-	-	17,621,594	17,621,594
Transfers to/from accumulated surplus	-	-	-	-	-
Transfer of excess depreciation on revaluation	-	-	-	-	-
Grants received during the year	-	159,070,859	-	-	159,070,859
Revaluation gain	-	-	-	-	-
Balance as at 30 JUNE 2019	-	1,036,445,457	-	14,828,855	1,051,274,312

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2018-2019	2017-2018
Cashflows from operating		Kshs	Kshs
Surplus / (Deficit) for the year	10.0	17,621,594	(665,367)
Adjustments for			
Depreciation for the Year		-	-
Operating surplus /(Deficit) before		17,621,594	(665,367)
Working Capital Changes			-
Increase/decrease in account receivables	7.0	(8,737,872)	(1,176,655)
Increase/decrease in payables	9.0	(800,764)	1,393,592
Net cashflow from operating Activities		8,082,958	(448,430)
Cashflow from investing activities			
Purchase of Fixed Assets	11.0	(159,070,859)	(36,200,000)
Net cashflow from Investing activities		(159,070,859)	(36,200,000)
Cashflow from Financing activities			
Capital Grants Received	1.(c)	159,070,859	36,200,000
Net cashflow from Financing activities		159,070,859	36,200,000
Net increase in cash and cash Equivalents		8,082,958	(448,430)
Cash and Cash equivalents At the start of the year		(301,354)	147,076
Cash and Cash equivalents at the end of the year	6.0	7,781,604	(301,354)

The Cashflow statement has been presented using Indirect Method (IPSAS 2)

C.E.O
 Name: *D. Othman*
 Sign: *D. Othman*
 Date:

Head of Finance
 Name: *Raphael Abonyo*
 ICPAK Member Number:
 Sign: *Raphael Abonyo*
 Date: *21/02/2020*

Chairman of the Council
 Name:
 Sign: *[Signature]*
 Date:

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE YEAR ENDED 30 JUNE 2019

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference
	2018-2019	2018-2019	2018-2019	2018-2019	2018-2019
	Kshs	Kshs	Kshs	Kshs	Kshs
Revenue					
Government grants and subsidies- Recurrent	44,352,000	40,242,101	84,594,101	84,594,101	-
Government grants and subsidies- Development	200,000,000	(40,929,141)	159,070,859	159,070,859	-
Rendering of services				719,850	(719,850)
UNICEF GRANTS	7,000,000		7,000,000	7,073,966	(73,966)
Sale of goods					
Finance Income					
Gains on disposal, rental income and agency fees					
Total income	251,352,000	(687,040)	250,664,960	251,458,776	(793,816)
Expenses					
Compensation of employees	24,000,000		24,000,000	25,408,249	(1,408,249)
Board remuneration	3,600,000		3,600,000	2,717,307	882,693
Goods and services	23,752,000		23,752,000	46,660,767	(22,908,767)
Rent paid					-
Taxation paid					-
International Academy of Sports	200,000,000	(40,929,141)	159,070,859	159,070,859	-
Grants and subsidies paid				-	-
Total expenditure	251,352,000	(40,929,141)	210,422,859	233,857,182	(23,434,323)
Surplus for the period				17,601,594	

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Budget notes

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

2. Board Remunerations – *The expenditure on board expenses went down as a result of few council meetings held during the period*

3. General Expenses. *The KAS management saw the need to prioritize (operational and Programme instruments) i.e Review of KAS strategic plan for 2018-2022, development of key organizational policies, Talent Identification and training and Training of Sports Technical Personnel*

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Kenya Academy of Sports is established by and derives its authority and accountability from the Sports Act No 25 of 2013. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to nurture and develop sports talent, train and capacity-build technical sports personnel as well as conduct and promote sports research to revitalize the industry for socioeconomic boost.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

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 (Kshs 000). 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.

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, Sports 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)

3 ADOPTION OF NEW AND REVISED STANDARDS

- i. Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2019.

4 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 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

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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.

Kenya Academy of Sports
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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 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 they arise.

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

I. 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Related parties

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

j) Service concession arrangements

The Entity analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Entity recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Entity also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

k) 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

II. 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

l) Comparative figures

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

m) 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, 2019.

5 SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Entity's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. 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. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual values

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

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

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- Changes in the market in relation to the asset

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1.(a)	Income from Non-Exchange Transactions	2018-2019	2017-2018
	GOK GRANTS	Kshs	Kshs
	Recurrent	43,664,960	29,500,000
	Development	40,929,141	1,300,000
		84,594,101	30,800,000

1.(b)	Donor Grants	2018-2019	2017-2018
	UNICEF Grant	7,073,966	
		7,073,966	-

1.(c)	CAPITAL Reserve	2018-2019	2017-2018
		Kshs	Kshs
	Capital b/f	877,374,598	841,174,598
	Capital Grants received for the year	159,070,859	36,200,000
		1,036,445,457	877,374,598

NB* Capital approach as been applied to recognize the part of the development grant that was used for construction work for International Sports Academy building amounting to **Kshs 159,070,457/=** by debiting work in progress account and Crediting Capital Reserve account with the same amount.

2.(a)	Income from the Exchange Transactions	2018-2019	2017-2018
		Kshs	Kshs
	Conference fee	719,850.00	
	Sales of tender documents	-	197,000
		719,850	197,000

2.(b)	Other income	2018-2019	2017-2018
		Kshs	Kshs
	Insurance claim	20,000	1,050,000

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	20,000	1,050,000
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3.0	2018-2019	2017-2018
Employee Costs	Kshs	Kshs
Salary Top Ups	16,154,152	6,908,986
Casual Wages	1,645,820	
PAYE	4,764,509	
NHIF	74,100	
NSSF	111,500	
Milage and Training	2,658,168	
FC Talanta Wages		6,557,900
Total Employee Cost	25,408,249	13,466,886

4.0	2018-2019	2017-2018
Board Remunerations	Kshs	Kshs
Chairman Honoraria	744,539	880,000
Board sitting allowances	1,972,768	324,136
	2,717,307	1,204,136

5.0	2018-2019	2017-2018
General Expenses	Kshs	Kshs
Recruitment,Admission& Training of Sports Talents	3,658,310	2,172,400
Foreign Travel Accomodation	1,874,700	-
Prevention of HIV/AIDS	156,200	-
Purchase of Sports equipments	545,220	-
Capacity Building of Sports Technical Personnel	148,300	280,200
Sports Research and Development	532,600	2,515,400
Travel & Accommodations	10,638,138	3,211,946
Telephone & Internet	2,517,417	1,427,542
Establishment of Satellite Academies	5,097,415	1,278,000
Review of KAS strategic plan	2,373,800	-
Validations of regulations and standards	821,500	-
Hospitality	1,506,575	490,864

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Postage	217,960	10,960
Stationaries & Printing	597,061	421,715
Maintanance of Plant and equipment	100,880	-
Office Cleaning & Materials	73,120	82,115
Contribution to International Organizations	6,000	-
Consultancy Services	1,477,500	2,569,408
Conducting of Holiday sports camp	4,144,280	-
Hosting of International Sports conference	3,593,600	-
Bank charges	76,432	115,445
Review of KAS organisational structure	400,000	-
Marketing /Branding/PR	3,447,020	195,200
Development of Curriclum for KAS	423,200	1,228,400
Linkages and Partnerships	2,233,540	1,741,750
Audit fee	-	300,000
Advances to FC Talanta		-
	46,660,767	18,041,345

	2018-2019	2017-2018
	Kshs	Kshs
6.0 Cash and Cash Equivalents		
Kenya Commercial Bank main bank	7,781,604	(301,353)
	7,781,604	(301,353)

	2018-2019	2017-2018
	Kshs	Kshs
7.0 Account Receivables		
Advaces to Fc Talanta	9,914,527.13	1,176,655
	9,914,527.13	1,176,655

	2018-2019	2017-2018
	Kshs	Kshs
8.0 Work In Progress		
International Sports Academy	1,036,445,457	877,374,598

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		2018-2019	2017-2018
9.0	Accounts Payables from Non- Exchange transactions	Kshs	Kshs
	Pending bills from purchase of good and services	1,451,276	300,000
	Accrued Employees benefit obligation & PAYE	1,416,000	3,368,040
		2,867,276	3,668,040

		2018-2019	2017-2018
10.0		Kshs	Kshs
	Surplus/ (Deficit) for the year	(2,792,739)	(2,127,372)
	Surplus/ (Deficit) for the year	17,621,594	(665,367)
		14,828,855	(2,792,739)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11.0

PROPERTY, PLANT AND EQUIPMENTS MOVEMENT SCHEDULE:

	Building WIP	Motor Vehicles	Plant & Machinery	Office Equipment	Furniture	Total
	(Kshs.)	(Kshs.)	(Kshs.)	(Kshs.)	(Kshs.)	(Kshs.)
Cost/Valuation						
NBV- 1 July 2017	841,174,598	-	-	-	-	841,174,598
Additions	36,200,000	-	-	-	-	36,200,000
Disposals	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-
At 30 June 2018	877,374,598	-	-	-	-	877,374,598
At 30 June 2018	877,374,598	-	-	-	-	877,374,598
NBV- 1 July 2018	877,374,598					877,374,598
Depreciation and impairment						
Additions	159,070,859					159,070,859

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Disposals						-
Transfer/adjustments						-
At 30 June 2019	1,036,445,457	-	-	-	-	1,036,445,457

**Transfers from Ministries, Departments
and Agencies**

12.0

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income	Amount deferred income	Amount recognised in capital fund.	Total grant income during the year
	KShs	KShs	KShs	KShs
Ministry of Sports Culture and arts/State	43,664,960	-	-	43,664,960
Department sports development	40,929,141	-	159,070,859	200,000,000
TOTAL	84,594,101	-	159,070,859	243,664,960

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6 FINANCIAL RISK MANAGEMENT

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

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

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7 EVENTS AFTER THE REPORTING PERIOD

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

8 ULTIMATE AND HOLDING ENTITY

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

9 Currency

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

APPENDIX 1: 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.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.0	Delayed Completion of International Sports Academy	This is as a result of delayed disbursement of Development funding by the National Treasury.	Joseph Kirima- Director Corporate	Not Resolved	31 st March 2020
2.0	Un-remitted Statutory Deductions	A payment plan has been agreed upon between the Academy and Kenya revenue Authority	Raphael Abonyo - Accountant	Resolved	

C.E.O 

Date.....

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APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

Projects

Projects implemented by the State Corporation/ SAGA Funded by development partners

Project title	Project Number	Donor	Period/duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
Mukuru Kwa Njenga		UNICEF	1 Year	7,073,966	No	Yes

Status of Projects completion

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	International Sports Academy	859,814,774	641,157,075	90	200,000,000	200,000,000	GoK

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APPENDIX III: INTER-ENTITY TRANSFERS

	ENTITY NAME:	Kenya Academy of Sports		
	Break down of Transfers from the State Department of Sports			
	FY 2018/2019			
a.	Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		16/08/2018	11,088,000	2018/2019
		23/10/2018	10,400,960	2018/2019
		12/02/2019	11,309,760	2018/2019
		02/05/2019	10,866,240	2018/2019
		Total	43,664,960	
b.	Development Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		23/10/2018	100,000,000	2018/2019
		30/05/2018	100,000,000	2018/2019
		Total	200,000,000	
c.	Direct Payments			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
d.	Donor Receipts			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		02/07/2018	2,500,000	2018/2019
		31/10/2018	2,500,000	2018/2019
		02/05/2019	2,077,289	2018/2019
		Total	7,077,289	

The above amounts have been communicated to and reconciled with the parent Ministry

Finance Manager
Kenya Academy of Sports

Head of Accounting Unit
State Department of Sports

Sign -----

Sign-----

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