

KENYA HOCKEY UNION
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019



Avinash Shah Bhatti & Associates
Certified Public Accountants (K)

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SOCIETY INFORMATION

Management committee

- : Lt Col (Rtd) Nashon Randiek - President
- : Elynah Shiveka - 1st Deputy President
- : Michael Malungu - 2nd Deputy President
- : Wycliffe Ongori - Hon. Secretary General
- : Godfrey Bila - Hon. Treasurer
- : Syed Farhat - Assistant Treasurer
- : Jane Nyamogo - Match Secretary
- : Moses Majiwa - Deputy Match Secretary
- : L. Mutuku - Public Relations Officer
- : R S Bains - Immediate Past President

Independent auditor

- : Avinash Shah Bhatti & Associates
- : Office Suites, Parklands Road
- : P.O. Box 48716 - 00100,
- : Nairobi,
- : Kenya.

Principal banker

- : CFC Bank LTD
- : Chiromo Road Branch
- : Nairobi

REPORT OF THE MANAGEMENT COMMITTEE

The management committee submit their report and the audited financial statements for the year ended 31 December 2019, which disclose the state of affairs of the organisation.

PRINCIPAL ACTIVITY

RESULTS

The surplus for the year was Shs. 7,015,509 (2018: Shs. 2,269,564)

MANAGEMENT COMMITTEE

The management committee members who served during the year are set out on page 1.


INDEPENDENT AUDITOR

Avinash Shah Bhatti & Associates Certified Public Accountants has expressed its willingness to continue in office in accordance with the Societies Act

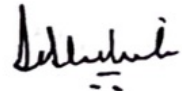
BY ORDER OF THE BOARD



CHAIRMAN



SECRETARY



TREASURER

Date....14/12/2020

STATEMENT OF COMMITTEE MEMEBERS' RESPONSIBILITIES

The management committee is required to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the organisation as at the end of the financial year and of its surplus or deficit for that year. It also requires the management committee to ensure that the organisation maintains proper accounting records that disclose, with reasonable accuracy, the financial position of the organisation. The management committee are also The management committee accept responsibility for the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error. They also accept responsibility for:

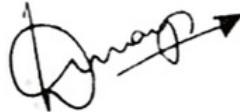
- i) designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements;
- ii) selecting and applying appropriate accounting policies; and
- iii making accounting estimates and judgements that are reasonable in the circumstances.

The management committee are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the organisation as at 31st December 2019 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards for Small and Medium- sized Enterprises and the requirements of the Kenyan Societies Act.

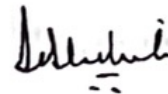
Approved by the management committee on 14/12/2020 and signed on its behalf by:



CHAIRMAN



SECRETARY



TREASURER

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF KENYA HOCKEY UNION (CONTINUED)

Auditor's Responsibilities for the Audit of the Financial Statements

Our 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 our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards of Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the International Standards of Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We 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 our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organisations internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management committee.

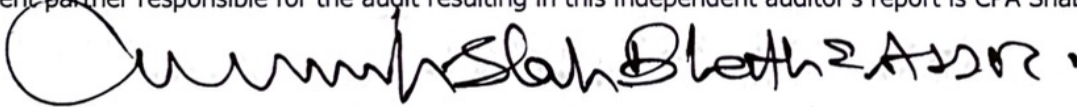
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other Legal Requirements

As required by the Kenyan Societies Act, we report to you, based on our audit, that, except as indicated on page 4:

- (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (ii) in our opinion proper books of account have been kept by the organisation, so far as appears from our examination of those books; and
- (iii) the organisations statement of financial position and statement of surplus or deficit are in agreement with the books of account.

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Shabir Bhatti - P/No. 1160.



**Certified Public Accountants
PIN NO. P051319798A
NAIROBI**

14th December 2020

STATEMENT OF SURPLUS OR DEFICIT

	Notes	2019 Shs	2018 Shs
Operating expense		<u>(9,321,210)</u>	<u>(4,911,440)</u>
Gross surplus		14,234,010	6,265,296
Other operating expenses		(2,984,924)	(2,144,592)
Administrative expenses		(4,204,468)	(1,844,173)
Finance cost	3	<u>(29,109)</u>	<u>(6,966)</u>
Surplus for the year		<u>7,015,509</u>	<u>2,269,564</u>

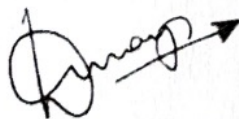
STATEMENT OF FINANCIAL POSITION

	Notes	2019 Shs	2018 Shs
EQUITY			
General fund		<u>27,892,083</u>	<u>20,876,574</u>
		<u>27,892,083</u>	<u>20,876,574</u>
REPRESENTED BY			
Non-current assets			
Property, plant and equipment	5	<u>8,176,594</u>	<u>8,748,167</u>
		<u>8,176,594</u>	<u>8,748,167</u>
Current assets			
Trade and other receivables	6	17,449,623	13,953,678
Cash and bank balances	7	<u>4,031,694</u>	<u>643,752</u>
		<u>21,481,318</u>	<u>14,597,430</u>
Current liabilities			
Trade and other payables	8	<u>1,765,829</u>	<u>3,309,023</u>
		<u>1,765,829</u>	<u>3,309,023</u>
Net current asset		<u>19,715,489</u>	<u>11,288,407</u>
Net assets/(liability)		<u>27,892,083</u>	<u>20,036,574</u>

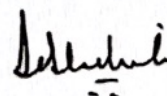
The financial statements on pages 6 to 14 were approved and authorised for issue by the management committee on 14/12/2020 and were signed on its behalf by:



CHAIRMAN



SECRETARY



TREASURER

STATEMENT OF CHANGES IN FUND BALANCE

	Accumulated Funds Shs	Total Shs
Year ended 31 December 2018		
At start of year	18,607,009	18,607,009
Surplus for the year	<u>2,269,564</u>	<u>2,269,564</u>
At end of year	<u><u>20,876,574</u></u>	<u><u>20,876,574</u></u>
Year ended 31 December 2019		
At start of year	20,876,574	20,876,574
Surplus for the year	<u>7,015,509</u>	<u>7,015,509</u>
At end of year	<u><u>27,892,083</u></u>	<u><u>27,892,083</u></u>

STATEMENT OF CASH FLOWS

	Notes	2019 Shs	2018 Shs
Cash flows from operating activities			
Surplus for the year		7,015,510	2,269,565
Adjustments for:			
Depreciation on property, plant and equipment	5	595,573	660,564
Changes in working capital			
- trade and other receivables		(3,495,947)	(971,895)
- trade and other payables		(1,543,194)	(953,502)
Cash (used in)/from operations		<u>2,571,942</u>	<u>1,004,732</u>
Net cash from/(used in) operating activities		<u>2,571,942</u>	<u>1,004,732</u>
Cash flow from Investing Activities			
Purchase of Assets	5	<u>(24,000)</u>	<u>-</u>
Increase/(decrease) in cash and cash equivalents		<u>2,547,942</u>	<u>1,004,732</u>
Movement in cash and cash equivalents			
At start of year		1,483,752	479,020
Increase/(decrease)		<u>2,547,942</u>	<u>1,004,732</u>
At end of year	7	<u><u>4,031,694</u></u>	<u><u>1,483,752</u></u>

NOTES

1. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of preparation

The financial statements have been prepared on a going concern basis and in compliance with the International Financial Reporting Standard for small and medium-sized entities issued by the International Accounting Standards Board. They are presented in Kenya Shillings (Shs). The measurement basis used is the historical cost basis except where otherwise stated in the accounting policies below.

Revenue recognition

Revenue comprises the fair value of the consideration receivable for the services rendered in the ordinary course of business and is stated net of rebates and discounts. The association recognises revenue when the amount of revenue can be reliably measured, its probable that future economic benefits will flow to the association and when the specific criteria have been met for each of the associations activities as described below. The amount of revenue is not considered to be reliably measured until all contingencies relating to the sale have been resolved.

- i) Subscriptions and entrance fees are recognised receipt basis
- ii) Tournaments and accomodation are recognised on receipt basis

b) Translation of foreign currencies

All transactions in foreign currencies are initially recorded in Kenya Shillings, using the spot rate at the date of the transaction. Foreign currency monetary items at the reporting date are translated using the closing rate. All exchange differences arising on settlement or translation are recognised in profit or loss.

c) Property, plant and equipment

Items of property, plant and equipment, are measured at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land is not depreciated. For all other assets, depreciation is calculated on the reducing balance basis to write down the cost of each asset to its residual value over its estimated useful life using the following annual rates:

	Rate %
Furniture and equipment	12.5
Computers and equipment	30
Stadium lighting	12.5

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal of property, plant and equipment are determined by comparing the proceeds with the carrying amount and are taken into account in determining operating profit.

NOTES (CONTINUED)

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Trade receivables

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the society will not be able to collect all amounts due according to the original terms of the receivables.

e) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand and deposits held at call with banks, net of bank overdrafts. In the statement of financial position, bank overdrafts are included in borrowings in current liabilities.

f) Trade payables

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

g) Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

NOTES (CONTINUED)

	2019 Shs	2018 Shs
2. Revenue		
ACCC 2017/2018	-	116,901
Advertising and Promotion	1,560,000	1,545,000
Africa Olympic Qualifiers	7,281,160	-
Gate Collection	127,900	189,600
NOCK	500,000	120,000
Other Income	3,713,160	10,000
Parking Hire - AKHU	3,200,000	2,741,235
Rental income - Nexus	840,000	840,000
Short Courses Fees		169,000
Stadium Hire	436,000	883,500
Subscriptions and registration fees	5,897,000	4,561,500
	<u>23,555,220</u>	<u>11,176,736</u>
3. Finance cost		
Bank charges	<u>29,109</u>	<u>6,966</u>
	<u>29,109</u>	<u>6,966</u>

4. Tax

The Kenya Hockey Union is registered under the Societies Act and is therefore exempt from tax on its income from principle activities in the promotion of the game of hockey and in addition it was recently registered under the Register of Sports Organisations.

NOTES (CONTINUED)

5. Property, plant and equipment

	Land and Buildings Shs 0%	Turf Pitch Shs 5%	Computers and Equipment Shs 30%	Furniture and Fittings Shs 13%	Stadium Lighting Shs 12.5%	Total Shs
Net book value						
At start of year 2018	1,704,000	4,286,875	108,503	48,530	3,260,822	9,408,731
Additions	-	-	-	-	-	-
At end of year 2018	1,704,000	4,286,875	108,503	48,530	3,260,822	9,408,731
Depreciation						
Charge for the year 2018	-	214,344	32,551	6,066	407,603	660,564
At end of year 2018	-	214,344	32,551	6,066	407,603	660,564
Net book value						
At 31 December 2018	<u>1,704,000</u>	<u>4,072,532</u>	<u>75,952</u>	<u>42,464</u>	<u>2,853,219</u>	<u>8,748,167</u>
At 31 December 2017	<u>1,704,000</u>	<u>4,286,875</u>	<u>108,503</u>	<u>48,530</u>	<u>3,260,822</u>	<u>9,408,731</u>
Net book value						
At start of year 2019	1,704,000	4,072,532	75,952	42,464	2,853,219	8,748,167
Additions	-	-	24,000	-	-	24,000
At end of year 2019	1,704,000	4,072,532	99,952	42,464	2,853,219	8,772,167
Depreciation						
Charge for the year 2019	-	203,627	29,986	5,308	356,652	595,573
At end of year 2019	-	203,627	29,986	5,308	356,652	595,573
Net book value						
At 31 December 2019	<u>1,704,000</u>	<u>3,868,905</u>	<u>69,967</u>	<u>37,156</u>	<u>2,496,567</u>	<u>8,176,594</u>
At 31 December 2018	<u>1,704,000</u>	<u>4,072,532</u>	<u>75,952</u>	<u>42,464</u>	<u>2,853,219</u>	<u>8,748,167</u>

NOTES (CONTINUED)

	2019 Shs	2018 Shs
6. Trade and other receivables		
Ministry of Sports, Culture and Arts		
* In the opinion of the committee the amount is receivable since they are following up on the payments through letters and meetings with the minister for sports.	12,152,500	12,152,500
Other Club Outstanding		
* In the opinion of the committee the amount is receivable since they do follow up through phone calls, emails and personal meetings with the management of these clubs	5,297,123	1,801,178
	<u>17,449,623</u>	<u>13,953,678</u>
7. Cash and cash equivalents		
Cash at bank and in hand	<u>4,031,694</u>	<u>643,752</u>
For the purposes of the statement of cash flows, the year-end cash and cash equivalents comprise the following:		
Cash in hand	(7,658)	68,382
Cash at bank:		
CFC Bank: Kshs	3,798,129	334,146
CFC Bank: Union raffle	80,573	80,573
CFC Bank: USD	160,651	160,651
	<u>4,031,694</u>	<u>643,752</u>
8. Trade and other payables		
Trade payables	935,829	2,274,023
Advance received on rent - Lexus Logistics Limited	330,000	535,000
Other payables	500,000	500,000
	<u>1,765,829</u>	<u>3,309,023</u>

An agreement was made between KHU and Nexus Logistics Limited on 7th November 2016, where the company would set up a multi-purpose indoor artificial pitch. In addition, the company Nexus stated it would contribute towards improvement of the parking lot and drainage services at a cost of Shs. 1,000,000 and Shs. 500,000 to improve the existing toilets and ancillaries. These amounts have not been received up to date.

9. Incorporation

Kenya Hockey Union is incorporated in Kenya under the Kenya Societies Act and is domiciled in Kenya.

10. Presentation currency

These financial statements are presented in Kenya Shillings (Shs).

SCHEDULE OF EXPENDITURE

	2019 Shs	2018 Shs
1. OPERATING EXPENSES		
Tournament Expenses		
Africa Olympic Qualifiers Expenses.	6,862,018	-
KHUA League expense	1,899,492	428,500
Stadium Repairs and expenses	8,700	4,028,500
Accommodation and Transport	551,000	-
Tournament Expense	-	454,440
	<u>9,321,210</u>	<u>4,911,440</u>
Tournament Expenses		
Other operating expenses		
Depreciation	595,573	660,564
Electricity and water	2,389,351	1,484,028
	<u>2,984,924</u>	<u>2,144,592</u>
Total operating expenses	<u>12,306,134</u>	<u>7,056,032</u>
2. ADMINISTRATIVE EXPENSES		
Employment:		
Salaries and wages	1,224,540	1,134,000
	<u>1,224,540</u>	<u>1,134,000</u>
Total employment costs		
Other administrative expenses		
Audit fee	85,800	81,200
General expenses	548,615	582,973
Printing and stationery	274,707	12,000
Repairs and maintenance	393,460	-
Meals & Food stuffs	440,691	-
Medical Expenses	528,440	-
Telephone and postages	118,000	14,000
Transport	590,215	20,000
	<u>2,979,928</u>	<u>710,173</u>
Total other administration expenses		
Total administrative expenses	<u>4,204,468</u>	<u>1,844,173</u>