

KENYA GOLF UNION
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

KENYA GOLF UNION

Annual report and financial statements

For the year ended 31st December 2020

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UNION INFORMATION

Registered Office

Kenya Golf Union
Muthaiga Golf Club
Kiambu Road
P.O Box 49609-00100
Nairobi

Independent Auditor

MGK Associates LLP
Certified Public Accountants of Kenya
Mayfair Business Centre, 2nd Floor
Off Parklands Road
P.O. Box 6358 - 00100
Nairobi, Kenya

Principal Bankers

NCBA Bank Kenya
Wabera Street
P.O Box 30437-00100
Nairobi

Prime Bank Limited
Two Rivers
Nairobi

REPORT OF THE EXECUTIVE COMMITTEE

The Executive Committee submit their report and audited financial statements for the year ended 31 December 2020, which shows the state of the Union's affairs.

REGISTRATION

The Union is registered in Kenya under the Societies Act.

PRINCIPAL ACTIVITY

As the governing authority of golf in Kenya, the Union continues to advance, promote and safeguard the interest of golf and to act as the national representative of all Golf Clubs in Kenya

RESULTS

The results for the year are set out on page 7

EXECUTIVE COMMITTEE

The members of the Executive Committee who served during the year and to the date of this report were:-


	Retired on	Appointed on
	21-Aug-20	21-Aug-20
Chairman	Anthony Murage	Ben Omuodo
Vice Chairman	Ben Omuodo	Peter Kiguru
Hon. Treasurer	Peter Kiguru	Njani Ndiritu
Hon. Secretary	George Gathu	George Gathu
Executive	Ndiga Kithae	Collins Ojiambo
Executive	Njani Ndiritu	Chris Muchugu
Executive	David Ndung'u	David Ndung'u
Executive	Philip Ochola	Philip Ochola
Executive	Fr. Peter Kimani	Fr. Peter Kimani
Executive	Karugu Macharia	Karugu Macharia
Coast Rep	Gurbux Singh	Taufiq Balala
Western rep	William McTough	Elijah Abdul
North Rift Rep	Moses Tanui	Moses Tanui
Central Rift Rep	Kenneth Bii	Kenneth Bii
Mt Kenya Region Rep		Musa Koskei

AUDITORS

The Union's auditors MGK Associates LLP have expressed their willingness to continue in office in accordance with societies act. The directors monitor the effectiveness, objectivity and independence of the auditors. The directors also approve the annual audit engagement contract which sets out the terms of the auditor's appointment and the related fees.

By Order of the board

SECRETARY



STATEMENT OF EXECUTIVE COMMITTEE'S RESPONSIBILITIES

The Executive 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 Union as at the end of the financial year and of its income and expenditure. The Executive Committee is also required to ensure that the Union keeps proper accounting records, that disclose with reasonable accuracy, the financial position of the Union. They are also responsible for safeguarding the assets of the Union.

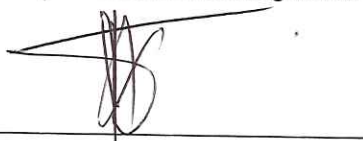
The Executive Committee accepts responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with the organisation accounting policies. The Executive Committee is of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Union and of its income and expenditure. The Executive Committee further accepts responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements as well as adequate systems of internal financial control.

Nothing has come to the attention of the Executive Committee to indicate that the Union will not remain a going concern for at least twelve months from the date of this statement.

Approved by the Executive Committee on... 27th April 2021 ...and signed on its behalf by:



Ben Omuodo -Chairman



Njani Ndiritu -Hon Treasurer



REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF KENYA GOLF UNION FOR THE YEAR ENDED 31ST DECEMBER 2020.

Opinion

We have audited the accompanying financial statements of Kenya Golf Union, set out on pages 7 to 16, which comprise the statement of financial position as at 31 December 2020, the statement of income and expenditure and statements of changes in reserves and cash flows for the year then ended, and notes, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Union as at 31 December 2020 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 entities.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Union in accordance with the ethical requirements that are relevant to our audit of the financial statements in Kenya, and we have fulfilled our other responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and those charged with Governance for the Financial Statements

The Executive Committee are responsible for the preparation of the financial statements in accordance with the International Financial Reporting Standards for Small and medium sized entities and for such internal control as the trustees and management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibility

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 ISAs 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.

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF KENYA GOLF UNION FOR THE YEAR ENDED 31ST DECEMBER 2020 (CONTINUED).

Auditor's Responsibility (Continued)

As part of an audit in accordance with ISAs, 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 Union's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Union's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Union to cease to continue as a going concern.

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.

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Daniel Muhia of Practising Certificate No. 1717


For and on behalf of
MGK Associates LLP
Certified Public Accountants
Nairobi, Kenya

27th April 2021

KENYA GOLF UNION

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STATEMENT OF INCOME AND EXPENDITURE

		2020	2019
		Kshs	Kshs
Income	Note		
Members' affiliation fees	3	17,526,000	17,841,000
International pairs	4	-	1,703,415
Sponsorship	5	2,140,875	1,950,000
Other income	6	4,467,580	2,923,400
Entrance fees	7	493,000	651,077
Interest income	8	513,530	218,399
		<u>25,140,985</u>	<u>25,287,291</u>
Expenditure			
Golf related expenditure	9	(3,395,248)	(11,600,571)
Administrative expenses	11	<u>(11,899,307)</u>	<u>(10,853,483)</u>
		<u>9,846,430</u>	<u>2,833,237</u>
Operating surplus			
Tax on interest income	14	<u>(128,382)</u>	<u>(65,520)</u>
		<u>9,718,048</u>	<u>2,767,718</u>

The notes on pages 11 to 16 are an integral part of these financial statements

STATEMENT OF FINANCIAL POSITION

ASSETS

	Note	2020 Kshs	2019 Kshs
CURRENT ASSETS			
Receivables and prepayments	15	567,820	840,100
Cash and cash equivalents	16	14,888,274	3,521,295
TOTAL ASSETS		15,456,094	4,361,395

ACCUMULATED FUNDS AND LIABILITIES

Accumulated funds	Page 9	11,834,136	2,116,088
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CURRENT LIABILITIES

Payables and accrued expenses	17	1,754,592	2,241,504
Affiliation fees paid in advance	3	1,734,000	-
Current tax payable	14	133,366	3,803
		3,621,958	2,245,307

TOTAL ACCUMULATED FUNDS AND LIABILITIES		15,456,094	4,361,395
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The notes on pages 11 to 16 are an integral part of these financial statements

The financial statements on pages 7 to 16 were approved for issue by the Executive committee on 27 April 2021 and were signed on their behalf by:


Ben Omuodo -Chairman


Njani Ndiritu -Hon Treasurer

STATEMENT OF CHANGES IN RESERVES

	General Reserve Kshs	Total Kshs
<u>Year ended 31 December 2020</u>		
At 1st January 2020	2,116,088	2,116,088
Surplus after tax	9,718,048	9,718,048
	<hr/>	<hr/>
At 31st December 2020	<u>11,834,136</u>	<u>11,834,136</u>
 <u>Year ended 31 December 2019</u>		
At 1st January 2019	(651,629)	(651,629)
Surplus after tax	2,767,718	2,767,718
	<hr/>	<hr/>
At 31st December 2019	<u>2,116,088</u>	<u>2,116,088</u>

The notes on pages 11 to 16 are an integral part of these financial statements

STATEMENT OF CASH FLOWS	Note	2020 Kshs	2019 Kshs
Cash flows from operating activities			
Surplus before tax		9,846,430	2,833,237
Adjustments for:			
Interest income		(513,530)	(218,399)
Operating surplus before working capital changes		<u>9,332,900</u>	<u>2,614,838</u>
Changes in working capital			
Receivables		272,280	(711,100)
Payables and accruals		<u>1,297,821</u>	<u>863,226</u>
Cash generated from operations		10,903,001	2,766,964
Income tax paid		<u>(49,552)</u>	<u>(61,717)</u>
Net cash from operating activities		<u>10,853,449</u>	<u>2,705,247</u>
Cash flows from investing activities			
Interest income		513,530	218,399
Net cash generated from investing activities		<u>513,530</u>	<u>218,399</u>
Net increase in cash and cash equivalents		11,366,979	2,923,646
Cash and cash equivalents at start of year		3,521,295	597,648
Cash and cash equivalents at end of year	16	<u><u>14,888,274</u></u>	<u><u>3,521,295</u></u>

The notes on pages 11 to 16 are an integral part of these financial statements

Notes

1 General Information

Kenya Golf Union is a union registered in Kenya under the Societies Act.

Significant accounting policies

The principal accounting policies adopted in the preparation of these statement are set out below:

Basis of preparation and summary of significant accounting policies

These financial statements have been prepared on a going concern basis and in compliance with the Organization accounting policies. The measurement basis is the historical cost basis except where otherwise stated in the accounting policies below.

Furniture ,computers and Equipment

Computers , furniture and equipment are written off to the income and expenditure account in the year of purchase.

Financial liabilities

Financial liabilities are initially recognized at the transaction price (less transaction costs). Trade payables are obligations on the basis of normal credit terms and do not bear interest. Interest bearing liabilities are subsequently measured at amortized cost using the effective interest method.

Translation of foreign currencies

Transactions in foreign currencies during the year are converted into Kenya Shillings using the exchange rate prevailing at the transaction date. Monetary assets and liabilities at the statement of financial position date denominated in foreign currencies are translated into Kenya Shillings using the exchange rate prevailing as at that date. The resulting gains and losses from the settlement of such transactions and translations are recognized on a net basis in the statement of comprehensive income in the year in which they arise.

Member Clubs; Affiliation fees

The estimated income for the year represents fees due from each member club based on the club Membership , Affiliation fee is based on membership at Kshs 3,000 per member.(2019: Kshs 3,000)

Affiliation fees and other receivable are carried at invoice amount less provision made for impairment of receivable . An estimate is made for doubtful receivable based on the review of outstanding amounts at the year end . Bad debts are written off when all reasonable steps to recover them have failed.

Retirement benefit obligations

The Union and the employees contribute to the National Social Security Fund, a national defined contribution scheme. Contributions are determined by local statute and the company's contributions are charged to the profit and loss account in the year to which they relate.

2 Surplus /(deficit) for the year

The surplus/ (deficit) for the year is arrived at after charging:-

	2020	2019
	Kshs	Kshs
Audit fees	104,400	104,400
Staff cost	10,183,083	7,274,908
	<u>10,183,083</u>	<u>7,274,908</u>

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Notes (contd)

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Summary of affiliation Fees

	Club Name	2020 Club Members	Balance 1-Jan 2020 Kshs	Affiliation fees Jan -Dec 2020 Kshs	Received in the year Kshs	Balance 31-Dec-20 Kshs
1	Eldoret	192	-	576,000	576,000	-
2	Gilgil	13	-	39,000	39,000	-
3	Golf Park	102	-	306,000	513,000	(207,000)
4	Great Rift Valley	22	-	66,000	66,000	-
5	Kakamega	57	-	171,000	171,000	-
6	Karen	513	-	1,539,000	1,539,000	-
7	Kenya Air Force	26	-	78,000	78,000	-
8	Kericho	127	-	381,000	381,000	-
9	Kiambu	221	-	663,000	663,000	-
10	Kisii	48	-	144,000	48,000	96,000
11	Kitale	69	-	207,000	207,000	-
12	Leisure Lodge	29	-	87,000	153,000	(66,000)
13	Limuru	275	-	825,000	825,000	-
14	Machakos	109	-	327,000	327,000	-
15	Malindi	26	-	78,000	195,000	(117,000)
16	Mombasa	73	-	219,000	438,000	(219,000)
17	Muthaiga	635	-	1,905,000	2,001,000	(96,000)
18	Naivasha	40	-	120,000	120,000	-
19	Nakuru	118	-	354,000	354,000	-
20	Nandi	66	-	198,000	198,000	-
21	Nanyuki	63	-	189,000	189,000	-
22	Ndumberi	15	-	45,000	45,000	-
23	Njoro	18	-	54,000	54,000	-
24	Nyahururu	60	-	180,000	180,000	-
25	Nyali	297	-	891,000	1,800,000	(909,000)
26	Nyanza	79	-	237,000	237,000	-
27	Nyeri	106	-	318,000	318,000	-
28	Railways	175	-	525,000	525,000	-
29	Royal	403	-	1,209,000	1,209,000	-
30	Ruiru	236	-	708,000	708,000	-
31	Sigona	534	-	1,602,000	1,602,000	-
32	Thika Sports	246	-	738,000	738,000	-
33	Thika Greens	31	-	93,000	93,000	-
34	Thika Barracks	10	-	30,000	30,000	-
35	Vet Lab	549	-	1,647,000	1,647,000	-
36	Vipingo	27	-	81,000	201,000	(120,000)
37	Windsor	232	-	696,000	696,000	-
Total		5,842	-	17,526,000	19,164,000	(1,638,000)

Outstanding affiliation fees (receivables)

96,000

Affiliation fees paid in advance

1,734,000

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Notes (contd)

	2020 Kshs	2019 Kshs
4 International pairs		
Golfers entry fees	-	1,703,415
5 Sponsorship		
Kenya Open Golf Ltd	-	750,000
The R & A	2,140,875	-
Ministry of sports	-	900,000
NCBA Bank Kenya Plc.	-	300,000
	<u>2,140,875</u>	<u>1,950,000</u>
6 Other Income		
Chairman's prize	-	1,839,400
Gain on foreign exchange	119,229	-
KLGU CONGU share	94,588	-
KOGL GM remuneration contribution	3,252,000	1,084,000
KOGL Accountant remuneration contribution	853,333	-
KOGL insurance contribution	83,548	-
Expense written back	64,882	-
	<u>4,467,580</u>	<u>2,923,400</u>
7 Entrance fees		
Kenya Amateur Stroke play /Match play championship	410,000	228,077
Rules school	83,000	423,000
	<u>493,000</u>	<u>651,077</u>
8 Interest income		
Interest from term deposits	513,530	218,399

Notes (contd)

	2020	2019
	Kshs	Kshs
9 Golf Related Expenditure		
East Africa challenge(Region 4)	-	851,475
Africa amateur championship(AAGTC)	-	1,430,852
Victoria cup	-	1,811,503
Rule school expense	86,180	560,150
CONGU handicap fees	675,632	699,699
Karen masters	22,540	69,000
Stroke play championship	327,506	447,929
Match play championship	350,844	314,384
Donation to Junior Golf Foundation	100,000	-
British amateur championship	-	83,325
International pairs	-	2,125,649
Travelling	-	971,430
Chairman's prize	-	1,577,045
Kenya open expenses	-	128,800
Other golf related expenses (Note 10)	1,349,846	529,329
World handicapping system expenses	482,700	-
	<u>3,395,248</u>	<u>11,600,571</u>
10 Other Golf Related Expenses		
KAGC expenses	143,600	349,900
R & A Golf Conference	-	169,337
Course Rating	1,206,246	10,092
	<u>1,349,846</u>	<u>529,329</u>
11 Administrative expenses		
Audit fees	104,400	104,400
Bank charges	49,781	126,816
Telephone and internet	222,449	213,550
Website maintenance and design	-	137,725
Postage and delivery	125,023	155,860
Printing and stationery	119,899	194,470
Office expenses	180,118	405,991
Repairs and maintenance	21,500	75,695
Secretariat expenses (Note 12)	10,183,083	7,274,908
Insurance	282,990	330,977
Meeting expenses	267,868	815,446
Executive uniforms	159,030	173,700
Training-captains	147,000	273,475
Travelling	21,720	-
Staff training	-	50,000
Fines and penalties	266	10,334
Expensed asset	7,800	285,506
Lapel pins	-	134,850
Affiliation fees written off	-	45,000
Plaque	6,380	44,780
	<u>11,899,307</u>	<u>10,853,483</u>

Notes (contd)

12 Secretariat Expenses

	2020 Kshs.	2019 Kshs.
Salaries and wages	9,885,333	6,966,533
Union pension contribution	294,900	308,375
	<u>10,180,233</u>	<u>7,274,908</u>

13 Expensed Assets

Asset purchased during the year amounting to Kshs 7,800 (2019:Ksh 285,506) were expensed in line with the Union policy

14 Taxation**(a) Tax expense**

Chargeable Income (Interest)	<u>513,530</u>	<u>218,399</u>
At 25% on interest income (2019:30%)	<u>128,382</u>	<u>65,520</u>

(b) Tax payable

Opening balance	3,803	-
Current year charge	128,382	65,520
Current year charge:JGF(25% on Kshs.202,928)	50,732	-
Tax liability	<u>182,917</u>	<u>65,520</u>
Tax paid	(3,803)	-
Tax deducted at source	<u>(45,749)</u>	<u>(61,717)</u>
Tax payable	<u>133,366</u>	<u>3,803</u>

The Union will pay tax on interest income for Junior Golf Foundation of Kshs. 50,732 through its account.

15 Receivables and prepayments

Receivables	467,000	750,000
Other receivables	100,820	90,100
	<u>567,820</u>	<u>840,100</u>

16 Cash and bank balances

Prime bank -fixed deposit account	1,078,487	1,156,682
NCBA -fixed deposit account	8,357,044	-
NCBA- GBP account	2,235,167	12,544
NCBA- Kshs account	1,720,069	1,376,032
Prime bank -Kshs account	1,497,506	976,037
	<u>14,888,274</u>	<u>3,521,295</u>

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Notes (contd)**17 Trade and other payables**

	2020 Kshs	2019 Kshs
Payables		
Payroll liabilities	659,244	1,345,142
Accrued liabilities	273,841	50,050
East Africa Golf Federation	118,374	104,400
Provision for taxes	-	38,779
	<u>703,133</u>	<u>703,133</u>
	<u>1,754,592</u>	<u>2,241,504</u>

18 Related Parties

The Union is related to Golf Talent Foundation, Kenya Golf Network Limited and Kenya Open Golf Limited.

The following are the Union shareholding in related parties:

Golf Talented Foundation	100%
Junior Golf Foundation	50%
Kenya Golf Network Limited	86%
Kenya Open Golf Limited	48%
County Golf Parks Limited	100%

19 Events after year end

During the year 2021, the third wave of Covid-19 was reported in Kenya. Subsequently, the government pronounced various additional containment measures including the lock down of five major counties namely Machakos, Nairobi, Kiambu, Nakuru and Kajiado.

The potential impact on the Union's operations is not measurable for now but the Executive Committee continue to closely monitor the developments related to Covid-19 as well as following the resulting government directives with an aim of steering the Union through this period.

20 Contingent liabilities

The Union has no legal matters either for or against pending in any courts.

21 Capital Commitments

The union has no capital commitments, whether authorized and contracted or authorized and not contracted.