

KENYA GOLF UNION
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

KENYA GOLF UNION
Annual report and financial statements
For the year ended 31st December 2022

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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
Village Market
Nairobi

REPORT OF THE EXECUTIVE COMMITTEE

The Executive Committee submit their report and audited financial statements for the year ended 31 December 2022, 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:-

Chairman	Njani Ndiritu
Vice Chairman	Philip Ochola
Hon. Treasurer	Karugu Macharia
Hon. Secretary	David Ndung'u
Executive	Thomas Mwaura
Executive	Frank Wambua
Executive	Sammy Itemere
Executive	Ndiga Kithae
Executive	Chris Kinuthia
Coast Rep	Taufiq Balala
Western rep	Julius Oketch
North Rift Rep	Moses Tanui
Central Rift Rep	Daniel Kiarie
Mt Kenya Region Rep	Patrick Ekwam

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

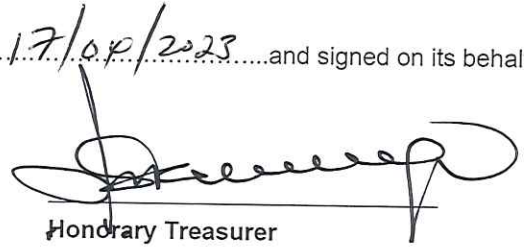
The Executive Committee is required to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Union as at the end of the financial year and of its income and expenditure. The Executive Committee is also required to ensure that the Union keeps 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.....17/08/2023.....and signed on its behalf by:


Chairman


Honorary Treasurer



REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF KENYA GOLF UNION FOR THE YEAR ENDED 31ST DECEMBER 2022.

Opinion

We have audited the accompanying financial statements of Kenya Golf Union, set out on pages 7 to 15, which comprise the statement of financial position as at 31 December 2022, the statement of income and expenditure account, 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 2022 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 2022 (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 James Gichuru of Practising Certificate No. 2640



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

24th April 2023

STATEMENT OF RECEIPTS AND EXPENDITURE

Income	Note	2022 Kshs	2021 Kshs
Members' affiliation fees	3	19,869,000	19,119,000
Tournament entrance fees	4	1,061,700	3,781,850
Sponsorships and grants		4,428,218	-
Co-op Bank Series		2,185,717	-
Other income	7	<u>10,499,354</u>	<u>6,284,121</u>
		38,043,989	29,184,971
Expenditure			
Golf related expenditure	8	(20,288,680)	(8,519,762)
Administrative expenses	9	<u>(18,031,270)</u>	<u>(12,553,312)</u>
Operating (deficit)/ surplus for the year		<u>(275,961)</u>	<u>8,111,897</u>
Tax on interest income	11	<u>(648,361)</u>	<u>(410,625)</u>
(Deficit)/ surplus after tax		<u><u>(924,322)</u></u>	<u><u>7,701,272</u></u>

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

STATEMENT OF FINANCIAL POSITION

ASSETS

	Note	2022 Kshs	2021 Kshs
CURRENT ASSETS			
Short term Investment	12	7,148,974	3,198,285
Trade and other receivables	13	753,752	5,636,916
Cash and cash equivalents	14	14,052,927	18,241,905
TOTAL ASSETS		21,955,653	27,077,106

ACCUMULATED FUNDS AND LIABILITIES

Accumulated funds	Page 9	19,314,218	19,535,407
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CURRENT LIABILITIES

Trade and other payables	15	2,596,148	7,287,993
Affiliation fees paid in advance	3	-	135,000
Current tax payable	11	45,286	118,706
		2,641,434	7,541,699

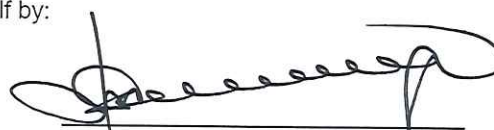
TOTAL ACCUMULATED FUNDS AND LIABILITIES		21,955,652	27,077,106
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The notes on pages 11 to 16 are an integral part of these financial statements

The financial statements on pages 7 to 16 were approved for issue by the Executive committee on

17th April 2023 and were signed on their behalf by:


Chairman


Honorary Treasurer

STATEMENT OF CHANGES IN RESERVES

	General Reserve Kshs	Total Kshs
<u>Year ended 31 December 2022</u>		
At 1st January 2022	19,535,407	19,535,407
Prior year adjustment (Note 20)	703,133	703,133
Deficit after tax	(924,322)	(924,322)
	<hr/>	<hr/>
At 31st December 2022	<u>19,314,218</u>	<u>19,314,218</u>
<u>Year ended 31 December 2021</u>		
At 1st January 2021	11,834,135	11,834,135
Surplus after tax	7,701,272	7,701,272
	<hr/>	<hr/>
At 31st December 2021	<u>19,535,407</u>	<u>19,535,407</u>

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

STATEMENT OF CASH FLOWS

Note

	2022 Kshs	2021 Kshs
Cash flows from operating activities		
(Deficit)/surplus before tax	(275,961)	8,111,897
Adjustments for:		
Interest income	(2,161,202)	(1,368,749)
Prior year adjustment (Note 20)	703,133	-
Operating (deficit)/surplus before working capital changes	(1,734,030)	6,743,148
Changes in working capital		
Trade and other receivables	4,883,164	(5,069,096)
Trade and other payables	(4,900,265)	3,919,740
Cash (used in)/ generated from operations	(1,751,131)	5,593,792
Income tax paid	(648,361)	(410,625)
Net (used in)/generated cash from operating activities	(2,399,491)	5,183,167
Cash flows from investing activities		
Interest income	2,161,202	1,368,749
Investment in money market	(3,950,689)	(3,198,285)
Net cash used in investing activities	(1,789,487)	(1,829,536)
Net (decrease)/increase in cash and cash equivalents	(4,188,978)	3,353,631
Cash and cash equivalents at start of year	18,241,905	14,888,274
Cash and cash equivalents at end of year	14,052,926	18,241,905

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

Notes to the financial statements

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.

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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.

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 (Deficit)/ surplus for the year

The surplus for the year is arrived at after charging:-

	2022 Kshs	2021 Kshs
Audit fees	104,400	104,400
Staff cost	13,560,040	9,898,500

Notes to the financial statements (continued)

3 Summary of affiliation fees 2022

Club Name	Members	Rate Kshs	Total (invoiced) Kshs	Received during the year Kshs	Balance Kshs
1 Eldoret Club	186	3,000	558,000	558,000	-
2 Gilgil Country Club	15	3,000	45,000	45,000	-
3 Golf Park Golf Club	232	3,000	696,000	696,000	-
4 Great Rift Valley Golf Club	26	3,000	78,000	78,000	-
5 Kakamega Sports Club	62	3,000	186,000	186,000	-
6 Karen Country Club	572	3,000	1,716,000	1,716,000	-
7 Kenya Air Force Golf Club	44	3,000	132,000	132,000	-
8 Kenya Railway Golf Club	198	3,000	594,000	594,000	-
9 Kericho Golf Club	147	3,000	441,000	441,000	-
10 Kiambu Golf Club	233	3,000	699,000	699,000	-
11 Kisii Sports Club	23	3,000	69,000	69,000	-
12 Kitale Golf Club	77	3,000	231,000	231,000	-
13 Leisure Lodge Golf Club	35	3,000	105,000	105,000	-
14 Limuru Country Club	337	3,000	1,011,000	1,011,000	-
15 Machakos Sports Club	126	3,000	378,000	378,000	-
16 Malindi Golf and Country Club	45	3,000	135,000	135,000	-
17 Mombasa Golf Club	83	3,000	249,000	249,000	-
18 Muthaiga Golf Club	689	3,000	2,067,000	2,067,000	-
19 Naivasha Sports Club	37	3,000	111,000	111,000	-
20 Nakuru Golf Club	142	3,000	426,000	384,000	42,000
21 Nandi Bears Club	47	3,000	141,000	141,000	-
22 Nanyuki Sports Club	98	3,000	294,000	264,000	30,000
23 Ndumberi	15	3,000	45,000	20,000	25,000
24 Njoro Country Club	53	3,000	159,000	159,000	-
25 Nyahururu Sports Club	73	3,000	219,000	219,000	-
26 Nyalii Golf & Country Club	338	3,000	1,014,000	1,014,000	-
27 Nyanza Golf Club	91	3,000	273,000	273,000	-
28 Nyeri Club	112	3,000	336,000	336,000	-
29 Royal Nairobi Golf Club	485	3,000	1,455,000	1,455,000	-
30 Ruiru Sports Club	296	3,000	888,000	888,000	-
31 Sigona Golf Club	584	3,000	1,752,000	1,752,000	-
32 Thika Barracks	28	3,000	84,000	84,000	-
33 Thika Greens Sports Club	57	3,000	171,000	171,000	-
34 Thika Sports	291	3,000	873,000	873,000	-
35 Vet Lab Sports Club	501	3,000	1,503,000	1,491,000	12,000
36 Vipingo Ridge Golf Club	45	3,000	135,000	135,000	-
37 Windsor Golf Hotel & Country C	200	3,000	600,000	600,000	-
Total	6,623		19,869,000	19,760,000	109,000

Outstanding affiliation fees (receivables)

109,000

KENYA GOLF UNION

Annual report and financial statements
For the year ended 31st December 2022

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Notes to the financial statements (continued)

	2022	2021
	Kshs	Kshs
4 Tournament entrance fees		
International pairs fees	327,000	3,232,850
Amateur stroke play fees	197,500	165,000
Amateur match play fees	180,200	192,000
Rules school fees	357,000	192,000
	<u>1,061,700</u>	<u>3,781,850</u>
7 Other Income		
KOGL remuneration contribution	7,722,770	4,452,000
Fixed deposit interest income	2,161,202	1,368,749
KOGL Insurance contribution	86,141	88,719
KLGU World Handicapping system share	258,000	327,345
Gain on foreign exchange	271,241	47,308
	<u>10,499,354</u>	<u>6,284,120</u>
8 Golf related expenditure		
International pairs	2,620,469	2,926,921
Stroke play competition	1,969,105	662,860
Magical Kenya Open	257,811	430,562
Kenya savannah classic	-	404,821
Match play competition	529,655	308,428
R&A amateur championship	85,225	-
World Handicapping System costs	1,266,953	1,604,487
KAGC expenses	2,063,508	1,348,393
Co-operative bank Series	1,716,245	-
Rule school expense	403,765	169,996
Victoria cup	3,890,827	-
AAGTC	1,553,653	-
Region IV	1,076,704	-
Course Rating	-	282,374
Other golf related expenses	173,853	380,920
Coaching and training	1,045,498	-
Golf curriculum development	724,403	-
Junior golf foundation	598,006	-
Union Affiliation Fee Charges: Africa Golf Confederation	63,000	-
Chairman's Prize	250,000	-
	<u>20,288,680</u>	<u>8,519,762</u>

Notes to the financial statements (continued)

	2022	2021
	Kshs	Kshs
9 Administrative expenses		
Audit fees	104,400	104,400
Bank charges	119,367	73,815
Email and internet	187,085	214,368
Website maintenance and design	37,500	23,000
Postage, telephone and delivery	230,081	219,063
Printing and stationery	74,795	115,012
Office expenses	212,094	203,988
Repairs and maintenance	13,000	5,000
Secretariat expenses	13,560,040	9,898,500
Insurance	310,815	298,214
Meeting expenses	1,142,794	478,822
Executive uniforms	228,230	327,160
Travelling	15,910	9,470
Training-captains	156,535	-
Professional legal fees	272,600	232,160
Expensed asset	235,900	34,800
Strategic plan	630,000	315,540
Other admin expenses	500,124	-
	<u>18,031,270</u>	<u>12,553,312</u>

10 Expensed Assets

Asset purchased during the year amounting to Kshs 235,900 (2021:Ksh 34,800) were expensed in line with the Union policy

	2022	2021
	Kshs	Kshs
11 Taxation		
(a) Tax expense		
Chargeable Income (Interest income)	<u>2,161,202</u>	<u>1,368,749</u>
At 30% on interest income (2021:30%)	<u>648,361</u>	<u>342,187</u>
(b) Tax payable		
Opening balance	118,706	133,366
Current year charge	648,361	410,625
Current year charge at 30% (2021:30%)	<u>122,427</u>	<u>101,713</u>
Tax liability	889,494	645,704
Tax paid	(458,813)	(207,819)
Tax deducted at source	<u>(385,395)</u>	<u>(319,180)</u>
Tax payable	<u>45,286</u>	<u>118,706</u>

Notes to the financial statements (continued)

	2022 Kshs	2021 Kshs
12 Short-term Investments		
CIC Unit Trust Collection Account	<u>7,148,974</u>	<u>3,198,285</u>
13 Receivables and prepayments		
Trade receivables	646,183	626,000
Other receivables	107,569	10,916
Amount owed from related party Kenya Open Golf Limited	-	5,000,000
	<u>753,752</u>	<u>5,636,916</u>
14 Cash and bank balances		
Prime bank -fixed deposit account	11,051,714	10,351,586
NCBA- Kenya shillings account	330,317	6,407,565
NCBA- Great British Pound account	2,323,087	952,899
Prime bank-Kenya shillings account	347,799	529,855
MPESA ACCOUNT - NCBA	10	-
	<u>14,052,927</u>	<u>18,241,905</u>
15 Trade and other payables		
Trade payables	1,890,121	95,710
Amount owed to related party Junior Golf Foundation	174,457	6,134,279
Provision for taxes	-	703,133
Payroll liabilities	271,490	245,353
Accrued liabilities	260,080	109,518
	<u>2,596,148</u>	<u>7,287,993</u>

16 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%
Kenya Golf Network Limited	86%
Kenya Open Golf Limited	48%
County Golf Parks Limited	100%
Junior Golf Foundation	100%

17 Events after year end

There were no material effect occurring after the year end period

18 Contingent liabilities

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

19 Capital Commitments

The union has no capital commitments, whether authorized or contracted in the year 2023

20 Prior year adjustment

The prior year adjustment relates to an invalid account balance summing to Kshs 703,133 written off in 2022