

KENYA GOLF UNION
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

KENYA GOLF UNION

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Annual report and financial statements

For the year ended 31st December 2021

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KENYA GOLF UNION

Annual report and financial statements

For the year ended 31st December 2021

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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 2021, 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:-

	Appointed on May 2021
Chairman	Peter Kiguru
Vice Chairman	George Gathu
Hon. Treasurer	Njani Ndiritu
Hon. Secretary	Philip Ochola
Executive	Chris Muchugu
Executive	Collins Ojiambo
Executive	David Ndung'u
Executive	Fr. Peter Kimani
Executive	Karugu Macharia
Executive	Chris Kinuthia
Coast Rep	Taufiq Balala
Western rep	Elijah Adul
North Rift Rep	Moses Tanui
Central Rift Rep	Daniel Kiarie
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... 27/04/2022 ...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 2021.****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 2021, 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 2021 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 2021 (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

28th April 2022

STATEMENT OF INCOME AND EXPENDITURE

Income	Note	2021 Kshs	2020 Kshs
Members' affiliation fees	3	19,119,000	17,526,000
Tournament entrance fees	4	3,781,850	493,000
Sponsorship	5	-	2,140,875
Other income	6	6,284,121	4,981,110
		<u>29,184,971</u>	<u>25,140,985</u>
Expenditure			
Golf related expenditure	7	(8,519,762)	(3,395,248)
Administrative expenses	8	(12,553,312)	(11,899,307)
		<u>(21,073,074)</u>	<u>(15,294,555)</u>
Operating surplus		<u>8,111,897</u>	<u>9,846,430</u>
Tax on interest income	10	(410,625)	(128,382)
		<u>(410,625)</u>	<u>(128,382)</u>
Surplus after tax		<u><u>7,701,272</u></u>	<u><u>9,718,048</u></u>

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

STATEMENT OF FINANCIAL POSITION

ASSETS

	Note	2021 Kshs	2020 Kshs
CURRENT ASSETS			
Short term Investment	11	3,198,285	
Trade and other receivables	12	5,636,916	567,820
Cash and cash equivalents	13	18,241,905	14,888,274
TOTAL ASSETS		27,077,106	15,456,094
ACCUMULATED FUNDS AND LIABILITIES			
Accumulated funds	Page 9	19,535,408	11,834,136
CURRENT LIABILITIES			
Trade and other payables	14	7,287,993	1,754,592
Affiliation fees paid in advance	3	135,000	1,734,000
Current tax payable	10	118,705	133,366
		7,541,698	3,621,958
TOTAL ACCUMULATED FUNDS AND LIABILITIES		27,077,106	15,456,094

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

27/04/2022 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 2021</u>		
At 1st January 2021	11,834,136	11,834,136
Surplus after tax	7,701,272	7,701,272
	<hr/>	<hr/>
At 31st December 2021	<u>19,535,408</u>	<u>19,535,408</u>
 <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>

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

STATEMENT OF CASH FLOWS	Note	2021 Kshs	2020 Kshs
Cash flows from operating activities			
Surplus before tax		8,111,897	9,846,430
Adjustments for:			
Interest income		(1,368,749)	(513,530)
Operating surplus before working capital changes		6,743,148	9,332,900
Changes in working capital			
Trade and other receivables		(5,069,096)	272,280
Trade and other payables		3,919,739	1,297,821
Cash generated from operations		5,593,791	10,903,001
Income tax paid		(410,625)	(49,552)
Net cash from operating activities		5,183,167	10,853,449
Cash flows from investing activities			
Interest income		1,368,749	513,530
Investment in money market		(3,198,285)	-
Net cash generated from investing activities		(1,829,536)	513,530
Net increase in cash and cash equivalents		3,353,631	11,366,979
Cash and cash equivalents at start of year		14,888,274	3,521,295
Cash and cash equivalents at end of year	13	18,241,904	14,888,274

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.

Financial liabilities are initially recognized at the transaction price (less transaction costs). Trade payables

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 Surplus for the year

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

	2021 Kshs	2020 Kshs
Audit fees	104,400	104,400
Staff cost	<u>9,898,500</u>	<u>10,183,083</u>

Notes to the financial statements (Continued)

3 Summary of affiliation fees 2021

Club Name	2021 Club Members	Balance	Affiliation fees Jan - Dec 2021	Received in the year	Balance 31-Dec-21
			Kshs	Kshs	Kshs
1 Eldoret Club	175	3,000	525,000	525,000	-
2 Gilgil Country Club	13	3,000	39,000	39,000	-
3 Golf Park Golf Club	160	3,000	480,000	480,000	-
4 Great Rift Valley Golf Club	23	3,000	69,000	69,000	-
5 Kakamega Sports Club	58	3,000	174,000	174,000	-
6 Karen Country Club	520	3,000	1,560,000	1,560,000	-
7 Kenya Air Force Golf Club	23	3,000	69,000	69,000	-
8 Kenya Railway Golf Club	205	3,000	615,000	615,000	-
9 Kericho Golf Club	153	3,000	459,000	459,000	-
10 Kiambu Golf Club	206	3,000	618,000	618,000	-
11 Kisii Sports Club	23	3,000	69,000	69,000	-
12 Kitale Golf Club	70	3,000	210,000	210,000	-
13 Leisure Lodge Golf Club	27	3,000	81,000	81,000	-
14 Limuru Country Club	365	3,000	1,095,000	1,095,000	-
15 Machakos Sports Club	106	3,000	318,000	318,000	-
16 Malindi Golf and Country Club	39	3,000	117,000	117,000	-
17 Muthaiga Golf Club	665	3,000	1,995,000	1,995,000	-
18 Naivasha Sports Club	39	3,000	117,000	117,000	-
19 Nakuru Golf Club	139	3,000	417,000	417,000	-
20 Nandi Bears Club	53	3,000	159,000	159,000	-
21 Nanyuki Sports Club	84	3,000	252,000	252,000	-
22 Ndumberi	15	3,000	45,000	45,000	-
23 Njoro Country Club	41	3,000	123,000	108,000	15,000
24 Nyahururu Sports Club	60	3,000	180,000	180,000	-
25 Nyali Golf & Country Club	331	3,000	993,000	993,000	-
26 Nyanza Golf Club	84	3,000	252,000	252,000	-
27 Nyeri Club	101	3,000	303,000	303,000	-
28 Royal Nairobi Golf Club	457	3,000	1,371,000	1,371,000	-
29 Ruiru Sports Club	262	3,000	786,000	777,000	9,000
30 Sigona Golf Club	625	3,000	1,875,000	1,713,000	162,000
31 Thika Barracks	10	3,000	30,000	30,000	-
32 Thika Greens Sports Club	59	3,000	177,000	177,000	-
33 Thika Sports	274	3,000	822,000	822,000	-
34 Vet Lab Sports Club	555	3,000	1,665,000	1,665,000	-
35 Vipingo Ridge Golf Club	40	3,000	120,000	255,000	(135,000)
36 Windsor Golf Hotel & Country	231	3,000	693,000	693,000	-
Total	6,373		19,119,000	19,065,000	54,000
Outstanding affiliation fees (receivables)					255,000
Affiliation fees paid in advance					135,000

Notes to the financial statements (Continued)		
	2021 Kshs	2020 Kshs
4 Tournament entrance fees		
International pairs fees	3,232,850	-
Amateur stroke play fees	165,000	218,000
Amateur match play fees	192,000	192,000
Rules school fees	192,000	83,000
	<u>3,781,850</u>	<u>493,000</u>
5 Sponsorship		
The R & A Foundation	-	2,140,875
	<u>-</u>	<u>2,140,875</u>
6 Other Income		
KOGL remuneration contribution	4,452,000	4,105,333
Fixed deposit interest income	1,368,749	513,530
KOGL Insurance Contribution	88,719	83,548
KLGU World Handicapping system share	327,345	94,588
Gain on foreign exchange	47,308	119,229
Expense written off	-	64,882
	<u>6,284,121</u>	<u>4,981,110</u>
7 Golf related expenditure		
International pairs	2,926,921	-
Stroke play competition	662,860	327,506
Magical Kenya Open	430,562	-
Kenya savannah classic	404,821	-
Match play competition	308,428	350,844
Karen masters	-	22,540
World Handicapping System costs	1,604,487	1,158,332
KAGC expenses	1,348,393	143,600
Rule school expense	169,996	86,180
Course Rating	282,374	1,206,246
Other golf related expenses	380,920	-
Donation Junior Golf Foundation	-	100,000
	<u>8,519,762</u>	<u>3,395,248</u>

Notes to the financial statements (Continued)

8 Administrative expenses

	2021 Kshs	2020 Kshs
Audit fees	104,400	104,400
Bank charges	73,815	49,781
Email and internet	214,368	222,449
Website maintenance and design	23,000	-
Postage, telephone and delivery	219,063	125,023
Printing and stationery	115,012	119,899
Office expenses	203,988	180,118
Repairs and maintenance	5,000	21,500
Secretariat expenses	9,898,500	10,183,083
Insurance	298,214	282,990
Meeting expenses	478,822	267,868
Executive uniforms	327,160	159,030
Travelling	9,470	21,720
Training-captains	-	147,000
Professional fees (Legal and strategic plan fees)	547,700	-
Fines and penalties	-	266
Expensed asset	34,800	7,800
Plaque	-	6,380
	<u>12,553,312</u>	<u>11,899,307</u>

9 Expensed Assets

Asset purchased during the year amounting to Kshs 34,800 (2019:Ksh 7,800) were expensed in line with the Union policy

10 Taxation**(a) Tax expense**

	2021 Kshs	2020 Kshs
Chargeable Income (Interest income)	<u>1,368,749</u>	<u>513,530</u>
At 30% on interest income (2020:25%)	<u>410,625</u>	<u>128,383</u>

(b) Tax payable

Opening balance	133,366	3,803
Current year charge	410,625	128,382
Current year charge:JGF at 30% (2020:25%)	<u>101,713</u>	<u>50,732</u>
Tax liability	645,704	182,917
Tax paid	(207,819)	(3,803)
Tax deducted at source	<u>(319,180)</u>	<u>(45,749)</u>
Tax payable	<u>118,705</u>	<u>133,366</u>

Notes to the financial statements (Continued)

	2021 Kshs	2020 Kshs
11 Short-term Investments		
CIC Unit Trust Collection Account	3,198,285	-
12 Receivables and prepayments		
Receivables	626,000	467,000
Other receivables	10,916	100,820
Amount owed from related party Kenya Open Golf Limited	5,000,000	-
	<u>5,636,916</u>	<u>567,820</u>
13 Cash and bank balances		
Prime bank -fixed deposit account	10,351,586	1,078,487
NCBA- Kenya shillings account	6,407,565	1,720,069
NCBA- Great British Pound account	952,899	2,235,167
Prime bank -Kenya shillings account	529,855	1,497,506
NCBA -fixed deposit account	-	8,357,045
	<u>18,241,905</u>	<u>14,888,274</u>
14 Trade and other payables	2021 Kshs	2020 Kshs
Trade payables	95,710	164,139
Amount owed to related party Junior Golf Foundation	6,134,279	495,105
Provision for taxes	703,133	703,133
Payroll liabilities	245,353	273,841
Accrued liabilities	109,518	118,374
	<u>7,287,993</u>	<u>1,754,592</u>

15 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%

16 Events after year end

There were no material effect occurring after the year end period

17 Contingent liabilities

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

18 Capital Commitments

The union has no capital commitments, whether authorized or contracted in the year 2022