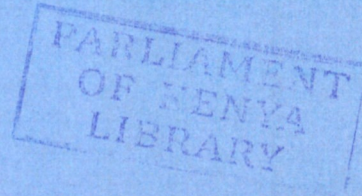

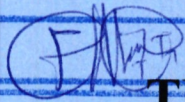


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL



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

REPORT

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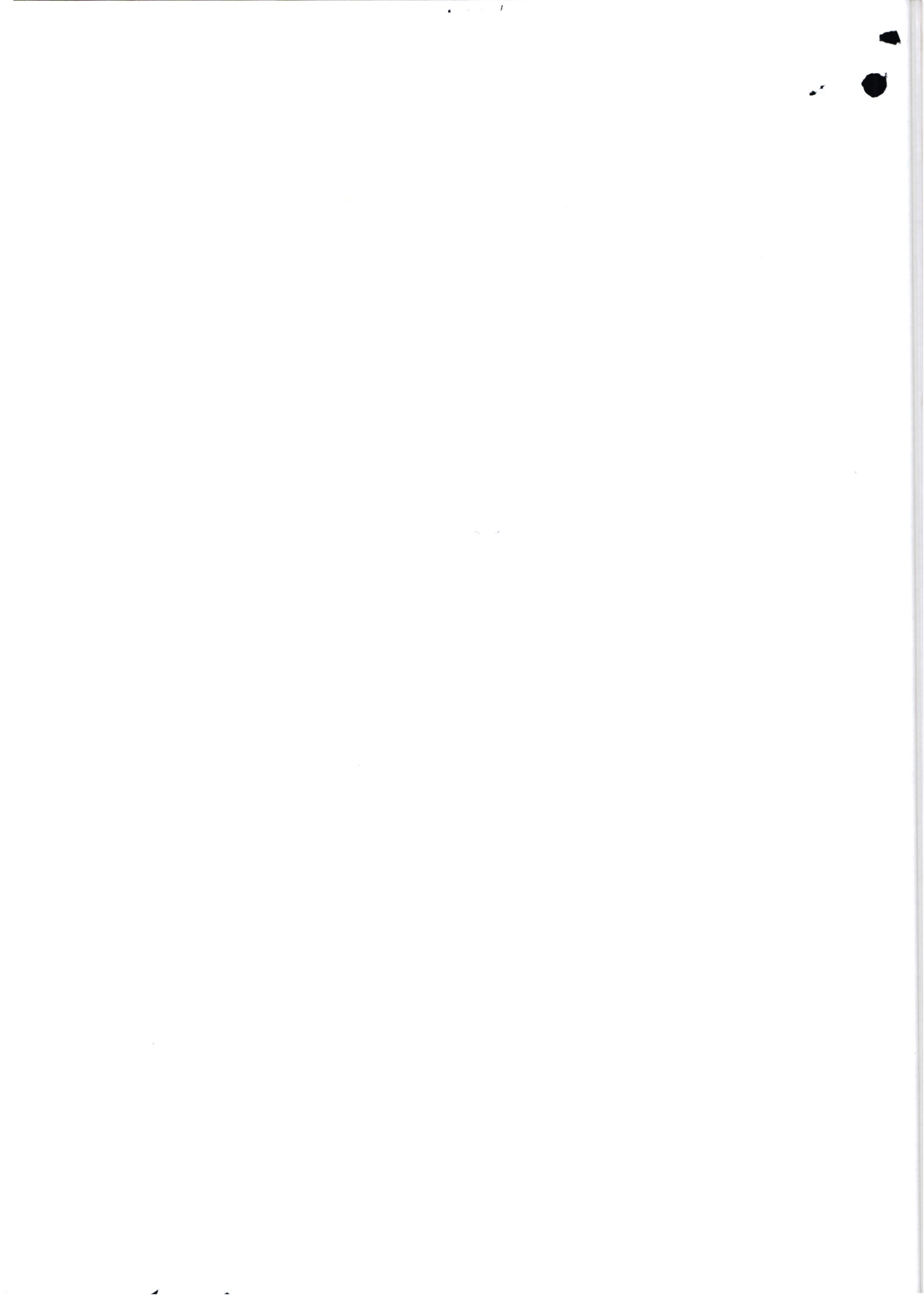
THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF  
ANTI-DOPING AGENCY OF KENYA

FOR THE YEAR ENDED  
30 JUNE 2018







**ANTI-DOPING  
AGENCY  
OF KENYA**

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**REGULATORY AND OTHER NON-COMMERCIAL ENTITIES**

**ANTI - DOPING AGENCY OF KENYA**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2018**

---

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

**ANTI DOPING AGENCY OF KENYA**

**Reports and Financial Statements**

**For the year ended June 30, 2018**

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**ANTI-DOPING AGENCY OF KENYA**  
**Reports and Financial Statements**  
**For the year ended June 30, 2018**

**I. KEY ENTITY INFORMATION AND MANAGEMENT**

**(a) Background information**

(b) The **Anti-doping Agency of Kenya** was formed under section 5 on 22<sup>nd</sup> April 2016 through the Anti-doping Act No. 5 of 2016. At cabinet level, the Anti-doping agency of Kenya is represented by the Cabinet Secretary for Sports Culture and Arts who is responsible for the general policy and strategic direction of the Agency.

**(c) Principal Activities**

The principal activity/mission/ mandate is: -

- i) Carrying out the fight against Doping in Sports through anti-doping values based education, sensitization and awareness campaigns.
- ii) Protecting the 'clean athlete' by carrying out effective doping tests among all Kenyan athletes.
- iii) Upholding the integrity of sport through Intelligence Gathering. Investigations and Results Management of Anti-Doping Rules Violations (ADRVs).

(Under this section you may also include the entity's vision, mission and core objectives)

**(d) Key Management**

The *entity's* day-to-day management is under the following key organs:

- Board of Directors
- Chief Executive officer/Chief Accounting Officer.
- Directors.
- Management.

**(e) Fiduciary Management**

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

<b>S.NO</b>	<b>Designation</b>	<b>Name</b>
1.	Chief Executive Officer	Japhter Kiplimo Rugut
2.	Director –Education and Research	Agnes Wanjiku Mandu
3.	Director Compliance and Testing	Sarah Idieva Shibutse
4.	Assistant Manager – Human Capital Management	Edna Jepkoech Koitie
5.	Assistant Manager-Internal Audit	Mercy Cheron Langat
6.	Assistant Manager – Corporate & Legal Services	Damaris Ogama

**Fiduciary Oversight Arrangements**

The agency has put in place 4 committees to provide fiduciary oversight.

- Audit and Risk Management Committee
- Human Capital Management Committee
- Finance and General Purpose Committee
- Strategy, Planning and Corporate Governance Committee

**ANTI DOPING AGENCY OF KENYA**  
**Reports and Financial Statements**  
**For the year ended June 30, 2018**

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**(f) Entity Headquarters**

P.O. Box 66458-00800  
Parklands Plaza, 6<sup>th</sup> Floor.  
Muthithi Road, Chiromo Lane  
Nairobi, KENYA

**(g) Entity Contacts**

Telephone :(+ 254) 722 269 584/+254 733837 385  
E-mail: [info@adak.or.ke](mailto:info@adak.or.ke).  
Website: [www.adak.or.ke](http://www.adak.or.ke)

**(h) Entity Bankers**

1. Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000  
City Square 00200  
Nairobi, Kenya
2. Kenya Commercial Bank  
P.O Box. 14959-00800.  
Sarit Centre.  
Nairobi Kenya.

**(i) Independent Auditors**

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

**(j) Principal Legal Adviser**






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

**ANTI DOPING AGENCY OF KENYA**






**Reports and Financial Statements**

**For the year ended June 30, 2018**

**II. THE BOARD OF DIRECTORS**

Insert each Director's passport-size photo and name, and key profession/academic qualifications	Provide a concise description of each Director's date of birth, key qualifications and work experience
<p>1. Director 1 - <b>Mr. James M. Waweru, Chairman</b></p> 	<ul style="list-style-type: none"><li>- Mr. Waweru is a Diploma Holder in Office Administration.</li><li>- He was the Former Permanent Secretary (PS) at the Ministry of Youth Affairs &amp; Sports.</li><li>- He also worked as a Provincial Commissioner, Nairobi.</li></ul>
<p>2. Director 2 - <b>Dr. Somane Ismail</b></p> 	<ul style="list-style-type: none"><li>- Dr. Somane holds a Master's Degree in strategic Management and Bachelor's Degree in Pharmacy.</li><li>- He is a Chief Executive Officer of a Pharmaceutical Company in Kenya.</li></ul>
<p>3. Director 3 – <b>Hilaa A. Amin</b></p> 	<ul style="list-style-type: none"><li>- Ms. Hilaa is a Bachelor of Arts (Education) holder. She is an Educationist and a Director of a Private School in Kenya.</li></ul>
<p>4. Director 4 – <b>Elizabeth Wanyama</b></p> 	<ul style="list-style-type: none"><li>- Elizabeth Wanyama holds a Diploma in Security Management.</li><li>- She is a Prisons Officer and an active Volley baller.</li><li>- She represents the Youth</li></ul>
<p>5. Director 5 – <b>Esther Waweru</b></p> 	<ul style="list-style-type: none"><li>- Esther is a Finance Officer at The National Treasury</li></ul>

**ANTI DOPING AGENCY OF KENYA**  
**Reports and Financial Statements**  
**For the year ended June 30, 2018**

<p>6. Director 6 – <b>Martin Okiyo</b></p> 	<ul style="list-style-type: none"> <li>- Currently pursuing PhD in Special Needs Education at KU</li> <li>- He holds a Masters in Development Studies.</li> <li>- He is a consultant and represents People with Disabilities (PWDs)</li> <li>- Head of State commendation award - Order of Grand Warrior (OGW)</li> <li>- Martin serves as the chair- Audit Committee and Human capital Committee</li> </ul>
<p>7. Director 7 – <b>Douglas Wakiihuri</b></p> 	<ul style="list-style-type: none"> <li>- Douglas is a retired marathoner</li> <li>- He is a Coach</li> <li>- He is a Member of the Audit Committee</li> </ul>
<p>8. Director 8 – <b>Prof. Dr. Dr. Moni Wekesa</b></p> 	<ul style="list-style-type: none"> <li>- Prof. Dr. Dr. Moni Wekesa holds a Ph.D. in Law and PhD in Sports Medicine.</li> <li>- He is a University lecturer (Professor)</li> <li>- He has done a lot of research on doping in sports</li> </ul>
<p>9. Director 9 – <b>Stephen N. Muthuma</b></p> 	<ul style="list-style-type: none"> <li>- Mr. Muthuma is a Finance Officer at the Ministry of Sports, Culture &amp; the Arts.</li> </ul>
<p>10. <b>Mr. Japhter K. Rugut – Chief Executive Officer</b></p> 	<ul style="list-style-type: none"> <li>- Mr. Rugut holds a Masters in Business Administration.</li> <li>- He is the Chief Executive Officer – ADAK, Former Administrator, and Former Secretary, department of Sports</li> </ul>

**ANTI-DOPING AGENCY OF KENYA**

**Reports and Financial Statements**

**For the year ended June 30, 2018**

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**III. MANAGEMENT TEAM**

<b>S.NO</b>	<b>Designation</b>	<b>Name</b>
1.	Chief Executive Officer	Japhther Kiplimo Rugut
2.	Director –Education and Research	Agnes Wanjiku Mandu
3.	Director Standards and Compliance	Sarah Idieva Shibutse
4.	Assistant Manager – Human Capital Management	Edna Koitie
5.	Assistant Manager Internal Audit	Mercy Cheronno
6.	Assistant Manager-Corporate and Legal services	Damaris O. Were
7.	Accountant	Simon M. Katee
8.	Procurement Officer	Oscar Barasa

**ANTI DOPING AGENCY OF KENYA**  
**Reports and Financial Statements**  
**For the year ended June 30, 2018**

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**IV. CHAIRMAN'S STATEMENT**

As at the time of compiling this report, the outgoing Board Chairman Mr. James Waweru, had ceased to be ADAK Board Chairman and at the same time the incoming chairman Mr. Daniel Makdawallo had not taken over officially as the Board Chairman of ADAK.

**V. REPORT OF THE CHIEF EXECUTIVE OFFICER**

Anti-Doping Agency of Kenya (ADAK) in consultation and partnership with the Regional Anti-Doping Organization, the World Anti-Doping Agency and any other anti-doping organizations undertake anti-doping activities in Kenya. It is a member of the Institute of National Anti-Doping Organisations (INADO) which helps National Anti-Doping Organizations (NADOs), especially developing ones like ADAK, to improve their programmes and to adopt best practices.

The Anti-Doping Agency of Kenya was set up with the main goal of protecting the athlete's fundamental right to participate in doping free sport and promote good health, fairness and equality for sportsmen and women in Kenya. The last two years since ADAK was established has seen tremendous growth in our strategies to deal with the doping menace in Kenya.

The agency is committed to upholding the following core values: -

- Professionalism
- Impartiality
- Patriotism and National Unity
- Equity and Equality
- Inclusiveness
- Integrity, Transparency and Accountability.

Kenya is a world acknowledged sports Power house particularly in athletics field and track events. But the success of Kenyan athletes in the course of time has drawn spotlight from the global sports community who sought to ensure that the triumph of the Team Kenya in world championship was as a result of clean sport not from the use of prohibited substances. The situation and scrutiny grew more immense following several positive doping cases across many sports.

There are several challenges facing anti-doping initiatives in Kenya as well as other countries. This includes:-

- Risks of sanction in the event of noncompliance with Worlds Anti-doping Code
- Technological advancement in the prohibited substances and doping methods ahead of anti-doping measures
- Lack of integrity by some athletes support personnel.
- Corruption in the doping control processes
- Large number of athletes in the country which strains available resources for testing

The challenges outlined above implies that the Agency must invest heavily in intelligence gathering, Investigations and prevention through intense education including value-based education to inculcate 'spirit of sports' for the school going children who in time will grow in to national and elite international athletes. This will lead to culture change and a better appreciation of the value of clean sports and healthy living.

To achieve this onerous task, ADAK was granted Kshs.300 Million this last financial year 2017/2018. Based on the projections of the action plan it is apparent that there will be a huge shortfall in budget requirements as there are already gaps between the projection and the available amount of 300Million.

**ANTI DOPING AGENCY OF KENYA**  
**Reports and Financial Statements**  
**For the year ended June 30, 2018**

**VI. CORPORATE GOVERNANCE STATEMENT**

For effective management of stakeholder interests and the achievement of corporate goals, the Agency organized several meetings for different purposes. Full Board and Board Committees' meetings were properly constituted as per the ALMANAC for the whole year. However, since the Agency was newly established, it was necessary to hold Adhoc meetings which did not qualify to be under Full Board or Board Committees. Such meetings occurred for purposes of carrying out shortlisting for applications tendered for posts advertised by the Agency, and interviews for recruitment of necessary staff for the Agency. The breakdown of the meetings is as follows: -

	<b>Dates held</b>	<b>No. of Participants</b>
<b>1. Full Board Meetings</b>		
<b>13<sup>th</sup> FB</b>	7 <sup>th</sup> September 2017	7
<b>14<sup>th</sup> FB</b>	30 <sup>th</sup> November 2017	9
<b>15<sup>th</sup> FB</b>	14 <sup>th</sup> March 2018	9
<b>16<sup>th</sup> FB</b>	15 <sup>th</sup> March 2018	7
<b>17<sup>th</sup> FB</b>	13 <sup>th</sup> June 2018	8
<b>18<sup>th</sup> FB</b>	28 <sup>th</sup> June 2018	8
	<b>TOTAL</b>	<b>48</b>
<b>2. Special Full Board</b>		
	8 <sup>th</sup> May 2018	11
	<b>TOTAL</b>	<b>11</b>
<b>3. Interviews for Recruitment</b>		
<b>Position of Senior Legal Officer</b>	10-11 <sup>th</sup> July 2017	12
<b>ICT Officer</b>	12-13 <sup>th</sup> July 2017	5
<b>Post of Clerical Officers and Accounts Assistant</b>	1-3 <sup>rd</sup> August 2017	5
<b>Position of Assistant Managers –</b>	20 <sup>th</sup> February 2018	10
- <b>Internal Audit</b>	21 <sup>st</sup> February 2018	10
- <b>Legal Services</b>	22 <sup>nd</sup> February 2018	10
- <b>Senior Internal Auditor</b>		
	<b>TOTAL</b>	<b>30</b>

**BOARD COMMITTEE MEETINGS**

1. **Finance and General-Purpose Committee** held meetings as follows:

<b><u>Date</u></b>	<b><u>No. of participants</u></b>
27 <sup>th</sup> November 2017	5 pax
29 <sup>th</sup> March 2018	5 pax
19 <sup>th</sup> June 2018	4 pax
<b>Total</b>	<b>14 pax</b>

**ANTI DOPING AGENCY OF KENYA**  
**Reports and Financial Statements**  
**For the year ended June 30, 2018**

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2. **Human Capital Management Committee Meetings** were held as indicated below:

<u>Date</u>	<u>No. of participants</u>
11 <sup>th</sup> July 2017	3 pax
5 <sup>th</sup> September 2017	3 pax
11 <sup>th</sup> October 2017	3 pax
14 <sup>th</sup> March 2018	6 pax
26 <sup>th</sup> April 2018	3 pax
<b>Total</b>	<b>18 pax</b>

3. **Audit & Risk Management Committee** meetings were held as follows: -

<u>Date</u>	<u>No. of Participants</u>
11 <sup>th</sup> October 2017	3 pax
8 <sup>th</sup> February 2018	3 pax
26 <sup>th</sup> April 2018	4 pax
31 <sup>st</sup> May 2018	5 pax
13 <sup>th</sup> June 2018	4 pax
<b>Total</b>	<b>6 pax</b>

4. **Strategy, Planning and Corporate Governance Committee Meetings**

<u>Date</u>	<u>No. of Participants</u>
16 <sup>th</sup> October 2017	5 pax
13 <sup>th</sup> March 2018	4 pax
22 <sup>nd</sup> May 2018	3 pax
19 <sup>th</sup> June 2018	5 pax
<b>Total</b>	<b>17 pax</b>

**N/B**

Performance Contract 2017/2018 FY Vetting was done at Rift Valley Water Board Services, Nakuru on **12<sup>th</sup> January 2018**. The number of participants were eleven (11) in total including one Board Member.

**VII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING**

The Agency did visit a Nyumbani Children's Home in Karen and provided food stuff, clothing and painted the buildings.

**ANTI DOPING AGENCY OF KENYA**  
**Reports and Financial Statements**  
**For the year ended June 30, 2018**

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**VIII. REPORT OF THE DIRECTORS**

The Directors submitted their report together with the un-audited financial statements for the year ended June 30, 2018 which show the state of the entity's affairs.

In accordance with section 219(2) of the PFM Act regulations, the entity is required to remit in to the consolidated fund 90% of its surplus funds reported in the audited financial statements.

During the year in question, the entity did not make any surplus funds as reported in he statements of financial performance and hence no remittance was made to the consolidated fund.

**Principal activities**

The principal activity/mission of the Anti-doping Agency of Kenya is to:

- i. Carrying out the fight against Doping in Sports through anti-doping values-based education, sensitization and awareness campaigns.
- ii. Protecting the 'clean athlete' by carrying out effective doping tests among all Kenyan athletes.
- iii. Upholding the integrity of sport through Intelligence Gathering. Investigations and Results Management of Anti-Doping Rules Violations (ADRVs).

**Results**

The results of the entity for the year ended June 30, 2018 are set out on page 1-6.

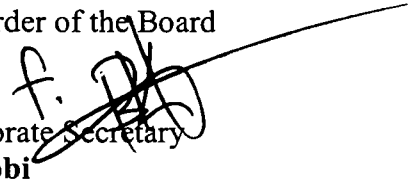
**Directors**

The members of the Board of Directors who served during the year are shown on page iv –v.

**Auditors**

The Auditor General is responsible for the statutory audit of the Anti -Doping Agency in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015. The Office of the Auditor general can nominate any certified Auditors to carry out the audit of the entity for the year/period ended June 30, 2018 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board

  
Corporate Secretary  
Nairobi

Date: 3/12/2018.

**ANTI DOPING AGENCY OF KENYA**

**Reports and Financial Statements**

**For the year ended June 30, 2018**

**IX. STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Section 81 of the Public Finance Management Act, 2012 and (section 14 of the State Corporations Act), require the Directors to prepare financial statements in respect of the Anti-doping Agency of Kenya which give a true and fair view of the state of affairs of ADAK at the end of the financial year/period and the operating results of the entity for that year/period. The Directors are also required to ensure that the entity keeps proper accounting records which disclose with reasonable accuracy the financial position of ADAK. The Directors are also responsible for safeguarding the assets of the entity.

The Directors are responsible for the preparation and presentation of the entity's 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 (period) ended on June 30, 2018. This responsibility includes:

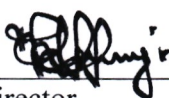
- (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity;
- (iii) Designing, implementing 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 the entity;
- (v) Selecting and applying appropriate accounting policies; and
- (vi) Making accounting estimates that are reasonable in the circumstances.


The Directors accept responsibility for the entity's 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 the entity's financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2018, and of the entity's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the entity, 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 the entity 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 13/12/18 2018 and signed on its behalf by:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

**ANTI DOPING AGENCY OF KENYA**  
**Reports and Financial Statements**  
**For the year ended June 30, 2018**

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**X. REPORT OF THE INDEPENDENT AUDITORS ON THE ENTITY.**

# REPUBLIC OF KENYA

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Fax: +254-20-311482  
E-mail: [oag@oagkenya.go.ke](mailto:oag@oagkenya.go.ke)  
Website: [www.kenao.go.ke](http://www.kenao.go.ke)



P.O. Box 30084-00100  
NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON ANTI-DOPING AGENCY OF KENYA FOR THE YEAR ENDED 30 JUNE 2018

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#### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of the Anti-Doping Agency of Kenya set out on pages 15 to 44, which comprise the statement of Financial Position as at 30 June 2018, statement of financial performance, statement of changes in net assets, statement of cash flows 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 Anti-Doping Agency of Kenya as at 30 June 2018, and of its financial performance and its cash flows for the year then ended, in accordance with Public Sector Accounting Standards (Accrual) Basis and comply with the Anti-Doping Act, No. 5 of 2016 (Amended by No. 18 of 2016).

#### Basis for Qualified Opinion

##### 1. Loan to the State Department of Sports Development

The statement of financial position as at 30 June 2018 reflect a balance of Kshs.16,134,231 in respect of receivables from non-exchange transactions. Included in this amount is Kshs.4,400,000 loaned to the State Department of Sports Development for the purpose of paying athletes who participated in the World U18 Championships.

The amount was to be refunded immediately after the books of accounts of the parent Ministry for the financial year 2017/2018 were opened. However, as at the time of the audit in November 2018 only Kshs.2,000,000 had been refunded leaving a balance of Kshs.2,400,000. Further, the loaning documents were not provided for audit review.

No reasons have been given for the non-refund of the whole amount loaned.

##### 2. Misallocation of Board Expenditure

The statement of financial performance for the year ended 30 June 2018 reflects general expenses balance of Kshs.292,420,117. Included in this figure is Kshs.4,648,664 incurred

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*Report of the Auditor-General on the Financial Statements of Anti-Doping Agency of Kenya for the year ended 30 June 2018*

by the Board of Directors. The management did not explain why expenditures relating to the Board were being charged to general expenses account instead of the Board expenses account. Further, Board expenses for the year amounted to Kshs.6,629,600 against an approved budget of Kshs.6,000,000 resulting to an over expenditure of Kshs.629,600. Had the expenses of Kshs,4,648,664 been charged correctly, the over expenditure on the Board expenses account would have increased to Kshs.5,278,264 resulting to an excess vote.

In the circumstances, the Board expenses were understated by Kshs.4,648,664 and the excess vote has not been approved as required.

### **3. Engagement of a Private Law Firm without Authority**

On 4 July 2017, the Agency engaged a law firm (Omariba & Company Advocates) for the purpose of rendering legal services and fees totalling Kshs.4,457,191 was paid. However, no approval was obtained from the Attorney General to engage the private legal firm as required by Circular AG/6/D/144 VOLII dated 6<sup>th</sup> April 2017 from the Attorney General. Further, it was not clear how the firm was identified or how the legal fee was arrived at contrary to Article 227(1) having regard to a system of fairness, equitable, transparent, competitive and cost-effective.

In the circumstances, the engagement of the private legal firm was irregular and the payment of Kshs.4,457,191 should not remain a charge to public funds.

### **4. Outstanding Imprests**

The statement of financial position as at 30 June 2018 reflect cash and cash equivalents balance of Kshs.16,020,768. Included in this figure is an outstanding imprests balance of Kshs.5,957,454. Examination of the imprests register in November, 2018 revealed that imprests amounting to Kshs.3,696,479 had not been surrendered long after the due dates.

No explanation has been provided for the failure to recover the un-surrendered imprests from the respective officers' salaries as required in Section 93(5) of the Public Finance Management Act, 2012 regulations.

### **5. Fixed Assets Register**

The statement of financial position as at 30 June 2018 reflect property, plant and equipment balance of Kshs.57,604,703. However, a review of the fixed assets register produced for audit verification disclosed that it was not properly maintained. A comparison of the total fixed assets cost in the register of Kshs.28,284,886 with that in the Property, Plant and Equipment schedule of Kshs.80,276,547 showed a difference of Kshs.51,991,661.

In the view of foregoing, the accuracy of the property, plant and equipment balance of Kshs.57,604,703 as at 30 June 2018 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Anti-Doping Agency of Kenya (ADAK) in accordance with ISSAI 30 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 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. I have determined that there are no Key Audit Matters to report in the year under review.

## Other Matters

### Budget and Budgetary Performance

#### 1. Receipts

The Agency had budgeted for government grants totalling Kshs.300,000,000 and received the entire amount while the budget of Kshs.12,000,000 under other receipts was exceeded by Kshs.639,733 as shown below:

Revenue	Budget Kshs.	Actual Kshs.	Excess/ (shortfall) Kshs.	Over/under %
GOK Grants and Subsidies	300,000,000	300,000,000	0	0
Other Receipts	12,000,000	12,639,733	639,733	5
Re-allocation of Surplus	61,970,129	61,970,129		
<b>Total</b>	<b>373,970,129</b>	<b>374,609,862</b>	<b>639,733</b>	<b>0.17</b>

#### 2. Expenditure

The Agency had budgeted to spend a total of Kshs.373,970,129 but actual expenditure amounted to Kshs.382,382,208 resulting in an over-expenditure of Kshs.8,412,079 or 2% as follows:

Expenditure	Budget Kshs.	Actual Kshs.	Over/(Under) Kshs.	Over/(Under) %
Employee Costs	66,000,000	52,874,613	(13,125,387)	(20)
Repairs & Maintenance	7,700,000	9,726,121	2,026,121	(26)
Board Expenses	6,000,000	6,629,600	629,600	10
General Expenses	262,990,129	292,420,117	29,429,988	11
Property, Plant & Equipment	31,280,000	16,331,757	(14,948,243)	(48)
Other payment	0	4,400,000	4,400,000	
<b>Total</b>	<b>373,970,129</b>	<b>382,382,208</b>	<b>8,412,079</b>	<b>2</b>

The Agency therefore incurred an over expenditure of Kshs.8,412,079 without approval of the National Treasury.

## REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the procedures performed, 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**

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the review so as 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 INTERNAL CONTROLS EFFECTIVENESS, GOVERNANCE AND RISK MANAGEMENT SYSTEMS

### **Conclusion**

As required by Section 7 (1) (a) of the Public Audit Act, 2015, based on the procedures performed, I confirm that; nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

### **Basis for Conclusion**

The audit was conducted in accordance with ISSAI 1315 and ISSAI 1330. The standards require that I plan and perform the review so as to obtain limited assurance as to whether effective processes and systems of internal control, risk management and governance was maintained 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 fair 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 ability to sustain services, disclosing, as applicable, matters related to sustainability of services

and using the applicable basis of accounting unless the management either intends to liquidate the Agency or to cease operations, or have no realistic alternative but to do so.

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 manner.

Those charged with governance are responsible for overseeing the financial reporting process, reviewing the effectiveness of how the entity 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 with limited assurance as to 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 review 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.

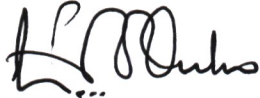
Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the Agency'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 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 Agency'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 Agency to cease to continue as a going concern or 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 Agency 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.



**FCPA Edward R. O. Ouko, CBS**  
**AUDITOR-GENERAL**

**Nairobi**

**27 December 2018**

**ANTI DOPING AGENCY OF KENYA****Reports and Financial Statements****For the year ended June 30, 2018****XI. STATEMENT OF FINANCIAL PERFORMANCE  
FOR THE YEAR ENDED 30 JUNE 2018**

	NOTES	2017 - 2018 "Kshs"	2016-2017 "Kshs"
<b>Incomes</b>			
<b>Revenue from non-exchange transactions</b>			
Grant Income	1	300,000,000	268,046,344
Other Grants	2	9,000,433	43,977,072
<b>Sub-Total</b>		<b>309,000,433</b>	<b>312,023,416</b>
<b>Revenue from exchange transactions</b>		-	
Rendering of services	3(a)	3,639,300	2,587,790
Other receipts	3b)	-	753,750
<b>Sub-Total</b>		<b>3,639,300</b>	<b>3,341,540</b>
<b>Total revenue</b>		<b>312,639,733</b>	<b>315,364,956</b>
<b>Expenses</b>			
Employee costs	4	52,874,613	21,761,442
Repairs and maintenance	5	9,726,121	615,014
General expenses	6	292,420,117	129,528,120
Board Expenses	10	6,629,600	3,418,532
Depreciation expense	9	11,484,812	11,187,032
<b>Total expenses</b>		<b>373,135,263</b>	<b>166,510,140</b>
<b>Surplus</b>		<b>(60,495,530)</b>	<b>148,854,816</b>
<b>Other gains/(losses)</b>			
Loss on foreign exchange transactions	13	13,993	-
NSSF Contributions written off		-	
<b>Surplus/Deficit for the period</b>		<b>(60,481,537)</b>	<b>148,854,816</b>

**Foot Note:**

The Agency is not a commercial entity for tax purpose and thus incomes from government grants and other reimbursements are non-taxable Incomes.

Revenues raised by the entity are purely grants from the national government. Other revenues realised during the period from rendering of services are a mere reimbursement of cost by organization such as KDF and the Anti-Doping Norway. This therefore is the ground for which such incomes are non-taxable.

The notes set out on pages 20 to 42 form an integral part of these Financial Statements

**ANTI DOPING AGENCY OF KENYA**  
**Reports and Financial Statements**  
**For the year ended June 30, 2018**

**XII. STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2018**

	NOTES	2017 - 2018 "Kshs"	2016-2017 "Kshs"
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	16,020,768	61,970,129
Receivables from non-exchange transactions	8	16,174,231	34,939,409
		<b>32,194,999</b>	<b>96,909,538</b>
<b>Non-current assets</b>			
Property ,plant and equipment	9	57,604,703	52,757,758
<b>Total assets</b>		<b>89,799,702</b>	<b>149,667,296</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Employee benefit obligation	11	-	12,480
Accounts Payable	12	1,413,943	800,000
<b>Total liabilities</b>		<b>1,413,943</b>	<b>812,480</b>
<b>Net assets</b>		<b>88,385,759</b>	<b>148,854,816</b>
Accumulated surplus		88,385,759	148,854,816
<b>Total net assets and liabilities</b>		<b>88,385,759</b>	<b>148,854,816</b>

The Financial Statements set out on pages 15 to 19 were signed on behalf of the Board of Directors by:

Chief Executive Officer  
Name: Japhter K. Rugut.



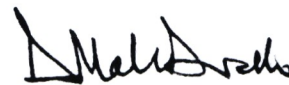
Date... 13/12/18

Head of Finance  
Name: Simon Katee  
ICPAK M/N. 22212



Date... 13/12/18

Chairman of the Board  
Name: Daniel Makdwallo



Date... 13-12-2018

**ANTI DOPING AGENCY OF KENYA**  
**Reports and Financial Statements**  
**For the year ended June 30, 2018**

**XIII. STATEMENT OF CHANGES IN NET ASSETS**

	Retained earnings	Proposed dividends	Capital/ Development Grants/Fund	Total
	Shs	Shs	Shs	Shs
<b>At July 1, 2016</b>	-	-	-	-
Total comprehensive income	148,854,816	-	-	148,854,816
<b>Adjusted for: -</b>				
NSSF employer's obligation w/off	12,480			12,480
<b>At June 30, 2017</b>	<b>148,867,296</b>	-	-	<b>148,867,296</b>
<b>At July 1, 2017</b>	<b>148,867,296</b>	-	-	<b>148,867,296</b>
Comprehensive Income	(60,481,537)	-	-	(60,481,537)
Interim dividends paid – 2018	-	-	-	-
Proposed final dividends	-	-	-	-
<b>At June 30, 2018</b>	<b>88,385,759</b>	-	-	<b>88,385,759</b>

- Note:
- NSSF employer's contribution had been provided for in the FY 2016/2017. However, the Agency had not registered for this obligation with NSSF as at the end of the financial year 2016/17 the basis on which this provision was written off and an adjustment to surplus for that period made.
  - The Agency is a non-commercial regulatory organization deriving its financial stewardship and discipline from the respective year performance contract with the government. Therefore, its revenues are pure conditional grants to further anti-doping activities in Kenya and ensure compliance with international codes and regulation. In this regard retained earning in this case accumulated surplus is reabsorbed in to the subsequent year budget. This is the reason for not declaring dividend, ordinary share capital among other provisions relevant to commercial entities.

The Agency does not carry out any development activities other than Anti-Doping Education and Testing programmes funded through recurrent grant.

Accumulated surplus for the period and as at 30<sup>th</sup> June 2018 was Shs. 88,385,759.00 the carrying amounts of which constitutes: -

	ITEM DESCRIPTION	AMOUNT"SHS"
1.	Total Net Assets	89,799,702
2.	Total Liabilities	(1,413,943)
	<b>Grant Total</b>	<b>88,385,759</b>

**ANTI DOPING AGENCY OF KENYA**  
**Reports and Financial Statements**  
**For the year ended June 30, 2018**

**XIV. STATEMENT OF CASH FLOWS**  
**AS AT 30 JUNE 2018**

	NOTES	2017 - 2018 "Kshs"	2016-2017 "Kshs"
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Grant Income	1b)	300,000,000	268,046,344
Rendering of services	3a)	3,639,300	2,587,790
Other Grants	2	9,000,433	1,733,026
Other Receipts		-	753,750
		<b>312,639,733</b>	<b>273,120,910</b>
<b>Payments</b>			
Employees Cost	4	52,874,613	28,390,563
Repairs and Maintenance	5	9,726,121	8,136,794
Board Expenses	10	6,629,600	-
General Expenses	6	292,420,117	152,715,830
<b>cash flows from operating activities</b>		<b>361,650,451</b>	<b>189,243,187</b>
<b>Working Capital Changes</b>			
Decrease/Increase in Receivables	8	18,765,178	-
Increase in Payables	12	613,943	-
Loss in forex transaction	13	13,993	-
		<b>19,393,114</b>	<b>-</b>
<b>Net cash flows from operating activities</b>		<b>(29,617,604)</b>	<b>-</b>
<b>Cash flows from investing activities</b>			
Purchase of Property, Plant, & Equipment	9	(16,331,757)	21,907,594
<b>Net cash flows used in investing activities</b>		<b>(16,331,757)</b>	<b>21,907,594</b>
<b>Net Decrease/Increase in cash and cash equivalents</b>		<b>(45,949,361)</b>	<b>61,970,129</b>
<b>Cash and cash equivalents b/f</b>	7	<b>61,970,129</b>	<b>-</b>
<b>Cash and cash equivalents as at 30th June 2018</b>	7	<b>16,020,768</b>	<b>61,970,129</b>

(IPSAS 2 allows an entity to present the cash flow statement using the direct or indirect method but encourages the direct method. PSASB also recommends the use of direct method of cash flow preparation)

**ANTI DOPING AGENCY OF KENYA**  
**Reports and Financial Statements**  
**For the year ended June 30, 2018**

**XV. STATEMENT OF BUDGET AND ACTUAL COMPARISON**

STATEMENT OF BUDGET AND ACTUAL COMPARISON							
	Original Budget	Adjustments	Final Budget	Actual Performance	Performance Difference	%ge Variation	Explanation of material variances
	Shs	Shs	Shs	Shs	Shs		
<b>Revenues</b>							
Government Grants	300,000,000	-	300,000,000	300,000,000	-	0%	
Reallocation of Surplus	-	61,970,129	61,970,129	-	61,970,129	100%	
Other Receipts	-	12,000,000	12,000,000	12,639,733	(639,733)	-5%	
Prepayments b/f	-	-	-	-	-	0%	
<b>Total Revenues</b>	<b>300,000,000</b>	<b>73,970,129</b>	<b>373,970,129</b>	<b>312,639,733</b>	<b>61,330,396</b>	<b>16%</b>	
<b>Expenses</b>							
Employees cost	66,000,000	-	66,000,000	52,874,613	13,125,387	20%	a)
Repairs and Maintenance	7,700,000	-	7,700,000	9,726,121	(2,026,121)	-26%	b)
Board Expenses	6,000,000	-	6,000,000	6,629,600	(629,600)	-10%	c)
General Expenses	220,300,000	42,690,129	262,990,129	292,420,117	(29,429,988)	-11%	d)
Property Plants and Equipmer	-	31,280,000	31,280,000	16,331,757	14,948,243	48%	e)
Other Payments	-	-	-	4,400,000	(4,400,000)		f)
<b>Total Expenses</b>	<b>300,000,000</b>	<b>73,970,129</b>	<b>373,970,129</b>	<b>382,382,208</b>	<b>(8,412,079)</b>		
<b>Deficit/Surplus for the Period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(69,742,475)</b>	<b>69,742,475</b>		

**Budget Notes:**

The deficit for the period of Shs. 69,742,475.00 was funded by the reallocation of surplus for the FY 2016/2017 for Shs 61,970,129.00 and absorption of prepayments brought forward to the FY 2017/2018 for Shs. 34,732,559.00.

**a) Employees Cost:**

Employees cost was underspend by 13,125,387 as a result of delayed recruitments of staff in the FY under consideration as well as delayed roll out of staff Pension scheme.

**b) Repairs and Maintenance:**

Repairs and maintenance were overspending by Shs. 2,026,121 owing to cost incurred on other equipment's accessories such as camera repairs, and web hosting.

**c) General expenses**

General expenses are over spend owing to rent for the year prepaid in 2016/2017 for 20,569,178 and Sh. 8,860,810.00 resulting from increased programme activities related to Anti-Doping Testing and Education.

**d) Property plant and Equipment**

Property plant and equipment is underutilized owing to delayed procurement of ICT equipment's since the parent ministry was to procure on our behalf following presidential directive. This request had not been responded to as at the close of the FY 2017/2018.

**e) Other Payment**

This constitute loan advanced to the State department for Sports to pay under 18 athletes following the president's directive which had not been repaid as at the end of the FY.

**ANTI DOPING AGENCY OF KENYA**  
**Reports and Financial Statements**  
**For the year ended June 30, 2018**

**XVI. NOTES TO THE FINANCIAL STATEMENTS**

**1. GENERAL INFORMATION**

Anti-Doping Agency of Kenya is established by and derives its authority and accountability from the Anti-doping Act 2016. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya.

The entity's principal activities are: -

- iv) Carrying out the fight against Doping in Sports through anti-doping values-based education, sensitization and awareness campaigns.
- v) Protecting the 'clean athlete' by carrying out effective doping tests among all Kenyan athletes.
- vi) Upholding the integrity of sport through Intelligence Gathering. Investigations and Results Management of Anti-Doping Rules Violations (ADRVs).

**2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION**

The entity'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 functional and reporting currency of the entity. 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.

**3. ADOPTION OF NEW AND REVISED STANDARDS**

**i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2018**

<b>Standard</b>	<b>Impact</b>
<b>IPSAS 34:</b> Separate Financial Statements	<b>(Effective for annual periods beginning on or January 1, 2018)</b> In January 2015, the IPSASB published IPSAS 34, Separate Financial Statements. IPSAS 34 prescribes the accounting and disclosure requirements for investments in controlled entities, joint ventures and associates when an entity prepares separate financial statements. The entity does not have any subsidiaries, joint ventures or investments and therefore the standard does not apply.
<b>IPSAS 39:</b> Employee Benefits	<b>Applicable: 1<sup>st</sup> January 2018</b> The objective to issue IPSAS 39 was to create convergence to changes in IAS 19 Employee benefits. The IPSASB needed to create convergence of IPSAS 25 to the amendments done to IAS 19. The main objective is to ensure accurate information relating to pension liabilities arising from the defined benefit scheme by doing away with the corridor approach.

**ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2018**

**ANTI DOPING AGENCY OF KENYA**  
**Reports and Financial Statements**  
**For the year ended June 30, 2018**

<b>Standard</b>	<b>Effective date and impact:</b>
<b>IPSAS 40: Public Sector Combinations</b>	<b>Applicable: 1<sup>st</sup> January 2019:</b> The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only) Business combinations and combinations arising from non-exchange transactions which are covered purely under Public Sector combinations as amalgamations.

**iii. Early adoption of standards**

The entity did not early – adopt any new or amended standards in year 2018.

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a) Revenue recognition**

**i) Revenue from non-exchange transactions**

**Fees, taxes and fines**

The entity 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 a 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 entity and the fair value 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 recognized on obtaining control of the asset (cash, goods, services 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 entity and can be measured reliably. In this financial year, no transfers were made.

**ii) Revenue from exchange transactions**

***Rendering of services***

The entity recognizes revenue from rendering of services by 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 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.

***Sale of goods***

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods 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 entity.

**ANTI DOPING AGENCY OF KENYA**  
**Reports and Financial Statements**  
**For the year ended June 30, 2018**

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***Interest income***

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 asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

***Dividends***

Dividends or similar distributions must be recognized when the shareholder's or the entity's right to receive payments is established.

***Rental income***

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

**b) Budget information**

The original budget for FY 2017-2018 was approved by the National Assembly on June 2017. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations of Shs. 73,970,129 on the 2017-2018 budget following the governing body's approval.

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

**c) Taxes**

For tax Purpose, and in compliance with section 219(2) of the PFM Act regulations, the Agency being a regulatory body is required to remit 90% of its surplus funds reported in the financial statements after the end of each year. In this regard, the entity did not generate any taxable incomes during the year in question and thus no taxes were remitted.

***Current income tax***

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income.

Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

*Deferred tax*

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

*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 recognized as part of the cost of acquisition of the asset or 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) Investment property**

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 30-year period.

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

Transfers are made to or from investment property only when there is a change in use.

#### **e) Property, plant and equipment**

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. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

#### **f) Leases**

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit.

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

#### **g) Intangible assets**

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair 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 capitalized development costs, are not capitalized 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.

**i) Research and development costs**

The Entity expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Entity 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 cost 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.

**h) Financial instruments**

***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 Entity determines the classification of its financial assets at 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 recognized in the surplus or deficit.

***Held-to-maturity***

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are 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. The losses arising from impairment are recognized in surplus or deficit.

***Impairment of financial assets***

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or a entity of financial assets is impaired. A financial asset or a entity of financial assets is deemed to be

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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 or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors or a entity of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

***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 Entity determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

***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 recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

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.

**i) Inventories**

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- Raw materials: purchase cost using the weighted average cost method
- Finished goods and work in progress: cost of direct materials and labor and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

**j) Provisions**

Provisions are recognized when the Entity 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 Entity 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.

***Contingent liabilities***

The Entity 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 Entity 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 Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If 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.

**k) Nature and purpose of reserves**

The Entity creates and maintains reserves in terms of specific requirements. No reserves were created in the year under review.

**l) Changes in accounting policies and estimates**

The Entity recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

**m) Employee benefits**

**Retirement benefit plans**

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on

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proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

The Entity does provide retirement benefits for its employees and in addition to the National Social Security Fund with a service provider Zamara Fanaka retirement Fund. This took effect from the month of April 2018. Employers contributions for the three months have been recognised in the financial statements as at 30<sup>th</sup> June 2018.

#### **n) Foreign currency transactions**

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 on that date. Exchange differences arising from the 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.

#### **o) Borrowing costs**

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 the asset is complete. Further borrowing costs are charged to the statement of financial performance.

#### **p) 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.

#### **q) 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.

#### **r) 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

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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.

#### s) Comparative figures

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

### 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

#### i) Income Recognition

Income is recognized to the extent that is probable that economic benefits will flow to the company and revenue can be reliably measured.

#### ii) Property, equipment and depreciation

Property and equipment are recorded at historical cost less accumulated depreciation and impairment loss. Depreciation is calculated using the reducing balance method to write down the cost of each asset to its residual value over its estimated useful life. It is calculated on prorata basis considering the period that the asset has been in use by the entity. Annual depreciation rate in use are:-

Assets	Rate (%)
Office Equipment	12.5%
Furniture's and fittings	12.5%
Computers and Equipment's	30.0%
Motor Vehicle	25.0%

#### 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

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- Availability of funding to replace the asset
- Changes in the market in relation to the asset

**Provisions**

Provisions were raised and management determined an estimate based on the information available.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

**u) 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, 2018.

**ANTI DOPING AGENCY OF KENYA****Reports and Financial Statements****For the year ended June 30, 2018****1) Grant Income**

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	2016-2017
			KShs	KShs	KShs
State Department of Sports	300,000,000	-	300,000,000	300,000,000	268,046,344
<b>Total</b>	<b>300,000,000</b>	<b>-</b>	<b>300,000,000</b>	<b>300,000,000</b>	<b>268,046,344</b>

*(Ensure that the amount recorded above as having been received from the Ministry fully reconciles to the amount recorded by the sending entity Ministry. An acknowledgement note/receipt should be raised in favour of the sending Ministry. The details of the reconciliation have been included under appendix xxx)*

**2. Other Grants**

Description	2017-2018	2016-2017
	KShs	KShs
<b>Unconditional grants</b>		
Other organizational grants -UNESCO	-	1,733,026
Deferred Income-UNESCO	-	206,850
Transfer of Motor vehicles -MOSCA	-	42,037,196
Transfer from MOSCA	9,000,433	-
<b>Total government grants and subsidies</b>	<b>9,000,423</b>	<b>43,977,072</b>

**3. a) Rendering of services**

Description	2017-2018	2016-2017
	KShs	KShs
Doping Test and Compliance	3,631,300	2,587,790
Tender application Fees	8,000	753,750
<b>Total revenue from the rendering of services</b>	<b>3,639,300</b>	<b>3,341,540</b>

Doping test is a key source of internal revenues (AIA) for the Anti-Doping Agency of Kenya. The above was realized from doping test conducted on national athlete's international athletes through the Kenya Defence forces, Standard Chartered Bank and Anti-doping Agency -Norway.

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**4. Employee costs**

	<b>2017-2018</b>	<b>2016-2017</b>
<b>Description</b>	<b>Shs</b>	<b>Shs</b>
Basic Salaries	22,965,769	17,696,347
House Allowances	6,191,494	-
Commuter Allowances	1,526,465	-
Other Allowances	8,280,798	-
Gratuity	332,052	-
Attachment Stipends	152,000	-
Medical Insurance cover	11,117,564	3,320,800
Others (PAYE on board Allowances)	1,475,272	731,815
NSSF Contribution-Employer	112,320	12,480
Pension Contribution-Employer	720,880	-
<b>Total Employee costs</b>	<b>52,874,613</b>	<b>21,761,442</b>

**5. Repairs and Maintenance**

	<b>2017-2018</b>	<b>2016-2017</b>
	<b>Shs</b>	<b>Shs</b>
Vehicles expenses	4,055,446	615,014
Vehicle Fuel	3,177,695	-
Other Equipment's	2,492,980	-
<b>Total repairs and maintenance</b>	<b>9,726,121</b>	<b>615,014</b>

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**6. General expenses**

	<b>2017-2018</b>	<b>2016-2017</b>
<b>Description</b>	<b>Shs</b>	<b>Shs</b>
Office Cleaning	1,747,500	625,000
Branding and Communication (Corporate communication)	22,470,372	16,749,563
Telecommunication expenses	1,138,800	1,266,000
Utilities	780,162	204,487
Bank Charges	325,114	82,039
Internet Charges	527,800	417,600
Office Operating Expenses	8,171,057	8,224,638
Transport operating expenses	-	2,205,223
Travel expenses	-	14,338,602
Training Expenses	2,425,331	-
Anti-doping Education	60,129,044	58,582,325
Research	16,151,500	-
Doping Test and Compliance	71,738,934	20,138,634
Purchase of Testing equipment's	3,259,998	-
Mandatory subscription	811,988	-
Intelligence and Investigation	20,828,289	-
Legal services& results Management	25,979,480	-
Office Rent Expense	20,730,418	5,894,009
International Partnerships	18,427,664	-
Domestic Travels	4,374,599	-
Foreign Travels	11,335,667	-
Audit Fees-Provision	550,000	800,000
Local Partnerships	516,400	-
<b>Total general expenses</b>	<b>292,420,117</b>	<b>129,528,120</b>

**7. Cash and cash equivalents**

<b>Financial Institution</b>	<b>Account Number</b>	<b>2017-2018</b>	<b>2016-2017</b>
<b>a) Current Account</b>	120 077 5058	<b>Shs</b>	<b>Shs</b>
Kenya Commercial Bank		9,937,961	56,426,345
<b>Sub-total</b>		<b>9,937,961</b>	<b>56,426,345</b>
<b>b) Others</b>			
Cash in Hand		125,353	352
Imprest outstanding		5,957,454	5,543,432
<b>Sub-total</b>		<b>6,082,807</b>	<b>5,543,784</b>
<b>Grand Total</b>		<b>16,020,768</b>	<b>61,970,129</b>

*(The amount should agree with the closing and opening balances as included in the statement of cash flows)*

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**8. Receivables from non-exchange contracts**

	<b>2017-2018</b>	<b>2016-2017</b>
<b>Current Receivables</b>	<b>Shs</b>	<b>Shs</b>
Medical Premiums	8,951,926	6,641,601
Vehicle Insurance	-	1,521,780
Vehicle Fuel	2,822,305	6,000,000
Rent	-	20,569,178
Deferred Income	-	206,850
Loan Receivable from MOSCA	4,400,000	-
<b>Total Accounts Receivable</b>	<b>16,174,231</b>	<b>34,939,409</b>

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**9. Property, Plant and Equipment**

	<b>Furniture and fittings</b>	<b>Computers</b>	<b>Other Equipments</b>	<b>Motor Vehicle</b>	<b>Total Cost</b>
<b>9. Property, plant and equipment</b>	<b>12.5%</b>	<b>30%</b>	<b>12.5%</b>	<b>25.0%</b>	
<b>Cost</b>	<b>Shs</b>	<b>Shs</b>	<b>Shs</b>	<b>Shs</b>	<b>Shs</b>
<b>At 1 July 2016</b>	-	-	-	-	-
Additions	5,728,600	2,575,000	13,603,994	42,037,196	63,944,790
Disposals	-	-	-	-	-
<b>At June 2017</b>	<b>5,728,600</b>	<b>2,575,000</b>	<b>13,603,994</b>	<b>42,037,196</b>	<b>63,944,790</b>
Additions	10,613,249	2,244,374	3,474,134	-	16,331,757
Disposals	-	-	-	-	-
<b>At end of year - June 2018</b>	<b>16,341,849</b>	<b>4,819,374</b>	<b>17,078,128</b>	<b>42,037,196</b>	<b>80,276,547</b>
<b>Depreciation and impairment</b>					
At 1 July 2016	-	-	-	-	-
Depreciation	218,592	91,000	368,141	10,509,299	11,187,032
On Disposals	-	-	-	-	-
<b>At 30 June 2017</b>	<b>218,592</b>	<b>91,000</b>	<b>368,141</b>	<b>10,509,299</b>	<b>11,187,032</b>
Depreciation	1,604,814	969,226	1,737,425	7,173,347	11,484,812
On Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
<b>At 30 June 2018</b>	<b>1,823,406</b>	<b>1,060,226</b>	<b>2,105,566</b>	<b>17,682,646</b>	<b>22,671,844</b>
<b>Net book values</b>					
<b>At 30 June 2018</b>	<b>14,518,443</b>	<b>3,759,148</b>	<b>14,972,562</b>	<b>24,354,550</b>	<b>57,604,703</b>
<b>At 30 June 2017</b>	<b>5,510,008</b>	<b>2,484,000</b>	<b>13,235,853</b>	<b>31,527,897</b>	<b>52,758,758</b>

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**10. Board Expenses**

Description	2017-2018	2016-2017
	KShs	KShs
Chairman Honoraria	960,000	-
Board Allowances	4,776,400	3,418,532
Board Training	893,200	-
<b>Total Board expenses</b>	<b>6,629,600</b>	<b>3,418,532</b>

**11. Employees Obligation**

Description	2017-2018	2016-2017
	KShs	KShs
Pension Payable	-	12,480
<b>Total Employees obligation</b>	<b>-</b>	<b>12,480</b>

**12. Accounts Payable**

	2017-2018	2016-2017
	Shs	Shs
Audit Fees	550,000	800,000
Refundable Deposit	448,728	-
Pensions contribution-seconded staff	415,215	-
NSSF Contribution	-	12,480
<b>Total Payables</b>	<b>1,413,943</b>	<b>812,480</b>

**13. Loss on Foreign Exchange transaction**

	2017-2018	2016-2017
	Shs	Shs
UNESCO Grant Receivable	206,850	-
Cash Received	(192,857)	-
<b>Loss on Forex</b>	<b>13,993</b>	<b>-</b>

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**14. Cash generated from operations**

	2017-2018 "KSHS"	2016-2017 "KSHS"
Deficit/Surplus for the Year before tax	(60,481,537)	148,854,816
<b>Adjusted for:-</b>	-	-
Depreciation	11,484,812	11,187,032
Non Cash Grants	-	(42,037,196)
Contributed Assets	(16,331,757)	(21,907,594)
Impairment	-	-
Gain/Loss on forex transaction	-	-
Loss on Forex transaction	-	-
Finance Cost	-	-
<b>Working Capital Adjustment</b>	-	-
Decrease/Increase in Receivables	18,765,178	(34,732,559)
Increase in Payables	613,943	812,480
Decrease/Increase in Deferred Income	-	(206,850)
	-	-
<b>Cash flows generated from operations</b>	<b>(45,949,361)</b>	<b>61,970,129</b>
<b>Cash and cash equivalents b/f</b>	<b>61,970,129</b>	-
	-	-
<b>Cash and cash equivalents c/d</b>	<b>16,020,768</b>	<b>61,970,129</b>

*(The total of this statement should tie to the cash flow section on net cash flows from/ used in operations)*

**15. 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 minimise 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.

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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:

	<b>Total amount Kshs</b>	<b>Fully performing Kshs</b>	<b>Past due Kshs</b>	<b>Impaired Kshs</b>
<b>At 30 June 2018</b>				
Receivables from non-exchange transactions	16,174,231	16,174,231	0	0
Bank balances	9,937,961	9,937,961	0	0
Cash Balance	125,353	125,353	0	0
<b>Total</b>	<b>26,237,545</b>	<b>26,237,545</b>	<b>0</b>	<b>0</b>
<b>At 30 June 2017</b>				
Receivables from non-exchange transactions	34,939,409	34,939,409	0	0
Bank balances	56,426,345	56,426,345	0	0
Cash Balance	352	352	0	0
<b>Total</b>	<b>91,366,106</b>	<b>91,366,106</b>	<b>0</b>	<b>0</b>

*(NB: The totals column should tie to the individual elements of credit risk disclosed in the entity's statement of financial position)*

**(i) Credit risk (Continued)**

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 recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The entity has no significant concentration of credit risk on amounts due from any of the above.

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 optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

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The Audit Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and thereafter the Finance and accounts department implements approved 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 entities financial assets as at the end of the financial period were denominated in Kenya shillings and as such no foreign currency held as at the end of the financial year.

	Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
<b>At 30 June 2018</b>			
Financial assets(investments, cash ,debtors)	0	0	0
<b>Liabilities</b>			
Trade and other payables	0	0	0
Borrowings	0	0	0
Net foreign currency asset/(liability)	<b>0</b>	<b>0</b>	<b>0</b>

The entity manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

	Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
<b>At 30 June 2018</b>			
Financial assets(investments, cash ,debtors)	0	0	0
Liabilities			
Trade and other payables	0	0	0
Borrowings	0	0	0
Net foreign currency asset/(liability)	<b>0</b>	<b>0</b>	<b>0</b>

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**Foreign currency sensitivity analysis**

The following table demonstrates the effect on the company's statement of comprehensive income on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

	<b>Change in currency rate</b>	<b>Effect on Profit before tax</b>	<b>Effect on equity</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<b>2018</b>			
Euro	10%	0	0
USD	10%	0	0
<b>2017</b>			
Euro	10%	0	0
USD	10%	0	0

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 endeavoured to bank with institutions that offer favourable interest rates.

**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. The entity has not put in place capital fund policy and as such surplus is held on accumulated surplus account.

**16. Related Party Balances**

a) Nature of related party relationships

Entities and other parties related to the entity include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members.

The entity is related

- i) The National Government;
- ii) The Parent Ministry;
- iii) Key management;
- iv) Board of directors;

b) Related party transactions

	2018	2017
	Kshs	Kshs
Transfers from related parties'	300,000,000	268,046,344
Transfers to related parties	0	0
	=====	=====

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**17. Capital Commitments**

No capital commitments have been made.

<b>Capital commitments</b>	<b>2017-2018</b>	<b>2016-2017</b>
	<b>Kshs</b>	<b>Kshs</b>
Authorised for	0	0
Authorised and contracted for	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

*(NB: Capital commitments are commitments to be carried out in the next financial year and are disclosed in accordance with IPSAS 17. Capital commitments may be those that have been authorised by the board but at the end of the year had not been contracted or those already contracted for and ongoing)*

**18. Events after the reporting period**

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

**19. Ultimate and Holding Entity**

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

**20. Currency**

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

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XVII. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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)
1.1	Uncollected grants/Revenue Shortfall	Amount not received spent on operations by the state department of sports on behalf of ADAK during its formative stages	External Auditors and the office of the Auditor general.	Resolved	
1.2	Underutilization of Budget	Agency not able to utilize its budgeted cost due to low level of staff to implement the project at full capacity	ADAK management	Resolved.	March 2018.

**Guidance Notes:**

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.

Chief Executive Officer



Date

13/12/2018

Chairman of the Board



Date

13-12-2018

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

The Agency has no project currently being funded by a development partner. The main program is classified under recurrent and funded by way of a grant by the national government.

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)

**Status of Projects completion**

*(Summarise the status of project completion at the end of each quarter, ie total costs incurred, stage which the project is etc)*

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1							
2							
3							

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**Appendix 2: INTER-ENTITY TRANSFERS**

<b>ENTITY NAME:</b>			
<b>Break down of Transfers from the State Department of Sports.</b>			
<b>Financial Year 2017/2018</b>			
a.	Recurrent Grants		
		<u>Bank Statement</u> <u>Date:-</u>	<u>Amount (KShs.)</u> <u>Indicate the FY to which the amounts relate</u>
		29/08/2017	75,000,000 2017/2018
		15/01/2018	75,000,000 2017/2018
		15/01/2018	75,000,000 2017/2018
		05/06/2018	75,000,000 2017/2018
		<b>Total</b>	<b>300,000,000</b>
c.	Direct Payments		
		<u>Bank Statement</u> <u>Date</u>	<u>Amount (KShs)</u> <u>Indicate the FY to which the amounts relate</u>
		03/07/2017	9,000,433 2016/2017
		<b>Total</b>	<b>9,000,433</b>
d.	Donor Receipts		
		<u>Bank Statement</u> <u>Date</u>	<u>Amount (KShs)</u> <u>Indicate the FY to which the amounts relate</u>
		30/11/2017	192,857.60 2016/2017
		<b>Total</b>	<b>192,857.60</b>

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

Finance Manager



Sign \_\_\_\_\_  
See confirmation attached herewith.

Head of Accounting Unit  
Ministry

Sign-----