

REPUBLIC OF KENYA



*Paper laid by
Leader of Majority
Party
Tuesday 13/3/18
[Signature]*



OFFICE OF THE AUDITOR-GENERAL



REPORT

OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
ANTI-DOPING AGENCY OF KENYA**

**FOR THE YEAR ENDED
30 JUNE 2017**



**ANTI-DOPING
AGENCY
OF KENYA**

REGULATORY AND OTHER NON-COMMERCIAL ENTITIES
(ANTI DOPING AGENCY OF KENYA)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2017

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

| | | |
|--------|--|------|
| I. | KEY ENTITY INFORMATION AND MANAGEMENT | ii |
| II. | THE BOARD OF DIRECTORS | v |
| III. | MANAGEMENT TEAM..... | vi |
| IV. | CHAIRMAN'S STATEMENT | vii |
| V. | REPORT OF THE CHIEF EXECUTIVE OFFICER..... | viii |
| VI. | CORPORATE GOVERNANCE STATEMENT..... | ix |
| VII. | CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING | x |
| VIII. | REPORT OF THE DIRECTORS..... | x |
| IX. | STATEMENT OF DIRECTORS' RESPONSIBILITIES..... | xii |
| X. | REPORT OF THE INDEPENDENT AUDITORS ON THE <i>ENTITY ADAK</i> | xiii |
| XI. | STATEMENT OF FINANCIAL PERFORMANCE..... | 1 |
| XII. | STATEMENT OF FINANCIAL POSITION..... | 2 |
| XIII. | STATEMENT OF CHANGES IN NET ASSETS..... | 3 |
| XIV. | STATEMENT OF CASH FLOWS | 4 |
| XV. | STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS..... | 5 |
| XVI. | NOTES TO THE FINANCIAL STATEMENTS..... | 7 |
| XVII. | PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS | 31 |
| XVIII. | Appendix 1: PROJECTS IMPLEMENTED BY THE ENTITY | 32 |
| XIX. | Appendix 2: INTER-ENTITY TRANSFERS..... | 32 |
| XX. | Appendix 3: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES | 33 |

I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

(b) The **Anti-doping Agency of Kenya** was formed under section 5 on 22nd 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 30th June 2017 and who had direct fiduciary responsibility were:

| S.NO | Designation | Name |
|-------------|--|-----------------------|
| 1. | Chief Executive Officer | Japhter Kiplimo Rugut |
| 2. | Director –Education and Research | Agnes Wanjiku Mandu |
| 3. | Director Compliance and Testing | Sarah Idieva Shibusse |
| 4. | Assistant Manager – Human Capital Management | Edna Jepkoech Koitie |

Fiduciary Oversight Arrangements

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

- Audit Committee
- Human Capital Management Committee
- Finance and General Purpose Committee
- Governance and Risk Management Committee.

- **Audit Committee.**

The audit committee comprises of four members with diverse knowledge and experience. The committee oversee the internal and external audit function, examine internal and external Auditors' findings and recommendations for the improvement of the internal controls.

It also monitors management's response to and implementation of internal control recommendations, review the quality and effectiveness of the external audit process, carry out risk assessment and analysis develop a risk management plan, review the implementation of the risk management frame work, approve the necessary policies for Audit, Governance and Risk Management functions, make recommendations to the Board on any other issue related to Audit, Governance & Risk Management among others.

- **Human Capital Committee.**

Make recommendations to the Board on any issues related to human capital. It approves the necessary policies for human capital functions, ensure there is a clear organizational structure for the agency, recommend to the Board the approval of staff appointments; oversee staff development and training, considering charges and evidence on staff disciplinary cases and advise board action to be taken.

It examines the format and the contents of the Agency Statutes and make appropriate recommendations to the Board, recommend the Board improvements in the job grading classification as the Committee may consider appropriate, review and make recommendations to the Board on Terms and Conditions of Service as and when necessary or when directed to do so by the Board from time to time among others.

- **Finance and General Purpose Committee**

The committee oversees the finance and general purpose functions of the agency and provides progress reports to the Board.

It recommends to the Board the approval of annual estimates and expenditure, authorizes expenditure for all maintenance work, considers and make recommendations to the Board on acquisition of new fixed assets including land and to advise the Board on utilization of such assets and land.

It considers and make recommendation to the Board, on the application of the Agency's seal to documents, provide leadership in Resource Mobilization, approve the annual procurement plan which is aligned to the annual budget, approve the necessary policies for Finance and Resource functions; among others

- **Governance and Risk Management committee**

The committee mandate is to ensure good leadership and strategic management, ensure transparency and disclosure within the board and the agency, ensure compliance with various relevant laws and regulations, safeguard proper communication with stakeholders, ensure the agency's independence and governance, provide guidance on the Board's systems and procedures, ensuring stakeholders participation and satisfaction, provide guidance on Corporate Social Responsibility among others.

(f) Entity Headquarters

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

(g) Entity Contacts

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

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 - Mr. James M. Waweru, Chairman</p>  | <ul style="list-style-type: none"> - Mr. Waweru is a Diploma Holder in Office Administration. - He was the Former Permanent Secretary (PS) at the Ministry of Youth Affairs & Sports. - He also worked as a Provincial Commissioner, Nairobi. |
| <p>2. Director 2 - Dr. Somane Ismail</p>  | <ul style="list-style-type: none"> - Dr. Somane holds a Master's Degree in strategic Management and Bachelor's Degree in Pharmacy. - He is a Chief Executive Officer of a Pharmaceutical Company in Kenya. |
| <p>3. Director 3 – Hilaa A. Amin</p>  | <ul style="list-style-type: none"> - Ms. Hilaa is a Bachelor of Arts (Education) holder. She is an Educationist and a Director of a Private School in Kenya. |
| <p>4. Director 4 – Elizabeth Wanyama</p>  | <ul style="list-style-type: none"> - Elizabeth Wanyama holds a Diploma in Security Management. - She is a Prisons Officer and an active Volley baller. - She represents the Youth |
| <p>Director 5 – Esther Waweru</p>  | <ul style="list-style-type: none"> - Esther holds a Master's Degree in Corporate management, Degree in Business Administration Finance/Accounting. She is a CPA Finalist and a member of ICPAK. - A Chief accountant at The National Treasury in Integrated Financial Management Information System(IFMIS |
| <p>5. Director 6 – Martin Okiyo</p>  | <ul style="list-style-type: none"> - Mr. Martin Okiyo holds a Masters in Development Studies. - He is a consultant and represents People with Disabilities (PWDs) |

| | |
|--|---|
| <p>6. Director 7 – Douglas Wakihuri</p>  | <ul style="list-style-type: none"> - Douglas is a retired marathoner - He is a Coach |
| <p>7. Director 8 – Prof. Dr. Dr. Moni Wekesa</p>  | <ul style="list-style-type: none"> - Prof. Dr. Dr. Moni Wekesa holds a Ph.D. in Law and PhD in Sports Medicine. - He is a University lecturer (Professor) - He has done a lot of research on doping in sports |
| <p>8. Director 9 – Stephen N. Muthuma</p>  | <ul style="list-style-type: none"> - Mr. Stephen Njoroge Muthuma holds a degree in Commerce from the University of Nairobi. - He is the head of Finance in the State Department for Sports Development. - He is career civil servant with over 25 years' experience. |
| <p>9. Mr. Japhter K. Rugut – Chief Executive Officer</p>  | <ul style="list-style-type: none"> - Mr. Rugut holds a Masters in Business Administration. - He is the Chief Executive Officer – ADAK, Former Administrator, and Former Secretary, department of Sports |

III. MANAGEMENT TEAM

| S.NO | Designation | Name |
|------|--|-----------------------|
| 1. | Chief Executive Officer | Japhter Kiplimo Rugut |
| 2. | Director –Education and Research | Agnes Wanjiku Mandu |
| 3. | Director Compliance and Testing | Sarah Idieva Shibusse |
| 4. | Assistant Manager – Human Capital Management | Edna Koitie |
| 5. | Accountant | Simon Mburu Kabwe |
| 6. | Procurement | Nemwel Masese Arama |

IV. CHAIRMAN'S STATEMENT

The Anti –Doping Agency of Kenya (ADAK) has continued to grow in leaps and bounds from one level to another in the short period since the Anti-Doping Act 2016 was passed in mid-2016

The new Agency and especially the management staff have applied itself fully to implement the core mandates as stated by law and striven to fulfil the stringent requirements set out by the World Anti-Doping Agency. The Board on the other hand has been constantly available to play its oversight role and provide policy guidelines.

The Agency moved fast to build its capacity through both recruitment of new staff to fill key position once approval was granted by the States Corporation Advisory Committee (SCAC), Salaries and Remuneration Committee (SRC) and Authority from the National Treasury.

Following the above positive developments, the Agency embarked on discharging its core mandate namely conducting anti-doping education, carrying out doping tests and managing the results process once the tests outcome is received from accredited laboratories.

Up to this far ADAK has performed exceptionally well in spite facing challenges as it seeks to improve its structures, enhance its capacity and adequately cover the sports discipline in the country knowing that sports is a very dynamic sector that is ever evolving also therefore constantly exposed to risks.

V. REPORT OF THE CHIEF EXECUTIVE OFFICER

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 sports men and women in Kenya

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

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

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: -

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

The challenges outlined above implies that the agency must invest heavily in intelligence gathering, Investigations and prevention through intense education including value-based education 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. 300Million this last financial year 2016/2017.

Its financial performance in this initial year when it was expected to set up structures, Lease and

renovate /refurbish office space, purchase equipment and carry out mandatory trainings was quite up

to standard. The young agency was able to develop operational instruments, including the policy, Act,

Human capital documents, strategic plan and service charter all within the first one year since inception.

At the end of this last financial year and the beginning of the current FY 2017/2018, the Agency has

also developed an action plan and on the basis of this generated an itemised budget and performance

contract for the current contract period.

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.

This hopefully will be addressed through the supplementary budget and the Medium Term Expenditure

Framework for the subsequent three-year period.

VI. CORPORATE GOVERNANCE STATEMENT

For better governance and management of resources, the Agency organized several meetings for different purposes. Full Board and Board Committees' meetings were properly constituted in 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, suitability interviews for staff deployed to the Agency and interviews for recruitment of necessary staff for the Agency. The breakdown of the meetings is as follows: -

| | Dates held | No. of Participants |
|--------------------------------------|--------------|---------------------|
| 1. Full Board Meetings | 22/10/2016 | 7 |
| | 23/11/2016 | 5 |
| | 14/2/2017 | 9 |
| | 20/2/2017 | 9 |
| | 7/3/2017 | 6 |
| | 5/4/2017 | 8 |
| | 19/6/2017 | 7 |
| | TOTAL | 51 |
| 2. Suitability Interviews | 1/12/2016 | 5 |
| | 2/12/2016 | 6 |
| | TOTAL | 11 |
| 3. Shortlisting | 12/1/2017 | 3 |
| | 13/1/2017 | 4 |
| | 16/1/2017 | 4 |
| | 17/1/2017 | 3 |
| | TOTAL | 14 |
| 4. Interviews for Recruitment | 29/3/2017 | |
| | 30/3/2017 | |
| | 31/3/2017 | |

BOARD COMMITTEE MEETINGS

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

| <u>Date</u> | <u>No. of participants</u> |
|---------------------------------|----------------------------|
| 22 nd October, 2016 | 3 members |
| 8 th February 2017 | 5 members |
| 20 th February, 2017 | 4 members and |
| 16 th June, 2017 | <u>4 members</u> |
| Total | <u>16 members</u> |

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

| <u>Date</u> | <u>No. of participants</u> |
|--------------|----------------------------|
| 12/1/2017 | 3 |
| 13/1/2017 | 4 |
| 16/1 /2017 | 4 |
| 17/1/2017 | 3 |
| 15/2/2017 | 4 |
| 24/2/2017 | <u>3</u> |
| Total | <u>21</u> members |

3. Audit Committee meeting held as follows: -

| <u>Date</u> | <u>No. of Participants</u> |
|-------------|----------------------------|
| 15/06/2017 | 2 members |

The Agency facilitated the Board members to attend an induction course organized by SCAC on 20th and 21st October, 2016. A total of thirteen (13) pax attended from the Agency.

Board members were all appointed at a time the Agency was established. Hence none has finished their term. Succession plan will be considered before their term ends.

Appointment of Board members is done by the Cabinet Secretary, Ministry of Sports, Culture & the Arts, a part from the Chairman who is appointed by His Excellency the President.

Removal of a Board member is as stipulated by Anti-Doping Act 2016 Article 12. Again the Anti-Doping Act 2016 Article 7 spells out the roles and the functions of the Board.

Since the Agency is newly established, evaluation on Board and member Performance has not taken place yet. However, the management is in touch with SCAC for direction on the same.

Anytime a Full Board or Board Committee meeting is held, members are required to declare any 'Conflict of Interest' in the deliberations of the day.

Board members are paid sitting allowance for each official meetings they attend as stipulated by the SCAC Guidelines. However, the Chairman is paid a monthly allowance at the rate provided for in the guidelines. The Chairman and all the Board members swore an oath of office which took care of ethics and conduct of board members as they carry out their functions for the Agency.

VII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

The Agency did not carry out any activity on corporate social responsibility in the year under review. However, it has been incorporated in the FY 2016/2017 work plan for implementation.

VIII. REPORT OF THE DIRECTORS

The Directors submit their report together with the un-audited financial statements for the year ended June 30, 2017 which show the state of the *entity's* affairs.

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, 2017 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, 2017 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:

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, 2017. 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, 2017, 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 18/12/17 2017 and signed on its behalf by:


Director


Director

REPUBLIC OF KENYA

Telephone: +254-20-342330
Fax: +254-20-311482
E-mail: oag@oagkenya.go.ke
Website: www.kenao.go.ke



P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON THE ANTI-DOPING AGENCY OF KENYA FOR THE YEAR ENDED 30 JUNE 2017

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Anti-Doping Agency of Kenya (ADAK) set out on pages 1 to 33, which comprise the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity, 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 effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Anti-Doping Agency of Kenya as at 30 June 2017, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Anti-Doping Act, 2016.

Further, 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 money has not been applied lawfully and in an effective way.

Basis for Qualified Opinion

Unremitted Statutory Deductions

Examination of the Bank Reconciliation Statement as at 30 June 2017 disclosed that the Anti-Doping Agency of Kenya (ADAK) had un presented cheques totaling Kshs.36,143,027. Included in this amount were cheques amounting to Kshs.4,129,192 in respect of statutory deductions held for six (6) months from December 2016 to June 2017 which had not been remitted to Kenya Revenue Authority as required. The management was therefore in breach of Part IV (1) of the Kenya Revenue Authority Act which requires employers to remit deductions on or before the 9th day of the month following pay-roll month or attract penalties at a rate of 20% for late payment and interest at 2% per month.

Report of the Auditor-General on the Financial Statements of the Anti-Doping Agency of Kenya for the year ended 30 June 2017

Consequently, the Agency risks payment of voidable penalties and interest on the unremitted statutory deductions.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Anti-Doping Agency of Kenya 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 judgement, are most significance in the audit of the financial statements of the current year. Except for the matter described in the Basis for Qualified Opinion section I have determined that there were no Key Audit Matters to communicate in my report.

Other Matter

1.0 Budget and Budgetary Performance

1.1 Revenue Shortfall

The Agency received Government grants totalling Kshs.268,046,344 during the financial year ended 30 June 2017 against an estimated total of Kshs.300,000,000 resulting in a shortfall of Kshs.31,953,656 or 11% as shown below:

| Revenue | Budget Kshs. | Actual Kshs. | Over/(under) Kshs. | Over/(under) % |
|--------------------------|--------------------|--------------------|-----------------------|-------------------|
| GOK grants and subsidies | 300,000,000 | 268,046,344 | (31,953,656) | (11%) |
| Rendering services | 2,000,000 | 3,341,541 | 1,341,541 | 67% |
| Other grants | 0 | 1,733,026 | 1,733,026 | 100% |
| Total | 302,000,000 | 273,120,911 | (28,879,089) | (10%) |

The audit revealed that the amount not received was spent on operations by the State Department of Sports and Development on behalf of the ADAK during its formative stages.

1.2 Expenditure

Actual expenditure amounted to Kshs.211,150,791 against the approved budget of Kshs.300,100,000 resulting to an under expenditure of Kshs.88,949,209 or 30%.

The failure to utilize Kshs.88,949,209 or 30% of the budgeted expenditure implies that the Agency's goals and objectives may not have been achieved as planned.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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 such 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.

In preparing the financial statements, management is responsible for assessing the Agency's ability to continue as a going concern disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the 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.

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

Auditor-General's Responsibilities for the Audit of the Financial Statements

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 of Kenya. 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 when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

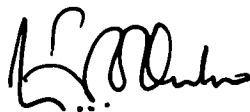
As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- 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.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, and for the purpose of giving an assurance on the effectiveness of the Agency's 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 offering 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 consolidated/ 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 offering 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 of the entities or business activities 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

16 February 2018

ANTI DOPING AGENCY OF KENYA
Reports and Financial Statements
For the year ended June 30, 2017

XI. STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2017

| | | 2016-2017 | 2015-2016 |
|---|------|--------------------|-----------|
| | Note | | |
| | | Shs | Shs |
| Revenue from non exchange transactions | | | |
| Transfers from other governments | 1 | 268,046,344 | - |
| Other Grants | 2 | 43,977,072 | |
| Total revenue from Non exchange transactions | | 312,023,416 | - |
| Revenue from exchange transactions | | | |
| Rendering of services | 3 | 2,587,790 | - |
| Other Incomes | | 753,750 | |
| Total revenue from rendering of Services | | 3,341,540 | - |
| Total revenue | | 315,364,956 | - |
| Expenses | | | |
| Personnel Emoluments and Benefits | 4 | 21,761,442 | - |
| Repairs and Maintenance | 5 | 615,014 | - |
| General expenses | 6 | 129,528,120 | - |
| Board Expenses | 10 | 3,418,532 | |
| Depreciation Expense | 9 | 11,187,032 | - |
| Total expenses | | 166,510,140 | - |
| Surplus for the period | | 148,854,816 | - |

Foot Note:

The Anti-Doping Agency of Kenya (ADAK) is a non-profit making entity and thus its incomes are non-taxable. Its main sources of funds is from the National Treasury.

The notes set out on pages 8 to 30 form an integral part of these Financial Statements

ANTI DOPING AGENCY OF KENYA
 Reports and Financial Statements
 For the year ended June 30, 2017

XII. STATEMENT OF FINANCIAL POSITION
 AS AT 30 JUNE 2017


| ASSETS | Notes | 2016-2017 | 2015-2016 |
|----------------------------------|-------|--------------------|-----------|
| Current Assets | | | |
| Cash and Cash Equivalents | 7 | 61,970,129 | - |
| Accounts Receivable | 8 | 34,939,409 | - |
| Non- Current Assets | | | |
| Property Plants and Equipments | 9 | 52,757,758 | - |
| Total Assets | | 149,667,296 | - |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Employees Benefit obligation | 11 | 12,480 | |
| Provision for Audit fees | 12 | 800,000 | |
| Total Liabilities | | 812,480 | - |
| Net Asset and Liabilities | | 148,854,816 | - |
| FINANCED BY:- | | | |
| Accumulated Surplus | | 148,854,816 | |
| Total Net Assets | | 148,854,816 | - |


The Financial Statements set out on pages 1 to 6 were signed on behalf of the Board of Directors by:


Chief Executive Officer
 Name: Japhter K. Rugut.

Head of Finance
 Name: Simon Katee
 ICPAK Member Number: N/A

Chairman of the Board
 Name: James M. Waweru


 Date: 18/12/17


 Date: 18/12/2017


 Date: 16/12/2017

II STATEMENT OF CHANGES IN NET ASSETS

| | RESERVES | ACCUMULATED SURPLUS | TOTAL |
|------------------------------------|----------|------------------------|--------------------|
| Balance as at 30-06-2015 | - | - | - |
| | | | |
| | | | |
| Surplus/Deficit for the Period | - | - | - |
| | | | |
| | | | |
| Transfer from Accumulated Reserves | - | - | - |
| | | | |
| | | | |
| Balance as at 30-06-2016 | - | - | - |
| | | | |
| | | | - |
| Surplus for the Period | - | 148,854,816 | 148,854,816 |
| | | | |
| | | | |
| Transfer to Accumulated Reserves | - | | - |
| | | | |
| | | | |
| Balance as at 30-06- 2017 | - | 148,854,816 | 148,854,816 |

ANTI DOPING AGENCY OF KENYA
Reports and Financial Statements
For the year ended June 30, 2017

XIV. STATEMENT OF CASH FLOWS
AS AT 30 JUNE 2017

| Cash flows from operating activities | Note | 2016-2017 | 2015-2016 |
|--|-------------|--------------------|------------------|
| Receipts | | Shs | Shs |
| Government grants and subsidies | | 268,046,344 | - |
| Other Grants | | 1,733,026 | - |
| Rendering of services | | 2,587,790 | - |
| Other income | | 753,750 | - |
| Total Receipts | | 273,120,910 | - |
| Payments | | | |
| Personnel emoluments and benefits | | 28,390,563 | - |
| Maintenance of Motor vehicle | | 8,136,794 | - |
| General expenses | | 152,715,830 | - |
| Total Payments | | 189,243,187 | - |
| | | | |
| Net cash flows from operating activities | | 83,877,723 | - |
| Cash flows from investing activities | | - | - |
| Purchase of property, plant, equipment and intangible assets | | 21,907,594 | - |
| Net cash flows used in investing activities | | 21,907,594 | - |
| Cash flows from financing activities | | | |
| Proceeds from borrowings | | - | - |
| Net increase/(decrease) in cash and cash equivalents | 13 | 61,970,129 | - |
| Cash and cash equivalents b/f 1st Nov 2016 | | - | - |
| Cash and cash equivalents at 30th June 2017 | 7 | 61,970,129 | - |

(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, 2017

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 | | |
| Revenue | | | | | | | |
| Government grants and subsidies | 300,000,000 | - | 300,000,000 | 268,046,344 | 31,953,656 | | a) i) |
| Rendering of services | 2,000,000 | - | 2,000,000 | 3,341,540 | (1,341,540) | -67% | a) ii) |
| Other grants | - | - | - | 1,733,026 | (1,733,026) | 0% | a) iii) |
| Total income | 302,000,000 | - | 302,000,000 | 273,120,910 | 28,879,090 | | |
| Expenses | | | | | | | |
| Personel and Emoluments | 71,757,000 | (41,757,000) | 30,000,000 | 18,428,162 | 11,571,838 | 39% | b) |
| Doping Test expenses | 73,000,000 | (1,194,000) | 71,806,000 | 18,029,334 | 53,776,666 | 75% | c) |
| Anti -Doping Education and Research | 43,000,000 | - | 43,000,000 | 57,752,983 | (14,752,983) | -34% | d) |
| Office Operating expenses | 1,499,000 | - | 1,499,000 | 8,224,638 | (6,725,638) | -449% | e) |
| Utilities | 1,100,000 | (100,000) | 1,000,000 | 704,126 | 295,874 | 30% | f) |
| ADRV Investigation expenses | 4,800,000 | 5,200,000 | 10,000,000 | - | 10,000,000 | 100% | g) |
| Result Management | 10,000,000 | 5,000,000 | 15,000,000 | - | 15,000,000 | 100% | h) |
| Board Members Allowances | 1,000,000 | 5,000,000 | 6,000,000 | 1,280,000 | 4,720,000 | 79% | i) |
| Office Rent | 1,000,000 | 17,750,000 | 18,750,000 | 26,463,187 | (7,713,187) | -41% | j) |
| Subscription to WADA | 3,000,000 | (2,000,000) | 1,000,000 | 829,342 | 170,658 | 17% | k) |
| Board Conference Expenses | 7,000,000 | (6,000,000) | 1,000,000 | 2,138,532 | (1,138,532) | -114% | l) |
| Maintenance of Motor Vehicles | 15,000,000 | (12,000,000) | 3,000,000 | 8,136,794 | (5,136,794) | -171% | m) |
| Transport Operations expenses | 13,000,000 | (6,000,000) | 7,000,000 | 2,205,223 | 4,794,777 | 68% | n) |
| International cooperation/Partnerships | 3,000,000 | 12,000,000 | 15,000,000 | - | 15,000,000 | 100% | o) |
| Foreign and Domestic travels | 12,000,000 | 4,000,000 | 16,000,000 | 14,338,602 | 1,661,398 | 10% | p) |
| Telecommunication expenses | 4,000,000 | (2,000,000) | 2,000,000 | 1,266,000 | 734,000 | 37% | q) |
| Training expenses | 2,000,000 | 4,000,000 | 6,000,000 | - | 6,000,000 | 100% | r) |
| Anti Doping Research expenses | 2,000,000 | - | 2,000,000 | 2,109,300 | (109,300) | -5% | t) |
| Printing expenses | 6,100,000 | (4,000,000) | 2,100,000 | - | 2,100,000 | 100% | u) |
| Office Maintenance and refurbishment | 12,000,000 | (5,900,000) | 6,100,000 | 1,891,350 | 4,208,650 | 69% | v) |
| Medical/Travel Insurance | 2,000,000 | 10,000,000 | 12,000,000 | 9,962,401 | 2,037,599 | 17% | w) |
| Purchase and Maintenance of ICT Equipments | 10,244,000 | (1,744,000) | 8,500,000 | - | 8,500,000 | 100% | x) |
| Branding/Communication strategy | - | 10,245,000 | 10,245,000 | 16,749,563 | (6,504,563) | -63% | y) |
| Furnitures and Equipments | 1,500,000 | 9,500,000 | 11,000,000 | 20,641,244 | (9,641,244) | -88% | z) |
| Total expenditure | 300,000,000 | - | 300,000,000 | 211,150,781 | 88,849,219 | | |
| Surplus for the period | 2,000,000 | | 2,000,000 | 61,970,129 | (59,970,129) | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |

ANTI DOPING AGENCY OF KENYA
Reports and Financial Statements
For the year ended June 30, 2017

Budget Notes:

- a) i) Movement is due to amounts spend on our behalf by the state department of sports.
- ii) Movement is due to an increase in AIA received from testing during the year under review.
- iii) Movement is due to additional grant received from UNESCO for the year under review.
- b) Movement is due to delay in formal operationalization of the program and staffing.
- c) Movement is because ADAK had been declared non-compliant and tests were done by RADO during part of this period.
- d) Movement is due to increased workshops and awareness programs as well as research activities charged here.
- e) Movement is due to under budgeted provision for the year.
- f) Movement is due to provision for parking space charged under Office rent/Lease as provided for in the contract.
- g) Movement is due to inadequate legal staff and thus cost charged to legal fees included under doping test.
- h) Movement is due to the absence of result management systems (Legal registry) that was not put in place during the financial year
- i) Movement is due to the fact that board allowances were not clearly recorded and thus charged to Board conference expenses
- j) Movement is due to the fact that Rent expenses for the year 2017/2018 were prepaid in the year under review.
- k) Movement is due to the fact that budget was over provided based on an estimate. Relevant cost was charged under anti-doping education and Research.
- l) Movement is due to the fact that budget was under provided.
- m) Movement is due to increased number of services in the year under review. Vehicle insurance and fuel is also factored here.
- n) Movement is due to reduced level of travel on work related missions.
- o) Movement is due to the fact the international cooperation related cost were charged under Domestic and foreign travels as well as anti-doping education.
- p) N/a
- q) Movement is due to low levels of staff as well as delay in implementing the program
- r) Movement is due to the fact that training cost were charged under Anti-Doping Education and research.
- s) Movement is due to the fact that printing cost were charged under office operation expenses, testing, education and awareness
- t) Movement due to the fact that research costs were charged under anti-doping education.
- u) Movement due to the fact that printing costs were charged under office operation expenses.

ANTI DOPING AGENCY OF KENYA

Reports and Financial Statements

For the year ended June 30, 2017

- v) Movement due to the delay in approvals for works by the Ministry and thus implemented in the year 2017/2018.
- w) Movement due to the low level of staffing.
- x) Movement due to the fact that ICT equipment procured was charged under equipment below.
- y) Movement due to the increased visibility and awareness activities in the year under review
- z) Movement due to the fact that ICT equipment procured were classified and charged here (refer explanation above).

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: -

- (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).

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 2017**

| Standard | Impact |
|---|---|
| IPSAS 33: First time adoption of Accrual Basis IPSAS | (Effective for annual periods beginning on or January 1, 2017) In January 2015, the IPSASB published IPSAS 33, First-time Adoption of Accrual Basis IPSASs. IPSAS 33 grants transitional exemptions to entities adopting accrual basis IPSASs for the first time, providing a major tool to help entities along their journey to implement IPSASs. It allows first-time adopters three years to recognize specified assets and liabilities. This provision allows sufficient time to develop reliable models for recognizing and measuring assets and liabilities during the transition period. The entity adopted IPSAS in the year ended 30 June 2017 and therefore provisions of first time adoption of accrual basis does not apply to the entity. |
| IPSAS 34: Separate Financial Statements | (Effective for annual periods beginning on or January 1, 2017) In January 2015, the IPSASB published IPSAS 34, Separate Financial Statements. IPSAS 34 prescribes the accounting and disclosure requirements |

ANTI DOPING AGENCY OF KENYA

Reports and Financial Statements

For the year ended June 30, 2017

| Standard | Impact |
|--|--|
| | <p>for investments in controlled entities, joint ventures and associates when an entity prepares separate financial statements.</p> <p>The entity does not have any subsidiaries, joint ventures or investments and therefore the standard does not apply.</p> |
| <p>IPSAS 35: Consolidated Financial Statements</p> | <p>Effective for annual periods beginning on or January 1, 2017)</p> <p>In January 2015, the IPSASB published IPSAS 35, Consolidated Financial Statements. IPSAS 35 establishes principles for the preparation and disclosure of consolidated financial statements when an entity controls one or more entities. It requires an entity that controls one or more other entities to assess control over those entities based on the following:</p> <ul style="list-style-type: none"> - Its power over the other entity - Its exposure or rights to variable benefits from involvement with the other entity - Its ability to control the nature, timing and amount of benefits from the other entity. <p>Once control is assessed the controlling entity is supposed to prepare consolidated financial statements unless it meets all the criteria under section 5 of IPSAS 35.</p> <p>The entity does not have any subsidiaries, joint ventures or investments and therefore the standard does not apply.</p> |
| <p>IPSAS 36: Investments in Associates and Joint Ventures</p> | <p>(Effective for annual periods beginning on or January 1, 2017)</p> <p>In January 2015, the IPSASB published IPSAS 36, Investments in Associates and Joint Ventures. The Standard prescribes for the accounting for investments in associates and joint ventures and to set out requirements for the application of the equity method when accounting for investments in associates and joint ventures. The standard shall be applied by all entities with significant influence over, or joint control of, an investee where the investment leads to the holding of a quantifiable ownership interest.</p> <p>The entity does not have investments in associates or joint ventures.</p> |
| <p>IPSAS 37: Joint Arrangements</p> | <p>(Effective for annual periods beginning on or January 1, 2017)</p> <p>In January 2015, the IPSASB published IPSAS 37, Joint Arrangements. IPSAS 37 establishes principles for financial reporting by entities that have an interest in arrangements that are controlled jointly.</p> <p>The entity does not have an interest in a joint arrangement and therefore the standard does not apply.</p> |
| <p>IPSAS 38: Disclosure of Interests in Other Entities</p> | <p>(Effective for annual periods beginning on or January 1, 2017)</p> <p>In January 2015, the IPSASB published IPSAS 38, Disclosure of Interests in Other Entities. IPSAS 38 requires an entity to disclose information that enables users of its financial statements to evaluate the nature of and risks associated with, its interests in controlled entities, joint arrangements and associates, and structured entities that are not consolidated; and the effects of those interests on its financial position, financial performance and cash flows.</p> |

ANTI DOPING AGENCY OF KENYA
Reports and Financial Statements
For the year ended June 30, 2017

| Standard | Impact |
|----------|--|
| | The entity does not have an interests in other entities and therefore the standard does not apply. |

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2017

| Standard | Effective date and impact: |
|---|--|
| IPSAS 39: Employee Benefits | Applicable: 1st January 2018 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. |
| IPSAS 40: Public Sector Combinations | Applicable: 1st January 2019: 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 2017.

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 vehicle acquired at the Ministry department for sports in May 2016 where transferred to the Agency and recognised at cost. No depreciation was provided for the one month in which the asset where not in use by the Agency.

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.

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 2016-2017 was approved by the National Assembly on June 2016. 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 100,000 on the 2016-2017 budget following the governing body's approval.

ANTI DOPING AGENCY OF KENYA

Reports and Financial Statements

For the year ended June 30, 2017

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

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.

NOTES TO THE FINANCIAL STATEMENTS (Deferred tax (continued))

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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.

h) 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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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.

i) 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 an entity of financial assets is impaired. A financial asset or an entity of financial assets is deemed to be 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)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

h) Financial instruments (Continued)

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 labour 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

The Entity does not provide retirement benefits for its employees and directors EXCEPT the National Social security fund. 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

m) Employee benefits (Continued)

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

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 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
- 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, 2017.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1) Transfers from Ministries, Departments and Agencies

| 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 | 2015-2016 |
|--------------------------------------|---|--|------------------------------------|------------------------------------|-----------|
| | | | KShs | KShs | KShs |
| State Department of Sports | 268,046,344 | - | - | 268,046,344 | - |
| Total | 268,046,344 | - | - | 268,046,344 | - |

(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) Transfers from other governments

| Description | 2016-2017 | 2015-2016 |
|--|-------------------|-----------|
| | KShs | KShs |
| Unconditional grants | | |
| Other organizational grants -UNESCO | 1,939,876 | - |
| Transfer of Motor vehicles -MOSCA | 42,037,196 | - |
| Total government grants and subsidies | 43,977,072 | - |

3) Rendering of services

| Description | 2016-2017 | 2015-2016 |
|---|------------------|-----------|
| | KShs | KShs |
| Doping Test and Compliance | 2,587,790 | - |
| Other | 753,750 | - |
| Total revenue from the rendering of services | 3,341,540 | - |

ANTI DOPING AGENCY OF KENYA
Reports and Financial Statements
For the year ended June 30, 2017

4) Employee costs

| | 2016-2017 | 2015-2016 |
|--|-------------------|------------------|
| | KShs | KShs |
| Salaries and wages | 17,696,347 | - |
| Medical Insurance | 3,320,800 | - |
| Travel, motor car, accommodation, subsistence and other allowances | 731,815 | - |
| NSSF contribution-Employer | 12,480 | - |
| Employee costs | 21,761,442 | - |

5) Repairs and Maintenance

| Description | 2016-2017 | 2015-2016 |
|--------------------------------------|------------------|------------------|
| | KShs | KShs |
| Maintenance of Motor Vehicles | 615,014 | - |
| Total repairs and maintenance | 615,014 | - |

6) General expenses

| Description | 2016-2017 | 2015-2016 |
|-------------------------------------|--------------------|------------------|
| | KShs | KShs |
| Office Cleaning | 625,000 | - |
| Branding and Communication strategy | 16,749,563 | - |
| Telecommunication expenses | 1,266,000 | - |
| Utilities- Electricity | 204,487 | - |
| Bank Charges | 82,039 | - |
| Internet Charges | 417,600 | - |
| Office operating Expenses | 8,224,638 | - |
| Transport operation expenses | 2,205,223 | - |
| Travel Expenses | 14,338,602 | - |
| Anti-doping Education and Research | 58,582,325 | - |
| Doping Test and Compliance | 20,138,634 | - |
| Office Rent/Lease | 5,894,009 | - |
| Provision for Audit Fees | 800,000 | - |
| Total general expenses | 129,528,120 | - |

7) Cash and cash equivalents

| Description | 2016-2017 | 2015-2016 |
|--|-------------------|------------------|
| | KShs | KShs |
| Current account | 56,426,345 | - |
| Others- Cash at Hand | 352 | - |
| Imprest Outstanding | 5,543,432 | - |
| Total Cash and Cash Equivalents | 61,970,129 | - |

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

ANTI DOPING AGENCY OF KENYA
Reports and Financial Statements
For the year ended June 30, 2017

7 a). Detailed analysis of the cash and cash equivalents

| | | 2016-2017 | 2015-2016 |
|----------------------------------|-----------------------|-------------------|------------------|
| Financial institution | Account number | KShs | KShs |
| a) Current account | | | |
| Kenya Commercial bank | 120 077 5058 | 56,426,345 | - |
| Sub- total | | 56,426,345 | - |
| b) On - call deposits | | | |
| Kenya Commercial bank | | - | - |
| Sub- total | | - | - |
| c) Fixed deposits account | | | |
| Kenya Commercial bank | | - | - |
| Sub- total | | - | - |
| d) Others(specify) | | | |
| cash in hand | | 352 | - |
| Imprest Outstanding | | 5,543,432 | - |
| Sub- total | | 5,543,784 | - |
| Grand total | | 61,970,129 | - |

8) Receivables from non-exchange contracts

| Description | 2016-2017 | 2015-2016 |
|----------------------------------|-------------------|------------------|
| | KShs | KShs |
| Current receivables | | |
| Prepaid Medical Premiums | 6,641,601 | - |
| Prepaid Vehicle Insurance | 1,521,780 | - |
| Prepaid Rent | 20,569,178 | - |
| Vehicle Fuel | 6,000,000 | - |
| Deferred Income | 206,850 | - |
| Total current receivables | 34,939,409 | - |

ANTI DOPING AGENCY OF KENYA

Reports and Financial Statements

For the year ended June 30, 2017

9) Property, plant and equipment

| | Furniture and fittings | Computers | Other Equipments | Motor Vehicle | Total |
|---|-------------------------------|------------------|-------------------------|----------------------|-------------------|
| 9. Property, plant and equipment | 12.5% | 30% | 12.5% | 25.0% | |
| Cost | Shs | Shs | Shs | Shs | Shs |
| At 1July 2015 | - | - | - | - | - |
| Additions | - | - | - | - | - |
| Disposals | - | - | - | - | - |
| Transfers/adjustments | - | - | - | - | - |
| At June 2016 | - | - | - | - | - |
| Additions | 5,728,600 | 2,575,000 | 13,603,994 | - | 21,907,594 |
| Disposals | - | - | - | - | - |
| Transfer/adjustments | - | - | - | 42,037,196 | 42,037,196 |
| At end of year - June 2017 | 5,728,600 | 2,575,000 | 13,603,994 | 42,037,196 | 63,944,790 |
| Depreciation and impairment | | | | | |
| At 1July 2015 | - | - | - | - | - |
| Depreciation | - | - | - | - | - |
| On Disposals | - | - | - | - | - |
| Impairment | - | - | - | - | - |
| At 30 June 2016 | - | - | - | - | - |
| Depreciation | 218,592 | 91,000 | 368,141 | 10,509,299 | 11,187,032 |
| On Disposals | - | - | - | - | - |
| Impairment | - | - | - | - | - |
| Transfer/adjustment | - | - | - | - | - |
| At 30 June 2017 | 218,592 | 91,000 | 368,141 | 10,509,299 | 11,187,032 |
| Net book values | | | | | |
| At 30 June 2017 | 5,510,008 | 2,484,000 | 13,235,853 | 31,527,897 | 52,757,758 |
| | | | | | |
| At 30 June 2016 | - | - | - | - | - |

10) Board Expenses.

| Description | 2016-2017 | 2015-2016 |
|----------------------------------|------------------|------------------|
| | KShs | KShs |
| Board Conferences and Allowances | 3,418,532 | - |
| Total Board Expenses | 3,418,532 | - |

ANTI DOPING AGENCY OF KENYA
Reports and Financial Statements
For the year ended June 30, 2017

11. Employees Obligation

| Description | 2016-2017 | 2015-2016 |
|-----------------------------------|------------------|------------------|
| | KShs | KShs |
| NSSF Employers contribution | 400 | - |
| December 2016 | 200 | - |
| January 2017 | 1080 | - |
| February 2017 | 1080 | - |
| March 2017 | 1080 | - |
| April 2017 | 1080 | - |
| May 2017 | 1080 | - |
| June 2017 | 7560 | - |
| Total Employees obligation | 12,480 | - |

12. Accounts Payable

| Description | 2016-2017 | 2015-2016 |
|------------------------------|------------------|------------------|
| | KShs | KShs |
| Audit Fees | 800,000 | - |
| Total deferred income | 800,000 | - |

ANTI DOPING AGENCY OF KENYA
Reports and Financial Statements
For the year ended June 30, 2017

13. Cash generated from operations

| | 2016-2017 | 2015-2016 |
|--|-------------------|-----------|
| | KShs | KShs |
| Surplus for the year before tax | 148,854,816 | |
| Adjusted for: | | - |
| Depreciation | 11,187,032 | - |
| Non-cash grants received | (42,037,196) | - |
| Contributed assets | (21,907,594) | - |
| Impairment | - | - |
| Gains and losses on disposal of assets | - | - |
| Contribution to provisions | - | - |
| Contribution to impairment allowance | - | - |
| Finance income | - | - |
| Finance cost | - | - |
| Working Capital adjustments | | |
| Increase in inventory | - | - |
| Increase in receivables | (34,732,559) | - |
| Increase in deferred income | (206,850) | - |
| Increase in payables | 812,480 | - |
| Increase in payments received in advance | - | - |
| Net cash flow from operating activities | 61,970,129 | - |

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

14. 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.

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:

| | Total amount Kshs | Fully performing Kshs | Past due Kshs | Impaired Kshs |
|--|----------------------|--------------------------|------------------|------------------|
| At 30 June 2017 | | | | |
| Receivables from non-exchange transactions | 5,543,432 | 5,543,432 | - | - |
| Bank balances | 56,426,345 | 56,425,345 | - | - |
| Cash Balance | 352 | 352 | - | - |
| Total | 61,970,129 | 61,970,129 | - | - |
| At 30 June 2016 | | | | |
| Receivables from non-exchange transactions | - | - | - | - |
| Bank balances | - | - | - | - |
| Total | - | - | - | - |

(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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Financial Risk Management (Continued)

(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.

The company's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day to day implementation of those 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 carrying amount of the entity's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

| | Ksh | Other currencies | Total |
|--|-------------|-------------------------|--------------|
| | Kshs | Kshs | Kshs |
| At 30 June 2017 | | | |
| Financial assets(investments, cash ,debtors) | - | - | - |
| Liabilities | | | |
| Trade and other payables | - | - | - |
| Borrowings | - | - | - |
| Net foreign currency asset/(liability) | - | - | - |

Note:

The Agency did not have currencies denominated in foreign currencies and also did not have accounts payable denominated in foreign currency.

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.

Financial Risk Management (Continued)

(iii) Market risk (continued)

| | Kshs. | Other currencies | Total |
|--|-------|------------------|-------|
| | Kshs | Kshs | Kshs |
| At 30 June 2017 | | | |
| Financial assets(investments, cash ,debtors) | - | - | - |
| Liabilities | | | |
| Trade and other payables | - | - | - |
| Borrowings | - | - | - |
| Net foreign currency asset/(liability) | - | - | - |

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.

| | Change in currency rate | Effect on Profit before tax | Effect on equity |
|-------------|-------------------------|-----------------------------|------------------|
| | Kshs | Kshs | Kshs |
| 2017 | | | |
| Euro | 10% | - | - |
| USD | 10% | - | - |
| 2016 | | | |
| Euro | 10% | - | - |
| USD | 10% | - | - |

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.

The Agency did not have asset denominated in foreign currencies hence no exposure to this risk.

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 capital structure comprises of the following funds:

15) 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

| | 2017 Kshs | 2016 Kshs |
|---------------------------------|--------------|--------------|
| Transfers from related parties' | 268,046,344 | 0 |
| Transfers to related parties | 0 | 0 |
| | ===== | ===== |

16) Capital Commitments

No capital commitments have been made.

| Capital commitments | 2016-2017 | 2015-2016 |
|-------------------------------|------------------|------------------|
| | Kshs | Kshs |
| Authorised for | - | - |
| Authorised and contracted for | - | - |
| Total | - | - |

(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)

17) Events after the reporting period

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

18) Ultimate and Holding Entity

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

19) Currency

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

XVII. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

Being the first year of operation. No previous Auditors recommendations are to be acted on.

| 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) |
|--|-----------------------------------|---------------------|--|-----------------------------------|--|
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

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



Chairman of the Board

Date... 18/12/17

Date.....

VIII. Appendix 1: PROJECTS IMPLEMENTED BY THE ENTITY

Projects

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

| 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) |
|--------------------------|----------------|--------|------------------|------------------|---|---|
| 1. Anti-Doping Education | 331479 | UNESCO | 12MONTHS | 19.702 USD | Yes | Yes |

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 | | | | | | | |

Appendix 2: INTER-ENTITY TRANSFERS

| | | | |
|---|-----------------------|----------------------|--|
| ENTITY NAME: | | | |
| Break down of Transfers from the State Department of Sports. | | | |
| FY 16/17 | | | |
| a. Recurrent Grants | | | |
| | <u>Bank Statement</u> | | <u>Indicate the FY to which the amounts relate</u> |
| | <u>Date:-</u> | <u>Amount (KShs)</u> | |
| | 16/12/2016 | 118,046,344 | 2016/2017 |
| | 23/02/2017 | 75,000,000 | 2016/2017 |
| | 30/05/2017 | 75,000,000 | 2016/2017 |

NTI DOPING AGENCY OF KENYA
Reports and Financial Statements
For the year ended June 30, 2017

| | | | | |
|----|-----------------|-----------------------|----------------------|---------------------------|
| | | Total | 268,046,344 | |
| c. | Direct Payments | | | |
| | | <u>Bank Statement</u> | | <u>Indicate the FY to</u> |
| | | <u>Date</u> | <u>Amount (KShs)</u> | <u>which the amounts</u> |
| | | 16/12/2016 | 118,046,344 | 2016/2017 |
| | | 23/02/2017 | 75,000,000 | 2016/2017 |
| | | 30/05/2017 | 75,000,000 | 2016/2017 |
| | | Total | 268,046,344 | |
| d. | Donor Receipts | | | |
| | | <u>Bank Statement</u> | | <u>Indicate the FY to</u> |
| | | <u>Date</u> | <u>Amount (KShs)</u> | <u>which the amounts</u> |
| | | | 1,733,025.80 | 2016/2017 |
| | | Total | 1,733,025.80 | |
| e. | Motor Vehicle | 16/05/2016 | 42,037.196 | 2015/2016 |
| | | | 42,037,196 | |

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

Finance Manager

Head of Accounting Unit
Ministry

Sign -----

Sign-----

See confirmation attached herewith.