



REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

	
REPORT	
THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 22 SEP 2021	DAY: Wednesday
TABLED BY: OF	LON
CLERK-AT THE-TABLE:	Mainah Wanjiku

THE AUDITOR-GENERAL

ON

**KENYA INSTITUTE OF
MASS COMMUNICATION**

**FOR THE YEAR ENDED
30 JUNE, 2019**

OFFICE OF THE ATTORNEY GENERAL
P.O. Box 10000 NAIROBI
KENYA

- 2 MAR 2020

RECEIVED



KENYA INSTITUTE OF MASS COMMUNICATION

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ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30 2019**

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

**KENYA INSTITUTE OF MASS COMMUNICATION ANNUAL REPORT AND FINANCIAL
STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

Table of Contents	Page
I. KEY ENTITY INFORMATION AND MANAGEMENT	ii
II. THE COUNCIL MEMBERS	iv
III. MANAGEMENT TEAM	viii
IV. CHAIRMAN'S STATEMENT	xi
V. REPORT OF THE CHIEF EXECUTIVE OFFICER	xii
VI. CORPORATE GOVERNANCE STATEMENT	xiii
VII. MANAGEMENT DISCUSSION AND ANALYSIS	xvi
VIII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT	xvii
IX. REPORT OF THE COUNCIL	xviii
X. STATEMENT OF COUNCILS' RESPONSIBILITIES	xix
XI. REPORT OF THE INDEPENDENT AUDITOR	xx
XII. STATEMENT OF FINANCIAL PERFORMANCE	1
XIII. STATEMENT OF FINANCIAL POSITION	2
XIV. STATEMENT OF CHANGES IN NET ASSETS	3
XV. STATEMENT OF CASH FLOWS	4
XVI. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS	4
XVII. NOTES TO THE FINANCIAL STATEMENTS	6

KENYA INSTITUTE OF MASS COMMUNICATION ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The Kenya Institute of mass communication was established in 1961. Its main purpose was to train electronic engineering and technicians for Kenya Broadcasting Corporation. To ensure that the Institute keeps abreast with media market and personnel training requirements, the Government in the year 2011, transformed KIMC into a semi-Autonomous Government Agency (SAGA) under legal Notice No.197 of 2011.

(b) Principal Activities

The principal mandate of the institute is;

- i. Offer training in communication and cinematic arts
- ii. Produce and disseminate mass media products for training and commercial purposes.

(c) Key Management

The day-to-day management of the institute is under the following:

- i. The Director
- ii. Deputy Director
- iii. Managers and Heads of Departments.

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2019 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Director	Hiram Mucheke
2.	Deputy Director	Peter Wakoli
3.	Head of Finance	Jenispher Korir
4.	Head of Procurement	Phyllis Kibagendi

(e) Fiduciary Oversight Arrangements

The oversight for financial management is vested in the three board committees as discussed below;

i). Finance and Administration Committee

The committee is responsible for Financial Management and proper resource allocation in the Institute. The Committee's responsibilities include ensuring overall sound financial reporting, Performance contracts, procurement, setting of fees guidelines, budgets and Human Resource issues.

ii). Audit committee

The responsibilities of the committee include reviewing the financial information of the Institute, monitoring the effectiveness of management information and reviewing the internal control systems, deliberating on significant findings arising from both internal and external audits, and reviewing the overall risks facing the Institute.

KENYA INSTITUTE OF MASS COMMUNICATION ANNUAL REPORT AND FINANCIAL
STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

iii). Training Committee

The committee oversees policy issues on admission of students, Quality assurance on Academic standards, development of new courses and academic policy.

(f) Institute Headquarters

P.O. Box 42422-00100
Kenya Institute of Mass Communication
Uholo Road
Nairobi, KENYA

(g) Institute Contacts

Telephone : (254) 206551555
E-mail: info@kimc.ac.ke
Website: www.kimc.ac.ke

(h) Institute Bankers

Kenya Commercial bank
Kencom House
P.O.x 48400
G.P.O 00100
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

**KENYA INSTITUTE OF MASS COMMUNICATION ANNUAL REPORT AND FINANCIAL
STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**





II. THE COUNCIL MEMBERS

	Name	Position	Key qualifications	Work experience
1	 Kathleen Openda D.O.B 1964	Chairperson	<ol style="list-style-type: none"> 1. Bachelor of Arts (BA Honours) 2. Post Graduate Diploma in Broadcast Journalism 	<p>Communications professional with over 20 years background in media practice and relations management, public relations; expertise in aligning organizational branding values and targeted messaging to ensure effective stakeholder engagement.</p> <p>She has also held senior positions in corporate Kenya including;</p> <ol style="list-style-type: none"> i. Kenya Television Network (KTN) ii. Nation Media Group iii. Barclays Bank of Kenya
2	 Hon. Zebedeo John Opore D.O.B:1947	Member	<ol style="list-style-type: none"> 1. M.Sc. (Development Economics and Project Planning) 2. BA (Economics), BPhil(Economics) 	<ol style="list-style-type: none"> 1. Member of parliament 2. Director KRA 3. Manager; African Retail Traders 4. Principal Planning officer; Kenya Railways Corporation 5. Senior planning officer; Kenya Railways Corporation 6. Planning assistant, planning officer II, Planning Officer I
3	 Dr. Stellah Onyiego D.O.B:1969	Member	<ol style="list-style-type: none"> 1. PhD in Communication Studies 2. Master of Philosophy in Communication Studies 3. Postgraduate diploma in education 4. Bachelor of Arts (BA) 5. Advanced Certificate of Education 	<ol style="list-style-type: none"> 1. Senior Lecturer, Moi University 2. Chief Principal; Kitale Technical Training Institute 3. Senior Principal (STTI) 4. Head of Business Department; Eldoret National Polytechnic 5. Part time lecturer; Moi University 6. Lecturer Eldoret National Polytechnic 7. Assistant Graduate Teacher Moi Girls School 8. Assistant Graduate Teacher-Sigonga Girls High School 9. Assistant Teacher Itibo Boys High School
4	 Mr. Dee Mutisya Kivuva D.O.B:1971	Member	<ol style="list-style-type: none"> 1. O Levels Certificate 	<ol style="list-style-type: none"> 1. Coordinator Wiper & LDP Parties 2. G.S.U. Officer 3. Public officer Municipal council of Machakos 4. Director N.G.O Coordination Board 5. Director /Treasurer Ukenyea Trading Company




**KENYA INSTITUTE OF MASS COMMUNICATION ANNUAL REPORT AND FINANCIAL
STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

				<ol style="list-style-type: none"> 6. Managing director Sonata Constructing Company 7. Chairman Minaa Investment company 8. Chairman Mbooni Boys High School Alumni 9. Chairman Sonata Group of Companies
5	 <p>Eng. Edward Musebe Achieng D.O.B February 1966</p>	Member	<ol style="list-style-type: none"> 1. PhD in Strategic Management (to be completed in December 2019) 2. MBA Strategic Management 3. BSc Mechanical Engineering 	<ol style="list-style-type: none"> 1. General manager ADIL 2. New Business Projects Manager Unga Limited 3. Managing Director Amloy Engineering Company 4. Managing Director Chemelil Sugar Company 5. Production Manager East African Cables 6. Engineering Service Manager East African Breweries 7. Plant Maintenance Engineer Magadi Soda Company PLC 8. Maintenance Engineer Nzoia Sugar company
6	 <p>Hon. Salome Wanjiku Kimata D.O.B:1965</p>	Member	<ol style="list-style-type: none"> 1. MBA 2. PgD Leading International Business Development 3. BA Public Administration & Governance 	<ol style="list-style-type: none"> 1. Executive Director; Unite Disability Empowerment Kenya (UDEK) 2. MCA; Kiambu County Assembly 3. Chairperson; Selection Panel for the Selection of Chairperson and Members of the National Gender and Equality Commission 4. Chairperson; Disability Civil society Coalition
7	 <p>Mr. Simon Kagiri Kamatu D.O.B:1953</p>	Member	<ol style="list-style-type: none"> 1. MA 	<ol style="list-style-type: none"> 1. Chairman; The 2015 Tea Industry Task Force 2. Member; National Quality Control Laboratory Board

**KENYA INSTITUTE OF MASS COMMUNICATION ANNUAL REPORT AND FINANCIAL
STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**




8	 <p>Mrs. Beatrice Marshall D.O.B:1969</p>	Member	1. Master of Arts in Mass Communication	1. Global Anchor, Africa Live CGTN 2. Anchor, Talk Africa, CGTN Africa 3. Deputy managing editor KTN 4. Associate Editor, KTN 5. Chief News Anchor, KTN Prime News 6. Diplomatic and Regional affairs Editor (KTN) 7. News Anchor NTV 8. Reporter KBC
9	 <p>Mrs.Regina Bundi D.O.B:07.07.1972</p>	Alternate to PS, Devolution & Planning	1. BA (Sociology)	1. Ministry of Youth Affairs and Sports 2. Ministry of devolution & Planning 3. Over 10 years in Civil service
10	 <p>Festus Mwanzi Peter D.O.B:03.07.1977</p>	Alternate to PS, The National Treasury	1. B.A (Business studies & Sociology) 2. C.P.A (K)	1. Chief Investment Officer (Government Investment & Public Enterprises) 2. Youth & Gender officer (Makueni County Government) 3. Ministry of Youth affairs (Makueni)
11	 <p>Mr. Alphonse M.Mwaa D.O.B:25.08.1967</p>	Alternate to PS, Ministry of Education, Science and Technology	1. MSC (Building Services Engineering) 2. BSC (Mechanical Engineering)	1. Ministry of Education (Deputy Director, Quality Assurance & Standards) 2. Deputy Director (KITI) 3. Lecturer Various Government Technical Institutes 4. Public Service Institute of Kenya

**KENYA INSTITUTE OF MASS COMMUNICATION ANNUAL REPORT AND FINANCIAL
STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**




12	 <p>Miriam Wanjiku Gitau D.O.B: 23.08.1964</p>	Alternate to PS, Ministry of Information, Communication and Technology	<ol style="list-style-type: none"> 1. MBA 2. BA 	<ol style="list-style-type: none"> 1. HR Officer ;Ministry of Trade and Industry 2. Deputy Head of HR Department at the State Law Office 3. Head of HR Kenya Police Department 4. Head of HR Department, Office of Attorney General 5. Director, HR and Administration
13	 <p>Hiram Mucheke</p>	Director /CEO	<ol style="list-style-type: none"> 1. M.A (Communication studies) 2. B.A 3. Post Graduate Diploma 	<ol style="list-style-type: none"> 1. 32 years' experience in public service. 2. 5 News Editor V.O.K 3. 5 Years senior reporter presidential press service 4. Assistant editor in Chief KBC 5. Senior Principal Lecturer KIMC. 6. Editor in Chief KBC 7. Principal KIMC 8. Current Director KIMC
14	 <p>Angela Kiptoo</p>	Corporation secretary	<ol style="list-style-type: none"> 1. LLM 2. MBA 3. LLB 4. CPS(K) 	<ol style="list-style-type: none"> 1. 11 years post-admission experience in legal practice 2. 11 years CPS practice 3. Legal officer, Catholic University of Eastern Africa 4. Legal Associate at Muthoga Gaturu & Co. Advocates 5. Legal Assistant, Miller & Co. Advocates 6. Pupil, Kaplan & Stratton Advocates




KENYA INSTITUTE OF MASS COMMUNICATION ANNUAL REPORT AND FINANCIAL
STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

III. MANAGEMENT TEAM

No	Name	Position	Key Qualifications	Main area of responsibility
1.	 <p>Hiram Mucheke</p>	Director/Chief Executive Officer	1. M.A (Communication studies) 2. B.A 3. Post Graduate Diploma	Overall responsibility for the direction, organization and administration of programmes and other affairs of the Institute
2.	 <p>Peter Wakoli</p>	Deputy Director (Finance & Administration)	1. M.A-(Int. Devt) 2. M.A-Econ 3. B.A-Econ 4. Post Graduate Diploma	Coordinating the implementation of the Institute's strategic plan, annual departmental plans and performance contracts as well as managing the staff performance appraisal system for the Institute
3	 <p>Angela Kiptoo</p>	Corporation secretary	1. LLM 2. LLB 3. CPS (K)	In consultation with the Director provide secretarial services to the board and board committees.

**KENYA INSTITUTE OF MASS COMMUNICATION ANNUAL REPORT AND FINANCIAL
STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

4.	 <p>Jenispher Korir</p>	Finance Manager	<ol style="list-style-type: none"> 1. MBA(Finance) 2. BBM(Finance & Banking) 3. C.P.A (K) 	Provision of Finance and Accounting services to the Institute.
5.	 <p>Vicky Nakitare</p>	Human Resource Manager	<ol style="list-style-type: none"> 1. M.B.A(HRM) 2. B.E.D 3. Higher Dip(HRM) 	Responsible for overall management of human resource in the Institute
6.		Chief Internal Auditor	<ol style="list-style-type: none"> 1. MBA(Finance) 2. B.A (Economics) 3. C.P.A (K) 4. C.I.S.A 	Managing enterprise – wide risks as well as ensuring compliance of the Institute with various statutory and operational requirements
7.	 <p>Phyllis Kibagendi</p>	Chief Supply Chain Management Officer	<ol style="list-style-type: none"> 1. MSC (Procurement) 2. BCOM(Accounting) 3. Dip(Supply Chain) 	Planning of Supply Chain Management activities

8.	 Godfrey Kareithi	Registrar-Academics	1. M.A(Communication Studies) 2. B.A (Econ) 3. Post Graduate Diploma	Coordinating Academic activities in Institute
9.	 Paul Kithure	Dean of Students	1. MSC 2. BED (HRM &EDU) 3. Post Graduate Diploma (HRM) 4. Diploma in Special Education.	Coordinating Student welfare activities in the Institute
10.	 Jared Manyara	Corporate Communications	1. M.A(Communication Studies) 2. B.A (Econ) 3. Post Graduate Diploma	Assists the Director in the formulation and execution of a sound communication strategy for the Institute

KENYA INSTITUTE OF MASS COMMUNICATION ANNUAL REPORT AND FINANCIAL
STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

IV. CHAIRMAN'S STATEMENT

I take great pleasure in presenting to you once again the Annual report and financial statements for Kenya Institute of Mass communication for the year ended 30th June 2019. Some of the milestones I wish to highlight include;

Recruiting and Training students in mass Communication.

The Institute recruited 575 students into various courses in September 2018 and May 2019 and graduated a total of 370 students during the month of November 2018 after successfully completing various courses in Diploma and certificate.

Production and dissemination of products in communication and cinematic arts for education and information,

During the year 80 productions in communication and cinematic arts for education and information was produced and 60 were disseminated.

Annual budget & Strategic plan

In the current Financial Year 2019/18, the Institute continued to implement its strategic plan in consultation with the stakeholders. The Strategic Plan prioritizes: physical infrastructure; human capital; equipment and facilities modernization; modernization of transport and institutional Corporate Social responsibility as the key Institute enablers.


In addition during the year under review the Institute entered into an MOU with the county Government of Uasin Gishu to set up a campus in Eldoret. The courses are expected to commence in September 2019.

In the KIMC council, we are alive to the fact that resources are limited and should therefore be utilized sustainably and prudently.

The resources received in the FY 2019/18 facilitated the Institute to: train and graduate 370 media practitioners; train 18 officers in short term aptitude courses; capacity build Council members; develop four curricula; procure some broadcast training equipment; fully operationalize the degree programme jointly offered with the University of Nairobi and set up an Animation Lab.

The council and its committees met regularly as prescribed by the respective mandates. The process was managed by the state Corporations Advisory Committee (SCAC)

On behalf of the KIMC Council, we appeal for an enhanced budgetary support to enable us complete the implementation of the blue print contained in KIMC Strategic Plan 2018-22.

..........

Kathleen Openda

Council Chairperson

V. REPORT OF THE CHIEF EXECUTIVE OFFICER

In the Financial year 2018/2019, the Institute intensified implementation of its mandate in line with priorities set out in the strategic plan 2015-2019. Highlights of key achievements are presented hereunder.

Academics programmes

During the year under review the Institute changed the commencement of the Academic year from September to May. During the year, 627 students were admitted to undertake various courses in Diploma, certificates and Post Graduate Diploma while 400 students graduated having satisfied the board of examiners to be awarded various certificates and diplomas. Six curricular was reviewed during the year to realign the content to emerging issues in the ICT and media sub sector.

Infrastructure

- The 3rd floor of the Tuition block was completed.
- The 405-bed capacity project comprising two hostels and a catering unit reached 90% completion rate. Modernization of KIMC filmat completion rate of 71%.
- The Institute obtained the following preliminary approvals for establishing KIMC Eldoret Campus
 - i. Interparty MOU was signed on 27th February 2018
 - ii. Title deed for 21 acres in the Institute's name expected in October 2018
 - iii. Letter of commitment dated May 21st 2018 by Uasin Gishu Government has been issued confirming allocation of the parcel Pioneer/Ngeria Block 1 (EATEC 1324)

Status brief on Ownership of land titles

The Institute has the following land parcels in south B, Nairobi County

- L.R NO.209/3578-Lease title issued on 24th June 2016
- L.R NO.209/3592-Lease title issued on 24th June 2016
- L.R NO.209/3593-Lease title issued on 24th June 2016
- L.R NO.209/3579-Letter of Allotment dated 1st November 2011

Institutional Capacity

In the Financial year 2019/2018, the Institute was allocated Kshs 207.45 M to finance its operations. In the same period the Institute recruited additional 7 staff members. At the end of the year staff establishment stood at 96 against a staff establishment of 238. The Institute continued to modernize its operational environment through Automation to enhance efficiency and effectiveness.

Challenges

The Institute faced a number of challenges in the implementation of its mandate. These included inadequate funding, human resources constraints which is currently at 40%, change in technology which has implications on the training equipment, marketability of courses and graduates.

Finally, I wish to appreciate the Government, council and staff in discharging the Institute's mandate.



Hiram Mucheke

Director/Chief Executive Officer

VI. CORPORATE GOVERNANCE STATEMENT

The Institute has the Council as the apex decision making organ which sets the direction for good corporate governance underpinned by effective leadership, oversight and management accountability based on a sound and ethical foundation.

1. The Role of the Council

The functions of the Council are provided for in Legal Notice No. 197 of 2011 (Amended 2012) clause 6(1). The Council discharges a number of functions which include administering the property and funds of the Institute in a manner and for purposes that promote the interests of the Institute; ensuring that a proper management structure is in place and that the structure functions to maintain corporate integrity, reputation and responsibility; and ensuring that the Institute complies with all the relevant laws, regulations, governance practices, accounting procedures and auditing standards.

The Council has so far developed a number of policy documents including Human Resource Procedures manual, Career Progression guidelines, Institute Knowledge Management Guidelines, Servicing and Maintenance of assets manual, Finance Management and Controls Manual and the Procurement Manual. As a Semi-Autonomous State Agency, the Institute enters into an annual Performance Contract with the Government, which process is overseen by the Council. The Performance Contract mandates the Institute to deliver on numerous strategic deliverables. Accordingly, the Council approves the annual budget that is aligned with the Vision 2030 Medium Term Plans, the 'Big Four' Initiatives and other national priorities.

2. Council Composition

The Legal Notice provides that the Council of the Institute shall Consist of a non-executive Chairman appointed by the President; the Principal Secretaries of the Ministries for the time being responsible for information and communications; finance; culture and heritage; youth and education; the Director, and not more than seven persons appointed by the Minister by virtue of their knowledge or experience and past and current membership to professional organizations dealing with matters relating to culture, national heritage, communications, media, and the performing arts or related fields. As at 30th June 2019, the Council comprises Twelve Council members, of whom the majority, six in total, are independent non-executives. The Council comprises the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively. The non-executive members have diverse skills, experience and backgrounds. They are principally free from any business relationship that could hamper their objectivity or judgment in terms of the business and activities of the Institute. The roles of the Chairperson and the Director (Chief Executive) are separate, with their individual responsibilities clearly defined. The Chairperson is an independent non-executive Council member and is responsible for leading the Council and ensuring its effectiveness. The Chief Executive is responsible for the execution of the Institute's strategy, and the day-to-day business of the Institute. He is supported by the Management Board and the Academic Board, of which he is the Chairperson. The Council is assisted by a competent, suitably qualified and experienced Corporation Secretary whose mandatory duties are formalized and adequately defined according to the role description provided for in the *Mwongozo*.

3. Council Committees

The Council provides oversight through three main Committees namely Finance and Administration Committee, Training Committee and Audit Committee. The Committees are each chaired by an independent Council member.

KENYA INSTITUTE OF MASS COMMUNICATION ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

a) Finance and Administration Committee

The Committee performs various roles set out in the Council Charter, including: guiding the preparation of the annual budget; monitoring financial performance against the approved budget, the Institute's strategic plan and priorities; formulating strategies for improving the financial position of the Institute and advice on sourcing and investment of funds; ensuring sound financial management and accounting practice including maintenance of proper books of accounts and preparation of periodical management accounts and annual financial statements; developing fees guidelines and review them regularly; dealing with staff matters including recruitment, staff welfare, training and development, performance management, discipline and separation; guiding the development of the strategic plan and monitor its implementation and overseeing capital planning, construction and maintenance of the real property of the Institute.

The members of the Committee during the year under review were Eng Edward Musebe , Mrs Miriam Gitau , Mrs. Charity Kagiri and Mrs. Regina Bundi.

b) Training Committee

The Committee performs various roles set out in the Council Charter, including: developing and overseeing implementation of guidelines on admission of students; monitoring quality assurance and academic standards of the Institute; coordinating the development and review of academic programmes; developing and monitoring the implementation of the academic policies of the Institute; monitoring the adequacy of library and learning facilities at the Institute; formulating policies and procedures for research and innovation; developing a capacity building programme for Council and staff members to ensure improved professional development and services; proposing and building collaborative relationships with strategic partners and stakeholders to promote mutually beneficial exchanges in education, research and training; ensuring the development, maintenance and use of information technology systems and facilities at the Institute; and promoting and supporting student participation in extracurricular activities. The members of the Committee during the year under review were Dr Stellah Onyiego, Mr. Maingi Inoti , Ms. Beatrice Marshall and Mr. Kagiri Kamatu

Audit Committee

The Committee performs various roles set out in the Council Charter, including: monitoring, recommending and providing advice to the Council on the Integrity of the Financial Statements of the Institute, including the annual and quarterly reports, compliance with accounting standards and the consistency of application of, and any changes in, accounting policies; overseeing the Internal audit function and reviewing the nature, scope and effectiveness of the internal audit work plan and reports; coordinating the auditing of the Institute's books of accounts and financial statements; monitoring the implementation of audit recommendations; reviewing and assessing the effectiveness of the Institute's financial controls and internal control and risk management systems; and reviewing the compliance framework (policies, training, monitoring and audit) at the Institute to ensure adherence to applicable legal and regulatory standards. The members of the Committee during the year under review were Hon Zebedeo John Opre. Mr. Dee Kivuva , Dr Maingi Inoti and Mr. Festus Mwanzi

4. Effective meetings

The Council and its Committees meet regularly as prescribed by the respective mandates. The meetings are planned for the financial year in the approved Council calendar. However, special meetings may be convened at the request of the Chairperson, or any independent Council member when necessary. The table below discloses the number of meetings held and members' attendance during the year. The Council is satisfied that it has discharged its responsibilities in relation to its mandate.

KENYA INSTITUTE OF MASS COMMUNICATION ANNUAL REPORT AND FINANCIAL
STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Schedule of Council Members' Attendance at Council and Committee Meetings				
Council/Committee	Council	Finance & Administration Committee	Training Committee	Audit Committee
No. of meetings held				
Ms. Kathleen Openda	4			
Mr. Edward Musebe	2	4		
Joel Tirmet	2	1	1	
Ms. Charity Kagiri	3	2		
Caroline Mutoko			1	
Dr. Maingi Inoti	3	1	2	2
Hon. Wyclif Osundwa	3	2		
James Nguo	3	2		
Hon. Salome Kimata				
William Abungu	2		1	
Ms. Miriam Gitau	3	4		
Mr. Simon Kamatu	1			
Dr. Stallah Onyiego	2		1	
Mr. Dee Kivuva Mutisya	2		1	2
Mrs. Regina Bundi	5	6		
Mr. Festus Mwanzi	5			2
Mr. Alphonse Mwaa	4		1	
Hon. Zebedeo Oporo	2			2
Mr. Hiram Mucheke	5	6	2	2

5. Council Induction and Continuous Skills Development

As part of enhancing the Council members' skills, the Institute identifies training requirements for the Council and its Committees. Upon appointment, individual Council members are taken through an induction process organized by the State Corporations Advisory Council (SCAC). Due to budgetary constraints the Institute facilitates one training per Committee in every three-year cycle. In the year under review, the members of the Training Committee, being the only ones who had not been trained, attended a three-day seminar on Ethics and Governance issues in Public Bodies conducted by the Institute of Certified Public Accountants of Kenya (ICPAK) in Mombasa, Kenya.

6. Council Evaluation

The Council ensures the evaluation of its own performance and that of its committees, Chairperson and individual Council members, and provides support for continued improvement in its performance and effectiveness. An annual independent evaluation is conducted to assess the effectiveness of the Council, its committees, and the individual contributions of the members. The process is managed by the State Corporations Advisory Committee (SCAC).

7. Internal Audit Function

The Institute has a fully operational Internal Audit function that is led by a senior member of staff who is a member of the Institute of Certified Public Accountants of Kenya (ICPAK). The Internal Audit office monitors compliance with policies and standards and the effectiveness of internal control structures across the Institute through its audit programmes.

KENYA INSTITUTE OF MASS COMMUNICATION ANNUAL REPORT AND FINANCIAL
STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

8. Council Remuneration

Council members are remunerated for their services in accordance with the prevailing Government Circulars. The aggregate amount of Council remuneration is disclosed in Note XVII (o) (iii) on the Financial Statements.

VII. MANAGEMENT DISCUSSION AND ANALYSIS

This discussion and analysis provides an overview of the financial position and results of activities of the Institute for the year ended June 30, 2019. Comparative information for the year ended June 30, 2017, has been provided where applicable. This overview has been prepared by management and should be read in conjunction with the financial statements and the notes that follow this section. Kenya Institute of Mass Communication is a semi-Autonomous Government Agency (SAGA) established under legal notice No. 197 of 2011 (Amended 2012).

The Institute consisting of two major divisions; Academic and Finance and Administration

Academic Division

The Academic affairs department is organized into five divisions, namely;

- i. Television and Radio production
- ii. Film and Animation
- iii. Journalism and public relations
- iv. Engineering
- v. Graduate and post graduate

Finance and Administration

- i. Human Resource Management
- ii. Finance and Accounting
- iii. Administration

Financial Highlights

For the fiscal year ended June 30, 2019

- The Institute received Kshs 191.5 M from the exchequer and raised 12.5 M from internal revenue to finance its recurrent operations
- The Institute collected Kshs 105 M from fees and short courses out of which Kshs 12.5 M was appropriated as AIA.
- Total cumulative recurrent expenditure was Kshs 316 M Summary of financial performance is as summarized below;

	FY 2018/19 Kshs 'million'	FY 2018/17 Kshs 'million'
Total revenue	292	291
Total expenses	(316)	314
Surplus/Deficit	(23)	(24)

- In the financial year 2019/18 the Institute received development grants compared to 2018/17 fy leading to a big variance

Capital Activities

One of the critical factors in sustaining the quality of the Institute's academic and research programs is the development and renewal of its capital assets. The Institute continues to implement its long-range plan to modernize its older teaching and research facilities, construct new facilities and fund its deferred maintenance obligations.

KENYA INSTITUTE OF MASS COMMUNICATION ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Capital additions primarily consist of replacement, renovation and new construction of academic, research and investment in training equipment and information technology.

During the financial year ended 30th June 2019 the projects being undertaken by the Institute received funding in the third quarter.

VIII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT

The Institute is committed to always conducting its affairs in a responsible and sustainable way, and in a manner that is beneficial to all stakeholders, the environment and the wider community. The Institute recognizes three key areas that contribute to corporate social responsibility: the people, the local community and the environment.

The People

The Institute continually works to ensure that it offers the best training for its students in order to make them competitive in the job market. The Institute also supports individual growth and development of staff so as to attract and retain talented individuals. A work environment of equal opportunity and non-discrimination is promoted at all times. Further, the Institute is committed to creating a culture of inclusion and diversity and preservation of cultural heritage. The Institute in that regard hosts annual events including:

- i. Cultural Week during which staff, students, other institutions and members of the public are invited to show case their talents and diverse cultures.
- ii. KIMC Film Week during which students and the public screen and showcase individual video productions for the promotion of talent and info-tainment.
- iii. KIMC Open Day during which the Institute showcases all the services it offers to students and members of the public. It involves subject/service talks, information desks, tours and teaching showcase.

The local community

The Institute believes in and supports the local community. Through the ECN Community Radio that is operated by the Institute, the Institute is able to make a difference in the local community by airing programmes that promote community development and empowerment especially of the youth. The staff and students also engage in community service and philanthropic activities.

The environment

The Institute cares for the environment and continually strives to incorporate environmental good practice in the workplace including a commitment to delivering a paperless office, taking a sustainable approach to waste management, improving energy efficiency and reducing carbon emissions. The Institute recognizes its responsibility to conduct its activities in a manner that protects and improves the environment for future generations. In that regard, the Institute works and collaborates with the local authority (Nairobi City County) in promoting a clean environment. In addition the Institute has provided in its calendar of annual events for an Annual Environmental Day during which students and staff plant trees within the Institute and in the areas surrounding the Institute.

IX. REPORT OF THE COUNCIL

The Institute Council submit their report together with the audited financial statements for the year ended June 30, 2019 which show the state of the Institute's affairs.

Principal activities

The principal activity of the Institute is to offer training in Mass media, communication and cinematic arts.

Results

The results of the entity for the year ended June 30, 2019 are set out on page 1-19

Council members

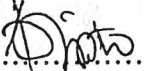
The members of the council who served during the year are shown on page iv to vii

Auditors

The Auditor General is responsible for the statutory audit of the Institute in accordance with Article 229 of the Constitution of Kenya and the Section 23 of the Public Audit Act, 2015.

By Order of the Council

Corporation Secretary


.....

Nairobi

Date:.....

KENYA INSTITUTE OF MASS COMMUNICATIONS ANNUAL REPORT 2018/19
STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

X. STATEMENT OF COUNCILS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and section 14 of the State Corporations Act; require the Management to prepare financial statements in respect of the Institute, which give a true and fair view of the state of affairs at the end of the financial period and the operating results for that period. The Management are also required to ensure that the Institute keeps proper accounting records which disclose with reasonable accuracy the financial position of the Institute. The Management are also responsible for safeguarding the assets of the Institute.

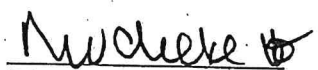
The Management are responsible for the preparation and presentation of the Institute's financial statements, which give a true and fair view of the state of affairs of the Institute for and as at the end of the financial period ended on June 30, 2019. This responsibility includes: (i) maintaining adequate 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 Institute; (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 Institute; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Management accept responsibility for the Institute'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 Management are of the opinion that the Institute's financial statements give a true and fair view of the state of Institute's transactions during the financial year ended June 30, 2019, and of the Institute's financial position as at that date. The Management further confirm the completeness of the accounting records maintained for the Institute, which have been relied upon in the preparation of the Institute's financial statements as well as the adequacy of the systems of internal financial control.

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

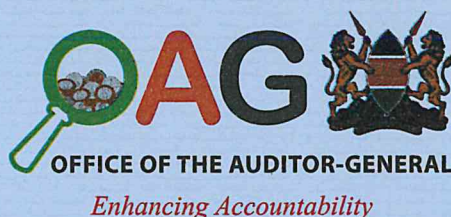
Approval of the financial statements

The Institute's financial statements were approved by the Council on _____ 2019 and signed on its behalf by:


Director/Chief Executive Officer

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KENYA INSTITUTE OF MASS COMMUNICATION FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kenya Institute of Mass Communication set out on pages 20 to 40, which comprise the statement of financial position as at 30 June, 2019, and the statement of financial performance, the statement of cash flows, the statement of changes in net assets and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report the financial statements present fairly, in all material respects, the financial position of Kenya Institute of Mass Communication as at 30 June, 2019, 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 and the State Corporations Act, Cap 446 of Laws of Kenya and Legal Notice No. 197 of November 2011 (Amended 2012) and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1.0 Property, Plant and Equipment

1.1 Encroachment of Land by a Private Developer

As previously reported, included in the property, plant and equipment balance of Kshs.2,257,353,351 as at 30 June, 2019, is land measuring 1.4430 hectares valued at Kshs.1,100,000,000. However, available information indicates that part of the Institute's land used as a walk path linking the Institute's catering unit, male and female hostels has been encroached by a private developer. The proposed development by the developer will cut off the male and female hostels and the catering unit, and thus will affect the students and the Institute as a whole adversely. Evidence available indicates that the matter was reported to the National Land Commission and on 31 January, 2018 the

National Land Commission pronounced itself on encroachment on LR No.209/12046. The matter is before the High Court and it is not clear the effect the ruling will have on the property, plant and equipment balance of Kshs.2,257,352,352 as at 30 June, 2019.

1.2 Revaluation of Assets

During the year under review, the Institute carried out a revaluation of two (2) classes of assets- tools and equipment and motor vehicles whose value were indicated as Kshs.48,993,363 and Kshs.16,910,000 respectively resulting in a revaluation loss of Kshs.51,763,790. This loss on revaluation amount was charged in the statement of changes in net assets. However, Management did not make any disclosures in the financial statements on the effective date of the revaluation, whether an independent valuer was involved, and the method and significant assumptions applied in estimating the assets fair values.

It was further noted that the treatment of accumulated depreciation brought forward from the year 2017/2018 of Kshs.36,567,800 for tools and equipment and Kshs. 15,372,718 for motor Vehicles which are the assets that were revalued did not conform to International Public Sector Accounting Standards (IPSAS 17). The standard requires that if the entire class of assets is revalued then the accumulated depreciation brought forward is nil. This therefore means the net book value of assets is understated.

In the circumstances, it has not been possible to confirm that the property, plant and equipment balance of Kshs.2,257,353,351 as at 30 June, 2019 is fairly stated.

2.0 Capital Revaluation Reserve

The statement of financial position includes a capital revaluation reserves of Kshs.2,552,675,842. Included in the amount, as indicated in the statement of changes in net assets, is a revaluation loss on assets valuation of Kshs.51,763,790 which was accounted for in contravention of the International Public Sector Accounting Standards (IPSAS 17) Paragraph 55. The standard requires that any loss on revaluation should be charged against any related revaluation surplus to the extent that the decrease does not exceed the amount held in the revaluation surplus in respect of the same asset. Any additional loss must be charged as an expense in the statement of profit or loss. Management did not provide an explanation on why the loss of Kshs.51,763,790 was not charged to the statement of Comprehensive Income.

Consequently, the accuracy of the capital revaluation reserve balance of Kshs.2,552,675,842 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kenya Institute of Mass Communication Management in accordance with ISSAI 130 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 qualified audit opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

Other Matters

1.0 Delayed Project-Construction of Kitchen and Dining Hall

As previously reported, on 20 May, 2016 the Institute entered into a Contract with a construction company for construction of a modern kitchen and dining hall at a contract price of Kshs.115,925,052 for a duration of fifty-two (52) weeks ending on 8 June, 2017. Available information indicates that the contract was varied by 25% or Kshs.28,980,902 to Kshs.144,905,954 while the duration was varied by twenty-six weeks (26) ending 7 December, 2017.

Further, examination of documents revealed that a total of Kshs.125,971,277 or approximately 86.9% of the revised contract sum had been paid to the contractor leaving a balance of Kshs.18,934,677 with lapsed time of over twelve months. Management indicated that the first phase which involved completion of structural works and roofing was complete. The final phase involving finishes, walling in selected portions, mounting of shutters, plumbing and electrical works was expected to be completed by 30 May, 2020 at an agreed contract sum of Kshs.48,361,921 as evidenced in the agreement between the Institute and the contractor signed on 25 February, 2020.

As at 30 June, 2019, the Project had not been completed and no explanation was provided for the delay in completion which may lead to further escalation of costs.

2.0 Budgetary Control and Performance

The statement of comparison of budget and actual amounts under capital expenditure reflects actual expenditure of Kshs.250,000,000 against final budget amount of Kshs.250,000,000. However, Note 9(a) to the financial statements indicates that the Institute spent only an amount of Kshs.117,854,419 resulting in an under absorption of Kshs.132,145,581 or approximately 47.14%. Management attributed the slow absorption to late disbursement of the development grant received at the end of the third quarter of the financial year and the elaborate procurement process which resulted in delays in supply and payment of capital expenditure items.

Consequently, the Institute may not have achieved its planned objectives and goals.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Institute'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 Management is aware of any intention to either terminate the Authority or cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the financial reporting process, reviewing the effectiveness of how the Institute monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in

amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Institute's ability to continue as a going concern or to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Institute to cease to continue as a going concern or to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Institute 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.


Nancy Gathungu
AUDITOR-GENERAL

Nairobi

19 August, 2021

KENYA INSTITUTE OF MASS COMMUNICATION ANNUAL REPORT AND FINANCIAL
STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

XII. STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 30 June 2019

		2018-2019 Kshs	Restated 2017-2018 Kshs
Revenue from non-exchange transactions			
Recurrent grants	2(a)	204,318,995	207,487,521
Revenue from exchange transactions			
Tuition and other related fees	3	88,631,353	83,654,248
Total revenue		292,950,348	291,141,769
Expenses			
Employee costs	4	134,166,949	132,950,609
Administration expense	5	62,073,056	59,508,828
Council expense	6	13,149,943	12,632,237
Repairs and maintenance	7	3,399,355	2,763,802
Academic services	8	56,598,238	56,741,599
Depreciation and amortization expense	9	46,281,775	48,828,576
Audit fees	10	800,000	800,000
Total expense		316,469,317	314,225,651
Surplus/(Deficit) for the period		-23,518,969	-23,083,882


KENYA INSTITUTE OF MASS COMMUNICATION ANNUAL REPORT AND FINANCIAL
STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

XIII. STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

Total assets			Restated
Assets	Notes	2018-2019	2018-2017
Current assets		Kshs	Kshs
Cash and cash equivalents	11	185,374,090	24,664,925
Receivables from exchange transactions	12(a)	551,977	285,216
		185,926,067	24,950,141
Non-current assets			
Property, plant and equipment	9(a)	2,257,353,351	2,236,617,007
Intangible assets	9(b)	2,164,142	3,091,632
Long term receivables from exchange transactions	12(b)	4,221,675	8,443,350
Total assets		2,449,665,234	2,273,102,130
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	13	49,402,925	49,004,262
Refundable deposits from customers-caution money	14	2,769,301	1,322,101
Total liabilities		52,172, 226	50,326,363
Net assets		2,397,493,008	2,222,775,767
 Revenue Reserves	15	 -155,182,834	 -131,663,865
Capital Revaluation Reserve		2,552,675,842	2,354,439,632
Total net assets and liabilities		2,397,493,008	2,222,775,767

The financial statements set out on pages 1 to 19 were signed on behalf of the council by:



Director
Hiram Muccheke



Head of Finance
Jenispher Korir
ICPAK NO: 9147



ChairPerson of the Council
Kathleen Openda

Date: 02-03-2020

Date: 2/3/2020

Date: 2-03-2020

KENYA INSTITUTE OF MASS COMMUNICATION ANNUAL REPORT AND FINANCIAL
STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

XIV STATEMENT OF CHANGES IN NET ASSETS

For the year ended 30 June 2019

	Accumulated surplus Kshs	Capital reserve Kshs	Total Kshs
Balance as at 30 June 2017 (Restated)	-108,579,983	2,354,046,632	2,245,466,649
Surplus/deficit for the period	-23,083,882	-	-23,083,882
Adjustments/Restatement		393,000	393,000
Transfer from accumulated Surplus	-	-	-
Balance as at 30 June 2018 (Restated)	-131,663,865	2,354,439,632	2,222,775,767
Surplus/Deficit for the period	-23,518,969	-	-23,518,969
Loss in Asset valuation	-	(51,763,790)	(51,763,790)
Adjustments/Restatement		250,000,000	250,000,000
Balance as at 30th June 2019	-155,182,834	2,552,675,842	2,397,493,008

KENYA INSTITUTE OF MASS COMMUNICATION ANNUAL REPORT AND FINANCIAL
STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

XIV. STATEMENT OF CASH FLOWS
For the year ended 30 June 2019

	2018-2019 Kshs	2018-2017 Kshs
Cash flows from operating activities		
Receipts		
Government Grants	454,318,995	207,487,521
Tuition and other related fees	92,853,028	83,654,248
Total receipts	547,172,023	291,141,769
Payments		
Employee costs	134,166,949	132,950,609
Administration expenses	62,073,056	59,508,828
Council expenses	13,149,943	12,632,237
Repairs and Maintenance	3,399,355	2,763,802
Academic services	56,598,238	56,348,599
Audit fees	800,000	-
Total payments	270,187,541	264,204,075
Net cash flow from operating activities	276,984,482	26,937,694
Cash flow from investing activities		
Purchase of non-current assets	(66,427,711.00)	-15,425,000
Capital works in progress	-51,294,808	-9,107,327
Net cash flow used in investing activities	-117,722,519	-24,532,327
Cash flow from Financing activities		
Increase in deposits	1,447,200	293,101
NET CASH FROM FINANCING	1,447,200	
Net increase/(decrease) in cash & cash equivalent	160,709,163	2,698,846
Cash & Cash equivalent as start of the year	24,664,926	21,996,458
CASH & CASH EQUIVALENT AS AT 30TH JUNE	185,374,090	24,664,926

KENYA INSTITUTE OF MASS COMMUNICATION ANNUAL REPORT AND FINANCIAL
STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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

	Original budget 2018-2019 Kshs	Adjustments 2018-2019 Kshs	Final budget 2018-2019 Kshs	Actual comparable basis 2018-2019 Kshs	Performance difference 2018-2019 Kshs
Revenue					
Non-exchange transactions					
Recurrent Grants	207,450,000	-	207,450,000	204,318,995	-3,131,005
Development Grants	250,000,000	-	250,000,000	250,000,000	-
Exchange transactions					
Tuition and other related fees	80,495,000	-	80,495,000	88,631,353	8,136,353
Total revenue	537,945,000	0	537,945,000	542,950,348	5,005,348
Expenses					
Compensation to employees	139,604,478	-	139,604,478	134,166,949.00	5,437,529.00
Council Expenses	12,819,000	-	12,819,000	13,149,943	-330,943
Administration expenses	61,998,757	814,587	62,813,344	62,073,056	740,288
Audit fees	800,000	-	800,000	800,000	-
Repairs and Maintenance	3,908,178	-	3,908,178	3,399,355	508,823
Academic Services	68,000,000	-	68,000,000	56,598,238	11,401,762
Capital expenditure	250,000,000	-	250,000,000	250,000,000.00	-
Total expenditure	537,945,000	814,587	537,945,000	520,187,541	17,757,459
Surplus/(deficit) for the period	-	-	-	-	-

Budget notes

- i. Increase in academic expenses is as a result of curriculum review retreats held twice in the year in September 2018 and May 2019, and increase on part time lecturer's pay occasioned by double intake which was occasioned by the need to regularize change of academic years from September intake to May

**KENYA INSTITUTE OF MASS COMMUNICATION ANNUAL REPORT AND FINANCIAL
STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

- ii. Total actual on comparable basis does not tie to the statement of financial performance due to difference in accounting basis, the Institute prepares its budget on cash basis as per Treasury guidelines but the financial statements are on IPSAS accrual.
- iii. Accrued expenses is as summarised below:

Depreciation and Amortization Kshs 46,281,775

- iv. Capital expenditure items are mainly dependent on the certificates obtained from public works on works certified. During the reporting period the National Treasury released Kshs 250,000,000 as as per approved allocation in the financial year 2018/2019

XVI. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Kenya Institute of Mass Communication (KIMC) is a Semi-Autonomous Government Agency (SAGA) established under Legal Notice No. 197 of 2011 (Amended 2012) with a mandate to Offer training in communication and the cinematic arts.

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. **New and amended standards and interpretations in issue but not yet effective in the year 30th June 2019**

Standard	Effective Date and impact
IPSAS 41 Financial Instruments	Applicable : Ist January 2022 The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements than IPSAS 29. The main objective is to improve the relevance of information for financial assets and financial liabilities
IPSAS 42 Social Benefits	Applicable : Ist January 2022 The objective of this standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The main objective is to ensure accurate comparison information relating to social benefits.

**KENYA INSTITUTE OF MASS COMMUNICATION ANNUAL REPORT AND FINANCIAL
STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

ii. Early adoption of standards

The entity did not early adopt any new or amended standard in the year 2019

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principle accounting policies adopted in the preparation of these financial statements are set out below:

a) Revenue Recognition

i) Revenue from non-exchange transactions

a) 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.

b) Grants from Donors

Revenue from donors is recognized when the event occurs and 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 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.

ii). Revenue from exchange transactions

c) 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 to the extent that the expense incurred are recoverable.

b). Budget Information

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). Employee Benefits

The Entity provides retirement benefits for its employees. 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

KENYA INSTITUTE OF MASS COMMUNICATION ANNUAL REPORT AND FINANCIAL
STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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.

d). Non-Current Assets

Non-Current assets are stated at Cost or valuation less Accumulated Depreciation. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value. The Institute is collating Assets transferred from the Parent Ministry.

e). Depreciation

Depreciation is calculated on the cost of the non-current assets on a reducing balance basis at annual rates Estimated to write off these assets over their expected useful life.

The Depreciation rates used are as follows:

Motor vehicle	25%
Furniture & Fitting	12.5%
Office Equipment& Accessories	12.5%
Computers & Printers	30%
Computer Software	30%
Buildings	2.5%
Land	0%

f). Cash and cash equivalents

Cash and cash equivalents comprise cash in 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 Kenya Commercial bank at the end of the financial year.

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). 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.

KENYA INSTITUTE OF MASS COMMUNICATION ANNUAL REPORT AND FINANCIAL
STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

i).Nature and purpose of reserves

The institute creates and maintains reserves in terms of specific requirements.

i. Revenue reserves

This is made up of all accumulated surplus for the year arising from non-Utilization of allocated grants and other income surplus.

ii. Capital Revaluation Reserves.

The purpose of the reserve was to bring into the books the fair market value of all assets of the Institute that were transferred from the parent ministry on transformation to SAGA status. Motor vehicles and tools and equipment's were revalued during the financial year.

j).Changes in accounting policies and estimates.

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

k).Taxation

The Institute is a non-commercial state corporation and is therefore not subject to the corporate tax regime. No corporation tax is therefore provided in these accounts. However the Institute remits all other applicable taxes as and when they fall due.

l).Critical judgments in applying the Institute's Accounting policies

The preparation of the entity's financial statements in conformity with IPSAS requires the use of estimates and assumptions. It also requires management to exercise its judgment in the process of applying the Institute's policies and procedures .Estimates and judgments are continually evaluated and are based on past experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

m).Consumable stores

All consumable stores procured for use in operations are expensed on purchase through the statement of Financial performance .Proper records of receipts and issues of stores items are maintained to avoid abuse. Prior year inventory related to equipment was expensed, these cost has been capitalized and transferred to property, plant and equipment.

n).Comparative figures

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

o).Related party

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 of the members of the Council and the Management team. Remuneration paid to the Council members and senior management was for services rendered during normal business course and were not in any way on favourable terms than would have been on transactions done at an arm's length.

(i)The Institute is related to;

(a) The National Government

(b) Ministry of Information, Communications & Technology

**KENYA INSTITUTE OF MASS COMMUNICATION ANNUAL REPORT AND FINANCIAL
STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

- (c) Key Management
(d) Council Members

ii) Related party transactions

	2018-2019 Kshs	2018-2017 Kshs
Transfers from related parties	441,541,000	195,450,000
Transfers to related parties	277,995	37,521

(iii) Key Management remuneration

	2018-2019 Kshs	2018-2017 Kshs
Council Members	8,874,943	8,223,237
Key Management	4,275,000	4,275,000

p).Contingent liabilities

The Institute does not recognize a contingent liability, but discloses details of any contingencies unless the possibility of an outflow of resources embodying economic benefits or service potential is remote. The Institute has a pending court case in which a private developer is claiming ownership of a piece of land reserved for sewer amenities passing through the Institute's property.

q).Subsequent events

There has been no event subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2019.

r). Financial Risk Management

The Institute's risk management strategy recognizes the various risks the Institute is exposed to including credit risk and liquidity risk. This is based on a clear understanding of the risks and continuous risk assessment, measurement and monitoring. The Institute's overall risk management programme focuses on the unpredictable changes in the business environment and seeks to minimize the potential adverse effects of such risks on its performance. The Council does not hedge any risks but has in place policies that ensure that any credit advanced is at minimum risk.

Credit Risk

Credit risk is the risk that a borrower is unable to meet his financial obligations to the lender. The Institute's credit risk is attributable to its cash and cash equivalents and trade receivables. The amounts presented in the financial statements are net of allowances for doubtful receivables, estimated by the Institute's management based on their assessment of the economic environment. Both bank balances and trade receivables are fully performing and no debt has been impaired.

	Total Amount Kshs	Fully Performing Kshs	Past Due Kshs	Impaired Kshs
As At June 2019				
Receivable from Exchange transactions	551,977	551,977	-	-
Bank Balances	185,374,090	185,374,090	-	-
Total	186,220,442			

KENYA INSTITUTE OF MASS COMMUNICATION ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

As at June 2018				
Receivable from Exchange transactions	285,216	285,216	-	-
Bank Balances	24,664,925	24,664,925	-	-
Total	24,950,141	24,950,141		

Liquidity Risk

Prudent liquidity risk management includes maintaining sufficient cash to meet Institute obligations. The ultimate responsibility for liquidity risk management rests with the management which has built an appropriate liquidity risk management framework for management of the Institute's short, medium and long term funding requirements. The Institute manages liquidity risk by maintaining adequate cash reserves to ensure liabilities are paid as they fall due and to cushion against any liquidity risk.

	Less than 1 Month	Between 1-3 Months	Over 5 Months	Total
	Kshs	Kshs	Kshs	Kshs
As at 30th June 2019				
Trade payables	-	1,139,000	7,737,130	8,876,130
As at 30th June 2018				
Trade Payables	-	3,990,930	45,013,332	49,004,262

Capital Risk

The objective of the Institute's capital risk management is to safeguard the Institute's ability to continue as a going concern. The Institute's capital structure comprises of revenue and capital reserve. The entity capital structure comprise of the following funds.

	2018-2019	2017-2018
	Kshs	Kshs
Revenue Reserve	-155,182,834	-131,663,865
Capital revaluation reserve	2,552,675,842	2,354,439,632
Total Funds	2,397,493,008	2,222,775,767

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.

- (a) The Institute is still collating its Assets transferred from the Parent ministry, the values of these assets may change significantly as some of the equipment such as video cameras has become obsolete due to technological changes. The cost of land may also go up significantly as the general land prices within Nairobi has gone up significantly in the last 5 years since the last valuation was done.

**KENYA INSTITUTE OF MASS COMMUNICATION ANNUAL REPORT AND FINANCIAL
STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

- (b) Cost of library books has been recognized in the statement of comprehensive income, useful life of library books and its residual value may change based on the assessment of experts employed by the Institute or relevance of the information contained in the books, this may necessitate recognition in the statement of financial position.

6. EVENTS AFTER THE REPORTING PERIOD

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

7. ULTIMATE AND HOLDING ENTITY

The Kenya Institute of Mass Communication is a Semi- Autonomous Government Agency under the Ministry of Information, Communications & Technology, State Department of Broadcasting & Telecommunications. Its ultimate parent is the Government of Kenya.

KENYA INSTITUTE OF MASS COMMUNICATION ANNUAL REPORT AND FINANCIAL
STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2019

	2019-2018 Kshs	2018-2017 Kshs
2(a) Recurrent grants		
This denotes money received from the Government to support recurrent expenditure of the the Institute.		
Quarter 1	48,862,500	48,862,500
Quarter 2	44,953,500	48,862,500
Quarter 3	49,839,750	48,862,500
Quarter 4	47,885,250	48,862,500
A.I.A	12,777,995	12,037,521
	<u>204,318,995</u>	<u>207,487,521</u>
2(b) Development grants		
This denotes money received from the Government to support development expenditure of the the Institute.		
Quarter 1	-	-
Quarter 2	-	-
Quarter 3	250,000,000	-
Quarter 4	-	-
	<u>250,000,000</u>	<u>-</u>
3 Revenue from exchange transactions		
Tuition and other related fees	88,631,353	83,654,248
Total revenue from exchange transactions	<u>88,631,353</u>	<u>83,654,248</u>
4 Employee costs	Kshs	Kshs
Basic pay	78,576,021 ✓	77,770,201
House allowances	28,623,758 ✓	28,587,213
Extraneous allowance	264,745 ✓	193,164
Commuter allowance	7,688,131 ✓	7,710,948
Casual wages	4,600,000 ✓	3,937,943
Gratuity & pensions contributions	10,448,612 ✓	9,058,009
Other personnel emoluments	3,965,681	5,693,133
Total employee costs	<u>134,166,949</u>	<u>132,950,609</u>

KENYA INSTITUTE OF MASS COMMUNICATION ANNUAL REPORT AND FINANCIAL
STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2019

	2018-2019	2018-2017
	Kshs	Kshs
5.Administration expense		
Utilities supplies - Electricity	7,688,332✓	8,564,274
Utilities supplies - Water & Sewerage	1,012,502✓	960,697
Telephone expense	2,313,021✓	2,266,336
Internet and ICT infrastructure	893,220✓	381,600
Postage & courier services	9,450✓	79,587
Leased communication lines	141,531✓	-
Satellite Access Services	131,434✓	30,000
Local Travelling and subsistence	2,553,708✓	1,868,539
Foreign travel & accommodation	333,634✓	-
Transport	-	-
Workshop tools & spares	249,952✓	-
Medical Supplies	168,326✓	-
Staff training and development	3,828,016✓	1,067,785
Printing & publishing	220,160✓	327,183
Subscriptions & periodicals	431,427✓	330,902
Advertisement and awareness campaigns	373,251✓	91,640
Trade shows and exhibitions	-	754,100
Specialised materials and Supplies	-	501,680
Education & Library Supplies	403,670✓	407,030
General Office expense	598,921✓	1,980,874
Supplies & Accessories for computer services	482,248✓	560,700
Cleaning and Sanitary Services	900,330✓	842,500
Refined fuels and Lubricants for transport	600,000✓	781,200
Cooking gas	2,310,000✓	1,430,000
Contracted Guards & Cleaning Services ✓	7,596,080✓	6,526,371
Contracted Professional Services	3,042,429✓	1,395,725
Purchase of uniforms & Graduation Gowns	286,760✓	520,110
Purchase of Bedding & Linen	-	-
Bank charges and commissions	334,372✓	185,783
Catering and Hostel Services	25,128,282✓	27,317,504
Total administrative expense	62,073,056	59,508,828

6.Council expenses

	2018-2019	2017-2018
	Kshs	Kshs
Sitting Allowance	2,818,000✓	2,960,000
Hospitality & Accommodation	1,879,500✓	1,291,600
Mileage Reimbursement	869,398.20✓	1,360,823
Honoraria	957,000✓	348,000
Training	1,606,520✓	1,454,250
Other Allowances	744,525✓	942,564
CEO Salary	4,275,000✓	4,275,000
Total council expense	13,149,943.2	12,632,237

KENYA INSTITUTE OF MASS COMMUNICATION ANNUAL REPORT AND FINANCIAL
STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2019

	2018-2019	2018-2017
7 Repairs and maintenance	Kshs	Kshs
Repairs and maintenance equipment & machinery	1,506,939.66	1,032,846
Repairs and maintenance of motor vehicle	368,887.56	480,380
Repairs & Maintenance-office furniture	110,500	83,800
Repairs & Maintenance-Computer & software	354,718	-
Repairs and maintenance of buildings	384,110	753,026
Overhaul of plant, machinery & Equipment	-	-
Purchase of workshop tools, spares & Equipment	477,000	197,750
Purchase of ICT & Communications Equipment	197,200	216,000
Total repairs and maintenance	3,399,355.22	2,763,802
8 Academic services		
Teaching & Academic expenses	42,276,313.00	39,926,315
Student Projects & Supervision	8,257,951	7,848,943
Extra-Curriculum & Students union	4,465,705	6,321,085
Graduation expense	1,598,269	2,645,256
Total academic services	56,598,238.00	56,741,599
9 Depreciation and amortization		
a).Property, Plant and equipment	45,354,285	47,503,590
b).Intangible assets	927,490	1,324,985
Total depreciation and amortization	46,281,775	48,828,576
10 Audit fees-Auditor General	800,000	800,000
11 Cash and cash equivalents		
A/C No.1167037944-KCB-Re-current Account	8,892,337	12,479,083
A/C No.1143244362-KCB-Deposits Account	176,417,098	12,178,102
A/C No.1226683495-KCB-Development Account	57,799	7,740
Cash in hand	6,856	-
Total cash and cash equivalents	185,374,090	24,664,925
12(a) Receivables from exchange transactions	Kshs	Kshs
Current Receivables		
Staff debtors(Salary advance)	30,627	71,116
Outstanding imprest	521,350	214,100
Total Current receivables	551,977	285,216
12(b) Non-Current Receivables		
Receivables from non-exchange transactions	4,221,675	8,443,350
Total non-Current receivables	4,221,675	8,443,350

**KENYA INSTITUTE OF MASS COMMUNICATION ANNUAL REPORT AND FINANCIAL
STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2019

	2018-2019	2018-2017
13 Trade and other payables from exchange transactions	Kshs	Kshs
Contractor's retention	29,794,817	20,907,022
Pension & Gratuity	13,678,178.00	19,858,410
Payments due to Part-time lecturers	1,139,000	3,447,899
Outstanding salaries & wages(WCPS)	3,990,930	3,990,930
Provision for audit fee	800,000	800,000
Total	49,402,925	49,004,261
14 Refundable deposits from students		
Student deposits b/f	1,322,101	1,029,000
Deposits	1,500,000	628,000
Refunds	(52,800)	(334,899)
Total deposits	2,769,301	1,322,101
15 Revenue reserve		
Bal b/f	-131,663,865	-108,579,983
Adjustment/Restatement	-	-
Surplus/deficit for the financial year	-23,518,969	(23,083,882)
Bal c/f	-155,182,834	131,663,865
16. Work in progress		
Opening work in progress	107,315,447	98,208,120
Additions	51,294,808	9,107,327
Total	158,610,255	107,315,447

KENYA INSTITUTE OF MASS COMMUNICATION ANNUAL REPORT AND FINANCIAL
STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2019

9(b) Intangible assets-Software

Description

	2019-2018	2017-2018
	Shs	Shs
Cost		
At the beginning of the year	6,399,139	6,399,139
Additions	-	-
Disposals	-	-
At the end of the year	6,399,139	6,399,139
 Amortization and impairment		
At the beginning of the year	-3,307,507	-1,982,522
Amortization	-927,490	-1,324,985
At the end of the year	-4,234,997	-3,307,507
 Net book values	2,164,142	3,091,632

KENYA INSTITUTE OF MASS COMMUNICATION ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2019

9(a)

Description	Non-Current Assets						
	Land	Buildings	Furniture & Fittings	Tools & Equipment	Motor Vehicles	Computers	Work in Progress
Cost	Shs	Shs	Shs	Shs	Shs	Shs	Shs
At 1 July 2018	1,100,000,000	885,343,129	19,633,989	105,408,866	12,258,287	6,657,289	107,315,447
asset valuations				(56,415,503)	4,651,713	-	-
Disposals	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-
At 30 June 2019	1,100,000,000	885,343,129	19,633,989	48,993,363	16,910,000	6,657,289	107,315,447
additions	-	-	-	66,001,611	-	558,000	51,294,808
At 30 June 2019	1,100,000,000	885,343,129	19,633,989	114,994,974	16,910,000	7,215,289	158,610,255
Depreciation and impairment							
At 1 July 2017	-	(47,119,460)	(6,521,363)	(21,509,391)	(11,286,622)	(6,754,067)	-
Depreciation	-	(22,701,105)	(2,804,856)	(15,058,409)	(4,086,096)	(2,853,124)	-
Impairment	-	-	-	-	-	-	-
At 30 June 2018	-	(69,820,565)	(9,326,219)	(36,567,800)	(15,372,718)	(9,607,191)	-
As at 1st July 2018	-	(69,820,565)	(9,326,219)	(36,567,800)	(15,372,718)	(9,607,191)	-
Depreciation	-	(22,133,578)	(2,454,249)	(14,374,372)	(4,227,500.00)	(2,164,587)	-
At 30 June 2019	-	(91,954,143)	(11,780,468)	(50,942,172)	(19,600,218)	(11,771,778)	-
Net book values							
At 30 June 2019	1,100,000,000	863,209,551	17,179,740	100,620,602	12,682,500	5,050,702	158,610,255
At 30 June 2018	1,100,000,000	885,343,129	19,633,989	105,408,866	12,258,287	6,657,289	107,315,447

158,610,255

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KENYA INSTITUTE OF MASS COMMUNICATION ANNUAL REPORT AND FINANCIAL
STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.	Uncompleted project- Construction of Kitchen/Dining	<p>A.Initial Contract Cost Kshs 115,925,052</p> <p>B. Contract Variation cost – Cost contract varied by Kshs28,980,902 or 25% of the initial cost due to changes in structural layout and design of the structure involving inclusion of mezzanine floor , additional columns and increase in height of ground floor columns</p> <p>C. Duration variation The contract period ending 8th June 2017 was extended for 26 weeks so that the revised completion date would be 7th November 2017 the extension of the contract period was occasioned by changes in structural layout and design structure.</p> <p>D. Adequacy of balance of funds Kshs 32,292,513 These funds were projected to complete structural works of the project. The movable kitchen equipment and installation was not part of the initial revised contract cost</p> <p>E. Separate Tendering The contract sum of Kshs 115,925,052 included builders works , mechanical</p>	Mr.Peter Wakoli (DD (F&A))	Resolved	

**KENYA INSTITUTE OF MASS COMMUNICATION ANNUAL REPORT AND FINANCIAL
STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (<i>Name and designation</i>)	Status: (<i>Resolved / Not Resolved</i>)	Timeframe: (<i>Put a date when you expect the issue to be resolved</i>)
		<p>NB1: all claims by the contractors have been honoured using the FY 2018/19 development budget</p> <p>NB2: The project is ongoing and it is in its final phase. It will be completed within budgetary ceilings set by the national treasury</p>			

KENYA INSTITUTE OF MASS COMMUNICATION ANNUAL REPORT AND FINANCIAL
STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

APPENDIX 11: PROJECTS IMPLIMENTED BY THE ENTITY

Project Title	Project Number	Donor	Period /Duration	Separate donor reporting required as per donor agreement	Consolidated in these financial statements
405bed capacity five storey hostel		GoK	6 yrs	NO	YES
Modernization of KIMC film		GoK	6 yrs	NO	YES

Status of projects and completion

NO	Project	Total Project Cost	Total Expended to date	% of completion to date	Budget	Actual	Sources of Funds
1.	405bed capacity five storey hostel	500,000,000	449,000,000	90%	64,000,000	64,000,000	GoK
2.	Moderniza tion of KIMC film	405,000,000	287,000,000	71%	118,000,000	118,000,000	GoK

KENYA INSTITUTE OF MASS COMMUNICATION ANNUAL REPORT AND FINANCIAL
STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

APPENDIX 111:INTER-ENTITY TRANSFERS

	ENTITY NAME:	Kenya Institute of Mass Communication		
	Break down of Transfers from the State Department of Broadcasting and Telecommunication			
	FY 18/19			
a.	Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (Kshs)</u>	<u>Indicate the FY to which the amounts relate</u>
		5/9/2018	48,862,500	2018/2019
		6/12/2018	44,953,500	2018/2019
		1/2/19	49,839,750	2018/2019
		16/5/2019	47,885,250	2018/2019
		Total	191,541,000	
b.	Development Grants**			
		<u>Bank Statement Date</u>	<u>Amount (Kshs)</u>	<u>Indicate the FY to which the amounts relate</u>
		31/01/2019	93,000,000	2018/2019
		19/2/2019	64,000,000	2018/2019
		19/2/2019	93,000,000	2018/2019
		Total	250,000,000	

**In the FY 2018/2019, the institute had an approved development budget of 250,000,000 which was disbursed in the third quarter

APPENDIX IV: TRANSFER FROM OTHER GOVERNMENT ENTITIES

Name of the MDA Transferring the funds	Date received as per bank statement	Recurrent/D development	Total Amount	Where recorded Statement of financial performance	Capital fund	Deffered income	Receivables	Total Transfers during the year
MICT-State Department of Broadcasting & Telecommunication	5/9/2018	Recurrent	48,862,500	48,862,500	-	-	-	48,862,500
"	6/12/2018	"	44,953,500	44,953,500	-	-	-	44,953,500
"	1/2/19	"	49,839,750	49,839,750	-	-	-	49,839,750
"	16/5/2019	"	47,885,250	47,885,250	-	-	-	47,885,250
		Total						191,541,000
"	31/01/2019	Development	93,000,000	93,000,000	-	-	-	93,000,000
"	19/2/2019	"	64,000,000	64,000,000	-	-	-	64,000,000
"	19/2/2019	"	93,000,000	93,000,000	-	-	-	93,000,000
		Total						250,000,000

