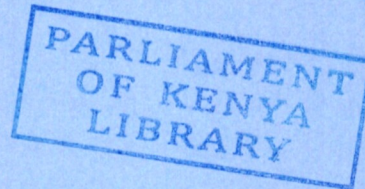
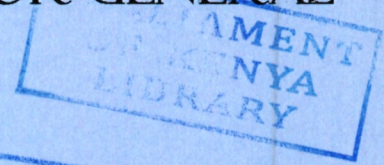


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL



REPORT

OF

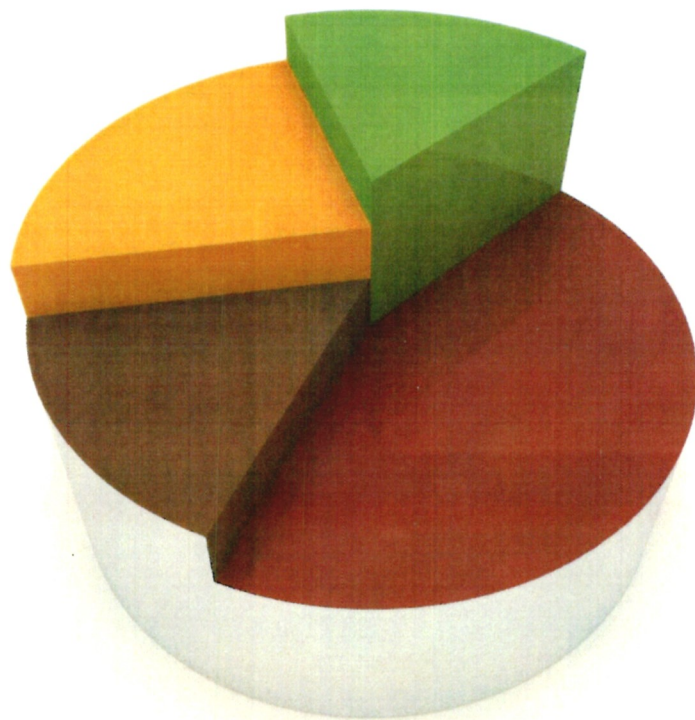
THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
MEDIA COUNCIL OF KENYA**

**FOR THE YEAR ENDED
30 JUNE 2015**

Annual Report and Financial
Statements for the Year ended 30th
June 2015



Promoting Press Freedom
and Responsible Journalism

**MEDIA COUNCIL OF KENYA
ANNUAL REPORT AND FINANCIAL STATEMENT
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

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

**MEDIA COUNCIL OF KENYA
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

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**MEDIA COUNCIL OF KENYA
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

I

Coorporate Information

The Media Council of Kenya was registered and operates as a corporate body under the Media Act (Cap 411B) on 1st October, 2007.

Principal Activity

To safeguard media freedom, enhance professionalism and arbitrate media disputes.

Council Members

Mr. Peter Wakoli	Chairman and representing Middle Level Colleges
Ms. Sarah Nkatha	Vice-Chairperson and representing the Kenya Union of Journalists
Mr. Linus Gitahi	Representing the Media Owners Association
Mr. Ezekiel Mutua	Representing the Ministry of Information Communication and Technology
Dr. Muiru Ngugi	Representing Public Universities
Dr Rosemary Nyaole-Kowuor	Representing Private Universities
Ms. Grace Munjuri	Representing the Public Relations Society of Kenya
Ms Mercy Ochieng Kodada	Representing the Kenya Correspondents Association

Management Team

Dr Haron Mwangi	Chief Executive Officer
Mr Victor Bwire	Programmes Manager
Mr Godfrey Mageto	Finance Manager
Mr Josphaat Kibaara	Human Resource and Administration Manager
Mr Gideon Mwanzia	Internal Auditor

Secretariat

Dr. Haron Mwangi- Chief Executive Officer and Secretary to the Board

Registered Office and Principal Place of Business

Mara/Ragati Road Junction
Upper Hill
P.O. Box 43132 - 00100
Nairobi

Contacts

Tel: 020 2737058
Email: info@mediacouncil.or.ke
Website: www.mediacouncil.or.ke

Banker

Standard Chartered Bank Kenya Limited
Kenyatta Avenue Branch
P.O. Box 30001 - 00100
Nairobi

Auditors

Auditor General
Office of Auditor General
Anniversary Towers, University Way
P.O. Box 30084
Nairobi

Principal Legal Adviser

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

2 Gathii Irungu & Co Advocates
Miller & Co Advocates
Rachier & Amollo Co Advocates

MEDIA COUNCIL OF KENYA ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

COUNCIL MEMBERS



Mr Peter Wakoli

Chairman

Date of Birth: 10/10/1972

Mr Peter Wakoli is the Council Chairman.

Education

- Bachelor's Degree (Economics)- University of Nairobi
- Masters of Arts (Economics)- University of Nairobi
- Masters of Arts (International Development)- International University of Japan
- Post Graduate Diploma (Mass Communication)- Kenya Institute of Mass Communication
- Lead ISO Auditor

Work Experience

- Lecturer and Deputy Director (Finance and Administration) at Kenya Institute of Mass Communication (KIMC)



Ms. Sarah Nkatha

Vice Chairperson

Date of Birth: 13/04/1976

Education

- Diploma (Broadcast media) Kenya Institute of Mass Communication
- Danish School of Journalism, broadcast media.

Work Experience

- British Broadcasting Corporation (BBC) German public radio (ARD) as a producer.
- News Editor, Royal Media Services.



Ms Mercy Ochieng Kodada

Council Member

Date of Birth 18/06/1972

Education

- Bachelor of Arts in Communication (Public Relations and Electronic Media) - Daystar University.

Work experience

- Consultant with Unbound Communications.
- A freelance journalist with a bias for environmental issues.



Ms Grace Munjuri

Council Member

Date of Birth 11/04/1976

Education

- She holds a Master of Arts degree (Corporate Communications) -Daystar University.
- Bachelor of Commerce degree (Marketing) - Kenyatta University.

Work Experience

- Current Vice Chair of the Public Relations Society of Kenya (PRSK)
- Board Member of the Communications Authority of Kenya
- Lead Consultant of the PR Firm Brand Magnets Limited.

MEDIA COUNCIL OF KENYA ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015



Mr. Ezekiel Mutua

Council Member

Date of Birth: 06/06/1967

Education

- Masters in Communication studies- University of Nairobi
- He holds a Bachelor's Degree (Political Science and Administration)-Kenyatta University

Work Experience

- Has been the Director of Information and Public Communications Secretary-General, Kenya Union of Journalists (KUJ).
- Has been the Information Secretary at the Ministry of ICT.
- Currently the Chief Executive Office, Kenya Film Classification Board.



Dr. Muiru Ngugi

Council Member

Date of Birth: 12/ 06/1964

Education

- He holds Dip, MA, and PhD - Carnahan Post- Doctoral Fellow.

Work Experience

- Has been an Associate Director, School of Journalism and Mass Communication-University of Nairobi with 26 years of experience in communication and Journalism

V

MEDIA COUNCIL OF KENYA ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015



Haron Mwangi, PhD

Chief Executive Officer and Secretary to the Council

Date of Birth 16/11/69

He is the Chief Executive Officer and Secretary to the Council of the Media Council of Kenya.

Education

- PhD in Media Economics and Management- University of Nairobi.
- Master's degree in Communication Studies, University of Nairobi
- Postgraduate Diploma in Project Planning and Management, Catholic University of East Africa
- Bachelor's of Arts Degree, University of Nairobi

Experience

- Four year experience as the Chief Executive Officer of the Media Council of Kenya
- 15 years' experience in media law, policy and regulation.
- Marketing and Corporate Communications Manager at Postbank and Manager, Business Development and Marketing at the Agricultural Finance Corporation.
- Farm Concern International - Technical Adviser, Business Models Development, Market Research and Documentation in

MEDIA COUNCIL OF KENYA ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

<p>Sub-Saharan Africa.</p> <ul style="list-style-type: none"> • University teaching both in Kenya and South Africa. 	
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MANAGEMENT TEAM



Mr. Victor Bwire
Deputy Chief Executive Officer and
Programmes Manager

Date of Birth: 09/08/72

Education

- MA in Communication and Media Studies
- Post- Graduate Diploma in Mass Communication
- BA from the University of Nairobi.
- Post- Graduate Diploma in Environmental Journalism and Communication from Makerere University, Uganda.

Work experience

- Communications Officer at the Kenya National Commission on Human Rights ARTICLE 19 covering 10 African countries on journalists safety and media freedoms
- Writer for the Nation Media Group and the Standard.
- Lectured at the United States International University (USIU), Mt. Kenya University, Technical University of Kenya and the Great Lakes University in science communication and advocacy.



Mr. Godfrey Mageto Ongeru
Finance Manager.

Date of Birth: 21/12/80

Education

- Master of Science (Finance & Investment) - University of Nairobi
- Bachelor of Commerce (Finance and Banking) degree from Egerton University.
- Certified Public Accountant (CPA-K) certificate
- Diploma in Project Management - Kenya Institute of Management

Work experience

- Blue Limited (Loan Officer)
- Barclays Bank (Recovery Officer)

MEDIA COUNCIL OF KENYA ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015



Mr. Josphat Kibaara
Human Resource and Administration
Manager

Date of Birth: 29/07/73

Education

- Masters in Human Resource Management degree -Open University of Tanzania,
- Bachelor of Arts (Government and Public Administration)-Moi University
- Higher Diploma (Human Resource Management)-Institute of Human Resource Management
- Diploma in Human Resource Management - Kenya Institute of Management.

Work experience

- Kenya Plant Health Inspectorate Service (Kephis)
- National Museums of Kenya
- Unga Limited.



Mr. Gideon Mwanzia Nzioki

Internal Auditor.

Date of Birth 08/06/78

Education

- Masters of Science (Finance & Investment) Management degree - Open University of Tanzania,
- Bachelor of Business Administration (Accounting and Finance) -Kenya Methodist University
- Certified Public Accountant (CPA-K) certificate
- Member of the Global Institute of Internal Auditors (IAA).

Work experience

- Internal auditor-New spread International
- Internal auditor- Ministry of Finance Department of Internal Audit
- Internal auditor- Tana Water Services Board.

MEDIA COUNCIL OF KENYA ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

CHAIRMAN'S STATEMENT

The 2014/2015 Financial Year was marked by heightened activities at the Media Council of Kenya.

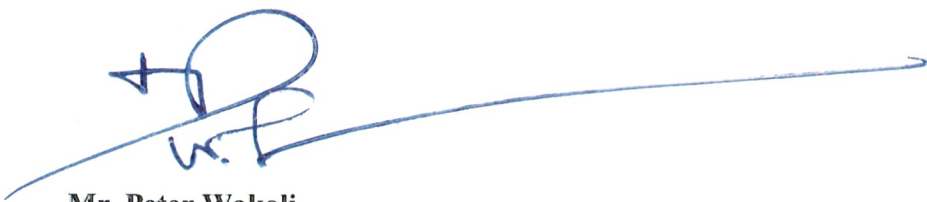
As the leading institution in the regulation of media and in the conduct and discipline of journalists, the Media Council of Kenya made tremendous strides in efforts to achieve its objectives. The Council has remained steadfast in ensuring that Journalism profession is upheld in the Kenyan media, media freedom is protected and journalists are independent and accountable. The Council has remained in the frontline in ensuring the protection of the rights and privileges of journalists in the performance of their duties as guaranteed by the Media Council Act 2013.

The period saw deep involvement of the Council in the review of laws governing media operations in Kenya. The two laws; the Media Council Act 2013 and the Kenya Information and Communication (Amendment) Act 2013 were passed by the Kenya National Assembly on December 5, 2013 and continued to expand Media space in spite of the contentious clauses in the KICA 2013. This has created a more independent and robust Media Council of Kenya. The passing of the new laws meant the re-alignment of the mandate of the Council and a new approach in the Council's activities. It gave the Council enhanced powers in executing its mandate aimed at ensuring a freer and more professional media.

To this end, Kenya's media has remained one of the most vibrant not only in Africa but globally. The media has continued to play its role as the public watchdog as well as an opinion shaper in a number of socio-economic and political issues. The year saw the Council upscale operations in arbitration of media-related disputes, media monitoring, training and accreditation. Notably, the Council's Complaints Commission prudently and independently mediated in disputes between the government and the media, between the public and the media as well as intra-media.

In our effort to identify, acknowledge, inspire, support and promote excellence in Journalism in Kenya, the Council organised the Annual Journalists' Excellence Awards as one of the major events around the 2015 World Press Freedom Day celebrations held in May in Nairobi, Kenya.

Our collaborations with stakeholders recorded a major boost with several governmental and non-governmental bodies getting interested in our work.



Mr. Peter Wakoli
Chairman of the Council
Media Council of Kenya

MEDIA COUNCIL OF KENYA ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

REPORT OF THE CHIEF EXECUTIVE OFFICER

The 2014/2015 Financial Year marked an impressive leap towards the attainment of the Media Council of Kenya's mandate following the enactment of the Media Council Act 2013. The passing of the Media Council Act 2013 marked the starting point towards media reforms in Kenya. The Act strengthened the self-regulation approach where the media is accountable to itself in promoting journalism profession. Through this law, the Media Council's mandate and functions were tightened to enable the Council facilitate major reforms to address some key concerns about media performance in Kenya.

The Media Council of Kenya also attained powers to standardise the training of journalism in Kenya through a national curriculum for middle level colleges, as well as the accreditation and inspection of the colleges that offer journalism to ensure adherence to quality training standards and competencies.

Secondly, the Council is now the sole self-regulating body for journalists in the country and keeps registers of all practicing journalists, journalism training colleges and all media enterprises operating in the country. This has facilitated the professionalisation of the industry, weeding out quacks and ensuring strict adherence to the Code of Conduct for the Practice of Journalism in Kenya as enshrined in the Second Schedule of the Media Council Act 2013.

In the year under review, the Complaints Commission was also strengthened to deal with any professional misconduct and breaches to the code of ethics. The Council continued to file complaints at the Commission on any issues of public interest and national concern.

Additionally, and as per our 2013-2018 Strategic Plan, the Council continued to undertake key activities as set out in the objectives. The media arbitration role being undertaken by the Complaints Commission, for instance, received acknowledgement from not only the public but also the government and high-ranking state officials. The Council also continued engaging the media fraternity through the Media Observer magazine, a quarterly publication of the Council which analyses media performance and trends with regards to adherence to the Code of Conduct for the Practice of Journalism.

In our efforts to enhance professionalism, the Council continued organising trainings for journalists at various levels. Our Accreditation function was actively involved in maintaining a roll of journalists practicing in Kenya, hence checking the proliferation of our profession by quacks.

The Council also intervened where the media compromised journalistic standards through an effective media monitoring function, whose feedback informed our work.

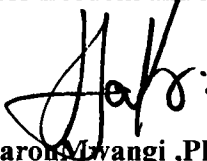
In our efforts to promote media excellence in Kenya, the Council organised the third Annual Journalism Excellence Awards (AJEA) as one of the major events around the 2015 World Press Freedom Day celebrations.

MEDIA COUNCIL OF KENYA ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

It was also around this time that the Council hosted media practitioners from Eastern Africa for a convention which was officially opened by His Excellency the Deputy President of the Republic of Kenya William Ruto.

The Council continued to undertake training of journalists in different fields, with special emphasis on the constitution, conflict-sensitive reporting and development journalism. This was out of the recognition that quality training is key to professionalism and development of the media. In the reporting period, the Council took the lead in developing a curriculum for middle level colleges offering journalism training. This is part of a wider mandate that will see the forming of an accreditation and joint examining body for media colleges in Kenya.

We are grateful for the support we have continued to receive from the government, government agencies and our development partners in pursuit of our mandate of promoting press freedom and responsible journalism in Kenya.

: 30th/11/2015

Haron Mwangi, PhD

**Chief Executive Officer & Secretary to the Council
Media Council of Kenya**

**MEDIA COUNCIL OF KENYA
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

XII

REPORT OF THE COUNCIL

The Council members have the pleasure in presenting their report together with the audited financial statements of the Council for the year ended 30 June 2015.

PRINCIPAL ACTIVITY

The Council is a non profit and non political media organization formed through the Media Council Act 2013 to provide self regulation for the media industry and education to public, government and media practitioners. It also carries out research on media practice in the country.

RESULTS

The results for the year ended 30th June 2015 are shown on page 6.

COUNCIL MEMBERS

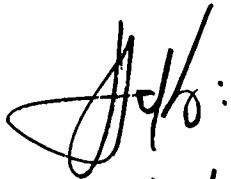
The Council members who held office during the year and to the date of this report are shown on page 1.

AUDITORS

The Council Financial statements are audited by the Auditor General.

BY ORDER OF THE COUNCIL

SECRETARY



DATE

30th/11/

2015.

CORPORATE SOCIAL RESPONSIBILITY

The Media Council of Kenya's (MCK) was registered and operates as a corporate body under the Media Council Act 2013.

The Media Council of Kenya has engaged actively in Corporate Social Responsibility activities the major one being the provision of essential commodities to the volunteers involved during the Garissa University Attack at the Chiromo Mortuary on 10th April 2015.

**MEDIA COUNCIL OF KENYA
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015
STATEMENT FOR CORPORATE GOVERNANCE**

The Council members have committed themselves to the service of the Council and to uphold the tenets of good corporate governance by being responsible, transparent, accountable, efficient, effective, persons of integrity and exercise fairness in all their dealings.

The Council

The Council consisted of seven non-executive Council members and a Chief Executive Officer.

The seven members are appointed by the Media Owners Association, Kenya Union of Journalists, Law Society of Kenya, Editor's Guild of Kenya, and Schools of Journalism of recognized universities, Kenya Correspondents Association, Public Relations Society of Kenya, Kenya Institute of Mass Communication and the Kenya News Agency. This is within the provision of the Media Act 2007 repealed through the Media Council Act 2013

The Council members possess a broad range of skills, qualifications and experiences required to direct the affairs of the Council.

Council Responsibilities

The independence of the Council's board from its corporate management is ensured by the separation of the functions of the Chairman and the Chief Executive Officer and a clear definition of their responsibilities. This helps in achieving an appropriate balance of power, increased accountability and improved capacity for decision making, independent of the management.

The Council is accountable to the stakeholders and retains ultimate responsibility for the Council's performance.

It takes on the primary responsibility of determining the Council's vision, mission, and values; deciding its strategic objectives and key elements of the governance processes underpinning the operation of the Council. The Council members retain full and effective control over the Council by monitoring the management in its implementation of Council plans and strategies, review of management accounts, and major capital expenditure.

The Council exercises diligence in carrying out its role, with emphasis on strategic issues and policy matters. On a quarterly basis, Council evaluates an operational report from the Chief Executive Officer which includes management accounts for the past quarter, reports from each Council committee; specific proposals for capital expenditure and acquisitions; as well as strategic opportunities for the Council.

Council Committees

The Council committees facilitate decision-making to assist the Council in the execution of its duties, powers and authority. However, delegation of authority to the committees does not in any way mitigate the discharge by the Council of its duties and responsibilities.

The Council has set up four Committees which draw its membership from the Council members. The

- Finance and Administration Committee
- Training and Media Development Committee
- Ethics and Public Information Committee
- Audit Committee

APPROVAL OF FINANCIAL STATEMENTS

The Financial Statements were approved on 30th / 11 / 2015

SECRETARY

CHAIRPERSON

**MEDIA COUNCIL OF KENYA
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

STATEMENT OF COUNCIL MEMBERS' RESPONSIBILITIES

Section 8(1) of the Public Finance Management Act, 2012 and the Media Council Act 2013 requires the Council to prepare financial statement, which give a true and fair view of the state of affairs of the Council at the end of the financial year and the operating results of the Council for that year. The Council Members are also required to ensure that the Council keeps proper accounting records which disclose with reasonable accuracy the financial position of the Council. The Council Members are also responsible for safeguarding the assets of the Council.

The Council Members are responsible for the preparation and presentation of the Council'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 ended on June 30, 2015. 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 Council; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Council 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 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, 2015, and of the Council's financial position as at that date. The Council Members 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 Trustees to indicate that the Council will not remain a going concern for at least the next twelve months from the date of this statement.

Approved by the Council members on..... 30th/11/2015 and signed on its behalf by:

.....
Haron Mwangi, PhD
Chief Executive Officer and Secretary to the Council

.....
Mr. Peter Wakoli
Chairman of the Council

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 MEDIA COUNCIL OF KENYA FOR THE YEAR ENDED 30 JUNE 2015

REPORT ON THE FINANCIAL STATEMENTS

The accompanying financial statements of Media Council of Kenya set out on pages 1 to 10, which comprise the statement of financial position as at 30 June 2015, statement of comprehensive income, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information have been audited on my behalf by Mbaya & Associates, auditors appointed under section 39 of the Public Audit Act, 2003. The auditors have duly reported to me the results of their audit and on the basis of their report, I am satisfied that all information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit were obtained.

Management's Responsibility 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.

The management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 13 of the Public Audit Act, 2003.

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 15(2) of the Public Audit Act, 2003 and submit the audit report in compliance with Article 229(7) of the Constitution of Kenya. The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

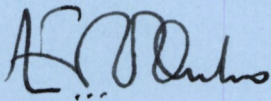
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected

depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Council as at 30 June 2015, 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 Media Act, 2007.



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

Nairobi

07 January 2016

**MEDIA COUNCIL OF KENYA
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2015**

1

	Notes	2015 Kshs	2014 Kshs
Revenue from Non- exchange Transactions			
Public Contributions and Donations	2	87,564,120	101,974,494
Licences and Permits	3	9,555,300	8,694,900
Tranfer from other governments	4	27,814,039	42,909,950
Total Revenue		<u>124,933,459</u>	<u>153,579,344</u>
Expenses			
Employee Cost	5	42,387,947	38,666,746
Council Allowances	6	7,657,550	16,164,855
Depreciation and ammortiation expenses	7	11,369,715	9,821,759
Repair and Maintainance	8	214,865	2,781,229
General Expenses	9	79,368,086	79,654,813
Total Operating Expenses		<u>140,998,163</u>	<u>147,089,401</u>
(Deficit) /surplus of income over expenditure		<u>-16,064,705</u>	<u>6,489,943</u>

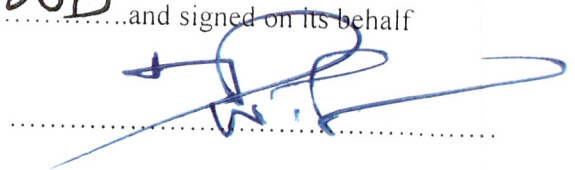
MEDIA COUNCIL OF KENYA
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015

ASSETS	Notes	2015 Kshs	2014 Kshs
CURRENT ASSETS			
Cash and Cash Equivalents	11	6,888,439	15,558,634
Receivables from Non-exchange transactions	12	8,841,220	12,338,383
		<u>15,729,659</u>	<u>27,897,017</u>
NON-CURRENT ASSETS			
Property, Plant and Equipment	16	32,791,799	44,183,914
Intangible Assets	10	1,600,000	-
		<u>34,391,799</u>	<u>44,183,914</u>
TOTAL ASSETS		<u><u>50,121,458</u></u>	<u><u>72,080,931</u></u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables from exchange transactions	13	2,064,330	1,959,098
NON-CURRENT LIABILITIES			
Deferred income	14	12,000,000	18,000,000
Fund Balance	15	36,057,128	52,121,833
TOTAL FUND AND LIABILITIES		<u><u>50,121,458</u></u>	<u><u>72,080,931</u></u>

Approved by the Council members on..... 30/11/2015 and signed on its behalf



Haron Mwangi, PhD
 Chief Executive Officer and Secretary to the Council



Mr. Peter Wakoli
 Chairman of the Council

MEDIA COUNCIL OF KENYA
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2015

3

	Fund Balance Kshs	Deferred Income Kshs	Total Kshs
Balance as at 30 June 2013	45,631,890	24,000,000	69,631,890
Surplus for the period	6,489,943	-	6,489,943
Transfers to/from accumulated surplus	-	(6,000,000)	(6,000,000)
Balance as at 30 June 2014	52,121,833	18,000,000	70,121,833
Deficit for the period	(16,064,705)	-	(16,064,705)
Transfers to/from accumulated surplus	-	(6,000,000)	(6,000,000)
Balance as at 30 June 2015	36,057,128	12,000,000	48,057,128

**MEDIA COUNCIL OF KENYA
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 30 JUNE 2015**

	Note	2014-2015 Kshs	2013-2014 Kshs
Cash flows from operating activities			
Receipts			
Public Contributions and Donations	2	87,564,120	101,974,494
Licences and Permits	3	9,555,300	8,694,900
Transfer from other governments	4	27,814,039	42,909,950
		<u>124,933,459</u>	<u>153,579,344</u>
Payments			
Employee Cost	5	42,387,947	38,666,746
Council Allowances	6	7,657,550	16,164,855
Depreciation and ammortiation expenses	7	11,369,715	9,821,758
Repair and Maintainance	8	214,865	2,781,229
General Expenses	9	79,368,086	79,654,813
		<u>140,998,163</u>	<u>147,089,401</u>
Net cash flow from operating activities		<u>(16,064,705)</u>	<u>6,489,943</u>
Cash flow from investing activities			
(Decrease)/Increase in receivables and prepayments	14	3,497,163	-
(Decrease)/Increase in trade payables	13	105,232	-
Purchase of property ,plant and equipments	10	(2,000,000)	(3,691,577)
Net cash flow from investing activities		<u>1,602,395</u>	<u>(3,691,577)</u>
Cash flow from financing activities			
Defered Income		<u>(6,000,000)</u>	<u>(6,000,000)</u>
Net cash flow from financing activities		<u>(6,000,000)</u>	<u>(6,000,000)</u>
Net increase in cash and cash equivalentents		<u><u>(20,462,310)</u></u>	<u><u>(3,201,634)</u></u>
Movement in cash and cash equivalentents			
At the start of the year		15,558,634	25,021,236
Increase		(8,670,195)	(9,462,602)
At the end of the year		<u><u>6,888,439</u></u>	<u><u>15,558,634</u></u>
Represented by:			
Bank Balance		6,839,685	15,463,655
Cash Balance		48,754	94,979
		<u><u>6,888,439</u></u>	<u><u>15,558,634</u></u>

MEDIA COUNCIL OF KENYA
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE YEAR ENDED 30 JUNE 2015

	<u>2014/15 BUDGETED</u>	<u>2014/15 ACTUALS</u>	<u>2014/15 VARIANCES</u>
Revenue	Kshs		
Public Contributions and Donations	90,000,000 0	87,564,120	2,435,880 0
Licences and Permits(Subscriptions)	2,000,000 0	5,300,000	(3,300,000 0)
Licences and Permits(Accreditation fees)	2,000,000 0	4,255,300	(2,255,300 0)
Conditional Grants			-
Ford Foundation	15,000,000 0	11,567,775	3,432,225 0
UNDP	500,000 0	850,000	(350,000 0)
UNESCO	1,000,000 0	528,252	471,748 0
Friedrick Ebert Foundation	84,000 0	-	84,000 0
Canadian High Commission	300,000 0	245,000	55,000 0
Plan International	2,000,000 0	200,000	1,800,000 0
GIZ	1,000,000 0	657,000	343,000 0
Kenya Media Program	9,000,000 0	3,585,800	5,414,200 0
International Media Support	3,000,000 0	718,252	2,281,748 5
IFC	500,000 0	350,000	150,000 0
Other income*	7,800,000 0	15,111,960	(7,311,960 0)
Conditional Grants	44,184,000 0	43,369,339	814,661 5
	<u>134,184,000.0</u>	<u>130,933,459</u>	<u>3,250,541.5</u>
Expenses			
Operating costs			
Travel and entertainment	3,250,000 0	2,981,782	268,218 0
Postage and courier	1,500,000 0	1,003,168	496,832 0
Communication telephone/ email	150,000 0	146,012	3,988 0
Office expenses	2,550,000 0	2,804,018	(254,018 0)
Bank charges	160,000 0	155,125	4,875 0
Printing and stationery	4,700,000 0	5,636,651	(936,651 0)
Accommodation and conferencing	28,389,000 0	21,183,737	7,205,263 0
Media Awards, Publicity and advertisements	12,008,992 0	16,501,397	(4,492,405 0)
Motor vehicles expenses	820,000 0	420,000	400,000 0
	<u>53,527,992 0</u>	<u>50,831,890</u>	<u>2,696,102 0</u>
Administrative costs			-
Audit fees (inclusive of VAT)		653,599	(653,599 0)
Salaries and wages	43,766,400 0	42,387,947	1,378,453 0
Staff medical cover	4,800,000.0	4,371,615	428,385 0
Staff Gratuity	1,000,000 0	200,000	800,000 0
Staff training	2,250,000 0	2,579,133	(329,133 0)
Board / Council expenses	7,244,000 0	7,657,551	(413,551 0)
Legal Fees	1,000,000 0	249,650	750,350 0
Subscriptions	750,000 0	484,080	265,920 0
Consultancy(projects)	4,200,000 0	4,545,792	(345,792 0)
	<u>65,010,400 0</u>	<u>63,129,367</u>	<u>1,881,033 0</u>
Establishment Cost			-
Repairs and maintenance	150,000 0	214,865	(64,865 0)
Insurance	950,000 0	1,106,602	(156,602 0)
Rent	10,510,464 0	10,417,419	93,045 0
Depreciation		10,539,116	(10,539,116 0)
Purchase of office ICT equipment	1,162,000 0	1,355,304	(193,304 0)
Resource centre	500,000 0	573,002	(73,002 0)
Purchase of boardroom and executive furniture		-	-
Upgrading of ERP	2,000,000 0	2,000,000	-
	<u>15,272,464 0</u>	<u>26,206,308</u>	<u>(10,933,844 0)</u>
Total Expenditure	133,810,856.0	140,167,565	(6,356,709.0)
Surplus of income over expenditure	<u>373,144.0</u>	<u>(9,234,106)</u>	<u>(9,607,250.5)</u>

1 Accounting policies

The principal accounting policies are set out below

(a) Statement of compliance and basis of preparation – IPSAS 1

The Council'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 Council and all values are rounded to the nearest thousand Kshs. The accounting policies have been consistently applied to all the years presented.

(b) Revenue Recognition

Subscriptions and donations

Subscriptions and donations are recognized when received.

Government grants

Grants are recognised when they are received. Grants for the recurrent expenditures are recognised as income through the statement of comprehensive income over the period so as to be matched against related costs incurred during the year.

Grants for capital expenditure (development grant) are recognised as deferred income under capital approach through statement of financial position per IPSA 23.

(c) Property, plant and equipment – IPSAS 17

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure

Property, plant and equipment are depreciated over their estimated useful life, using reducing balance method using the following annual rates:

Furniture, fixtures and equipment	12.5%
Computers	30%
Motor Vehicle	25%
Media Monitoring System	20%

(d) Intangible Asset

An intangible asset is recognised when

- i. it is probable that the future economic benefit that are attributable to the asset will flow to the entity and
- ii. The cost of the asset can be measured reliably.

(e) Contingent liabilities

The Council 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.

(f) Contingent assets

The Council 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 Council 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.

(g) Changes in accounting policies and estimates – IPSAS 3

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

(h) Related party Disclosure (IPSAS 20)

IPSAS 20 requires the disclosure of the existence of related parties and information about the transactions between related parties. These disclosures are required for accountability purposes and to allow a better understanding of the financial performance and position of the entity. The standard provides guidance on the identification of related parties and what information should be disclosed.

(i) Leases

Rentals payable under operating leases are charged to income as they accrue over the term of lease.

(j) Financial Instruments Disclosure (IPSAS 30)

IPSAS 30 describes the disclosure requirements that enable users of the financial statements to evaluate [IPSAS 30 1] the significance of financial instruments for the entity's financial position and performance.

(k) Translation of foreign currencies

Transactions in foreign currencies during the year are converted into the functional currency, Kenya Shillings, using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from translation are recognized in the statement of comprehensive income.

(l) Receivables

Subscriptions receivable are carried at anticipated realizable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off during the year in which they are identified.

(m) 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

(n) Comparative figures

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

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MEDIA COUNCIL OF KENYA
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

NOTES TO THE FINANCIAL STATEMENTS Contd.

	2015 Kshs	2014 Kshs
2 Public Contributions and Donations		
Government recurrent grant	87,564,120	72,330,150
Government Development Grant	-	20,544,344
Government recurrent grant (Accrued/Prepaid)	-	9,100,000
	<u>87,564,120</u>	<u>101,974,494</u>

During the year the Government grant the council at total of Kshs 87,564,120 (2014: Kshs 101,974,494) for recurrent expenditures. The grant has been recognised as income in the statement of comprehensive income per IPSAS 23.

3 Licences and Permits

	2015 Kshs	2014 Kshs
Licences and Permits		
Licences and Permits(Subscription)	5,300,000	4,484,000
Licences and Permits (Accreditation)	4,255,300	4,210,900
	<u>9,555,300</u>	<u>8,694,900</u>

Subscriptions

The Media Act 2007 empowers the Council by notice in the Kenya Gazette to impose a levy in respect of all media enterprises operating in Kenya. The Council was able to collect Kshs 5,300,000.

Accreditation Fees

The Media Act 2007 empowers the Council by notice in the Kenya Gazette to impose an annual registration fee in respect of all journalists whose names appear in the Council. The Council collected Kshs 4,258,900.

4 Transfer from other Governments - Gifts and Services in Kind

	2015 Kshs	2014 Kshs
Conditional Grants		
Ford Foundation	11,567,775	23,625,245
UNDP	850,000	-
UNESCO	528,252	708,308
Canadian High Commission	245,000	-
Plan International	200,000	1,164,000
GIZ	657,000	624,000
Kenya Media Program	3,585,800	7,924,000
International Media Support	718,252	2,606,580
Article '19	-	115,000
Internews	-	80,000
IFC	350,000	-
	<u>18,702,079</u>	<u>36,847,133</u>
Other income*		
Media Awards donation	6,050,000	-
Sale of Tender/Miscellaneous	581,160	787,417
Donations	2,480,800	5,275,400
	<u>9,111,960</u>	<u>6,062,817</u>
Total	27,814,039	42,909,950

**MEDIA COUNCIL OF KENYA
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

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NOTES TO THE FINANCIAL STATEMENTS Contd.

	2015 Kshs	2014 Kshs
5 Employee Cost		
Salaries and wages	42,387,947	38,589,243
Casual wages	-	77,503
	<u>42,387,947</u>	<u>38,666,746</u>
6 Council Allowances		
Board / Council expenses	7,657,550	16,164,855
	<u>7,657,550</u>	<u>16,164,855</u>
7 Depreciation and Ammortisation Expenses		
Depreciation expense	10,969,715	9,821,759
Ammortisation	400,000	-
	<u>11,369,715</u>	<u>9,821,759</u>
8 Repair and maintainance		
Repairs and maintenance	214,865	2,781,229
	<u>214,865</u>	<u>2,781,229</u>
9 General Expenses		
Audit fees	653,599.00	473,600
Accountancy fees	-	210,900
Consulting fees	8,820,731	7,943,354
Consumables and Cleaning expenses	2,332,493	1,855,032
Fuel and Oil(Motor vehicles expenses)	973,097	1,254,951
Insurance(GPA & GLA)	1,106,602	838,480
Insurance (Staff medical cover)	4,371,615	5,997,149
Legal Expenses	249,650	746,300
Postage,courier and internet	1,003,168	357,912
Printing and stationery	6,128,731	5,903,570
Travel and entertainment	2,212,605	8,876,968
Bank charges	155,125	144,072
Accomodation and conferencing	8,888,928	9,541,517
Staff Gratuity	200,000	3,451,300
Staff welfare	847,105	306,000
Rental	10,417,419	7,953,917
ICT ,ERP and Telecommunication	3,491,316	1,206,481
Training	3,543,337	1,337,600
Others(Media Awards, Publicity and advertisements)	21,908,243	21,255,710
Publicity and Advertisement	291,320	-
Journalists Resource Centre	573,002	-
Interview Expenses	1,200,000	-
	<u>79,368,086</u>	<u>79,654,813</u>

The council is given a one line budget which is divided among the various expenditure items, during the year under review, the various additional vote heads were as a result of expenditures that could not fit in the existing expenditure items.

The interview expense were incurred during the time of carrying out interviews of Council members and Complaints Commissioners as the Act was amended to be in line with the requirement of the 2010 Constitution.

Publicity and advertisement expenserelates to expenditures incurred as a result of placing advertisements in local newspapers while Resource centre expense was an expenditure incurred in relation to the setting up of a resource centre for journalists.

NB: Publicity and advertisement and resource centre items were introduced during the year under audit to take care of this particular expenses.

16 Property, Plant and Equipment	Motor Vehicle Kshs	Computers Kshs	Office furniture & equipment Kshs	Office Partitioning Kshs	Media Monitoring System Kshs	Total Kshs
Cost						
As 1 July 2014	7,563,055	7,511,310	10,438,348	15,865,839	31,324,976	72,703,527
Acquisitions	-	-	-	-	-	-
At 30 June 2015	<u>7,563,055</u>	<u>7,511,310</u>	<u>10,438,348</u>	<u>15,865,839</u>	<u>31,324,976</u>	<u>72,703,527</u>
Depreciation						
As 1 July 2014	4,797,736	4,588,651	3,538,999	4,317,236	11,276,991	28,519,614
Charge for the year	691,330	876,798	862,419	1,443,575	7,095,602	10,969,715
At 30 June 2015	<u>5,489,066</u>	<u>5,465,449</u>	<u>4,401,418</u>	<u>5,760,811</u>	<u>18,372,593</u>	<u>39,489,329</u>
Net Book Value						
At 30 June 2015	<u>2,073,989</u>	<u>2,045,861</u>	<u>6,036,930</u>	<u>10,105,027</u>	<u>12,952,383</u>	<u>32,791,799</u>
Year ended 30 June 2014:						
Cost						
As 1 July 2013	7,563,055	6,149,583	9,877,842	14,096,495	31,324,976	69,011,950
Acquisitions	-	1,361,727	560,506	1,769,344	-	3,691,577
At 30 June 2014	<u>7,563,055</u>	<u>7,511,310</u>	<u>10,438,348</u>	<u>15,865,839</u>	<u>31,324,976</u>	<u>72,703,527</u>
Depreciation						
As 1 July 2013	3,875,963	3,336,083	2,553,378	2,667,436	6,264,995	18,697,855
Charge for the year	921,773	1,252,568	985,613	1,649,800	5,011,996	9,821,751
At 30 June 2014	<u>4,797,736</u>	<u>4,588,651</u>	<u>3,538,991</u>	<u>4,317,236</u>	<u>11,276,991</u>	<u>28,519,605</u>
Net Book Value						
At 30 June 2015	<u>2,765,319</u>	<u>2,922,659</u>	<u>6,899,356</u>	<u>11,548,603</u>	<u>20,047,985</u>	<u>44,183,922</u>

**MEDIA COUNCIL OF KENYA
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

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NOTES TO THE FINANCIAL STATEMENTS Contd.

	2015 Kshs	2014 Kshs
10 Intangible Asset		
Opening Balance	-	-
Additions	2,000,000	-
Ammortisation	(400,000)	-
Closing Balance	<u>1,600,000</u>	<u>-</u>
11 Cash and cash equivalents		
Standard Chartered Bank Kenya Limited	2,175,649	2,118,902
Standard Chartered Bank Kenya Limited (Donor a/c	4,664,036	13,344,753
Petty cash	48,754	94,979
	<u>6,888,439</u>	<u>15,558,634</u>
12 Receivables from Non-exchange transactions		
Staff debtors	1,338,543	988,543
Prepayments	5,874,090	6,182,267
Deposits	1,628,587	5,167,573
	<u>8,841,220</u>	<u>12,338,383</u>
13 Trade and other payables from exchange transactions		
Payroll payable	147,480	147,480
Accrued audit and Accountancy fees	525,232	422,400
Sundry creditors	1,391,618	1,389,218
	<u>2,064,330</u>	<u>1,959,098</u>
<u>NB:Sundry Creditors</u>		
Accrued expense	1,287,218	1,284,818
Withholding Tax 2009	38,525	38,525
Withholding Tax 2010	28,875	28,875
Withholding Tax 2013	37,000	37,000
	<u>1,391,618</u>	<u>1,389,218</u>
14 Deferred income on Government development grant		
Brought forward	18,000,000	24,000,000
Amortised through income statement during the yea	(6,000,000)	(6,000,000)
Carried down	<u>12,000,000</u>	<u>18,000,000</u>
15 Fund balance		
Reserves	52,121,833	45,631,890
Accumulated Surplus	(16,064,705)	6,489,943
	<u>36,057,128</u>	<u>52,121,833</u>
17 Reporting currency		
The Financial Statements are reported in Kenya Shillings (Kshs)		
18 Registration		
The Media Council of Kenya was registered as a corporate body under The Media Act (Cap 411B) on 1 October 2007. The Act was repealed in 2013.		

During the year (2012) the council acquired a media monitoring system expected to have a useful life of 5 years. The Government granted the Council Kshs 30,000,000 for the acquisition of the Media Monitoring System.