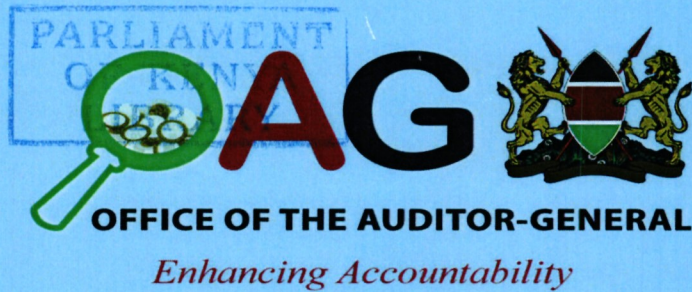


REPUBLIC OF KENYA



THE NATIONAL ASSEMBLY PAPERS TAID	
DATE: 10 FEB 2023	DAY: Thursday
TABLED BY:	Lom
CLERK-AT THE-TABLE:	Joyce Lemerelle

REPORT

OF

THE AUDITOR-GENERAL

ON

**KENYA INSTITUTE OF MASS
COMMUNICATION**

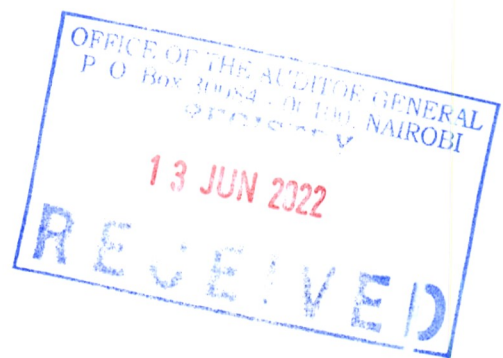
**FOR THE YEAR ENDED
30 JUNE, 2021**



KENYA INSTITUTE OF MASS COMMUNICATION
P.O. Box 42422 - 00100, NAIROBI. | Tel: +254 020 6555907 / 6551572 | Cell: 0708 262 895
Email: info@kimc.ac.ke Website: www.kimc.ac.ke

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30 2021**



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 2021

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. STATEMENT OF KENYA INSTITUTE OF MASS COMMUNICATION PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2020-2021	xiii
VII. CORPORATE GOVERNANCE STATEMENT	xv
VIII. MANAGEMENT DISCUSSION AND ANALYSIS.....	xviii
IX. ENVIROMENTAL AND SUSTAINABILITY REPORTING.....	xxii
X. REPORT OF THE COUNCIL	xxiii
XI. STATEMENT OF COUNCILS' RESPONSIBILITIES.....	xxiv
XII. REPORT OF THE INDEPENDENT AUDITOR.....	xxv
XIII. STATEMENT OF FINANCIAL PERFORMANCE	1
XIV. STATEMENT OF FINANCIAL POSITION.....	2
XV. STATEMENT OF CHANGES IN NET ASSETS.....	3
XVI. STATEMENT OF CASH FLOWS.....	4
XVII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30 , 2021	5
XVIII. NOTES TO THE FINANCIAL STATEMENTS.....	7
XIX APPENDICES	35

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

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2020 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Director	Hiram Mucheke
2.	Deputy Director	Peter Wakoli
3.	Finance Manager	Jenispher Korir
4.	Head of Procurement	George Miriti
5.	Registrar (Academics)	Godfrey Kareithi

(e) Fiduciary Oversight Arrangements

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

i. Audit and risk 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.

ii. Finance 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,

KENYA INSTITUTE OF MASS COMMUNICATION ANNUAL REPORT AND FINANCIAL
STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

Performance contracts, procurement, setting of fees guidelines, budgets and Human Resource issues.

iii. Parliamentary Oversight Committee

The committee interrogates, recommends and approves GoK budgetary support of the Institute.

iv. 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




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

j. Principal Legal Adviser



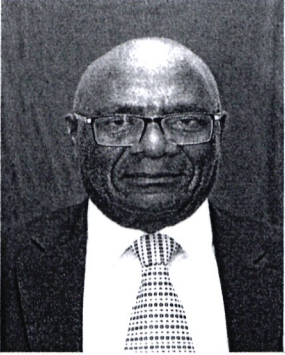

The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

KENYA INSTITUTE OF MASS COMMUNICATION ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021





II. THE COUNCIL MEMBERS

	Name	Position	Key qualifications	Work experience
1	 Kathleen Openda D.O.B 1964	Chairperson	1. Bachelor of Arts (BA Honours) 2. Post Graduate Diploma in Broadcast Journalism	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. She has also held senior positions in corporate Kenya Including; i. Kenya Television Network (KTN) ii. Nation Media Group iii. Barclays Bank of Kenya
2	 Dr. Stella Onyiego D.O.B:1969	Member	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	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
3	 Mr. Dee Mutisya Kivuva D.O.B:1971	Member	1. O Levels Certificate	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 6. Managing Director Sonata Constructing Company 7. Chairman Minaa Investment company 8. Chairman Mbooni Boys High School Alumni 9. Chairman Sonata Group of Companies




KENYA INSTITUTE OF MASS COMMUNICATION ANNUAL REPORT AND FINANCIAL
STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

4	 Eng. Edward Musebe Achieng D.O.B February 1966	Member	1. PhD in Strategic Management (to be completed in December 2019) 2. MBA Strategic Management 3. BSc Mechanical Engineering	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
5	 Hon. Salome Wanjiku Kimata D.O.B:1965	Member	1. MBA 2. PgD Leading International Business Development 3. BA Public Administration & Governance	1. Executive Director; Unite Disability Empowerment in 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
6	 Mr. Simon Kagiri Kamatu D.O.B:1953	Member	1. MA	1. Chairman; The 2015 Tea Industry Task Force 2. Member; National Quality Control Laboratory Board
7	 Mrs. Beatrice Marshall D.O.B:1969	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

KENYA INSTITUTE OF MASS COMMUNICATION ANNUAL REPORT AND FINANCIAL
STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021





8	 Mrs.Regina Bundi D.O.B:07.07.1972	Alternate to PS, Devolution & Planning	1. MBA 2. BA (Sociology)	1. Ministry of Youth Affairs and Sports 2. Ministry of Devolution & Planning 3. Over 10 years in Civil service
9	 Festus Mwanzi Peter D.O.B:03.07.1977	Alternate to PS, The National Treasury	1.	1. Chief Investment Officer (Government Investment & Public Enterprises) 2. Youth & Gender officer (Makueni County Government) 3. Ministry of Youth affairs (Makueni)
10	 Ms. Evelyn Anupi Evelynne Anupi	Alternate to PS, Ministry of Education, Science and Technology	1. Masters Degree in Economics- 2. BA in Economics –	1. Currently serving as a Director Planning – Ministry of Education, Science & Technology 2. Has served in government for twenty (20) years.
11	 Miriam Wanjiku Gitau D.O.B: 23.08.1964	Alternate to PS, Ministry of Information, Communication and Technology	1. MBA 2. BA	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

KENYA INSTITUTE OF MASS COMMUNICATION ANNUAL REPORT AND FINANCIAL
STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021





12	 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) 3. 	<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
13	 Hiram Mucheke	Director /CEO	<ol style="list-style-type: none"> 4. PhD (c), Communication 5. M.A (Communication studies) 6. B.A 7. Post Graduate Diploma 	<ol style="list-style-type: none"> 1. 32 years' experience in public service. 2. 5 years -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
13	 Brenda Wasilwa	Corporation Secretary	<ol style="list-style-type: none"> 1. Certified Secretary 2. Member of the Institute of Certified Public Secretaries of Kenya (ICPSK) 3. Advocate of the High Court, 4. Master of Law 5. Bachelor of Law 	In consultation with the Director, provide secretarial services to the Council and Council Committees.

KENYA INSTITUTE OF MASS COMMUNICATION ANNUAL REPORT AND FINANCIAL
STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021



III. MANAGEMENT TEAM

No	Name	Position	Key Qualifications	Main area of responsibility
1.	 Hiram Mucheke	Director/ Chief Executive Officer	1. PhD(c), Communication 2. M.A (Communication studies) 3. B.A 4. Post Graduate Diploma	Overall responsibility for the direction, organization and administration of programmes and other affairs of the Institute
2.	 Peter Wakoli	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
	 Brenda Wasilwa	Corporation Secretary	1.Certified Secretary 2.Member of the Institute of Certified Public Secretaries of Kenya (ICPSK) 3.Advocate of the High Court, 4.Master of Law 5.Bachelor of Law	In consultation with the Director, provide secretarial services to the Council and Council Committees.
4.	 Jenispher Korir	Finance Manager	1. MBA(Finance) 2. BBM(Finance & Banking) 3. C.P.A (K)	Provision of Finance and Accounting services to the Institute.

KENYA INSTITUTE OF MASS COMMUNICATION ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

5.	 Lucy Angwenyi	Human Resource Manager	<ol style="list-style-type: none"> 1. M.B.A(HRM) 2. Bachelor of Arts in Education 3. Higher Diploma in HRM 	Responsible for overall management of human resource in the Institute
6.	 Jane Kariuki	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.	 George Miriti	Chief Supply Chain Management Officer	<ol style="list-style-type: none"> 1.Masters in public sector Programs 2.Member of the Kenya Institute of Supplies Chain Management 3. Member of C.I.P.S 4. Level 6 C.I.P.S 	Planning of Supply Chain Management activities
8.	 Godfrey Kareithi	Registrar-Academics	<ol style="list-style-type: none"> 1. M.A(Communication Studies) 2. B.A (Econ) 3. Post Graduate Diploma 	Coordinating Academic activities in Institute

KENYA INSTITUTE OF MASS COMMUNICATION ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

9.	 <p>Paul Kithure</p>	Dean of Students	<ol style="list-style-type: none"> 1. MSC 2. BED (HRM &EDU) 3. Post Graduate Diploma (HRM) 4. Diploma in Special Education. 	Coordinating Student welfare activities in the Institute
10	 <p>Richard Kembero</p>	Corporate Communications	<ol style="list-style-type: none"> 1. M.A(Communication Studies) 2. B.A (Communication) 3. Post Graduate Diploma 	Assists the Director in the formulation and execution of a sound communication strategy for the Institute

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 2021. 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 January 2021 and graduated a total of 370 students during the month of August 2020 after successfully completing various courses in Diploma and Certificate.

Production and dissemination of products in communication and cinematic arts for education and info-tainment,

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

Annual Budget & Strategic Plan

In the current Financial Year 2020/21, 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.

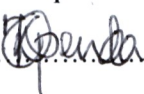
In addition, during the year under review the Institute put in plans necessary arrangements in order to commence short courses in Eldoret Campus following the MoU signed with the County Government of Uasin Gishu in February 2018.

The KIMC Council is alive to the fact that resources are limited and should therefore be utilized sustainably and prudently.

The resources received in the FY 2020/21 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 their respective mandates and in accordance with the legal and regulatory requirements. The Council was also evaluated in an exercise conducted 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 2018-2022.

.....


Kathleen Openda

Council Chairperson

KENYA INSTITUTE OF MASS COMMUNICATION ANNUAL REPORT AND FINANCIAL
STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

V. REPORT OF THE CHIEF EXECUTIVE OFFICER

In the Financial year 2020/2021, the Institute intensified implementation of its mandate in line with priorities set out in the Strategic Plan 2018-2022. 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, 575 students were admitted to undertake various courses in Diploma, Certificate and Post Graduate Diploma while 370 students graduated having satisfied the board of examiners to be awarded various certificates and diplomas. Six curricula were 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 Phase I of the catering unit was completed.
- The Institute obtained the following preliminary approvals for establishing KIMC Eldoret Campus:
 - i. The Parent Ministry and the National Treasury approved establishment of the Campus.
 - ii. The County Government of Uasin Gishu confirmed its commitment to expedite the processing of the title for 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 2020/2021, the Institute was allocated Kshs. 207.5 M to finance its operations. In the same period the Institute recruited 7 staff members to fill vacancies. 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 for the role they play in discharging the Institute's mandate.



Hiram Mucheke
Director/Chief Executive Officer

KENYA INSTITUTE OF MASS COMMUNICATION ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

VI. STATEMENT OF KENYA INSTITUTE OF MASS COMMUNICATION PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2020-2021

The Kenya Institute of Mass communication has 5 strategic focus areas and objectives within the strategic plan for the financial year 2018 -2022. These strategic pillars are:

- i. Expansion of training programs
- ii. Modernization of training equipment
- iii. Upgrading and expansion of Physical Infrastructure
- iv. Building of Human Capital
- v. Improving of Institutional Service Delivery

The Institute develops its annual plan based on the above five strategic focus areas and objectives. The assessment of The council performance against annual work plan is done on quarterly basis. The Institute achieved its performance targets set for the year for its five focus areas as indicated in the table below:

Strategic focus	Objective	Key Performance Indicators	Activities	Achievements
Expansion of Training Programs	Increase student enrolment through an expansion of training programs that recognize and address communication, industry, emerging and professional needs	-Growth in student enrolment annually by 10% -Conducting market research and communication -Review and develop training curriculum	-Increasing the population intake of students -Review of training curriculum	The student intake population has increased by 12% -The Training curriculum has been reviewed
Modernization of Training equipment	To meet the current training needs and aids in the attraction of new students To produce competent communication professionals	-Setting up Kimc TV- station -Setting up industry state of the art studios	-Setting up TV studio -Setting up state of the Art studios	The studios modernized with state of the art equipment's
Improving of	-Develop service	Institutionalize	Setting up	-Student e-

KENYA INSTITUTE OF MASS COMMUNICATION ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

Institutional service delivery	delivery systems that promote efficiency and effectiveness	student e-service -Maintain Interactive Institutional website	Student e-service -Setting up Interactive institutional website	service -Interactive institutional website
Upgrading and expansion of Physical infrastructure	Provide facilitative modern facilities that promotes and enabling environment for training and research to accommodate students and staff	-Rehabilitation of training and live broadcast studios (radio, TV and film Completion of tuition block and modern catering unit	Rehabilitation of training and live broadcast studios (radio, TV and film Completion of tuition block and modern catering unit	-rehabilitation of training and broadcast studios -Completion of modern catering unit kitchen
Building of Human Capital	Recruit competent staff and develop managerial and leadership capacity in tandem with the Institute growth projection requisite for quality service delivery	Recruit and retain competent academic , non-academic and support staff	-Recruiting and retaining of competent staff	Recruiting and retaining of competent staff

VII. 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, Procurement Manual, Anti-Corruption Policy and the Academic Policy. 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 2020, the Council comprises twelve (12) Council members, of whom the majority, eight (8) in total, are independent non-executives while four (4) are alternate non-executive members. 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 2021

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, Hon. Salome Kimata 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, Mrs. Beatrice Marshall and Mr. Dee Kivuva.

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 Oporo, Mr. Kagiri Kamatu 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 2021

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	6/6			
Eng. Edward Musebe	6/6	7/7		
Hon. Salome Kimata	6/6	7/7		
Mrs. Miriam Gitau	5/6	7/7		
Mrs. Regina Bundi	5/6	7/7		
Dr. Stellah Onyiego	6/6		4/4	
Mrs. Beatrice Marshall	4/6		4/4	
Mr. Dee Mutisya Kivuva	6/6		4/4	
Eng. Alphonse Mwaa	5/6		3/4	
Hon. Zebedeo Opore	6/6			4/4
Mr. Kagiri Kamatu	6/6			4/4
Mr. Festus Mwanzi	6/6			4/4
Dr. Hiram Mucheke	6/6	7/7	4/4	

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.

6. Council Evaluation

The Council ensures the evaluation of its own performance and that of its Committees, Chairperson, Council members and the CEO, 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.

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.

KENYA INSTITUTE OF MASS COMMUNICATION ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

VIII. 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, 2021. Comparative information for the year ended June 30, 2020, 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 division is organized into five departments, namely;

- i. Television and Radio production
- ii. Film Production
- iii. Journalism and public relations
- iv. Engineering
- v. Post graduate and Research

Finance and Administration

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

Financial Highlights

For the fiscal year ended June 30, 2019, June 30 2020 and June 30, 2021

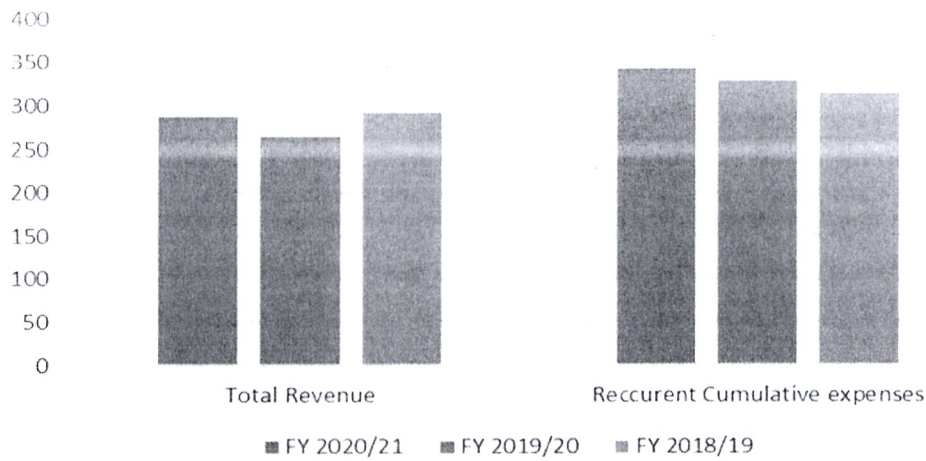
- The Institute received Kshs 191.5 as at June 30, 2019, Kshs 210.55 M as at June 30 2020, and Kshs 207.5 M as at June,30 2021 from the exchequer respectively
- The Institute Collected A.I.A of Kshs 12.5 M as at June 30, 2019, Kshs 10.2 M as at June 30 2020, and Kshs 9.6 M as at June,30 2021 from the Appropriation in Aid (A.I.A) respectively
- The Institute also collected Tuition and other related fees of Kshs
- Total cumulative recurrent expenditure was Kshs 343 M as at 30th June 2021, Kshs 328 M as at 30th June 2020 and Kshs 314 M as at 30th June 2019:

The Summary of financial performance is as summarized below;

Particulars	FY 2020/21 Kshs 'million'	FY 2019/20 Kshs 'million'	FY 2018/19 Kshs Millions
Grants (Gok)	207.5	210.55	191.5
A.I.A	9.6	10.2	12.5
Tuition & other related fees	70	44	88
Total Revenue	287	264	292
Reccurent Cumulative expenses	343	328	314
Surplus/Deficit	(56)	(64)	(24)

KENYA INSTITUTE OF MASS COMMUNICATION ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

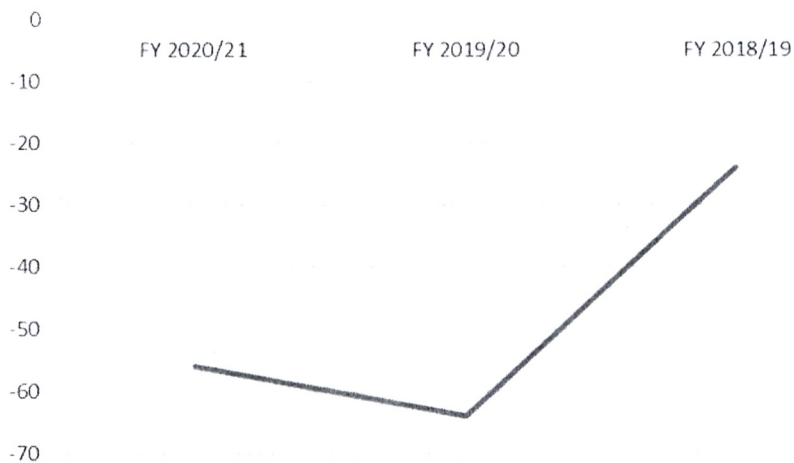
Revenue and Expenditure



Deficit/Surplus

The deficit in the financial years 2018/19 was Kshs (24M) it increased to Kshs (64) in 2019/20 and currently in this financial year it reduced to Kshs (56 M) as indicated below.

Surplus/Deficit



KENYA INSTITUTE OF MASS COMMUNICATION ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

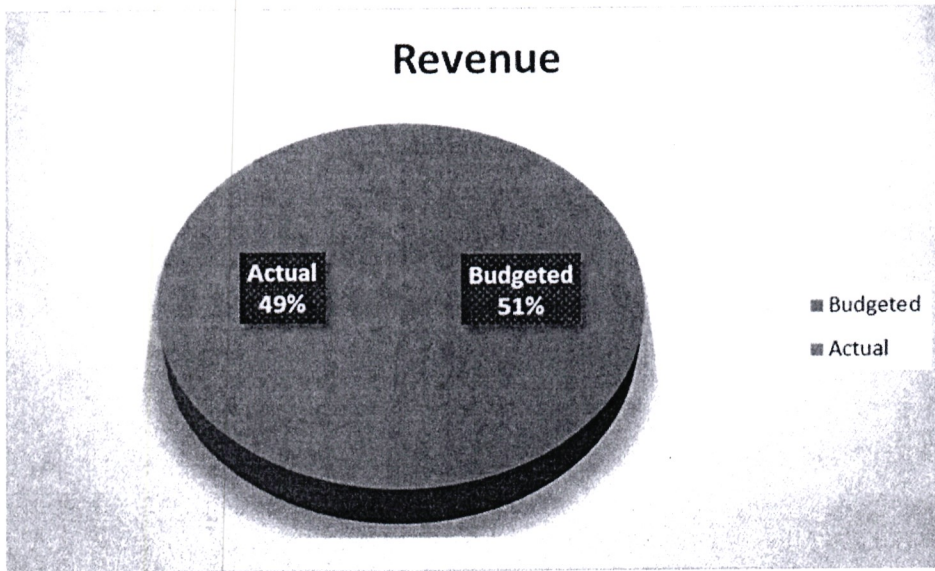
MANAGEMENT DISCUSSION AND ANALYSIS (continuation)

Budget and Actual Expenses

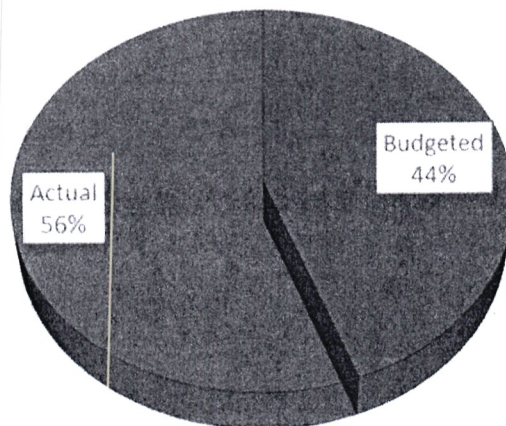
The Institute budgeted and spent funds as follows;

Item	Budgeted	Actual
Revenue	321,837,200	309,054,817
Expenditure	321,837,200	403,181,349

This is represented in the figures as follows;



EXPENTIURE



There is an over expenditure as indicated in the pie chart above because the development grant for the year 2019-20 was receipt late hence brought forward and spend in the financial year 2020-21 respectively.

MANAGEMENT DISCUSSION AND ANALYSIS (continuation)

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.

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 2021, the Institute received only 50% of approved budget.

IX. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

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

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.

KENYA INSTITUTE OF MASS COMMUNICATION ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

X. REPORT OF THE COUNCIL

The Council of the Institute submits its report together with the Financial Statements for the year ended June 30, 21 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, 2021 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

ICPSK NO: 3504

KENYA INSTITUTE OF MASS COMMUNICATION ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

XI. 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 is required to ensure that the Institute keeps proper accounting records which disclose with reasonable accuracy the financial position of the Institute. The Management is also responsible for safeguarding the assets of the Institute.

The Management is 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 financial period ended on June 30, 2020. 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 accepts responsibility for the Institute's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgement 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 is 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, 2021, and of the Institute's financial position as at that date. The Management further confirms 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 and signed on its behalf by:



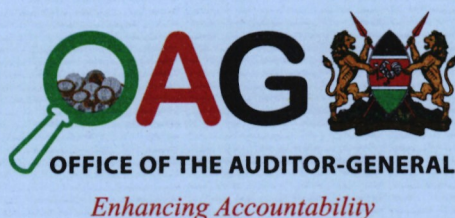
Kathleen Openda
Chairperson of the Council



Hiram Mucheke
Director/Chief Executive

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, 2021

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment, and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kenya Institute of Mass Communication set out on pages 1 to 35 which comprise of the statement of financial

position as at 30 June, 2021, and the statement of financial performance, statement of changes in net assets, statement of cash flows 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 effects of the matter 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, 2021, 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 State Corporations Act, 2012, 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

Encroachment of Land by a Private Developer

The statement of financial position reflects property, plant and equipment balance of Kshs.2,398,729,176 as at 30 June, 2021, which includes land measuring 1.443 hectares valued at Kshs.1,100,000,000. However, and as previously reported, 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 adversely as a whole. Evidence available indicates that the matter was reported to the National Land Commission. On 31 January, 2018 the Commission pronounced itself on the encroachment on LR No.209/12046. The matter is currently before the High Court and it is not clear the effect the ruling will have on property, plant and equipment balance of Kshs.2,398,729,176 as at 30 June, 2021.

In the circumstances, the accuracy and completeness of the property, plant and equipment balance 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 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 Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on comparable basis of Kshs.321,837,200 and Kshs.309,054,817 respectively resulting to an under-funding of Kshs.12,782,383 or 4% of the budget. Further, the Institute spent Kshs.403,181,349 against an approved budget of Kshs.321,837,200 resulting to an over-expenditure of Kshs.81,344,149 or 25.2% of the budget. Management attributed the over-expenditure to development funds that were not spent in the year 2019-2020. However, documentary evidence of approval regarding the over expenditure was not provided for audit review.

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, except for the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else 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

Excessive Membership of the Council

Disclosed under Key Entity Information and Management on pages iv to vii of the financial statements are names of council members who held office during the year under review. However, the Council comprised fourteen (14) members instead of a maximum of nine (9) as prescribed by the Mwongozo Code of Governance for State Corporations. Similarly, the Council Committees had four (4) members each instead of a maximum of three as stipulated in Mwongozo.

No satisfactory explanation was provided for the non-compliance with the Code of Governance.

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 the Council

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 sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to liquidate the Institute or to 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.

The Council is responsible for overseeing the Institute's financial reporting process, reviewing the effectiveness of how Management 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 overall 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 overall 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 noncompliance. 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 applicable 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 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 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.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

21 July, 2022

XIII. STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 30 June 2021

		2020-2021	2019-2020
		Kshs	Kshs
Revenue from non-exchange transactions			
Recurrent grants	2(a)	217,105,156	220,760,201
Revenue from exchange transactions			
Tuition and other related fees	3	70,507,453	44,015,904
Total revenue		287,612,609	264,776,105
Employee costs	4	153,767,973	134,299,783
Administration expense	5	56,051,719	50,665,175
Council expense	6	10,399,222	13,352,131
Repairs and maintenance	7	4,885,626	4,925,262
Academic services	8	42,268,936	58,624,852
Depreciation and amortization expense	9	75,177,105	65,900,424
Audit fees	10	800,000	800,000
Total expense		343,350,581	328,567,627
Surplus/(Deficit) for the period		-55,737,972	-63,791,522

KENYA INSTITUTE OF MASS COMMUNICATION ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

XIV. STATEMENT OF FINANCIAL POSITION
As at 30 June 2021

STATEMENT OF FINANCIAL POSITION

Assets	Notes	2020-2021	2019-2020
Current assets		Kshs	Kshs
Cash and cash equivalents	11	96,297,991	190,424,523
Receivables from exchange transactions	12(a)	13,057,792	149,857
Prepayment of Insurance Cover	12(c)	7,266,562	11,539,319
Total		116,622,345	202,113,699
Non -Current Assets			
Intangible assets	9(a)	1,334,869	1,514,899
Property, plant and equipment	9(b)	2,398,729,176	2,337,772,185
Long term receivables from exchange transactions	12(b)	7,098,547	4,664,250
Total		2,407,162,592	2,343,951,334
Total Assets		2,523,784,937	2,546,065,034
Liabilities			
Current liabilities			
Trade and other payables from non- exchange transactions	13	37,911,910	39,584,832
Refundable deposits from customers-caution money	14	4,409,513	3,778,714
Total liabilities		42,321,423	43,363,546
Net assets		2,481,463,514	2,502,701,488
Revenue Reserves	15	-274,712,328	-218,974,354
Capital Revaluation Reserve		2,756,175,842	2,721,675,842
Total net assets and liabilities		2,481,463,514	2,502,701,488

The financial statements set out on pages 1 to 23 were signed on behalf of the council by:



Director/CEO
Hiram Mucheke

Date.....10-6-22.....



Head of Finance
Jenispher Korir
ICPAK NO: 9147

Date:10/06/2022.....



Chair Person of the Council
Kathleen Openda

Date: 10/06/2022.....

KENYA INSTITUTE OF MASS COMMUNICATION ANNUAL REPORT AND FINANCIAL
STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

XV. STATEMENT OF CHANGES IN NET ASSETS

For the year ended 30 June 2021

	Accumulated surplus Kshs	Capital reserve Kshs	Total Kshs
Balance as at 30 June 2019(re-stated)	-155,182,834	2,552,675,842	2,397,493,008
Surplus/Deficit for the period	-63,791,521	-	-63,791,521
Loss in Asset valuation	-		-
Development Grant		169,000,000	169,000,000
Balance as at 30th June 2020	(218,974,355)	2,721,675,842	2,502,701,487
Surplus/Deficit for the period	(55,737,972)		(55,737,972)
Development Grant		34,500,000	34,500,000
Balance as at 30th June 2021	-274,712,327	2,756,175,842	2,481,463,515

KENYA INSTITUTE OF MASS COMMUNICATION ANNUAL REPORT AND FINANCIAL
STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

XVI. STATEMENT OF CASH FLOWS

	2020-2021	2019-2020
	Kshs	Kshs
Receipts		
Government Grants	217,105,156	389,760,201
Tuition and other related fees	57,449,661	48,237,579
Total receipts	274,554,817	437,997,780
Payments		
Employee costs	152,731,758	134,299,783
Administration expenses	55,806,816	62,204,494
Council expenses	10,399,222	13,352,131
Repairs and Maintenance	4,885,626	4,925,262
Academic services	44,650,787	58,624,852
Audit fees	-	800,000
Total payments	268,474,209	274,206,522
Net cash flow from operating activities	6,080,608	163,791,258
Cash flow from investing activities		
Purchase of non-current assets	(102,821,135)	(153,043,367)
Capital works in progress	(31,886,005)	(5,697,459)
Net cash flow used in investing activities	(134,707,140)	(158,740,826)
Cashflow from Financing Activities		
Development grants	34,500,000	-
Net Cashflows from Financing Activities	34,500,000	-
Net increase/(decrease) in cash & cash equivalent	(94,126,532)	5,050,433
Cash & Cash equivalent as start of the year	190,424,523	185,374,090
CASH & CASH EQUIVALENT AS AT 30TH JUNE	96,297,991	190,424,523

KENYA INSTITUTE OF MASS COMMUNICATION ANNUAL REPORT AND FINANCIAL
STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

**VII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR YEAR
ENDED JUNE 30, 2021**

	Original budget 2020-21 Kshs	Adjustments 2020-21 Kshs	Final budget 2020-21 Kshs	Actual comparable basis 2020-21 Kshs	Performance Variance 2020-21 Kshs	Performance Variance % 2020-21 Kshs
Revenue						
Non-exchange transactions						
Recurrent Grants	188,000,000	19,500,000	207,500,000	217,105,156	(9,605,156)	-5%
Development Grants	69,000,000	0	34,500,000	34,500,000	-	0%
Exchange transactions						
Tuition and other related fees	79,837,200	-	79,837,200	57,449,661	22,387,539	28%
Total revenue	336,837,200	19,500,000	321,837,200	309,054,817	12,782,383	
Expenses						
Compensation to employees	134,022,622	19,500,000	153,522,622	152,731,758	(790,864)	-1%
Council Expenses	11,616,032	-	11,616,032	10,399,222	(1,216,810)	-10%
Administration expenses	55,913,789	-	55,913,789	55,806,816	(106,973)	0%
Repairs and Maintenance	6,680,569	-	6,680,569	4,885,626	(1,794,943)	-27%
Academic Services	58,804,188	-	58,804,188	44,650,787	(14,153,401)	-24%
Capital expenditure	69,000,000	-	34,500,000	134,707,140	65,707,140	95%
Audit fees	800,000	-	800,000	-	(800,000)	-100%
Total expenditure	336,837,200	19,500,000	321,837,200	403,181,349	81,344,149	25.2%
Surplus/(deficit) for the period	-	-	-	(94,126,532)	(68,561,866)	

Budget notes

- i. There was a performance variance of Kshs **(68,561,866)** from approved budget and actual expenditure due to development grant brought forward from 2019-2020 financial year due to late receipt of grant from the Ministry.
- ii. There was a 95% variance in the Capital expenditure actual and final budget because as at **30th June 2020** the Institute had development grant not spend in that year due to late receipt from the ministry (towards the tail end of closure of the year) hence brought forward to the year under review leading to variance of the 95%.
- iii. There was a performance variance of 10% in the final budget and the actuals in council expenses since most of the board management meetings were done virtually leading to reduction in the actual expenditure by 10%
- iv. There was a performance variance of 24% in the final and the actuals in the academic services expenses since most of the teachings were done virtually due to Covid-19 restriction measures thus reducing the expenditure
- v. Accrued expenses is as summarised below:

Depreciation and Amortization **Kshs 75,177,105**

- vi. The National Treasury released Kshs 34,500,000 against an approved budget of Kshs 69,000,000 in the financial year 2020/2021
- vii. Total actual on comparable basis does not tie to the statement of financial performance due to difference

KENYA INSTITUTE OF MASS COMMUNICATION ANNUAL REPORT AND FINANCIAL
STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR YEAR ENDED
JUNE 30, 2021(continued)**

in accounting basis, the Institute prepares its budget on cash basis as guidelines but the financial statements are on IPSAS accrual. The reconciliation is as indicated below:

Reconciliation of budget performance for year ended 30th June 2021	
Particulars	Amount
Surplus as per statement Financial Performance	(55,737,972)
Development Grants	34,500,000
Tuition and other related fees	(13,057,792)
Compensation to employees	1,036,215
Administration expenses	244,903
Academic Services	(2,381,851)
Capital expenditure	(134,707,140)
Depreciation and amortization expense	75,177,105
Audit fees	800,000
Total	(94,126,532)

III. 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 financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Institutes's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *Institute*

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, Legal Notice No. 197 of 2011 (Amended 2012), and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

KENYA INSTITUTE OF MASS COMMUNICATION ANNUAL REPORT AND FINANCIAL
STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021
NOTES TO THE FINANCIAL STATEMENTS (continued)

3. Adoption of New and Revised Standards

i. *New and amended standards and interpretations in issue effective in the year ended 30, June 2021*

Standard	Impact
Other Improvements to IPSAS	<p>Applicable: 1st January 2021:</p> <p>a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks.</p> <p>b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved.</p> <p>c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</p> <p>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard. The institute will be able to know the actual status of property plant and equipment</p>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2021.

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>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 for their assessment of the amounts, timing and uncertainty of an entity’s future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset’s cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>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 information provided should help users of the financial statements and general purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and

KENYA INSTITUTE OF MASS COMMUNICATION ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

	(c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2023:</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>

i. Early adoption of standards

The entity did not early adopt any new or amended standard in the year 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

Fees, taxes and fines

The entity recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (Cash, goods, Services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to

Rendering of Services

The entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the entity.

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

ii) Revenue from exchange transactions

Dividends

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

Rental income

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

b).Budget Information

The original budget for FY 2020-2021 was approved by the National Assembly in March. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity did not record additional appropriations of on the 2020-2021 budget following the governing body's approval.

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

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section xvii of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

c) Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

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

Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Sales tax

Expenses and assets are recognized net of the amount of sales tax, except:

- i) When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- ii) When receivables and payables are stated with the amount of sales tax included
The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

d). Investment property

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

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

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

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

e). Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

f). Leases

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

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

g). Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The useful life of the intangible assets is assessed as either finite or indefinite.

h). Research and development costs

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

- i) The technical feasibility of completing the asset so that the asset will be available for use or sale
- ii) Its intention to complete and its ability to use or sell the asset
- iii) How the asset will generate future economic benefits or service potential
- iv) The availability of resources to complete the asset
- v) The ability to measure reliably the expenditure during development.

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

i). Financial instruments

a) Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

Held-to-maturity.

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Impairment of financial assets

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or a entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

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

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

b) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition., All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

j). Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- i) Raw materials: purchase cost using the weighted average cost method.
- ii) Finished goods and work in progress: cost of direct materials and labour and a

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

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

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

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

k). 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.

l)Contingent liabilities

The Entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

m). Contingent assets

The Entity does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

n) . Nature and purpose of reserve

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

o) Changes in accounting policies and estimates

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

p) Employee Benefits

Retirement benefit plan

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 does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

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

q) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

r) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

s) Related parties

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

t) Service concession arrangements

The Entity analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Entity recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price.

In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Entity also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

u) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

v) Comparative figures

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

w) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2021.

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. State all judgements, estimates and assumptions made: e.g

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Significant Judgments and Sources of Estimation Uncertainty(continued)

Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- a) The condition of the asset based on the assessment of experts employed by the Entity.
- b) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- c) The nature of the processes in which the asset is deployed.
- d) Availability of funding to replace the asset.
- e) Changes in the market in relation to the asset

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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%

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

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 2021

1. NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2021

	2020-2021	2019-2020
	Kshs	Kshs
2(a) Recurrent grants		
This denotes money received from the Government to support recurrent expenditure of the the Institute.		
Quarter 1	47,000,000	49,050,000
Quarter 2	47,000,000	49,050,000
Quarter 3	47,000,000	49,050,000
Quarter 4	66,500,000	63,400,000
A.I.A	9,605,156	10,210,201
	217,105,156	220,760,201

2(b) Development grants

This denotes money received from the Government to support development expenditure of the the Institute.

Quarter 1	34,500,000	-
Quarter 2	-	84,500,000
Quarter 3	-	84,500,000
Quarter 4	-	-
	34,500,000	169,000,000

3. Revenue from exchange transactions

Tuition and other related fees	70,507,453.00	44,015,904
Total revenue from exchange transactions	70,507,453.00	44,015,904

4. Employee costs

	Kshs	Kshs
Basic pay	56,180,150	83,409,204
House allowances	28,929,000	28,360,395
Extraneous allowance	467,000	409,435
Commuter allowance	7,679,000	7,632,716
Casual wages	2,195,982	3,062,045
Gratuity & pensions contributions	13,346,105	7,710,039
Other personnel emoluments	44,970,736	3,715,949
Total employee costs	153,767,973	134,299,782

KENYA INSTITUTE OF MASS COMMUNICATION ANNUAL REPORT AND FINANCIAL
STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2021(continued)

	2020-2021	2019-2020
	Kshs	Kshs
5.Administration expense		
Utilities supplies - Electricity	7,105,782	9,225,523
Utilities supplies - Water & Sewerage	269,354	252,019
Telephone expense	2,336,000	2,275,000
Internet and ICT infrastructure	1,489,261	1,019,222
Postage & courier services	9,450	20,850
Leased communication lines	-	-
Satellite Access Services	-	278,479
Local Travelling and subsistence	2,693,602	1,316,556
Foreign travel & accommodation	39,000	417,247
Transport	-	-
Tools & spares	-	533,952
Medical Supplies	361,371	50,292
Staff training and development	1,313,546	1,430,719
Printing & publishing	603,208	1,002,388
Subscriptions & periodicals	472,385	418,449
Advertisement and awareness campaigns	1,914,532	1,004,258
Trade shows and exhibitions	-	-
Specialised materials and Supplies	59,668	-
Education & Library Supplies	-	440,645
General Office expense	767,019	878,581
Supplies & Accessories for computer services	3,310,820	799,638
Cleaning and Sanitary Services	-	1,030,550
Refined fuels and Lubricants for transport	400,000	800,000
Cooking gas	1,360,000	990,000
Contracted Guards & Cleaning Services	10,043,286	7,829,833
Contracted Professional Services	-	3,508,213
Purchase of uniforms & Graduation Gowns	465,835	135,080
Purchase of Bedding & Linen	-	-
Bank charges and commissions	51,094	76,145
Catering and Hostel Services(students catering)	20,986,506	14,931,535
Total administrative expense	56,051,719	50,665,175
6.Council expenses		
Sitting Allowance	3,240,000	3,700,000
Hospitality & Accommodation	382,200	1,146,600
Mileage Reimbursement	16,768	1,356,870
Honoraria	1,044,000	1,044,000
Training	299,400	-
Other Allowances	355,200	1,037,673
CEO Salary	5,061,654	5,066,988
Total council expenses	10,399,222	13,352,131

KENYA INSTITUTE OF MASS COMMUNICATION ANNUAL REPORT AND FINANCIAL
STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2021(continued)

	2020-2021	2019-2020
	Kshs	Kshs
7 Repairs and maintenance		
Repairs and maintenance equipment & machinery	2,335,408	3,058,464
Repairs and maintenance of motor vehicle	705,537	864,296
Repairs & Maintenance-office furniture	-	-
Repairs & Maintenance-Computer & software	-	500,623
Repairs and maintenance of buildings	1,512,681.00	424,538
Overhaul of plant, machinery & Equipment	-	-
Purchase of workshop tools, spares & Equipment	332,000.00	77,341
Purchase of ICT & Communications Equipment	-	-
Total repairs and maintenance	4,885,626	4,925,262
8 Academic services		
Teaching & Academic expenses	31,609,692	42,205,597
Student Projects & Supervision	7,679,743	7,869,245
Extra-Curriculum & Students union	1,094,031	5,963,950
Graduation expense	1,885,470	2,586,060
Total academic services	42,268,936	58,624,852
9 Depreciation and amortization		
a).Property, Plant and equipment	74,635,605	65,251,181
b).Intangible assets	541,500	649,243
Total depreciation and amortization	75,177,105	65,900,424
10 Audit fees-Auditor General	800,000	800,000
11 Cash and cash equivalents		
A/C No. 9783756280-HFC-Mortgage & Car Loan A/C		
A/C No.1167037944-KCB-Re-current Account	65,000,000	-
A/C No.1143244362-KCB-Deposits Account	146,227	441,171
A/C No.1226683495-KCB-Development Account	30,335,917	146,407,271
Cash in hand	815,847	43,566,782
Total cash and cash equivalents	96,297,991	190,424,523

KENYA INSTITUTE OF MASS COMMUNICATION ANNUAL REPORT AND FINANCIAL
STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTES TO THE ACCOUNTS (continued)

12(a) Current Receivables

Outstanding fee balance	13,057,792	-
Staff debtors (salary advance)	-	45,157
Receivables from non-exchange transactions	-	104,700
Total non-Current receivables	13,057,792	149,857

12(b) Non current receivables

Balance b/f	4,664,250	-
Receivables from non-exchange transactions	2,434,297	4,664,250
Total non-Current receivables	7,098,547	4,664,250

12(c) Prepayment

Prepayment of Insurance Cover	7,266,562	11,539,319
Total prepayment	7,266,562	11,539,319

13. Trade and other payables from exchange transactions

Provision for audit fees	1600,000	1600,000
Payable from exchange transactions	21,879,344	17,107,905
Payment due to part time lecturers	825,967	3,207,819
Pension & Gratuity	13,678,178	13,678,178
Outstanding WCPS	754,388	3,990,930
Total	37,911,910	39,584,832

14. Refundable deposits from students

Student deposits b/f	3,778,714	2,769,301
Deposits	630,800	1,080,500
Refunds	-	(71,087)
Total deposits	4,409,514	3,778,714

15. Revenue reserve

Bal b/f	-218,974,355	-155,182,834
Surplus/deficit for the financial year	(55,737,973)	(63,791,521)
Bal as at June 30	-274,712,328	(218,974,354)

KENYA INSTITUTE OF MASS COMMUNICATION ANNUAL REPORT AND FINANCIAL
STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2021 (continued)

16. Work in progress	2020-2021	2019- 2020
Opening work in progress	6,330,509	-
Additions	31,886,005	6,330,509
Total	38,216,514	6,330,509

9(a) Intangible assets-Software		
Description	Kshs	KShs
Cost		
At the beginning of the year	6,399,139	6,399,139
Additions	345,000	-
Disposals	-	-
At the end of the year	6,744,139	6,399,139
Amortization & Impairment		
At the beginning of the year	(4,884,240)	(4,234,997)
Amortization for the year	(541, 500)	(649,243)
Amortization & impairment at June 30	-5,425,740	(4,884,240)
Net book values	1,318,399	1,514,899

KENYA INSTITUTE OF MASS COMMUNICATION ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

KENYA INSTITUTE OF MASS COMMUNICATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2021(continued)

9(b)

Non-Current Assets

Description	Land	Buildings		Furniture & Fittings		Tools & Equipment		Motor Vehicles		Computers		Work in Progress		Total	
		Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
Cost															
as at 1st July 2019	1,100,000,000	955,163,694	28,960,208	114,994,974	16,910,000	7,215,289	158,610,255	2,381,854,420							
additions	-	144,906,395	68,000	144,364,042	-	8,611,325	6,330,509	304,280,271							
Transfers/loss	-	-	-	-	-	-	(158,610,255)	(158,610,255)							
As at June 2020	1,100,000,000	1,100,070,089	29,028,208	259,359,016	16,910,000	15,826,614	6,330,509	2,527,524,436							
additions	-	-	-	-	-	-	-	-							
additions	-	-	4,018,902	81,568,870	-	18,118,820	31,886,005	135,592,597							
charge for year	-	-	-	-	-	-	-	-							
as at June 2021	1,100,000,000	1,100,070,089	33,047,110	340,927,886	16,910,000	33,945,434	38,216,514	2,663,117,033							
Depreciation & impairment															
1st July 2019	-	(91,954,143)	(11,780,468)	(14,374,373)	(4,227,500)	(2,164,587)	-	(124,501,071)							
depreciation	-	(25,202,899)	(2,155,968)	(30,623,081)	(3,170,625)	(4,098,608)	-	(65,251,181)							
As at June 2020	-	(117,157,042)	(13,936,436)	(44,997,454)	(7,398,125)	(6,263,195)	-	(189,752,252)							
Depreciation & impairment															
1st July 2020	-	(117,157,042)	(13,936,436)	(44,997,454)	(7,398,125)	(6,263,195)	-	(189,752,252)							
charge for theyear	-	(24,572,826)	(2,388,834)	(36,991,304)	-	8,304,671.70	-	(74,635,605)							
as at June 2021	1,100,000,000	958,340,221	16,721,840	258,939,128	7,133,906	19,377,567	38,216,514	2,398,729,176							
As at June 2020	1,100,000,000	982,913,047	15,091,772	214,361,562	9,511,875	9,563,419	6,330,509	2,337,772,184							

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2021(continued)

Financial Risk Management

The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
As at 30 June 2021				
Receivables from exchange transactions	13,057,792	13,057,792	-	-
Receivables from non exchange transactions	7,098,547	7,098,547	-	-
Bank balances	96,297,991	96,297,991	-	-
Total	116,454,330	116,454,330	-	-
As at 30 June 2020				
Receivables from exchange transactions	149,857	149,857	-	-
Receivables from non exchange transactions	4,664,250	4,664,250	-	-
Bank balances	190,424,523	190,424,523	-	-
Total	200,052,737	200,052,737	-	-

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The entity does not have significant concentration of credit risk on amounts due from students.

The board of directors sets the entity's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2021(continued)

Cash Generated from Operations

	2020-2021
	KShs
Surplus for the year before tax	(55,737,972)
Adjusted for:	
Depreciation	74,635,605
Non-cash grants received	-
Contributed assets	-
Impairment	541,500
Gains and losses on disposal of assets	-
Contribution to provisions	-
Contribution to impairment allowance	-
Finance income	-
Finance cost	-
Working Capital adjustments	
Increase in inventory	-
Increase in receivables	(15,342,232)
Increase in deferred income	-
Increase in payables	2,383,073
Increase in payments received in advance	-
Net cash flow from operating activities	6,080,608,

Financial Risk Management

i)Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the entity's directors, who have built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the entity under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2021(continued)

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
As at 30 June 2021				
payables from non-exchange transactions	-	521,053,377	-	21,053,377
Pension & Gratuity	-	13,678,178		13,678,178
payment due to part time lecturers	-	825,967	-	825,967
Provision for audit fee	-	1,600,000	-	1,600,000
Outstanding WCPS	-	754,388		754,388
Total	-	37,911,910	-	37,911,910
As at 30 June 2020				
payables from non-exchange transactions	-	3,207,819	-	3,207,819
Pension & Gratuity	-	1,600,000		1,600,000
Outstanding WCPS	-	3,990,930	-	3,990,930
payment due to part time lecturers	-	3,207,819	-	3,207,819
Provision for audit fees	-	1,600,000	-	1,600,000
Total	-	39,584,832	-	39,584,832

iv) Capital Risk Management

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

	2020-2021	2019-2020
	Kshs	Kshs
Revaluation reserve	2,756,175,842	2,721,675,842
Retained earnings	-	-
Capital reserve	(274,712,328)	(218,974,354)
Total funds	2,481,463,514	2,502,701,488
Total borrowings	-	-
Less: cash and bank balances	96,297,991	190,424,523
Net debt/(excess cash and cash equivalents)	-	-
Gearing	39.3 %	20.6 %

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2021(continued)

29.Related Party Disclosures

Nature of related party relationships

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

Government of Kenya

The Government of Kenya is the principal shareholder of the entity, holding 100% of the *entity's* equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the entity, both domestic and external.

Other related parties include:

- i) The Parent Ministry;
- ii) County Governments
- iii) Other SCs and SAGAs

Relates Party Disclosures

- iv) Key management;
- v) Board of directors;

	2020-2021	2019-2020
	Kshs	Kshs
Transactions with related parties		
a) Sales to related parties		
Sales of electricity to Govt agencies	-	-
Rent Income from govt. agencies	-	-
Water sales to Govt. agencies	-	-
Others (Specify) e.g Interest and Bank charges	-	-
Total	-	-
b) Purchases from related parties		
Purchases of electricity from KPLC	-	-
Purchase of water from govt service providers	-	-
Rent expenses paid to govt agencies	-	-
Training and conference fees paid to govt. agencies	-	-
Others (specify)	-	-
Total	-	-
b) Grants /Transfers from the Government		
Grants from National Govt	217,105,156	220,760,201
Grants from County Government	-	-
Donations in kind	-	-

KENYA INSTITUTE OF MASS COMMUNICATION ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

Total	217,105,156	220,760,201
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for 99 employees	-	-
Payments for goods and services for xxx	-	-
Total		
d) Key management compensation		
Directors' emoluments	5,337,568	8,285,143
Compensation to key management	5,061,655	5,066,988
Total	10,399,223	13,352,131

29 Events after the Reporting Period

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

30 Ultimate and Holding Entity

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

31 Currency

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

XIX APPENDICES

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.

Reference No. on the external audit Report for 2019-2020	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)
Basis for Qualification					
	Encroachment Of Land By Private Developer	The matter has been before the high court as civil case No. 2348 of 1996 to date	Mr.Peter Wakoli (DD (F&A))	Not resolved	30 th June 2023
Other Matter					
	Unresolved prior year Matters	The management is working on response to the report	Mr.Peter Wakoli (DD (F&A))	Not resolved	30 th August 2022
Report on lawfulness and Effectiveness in Use of Public Resources					
	Delayed Project- Construction of Kitchen and Dining Hall	The project has been completed and currently is in use	Mr.Peter Wakoli (DD (F&A))	Resolved	30 th September 2021

APPENDIX I I: 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

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 2020/21			
a.	Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (Kshs)</u>	<u>Indicate the FY to which the amounts relate</u>
		24/8/2020	47,000,000	2020-2021
		210/11/2020	47,000,000	2020-2021
		2/02/2021	47,000,000	2020-2021
		13/5/21	66,500,000	2020-2021
		Total	207,500,000	
b.	Development Grants**			
		<u>Bank Statement Date</u>	<u>Amount (Kshs)</u>	<u>Indicate the FY to which the amounts relate</u>
		24/8/2020	34,500,000	2020-2021
		Total	34,500,000	

**In the FY 2020-2021, the institute had an approved development budget of Kshs 69,000,000, only Kshs 34,500,000 was received which was disbursed in the 1st Quarter.

APPENDIX IV: TRANSFER FROM OTHER GOVERNMENT ENTITIES

Entity Name of the MDA Transferring the funds	Date received as per bank statement	Recurrent/Development	Total Amount	Where recorded					Total Transfers during the year
				Statement of financial performance	Capital fund	Deferred income	Receivables		
MICT-State Department of Broadcasting & Telecommunication	24/8/2020	Recurrent	47,000,000	47,000,000	-	-	-	47,000,000	
"	210/11/2020	"	47,000,000	47,000,000	-	-	-	47,000,000	
"	2/02/2021	"	47,000,000	47,000,000	-	-	-	14,350,000	
"	13/5/21	"	66,500,000	66,500,000	-	-	-		
	Total		207,500,000						
"	24/8/2020	Development	34,500,000	34,500,000	-	-	-	34,500,000	
		Total	34,500,000	34,500,000	34,500,000			34,500,000	