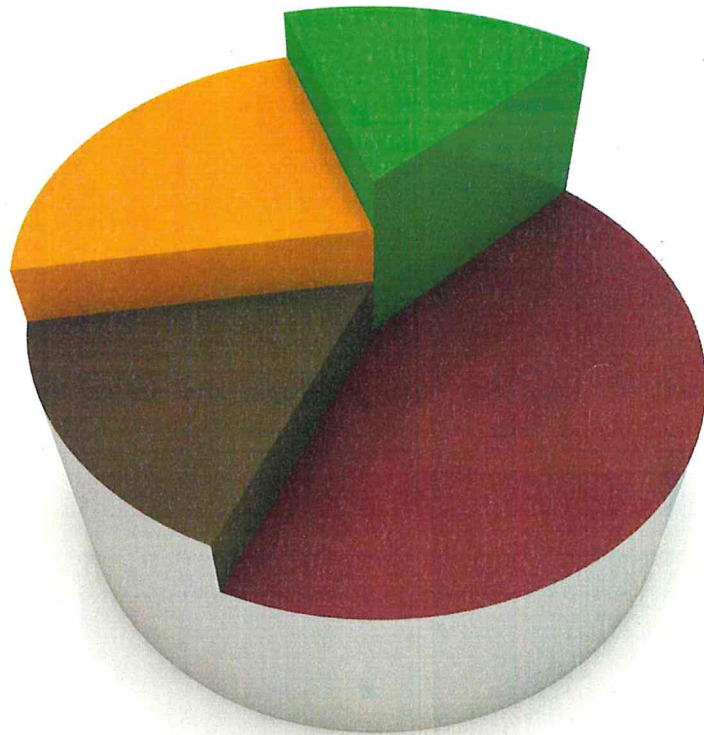


Annual Report and Financial
Statements for the Year ended 30th
June 2016



Promoting Press Freedom
and Responsible Journalism

**MEDIA COUNCIL OF KENYA
ANNUAL REPORT AND FINANCIAL STATEMENT
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

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

**MEDIA COUNCIL OF KENYA
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

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**MEDIA COUNCIL OF KENYA
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

Coorporate Information

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

Principal Activity

To set media standards and ensure compliance with standards in accordance with Article 34(5) of the Constitution

Previous Board Members

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

Current Board Members

Charles Kerich	Chairman
Violet Tsisiga Awori	Member
Veronica Akinyi Kuto	Member
Julius Mwanyiki Kinyeki	Member
Ahmed Ibrahim,	Member
Paul Inuvu (Rev)	Member
Annette Nasiaki Okello	Member
Elizabeth Limagur	Member
P.D Gwaro Ogwaro	Member

Management Team

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

Secretariat

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

Registered Office and Principal Place of Business

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

Contacts

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

Banker

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

Auditors

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

Principal Legal Adviser

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

**MEDIA COUNCIL OF KENYA ANNUAL REPORT AND FINANCIAL STATEMENTS FOR
THE YEAR ENDED 30 JUNE 2016**

COUNCIL MEMBERS



Mr. Charles Keter

Chairman

Date of Birth: 23/12/74

Education

- He holds a Degree in Communication.
- Holds a Diploma in Journalism
- Currently pursuing a Masters degree in International Studies.

Work Experience

- Editor in Chief at Radio Africa Group Ltd in charge of editorial staff and the content that is published in the Group's newspaper (The Star), six radio stations and several digital platforms.
- Has over 20 years experience in media, as a full time journalist and editor leading teams in print, broadcast and digital outlets.



Mr P.D Gwaro Ogaro

Council Member

Date of Birth: 13/04/1966

Education

- He has a Master of Arts degree in Communication Studies - University of Nairobi.
- Bachelor of Arts in Sociology and Linguistics - University of Nairobi.
- Diploma in Journalism from the Indian Institute of Mass Communication.

Work Experience

Acting Director of Information in the Ministry of Information, Communications and Technology

- Served as an Information Officer with the Kenya News Agency (KNA) and as an Editor with the Rural Press in the Department of Information.
- Served as Head of Communication in the Ministry of East African Community and the National Police S



Mrs Elizabeth Limagur

Council Member

Date of Birth 20/07/74

Education

- She holds a Master of Arts Degree in International Conflict Management from the University of Nairobi.
- Bachelor's Degree in Mass Communication from Makerere University-Kampala, majoring in Public Relations and Political Science.
- Diploma in Journalism from Kenya Institute of Mass Communication.

Work experience

- A journalist by profession with over 15 years experience in the media.
- She has worked for Education Development Center (EDC) in Nairobi, Kenya as an Executive Producer in charge of training, News Editor, Senior Producer for Sudan Radio Service Project
- Served as the Technical Advisor for the Warsan/Star FM Radio under the Garissa-Youth Project.



Mr. Julius Kinyeki

Council Member

Date of Birth 18/09/70

Education

- He holds a Master of Arts in Sociology from University of Nairobi, Bachelor of Arts in Communication & Sociology
- Diploma in Information Studies
- Pursuing a PhD in Public and Development Management

Work Experience

- Has worked at the South African High Commission for over 15 years and African Network for the Prevention and Protection Against Child Abuse and Neglect (ANPPCAN) as Information and Communications Manager.
- Has worked for International Committee of the Red Cross (ICRC)
- He is a part-time Lecturer at Laikipia University, Nairobi Campus



Mr. Ahmed Ibrahim

Council Member

Date of Birth: 15/03/69

Education

- He holds a **BA (Hons)** in International Development from East London University
- **MA** International Relations from Brunel University West London.
- **Post-Graduate Diploma** in Risk Crisis and Disaster Management from Leicester University respectively.

Work experience

- He has worked with Kenya Red Cross Society rising to the rank of Regional Manager North Eastern and International aid organizations in South Sudan and Somalia as an aid worker.
- A teacher as well as a humanitarian aid worker by profession



Mrs. Veronica Akinyi Kuto

Council Member

Date of Birth: 30/03/1957

Education

- She has an **MBA** in Strategic Management from Maastricht School of Economics (ESAMI).
- **B.A.** Economics from University of Nairobi.

Work experience

- Has worked for KCB as the Head of Credit Quality Assurance & Policy Management.
- She is also a member County Land Management Board- Uasin Gishu County and has experience in administration of public land with responsibilities centered in land alienation, allocation of land, extension of leases, approval of subdivision of land and change of user.
- She has been a director with Kenya Women Finance Trust



Mrs Violet Tsisiga Awuori

Council Member

Date of Birth: 19/07/57

Education

- Bachelor's Degree in Law.
- Diploma in law

Work Experience

- An advocate of the High Court of Kenya with over 30 years' experience in both in civil and criminal law.
- Vice Chairperson of SmeP Microfinance Bank.
- A member of FIDA and has served on its board and risen to become the chairperson of this non-governmental women's rights organization.
- She has served on many boards in the public arena one of them being the Pending Bills Closing Committee.



Ms. Annette Nasiaki Okello

Council Member

Date of Birth: 20/11/79

Education

- Holds a Master of Science in Information Technology Management from the University of Sunderland.
- She also holds a Post Graduate Certificate in Global Social and Sustainable Enterprise (GSSE) from Colorado State University.
- Bachelor of Science (Hons.) in Computing from the University of Greenwich.

Work Experience

- ICT Manager for the Catholic University of Eastern Africa and the Kenya Railways Staff Retirement Benefits Scheme.
- An ICT consultant with over 15 years of experience in the ICT industry.



Rev. Paul Munyalo Inuvu

Council Member

Date of Birth: 27/07/62

Education

- Holder of a Bachelor of Theology from Catholic University of Eastern Africa.
- A higher Diploma in theology from Carlile College School of Theology
- currently pursuing a Master of Arts degree in Project Planning and Management at the University of Nairobi.

Work experience

- Has a wealth of experience in community development work including rural transformation through training, expounding on issues of justices, fundamental rights and freedoms and pastoral care.
- Experienced in governance having served as a board member of various organisations including Mavoko Water and Sewerage Company.



Haron Mwangi, PhD

Chief Executive Officer and Secretary to the Council

Date of Birth 16/01/69

He is the Chief Executive Officer of the Media Council of Kenya. By virtue of his position, he is also the Secretary to the Council.

Education

- Doctorate in Media Management and Economics
- He holds a Bachelor's of Arts Degree (Maths & Economics)-University of Nairobi)
- Master's degree in Communication Studies –University of Nairobi
- Postgraduate Diploma in Project Planning and Management-Catholic University of East Africa

Experience

- 15 years' experience in media policy and regulation research and project management.
- Chief Executive Officer of the Media Council of Kenya

Marketing and Corporate Communications

	<p>Manager at Postbank and the Agricultural Finance Corporation. Farm Concern International - Technical Adviser, Business Models Development, Market Research and Documentation in Sub-Saharan Africa.</p>
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MANAGEMENT TEAM



Mr. Victor Bwire
Deputy Chief Executive Officer and Programmes Manager

Date of Birth: 09/08/72

Education

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

Work experience

- Communications Officer at the Kenya National Commission on Human Rights ARTICLE 19 covering 10 African countries on journalists safety and media freedoms



Godfrey Mageto Ongeri
Finance Manager.


Date of Birth: 21/12/80

Education

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

Work experience

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

<ul style="list-style-type: none"> • Writer for the Nation Media Group and the Standard. • Lecturered at the United States International University (USIU), Mt. Kenya University, Technical University of Kenya and the Great Lakes University in science communication and advocacy, news writing, media law and communication ethics and editing. 	
 <p>Josphat Kibaara Human Resource and Administration Manager</p> <p>Date of Birth: 29/07/73</p> <p>Education</p> <ul style="list-style-type: none"> • Masters in Human Resource Management degree -Open University of Tanzania, • Bachelor of Arts (Government and Public Administration)-Moi University • Higher Diploma (Human Resource Management)-Institute of Human Resource Management • Diploma in Human Resource Management - Kenya Institute of Management. <p>Work experience</p> <ul style="list-style-type: none"> • Kenya Plant Health Inspectorate Service (Kephis) • National Museums of Kenya • Unga Limited. 	

**MEDIA COUNCIL OF KENYA
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

CHAIRMAN'S STATEMENT

The 2015/2016 Financial Year was marked by heightened activities at the Media Council of Kenya.

As the leading institution in the regulation of media and in the conduct and discipline of journalists, the Media Council of Kenya continued to make tremendous strides in efforts to achieve its objectives.

The Council has remained steadfast in ensuring that Journalism professional standards are upheld in the Kenyan media, media freedom is protected and journalists are independent and accountable. The Council has remained in the frontline in ensuring the protection of the rights and privileges of journalists in the performance of their duties as guaranteed by the Media Council Act 2013.

We have engaged with various institutions including the judiciary, the executive and the legislature in our efforts to promote, protect and ensure independence of media in Kenya. The Council has requested the judiciary to refer matters related to complaints against the media to the Complaints Commission, established by the Media Council Act, for consideration and adjudication in the first instance, before engaging litigation in the courts of law.

We have also asked the Ministry of Information Communication and Technology to petition the national assembly to repeal /amend laws that unjustifiably constrain the freedom of the press. The Council has also undertaken a program with the Ministry of Interior to train both security officers and journalists on safety skills.

In the period under review, the Council developed a press card verification mobile system in a bid to root out quacks from the profession. Through the system, one sends a press card number to 0715000111. The system responds with the details of the journalist and the expiry period.

In our efforts to promote media excellence in Kenya, the Council organised the fifth Annual Journalism Excellence Awards (AJEA) as one of the major events around the May 3rd 2016 World Press Freedom Day celebrations. The ceremony was graced by the former Chief Justice, Dr. Willy Mutunga.

It was also on the same day that the Council hosted media practitioners from Kenya and other parts of Africa for a convention which was officially opened by the Principal Secretary, Ministry of Information, Communication and Technology, Mr. Samuel Itemere.



**Mr. Charles Kerich
Chairman of the Council
Media Council of Kenya**

**MEDIA COUNCIL OF KENYA
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

REPORT OF THE CHIEF EXECUTIVE OFFICER

The 2015/2016 Financial Year saw the Council remain at the forefront in promoting and protecting the freedom and independence of media in Kenya, the protection of rights and privileges of journalists in the performance of their duties while at the same time ensuring that journalists conduct themselves professionally and are accountable.

The Council, together with other stakeholders including; Kenya Union of Journalists(KUJ), Kenya Correspondents Association(KCA), Kenya Editors Guild(KEG) and Media Owners Association(MOA) remained steadfast in challenging sections of the Kenya Information and Communications Amendment Act (KICA 2013) that were undermining media freedom and freedom of expression.

Specifically, the sections established a tribunal to regulate the conduct of journalists with severe fines (US \$ 5000 for journalists and US\$ 200,000) to violators of the professional Code of Ethics in effect criminalizing breaches of the code of conduct for the practice of journalism in Kenya.

These fines hamper media freedom and constraints freedom of expression. The matter was determined on 27th of May, 2016 with no changes in these provisions opting to amend the same through parliament.

The Media Council of Kenya advocated and lobbied for the drafting and enactment of the Access to information Act 2016. This was achieved through marshaling of stakeholders including Members of Parliament towards this objective.

The bill was eventually signed into law by the President on 31st August, 2016. The law allows the public including journalists to seek information from government, and obliges public servants to provide that information. This is a big boost to journalists to effectively play their watchdog role in society and uphold governance and hold leaders to account for their decisions and actions affecting the publics.

The Council is also actively lobbying for the repeal/amendment of laws or sections of the law that violate freedom of expression. They include criminal libel, official secrets Act. This will go a long way in promoting press freedom and synchronise these laws to the Constitution of Kenya (2010), Article 34 on Media freedom.

Additionally, and as per our 2013-2018 Strategic Plan, the Council has continued to advocate for protection of journalists while on duty and has consistently condemned the harassment and intimidation of journalists as such incidents are inimical to Article 34 of the constitution of Kenya which guarantees the freedom of the media and democracy in general. We have liaised with security agents to ensure the safety of journalists.

Our Accreditation function was actively involved in maintaining a roll of journalists practicing in Kenya, hence checking the proliferation of our profession by quacks.

**MEDIA COUNCIL OF KENYA
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

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

The Council continued to undertake training of journalists in different fields, with special emphasis disaster management, elections reporting, mining and conflict-sensitive reporting. The Council also partnered with International Finance Corporation and Bloomberg Philanthropy to train media stakeholders in Corporate Governance and Financial and Business reporting.

This was out of the recognition that quality training is Key to professionalism and development of the media. In the reporting period, the Council took the lead in developing a curriculum for middle level colleges offering journalism training. This is part of a wider mandate that will see the forming of an accreditation and joint examining body for media colleges in Kenya.

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



**Haron Mwangi, PhD
Chief Executive Officer & Secretary to the Council
Media Council of Kenya**

**MEDIA COUNCIL OF KENYA
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

CORPORATE SOCIAL RESPONSIBILITY

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

The Media Council of Kenya has engaged actively in Corporate Social Responsibility activities.

**MEDIA COUNCIL OF KENYA
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

REPORT OF THE COUNCIL

The Council members have the pleasure in presenting their report together with the audited financial statements of the Council for the year ended 30 June 2016.

PRINCIPAL ACTIVITY

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

RESULTS

The results for the year ended 30th June 2016 are shown on page 6.

COUNCIL MEMBERS

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

AUDITORS

The Council Financial statements are audited by the Auditor General.

BY ORDER OF THE COUNCIL

SECRETARY



DATE 201~~7~~

**MEDIA COUNCIL OF KENYA
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016
STATEMENT OF CORPORATE GOVERNANCE**

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

The Council

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

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

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

Council Responsibilities

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

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

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

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

Council Committees

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

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

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

APPROVAL OF FINANCIAL STATEMENTS

The Financial Statements were approved on 06/04.....2017


SECRETARY


CHAIRPERSON

**MEDIA COUNCIL OF KENYA
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

STATEMENT OF COUNCIL MEMBERS' RESPONSIBILITIES

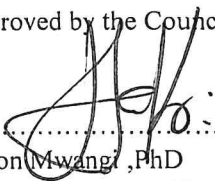
Section 8(1) of the Public Finance Management Act, 2012 and the Media Council Act 2013 requires the Council to prepare financial statement , which give a true and fair view of the state of affairs of the Council at the end of the financial year and the operating results of the Council for that year.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


The Council Members are responsible for the preparation and presentation of the Council's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year ended on June 30, 2016. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Council; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Council accept responsibility for the entity's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards(IPSAS), and in the manner required by the PFM Act and the State Corporations Act. The Directors are of the opinion that the entity's financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2015, and of the Council's financial position as at that date. The Council Members further confirm the completeness of the accounting records maintained for the entity, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

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

Approved by the Council members on.....06/04/2017..... and signed on its behalf by:


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


.....
Mr. Charles Kerich
Chairman of the Council

**MEDIA COUNCIL OF KENYA
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2016**


1


		2016	2015
	Notes	Kshs	Kshs
Revenue from Non- exchange Transactions			
Public Contributions and Donations	2	59,484,120	87,564,120
Licences and Permits	3	9,701,700	9,555,300
Tranfer from other governments	4	38,043,459	27,814,039
Total Revenue		<u>107,229,279</u>	<u>124,933,459</u>
Expenses			
Employee Cost	5	40,891,953	42,387,947
Council Allowances	6	2,076,652	7,657,550
Depreciation and ammortiation expenses	7	6,140,477	11,369,715
Repair and Maintainance	8	203,926	214,865
General Expenses	9	<u>61,386,171</u>	<u>79,368,086</u>
Total Operating Expenses		<u>110,699,179</u>	<u>140,998,163</u>
(Deficit) /surplus of income over expenditure		<u><u>-3,469,901</u></u>	<u><u>-16,064,705</u></u>

**MEDIA COUNCIL OF KENYA
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016**

ASSETS	Notes	2016 Kshs	2015 Kshs
CURRENT ASSETS			
Cash and Cash Equivalents	11	2,444,949	6,888,439
Receivables from Non-exchange transactions	12	9,585,296	8,841,220
		<u>12,030,245</u>	<u>15,729,659</u>
NON-CURRENT ASSETS			
Property, Plant and Equipment	16	27,473,713	32,791,799
Intangible Assets	10	1,200,000	1,600,000
		<u>28,673,713</u>	<u>34,391,799</u>
TOTAL ASSETS		<u><u>40,703,958</u></u>	<u><u>50,121,458</u></u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables from exchange transactions	13	2,116,730	2,064,330
NON-CURRENT LIABILITIES			
Deferred income	14	6,000,000	12,000,000
Fund Balance	15	32,587,228	36,057,128
TOTAL FUND AND LIABILITIES		<u><u>40,703,958</u></u>	<u><u>50,121,458</u></u>

Approved by the Council members on 06/04/2017 and signed on its behalf


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


Mr. Charles Kerich
Chairman of the Council

MEDIA COUNCIL OF KENYA
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2016

	Fund Balance Kshs	Deferred Income Kshs	Total Kshs
Balance as at 30 June 2014	52,121,833	18,000,000	70,121,833
Surplus for the period	(16,064,705)	-	(16,064,705)
Transfers to/from accumulated surplus	-	(6,000,000)	(6,000,000)
Balance as at 30 June 2015	36,057,128	12,000,000	48,057,128
Deficit for the period	(3,469,901)	-	(3,469,901)
Transfers to/from accumulated surplus	-	(6,000,000)	(6,000,000)
Balance as at 30 June 2016	32,587,228	6,000,000	38,587,228

MEDIA COUNCIL OF KENYA
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 30 JUNE 2016

	Note	2015-2016 Kshs	2014-2015 Kshs
Cash flows from operating activities			
Receipts			
Public Contributions and Donations	2	59,484,120	87,564,120
Licences and Permits	3	9,701,700	9,555,300
Transfer from other governments	4	38,043,459	27,814,039
		<u>107,229,279</u>	<u>124,933,459</u>
Payments			
Employee Cost	5	40,891,953	42,387,947
Council Allowances	6	2,076,652	7,657,550
Depreciation and ammortiation expenses	7	6,140,477	11,369,715
Repair and Maintainance	8	203,926	214,865
General Expenses	9	61,386,171	79,368,086
		<u>110,699,179</u>	<u>140,998,164</u>
Net cash flow from operating activities		<u>(3,469,901)</u>	<u>(16,064,705)</u>
Cash flow from investing activities			
(Decrease)/Increase in receivables and prepayments	14	(744,076)	3,497,163
(Decrease)/Increase in trade payables	13	52,400	105,232
Purchase of property ,plant and equipments	12	-	(2,000,000)
Net cash flow from investing activities		<u>(691,676)</u>	<u>1,602,395</u>
Cash flow from financing activities			
Defered Income		<u>(6,000,000)</u>	<u>(6,000,000)</u>
Net cash flow from financing activities		<u>(6,000,000)</u>	<u>(6,000,000)</u>
Net increase in cash and cash equivalents		<u><u>(10,161,577)</u></u>	<u><u>(20,462,310)</u></u>
Movement in cash and cash equivalents			
At the start of the year		<u>6,888,439</u>	<u>15,558,634</u>
Increase		<u>(4,443,490)</u>	<u>(8,670,195)</u>
At the end of the year		<u><u>2,444,949</u></u>	<u><u>6,888,439</u></u>
Represented by:		<u>2,436,618</u>	<u>6,839,685</u>
Bank Balance		<u>8,331</u>	<u>48,754</u>
Cash Balance		<u><u>2,444,949</u></u>	<u><u>6,888,439</u></u>

MEDIA COUNCIL OF KENYA
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE YEAR ENDED 30 JUNE 2016

	<u>2015/16 BUDGETED</u>	<u>2015/16 ACTUALS</u>	<u>2015/16 VARIANCES</u>
Revenue	Kshs		
Public Contributions and Donations	67,564,120	59,484,120	8,080,000
Licences and Permits(Subscriptions)	6,676,113	4,836,000	1,840,113
Licences and Permits(Accreditation fees)	7,000,000	4,865,700	2,134,300
Conditional Grants			
UNDP	-	11,664,449	(11,664,449)
UNESCO	-	1,038,768	(1,038,768)
Friedrick Ebert Foundation	-	-	-
Canadian High Commission	-	-	-
Plan International	-	-	-
GIZ	-	1,798,116	(1,798,116)
Kenya Media Program	-	-	-
International Media Support	-	3,866,702	(3,866,702)
IED	-	2,000,000	-
GIBS	-	652,638	-
Accrued Donor Grant	-	10,246,906	-
Other income*	30,734,000	6,775,880	23,958,120
Conditional Grants	30,734,000	38,043,459	5,590,085
	<u>111,974,233</u>	<u>107,229,279</u>	<u>17,644,498</u>
Expenses			
Employee Cost			
Salaries and wages	42,205,996	40,891,953	1,314,043
	<u>42,205,996</u>	<u>40,891,953</u>	<u>1,314,043</u>
Council Allowances			
Board / Council expenses	4,800,000	2,076,652	7,657,550
	<u>4,800,000</u>	<u>2,076,652</u>	<u>7,657,550</u>
Depreciation and Ammortisation Expenses			
Depreciation expense	6,500,000	5,740,477	759,523
Ammortisation	400,000	400,000	-
	<u>6,900,000</u>	<u>6,140,477</u>	<u>759,523</u>
Repair and maintenance			
Repairs and maintenance	500,000	203,926	214,865
	<u>500,000</u>	<u>203,926</u>	<u>214,865</u>
General Expenses			
Audit fees	650,000.00	577,632	72,368
Consulting fees	-	10,140,616	-10,140,616
Consumables and Cleaning expenses	3,010,237	2,655,792	354,445
Motor vehicles expenses	1,100,000	665,689	434,311
Insurance(GPA & GLA)	900,000	620,148	279,852
Insurance (Staff medical cover)	5,600,000	5,461,255	138,745
Legal Expenses	800,000	13,600	786,400
Postage,courier and internet	788,000	1,245,839	-457,839
Printing and stationery	1,850,000	1,919,879	-69,879
Travel and entertainment	1,500,000	1,375,305	124,695
Bank charges	90,000	103,315	-13,315
Accomodation and conferencing	9,500,000	9,033,470	466,530
Staff Gratuity	1,980,000	494,242	1,485,758
Staff welfare	800,000	1,080,204	-280,204
Rental	12,000,000	11,165,293	834,707
ICT ,ERP and Telecommunication	100,000	598,916	-498,916
Training	4,500,000	3,766,864	733,136
Others(Media Awards)	11,500,000	10,020,212	1,479,788
Publicity and Advertisement	400,000	368,640	31,360
Journalists Resource Centre	500,000	79,260	420,740
	<u>57,568,237</u>	<u>61,386,171</u>	<u>(3,817,934)</u>
Total Expenditure	111,974,233	110,699,179	6,128,047
Surplus of income over expenditure	<u>-</u>	<u>(3,469,901)</u>	<u>11,516,452</u>

1 Accounting policies

The principal accounting policies are set out below:

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

The Council's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Council and all values are rounded to the nearest Kshs. The accounting policies have been consistently applied to all the years presented.

(b) Revenue Recognition

Subscriptions and donations

Subscriptions and donations are recognized when received.

Government grants

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

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

(c) Property, plant and equipment – IPSAS 17

All property, plant and equipment are stated at cost less accumulated depreciation and impairment

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

The asset is not fully depreciated in the year of acquisition.

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

(d) Intangible Asset

An intangible asset is recognised when;

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

(e) Contingent liabilities

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

(f) Contingent assets

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

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

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

(h) Related party Disclosure (IPSAS 20)

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

(i) Leases

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

(j) Financial Instruments Disclosure (IPSAS 30)

IPSAS 30 describes the disclosure requirements that enable users of the financial statements to evaluate [IPSAS 30.1]:

- the significance of financial instruments for the entity's financial position and performance

(k) Translation of foreign currencies

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

(l) Receivables

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

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and

(n) Comparative figures

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

**MEDIA COUNCIL OF KENYA
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

NOTES TO THE FINANCIAL STATEMENTS Contd.

	2016 Kshs	2015 Kshs
2 Public Contributions and Donations		
Government Recurrent Grant	59,484,120	87,564,120
Government Development Grant	-	-
	<u>59,484,120</u>	<u>87,564,120</u>

During the year the Government grant the council at total of Kshs 59,484,120 (2015: Kshs 87,584,120) for recurrent expenditures. The grant has been recognised as income in the statement of comprehensive income per IPSAS 23.

3 Licences and Permits

	2016 Kshs	2015 Kshs
Licences and Permits		
Licences and Permits(Subscription)	4,836,000	5,300,000
Licences and Permits (Accreditation)	4,865,700	4,255,300
	<u>9,701,700</u>	<u>9,555,300</u>

Subscriptions

The Media Act 2007 empowers the Council by notice in the Kenya Gazette to impose a levy in respect of all media enterprises operating in Kenya. The Council was able to collect Kshs 4,836,000

Accreditation Fees

The Media Act 2007 empowers the Council by notice in the Kenya Gazette to impose an annual registration fee in respect of all journalists whose names appear in the Council. The Council collected Kshs 4,857,900

4 Transfer from other Governments - Gifts and Services in Kind

	2016 Kshs	2015 Kshs
Conditional Grants		
Ford Foundation	-	11,567,775
UNDP	11,664,449	850,000
UNESCO	1,038,768	528,252
Canadian High Commission	-	245,000
Plan International	-	200,000
GIZ	1,798,116	657,000
Kenya Media Program	-	3,585,800
International Media Support	3,866,702	718,252
Article '19	-	-
Internews	-	-
IFC	-	350,000
IED	2,000,000	-
GIBS	652,638	-
Accrued Donor Grant	10,246,906	-
	<u>31,267,579</u>	<u>18,702,079</u>
Other income*		
Media Awards donation	6,458,000	6,050,000
Sale of Tender/Miscellaneous	16,680	581,160
Donations	301,200	2,480,800
	<u>6,775,880</u>	<u>9,111,960</u>
Total	38,043,459	27,814,039

**MEDIA COUNCIL OF KENYA
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

NOTES TO THE FINANCIAL STATEMENTS Contd.

	2016 Kshs	2015 Kshs
5 Employee Cost		
Salaries and wages	40,891,953	42,387,947
	<u>40,891,953</u>	<u>42,387,947</u>
6 Council Allowances		
Board / Council expenses	2,076,652	7,657,550
	<u>2,076,652</u>	<u>7,657,550</u>
7 Depreciation and Ammortisation Expenses		
Depreciation expense	5,740,477	10,969,715
Ammortisation	400,000	400,000
	<u>6,140,477</u>	<u>11,369,715</u>
8 Repair and maintainance		
Repairs and maintenance	203,926	214,865
	<u>203,926</u>	<u>214,865</u>
9 General Expenses		
Audit fees	577,632.00	653,599.00
Consulting fees	10,140,616	8,820,731
Consumables and Cleaning expenses	2,655,792	2,332,493
Motor vehicles expenses	665,689	973,097
Insurance(GPA & GLA)	620,148	1,106,602
Insurance (Staff medical cover)	5,461,255	4,371,615
Legal Expenses	13,600	249,650
Postage,courier and internet	1,245,839	1,003,168
Printing and stationery	1,919,879	6,128,731
Travel and entertainment	1,375,305	2,212,605
Bank charges	103,315	155,125
Accomodation and conferencing	9,033,470	8,888,928
Staff Gratuity	494,242	200,000
Staff welfare	1,080,204	847,105
Rental	11,165,293	10,417,419
ICT ,ERP and Telecommunication	598,916	3,491,316
Training	3,766,864	3,543,337
Others(Media Awards)	10,020,212	21,908,243
Publicity and Advertisement	368,640	291,320
Journalists Resource Centre	79,260	573,002
Interview Expenses	-	1,200,000
	<u>61,386,171</u>	<u>79,368,086</u>

The council is given a one line budget which is divided among the various expenditure items,during the year under review , the various additional vote heads were as a result of expenditures that could not fit in the existing expenditure items. The interview expense were incurred during the time time of carrying out interviews of Council members and Complaints Commissioners as the Act was amened to be in line with the requirement of the 2010 Constitution. Publicity and advertisement expenserelates to expenditures incurred as a result of placing advertisements in local newspapers while Resource centre expense was an expenditure incurred in relation to the setting up of a resource centre for journalists. NB: Publicity and advertisement and resource centre items were introduced during the year under audit to take care of this particular expenses.

**MEDIA COUNCIL OF KENYA
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016
NOTES TO THE FINANCIAL STATEMENTS Contd.**

16 Property, Plant and Equipment		Motor Vehicle	Computers	Office furniture & equipment	Office Partitioning	Media Monitoring System	Total Kshs
Year ended 30 June 2016:	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Cost							
As 1 July 2015	7,563,055	7,511,310	10,438,348	15,865,839	31,324,976	72,703,527	
Acquisitions	-	-	-	-	-	-	
At 30 June 2016	<u>7,563,055</u>	<u>7,511,310</u>	<u>10,438,348</u>	<u>15,865,839</u>	<u>31,324,976</u>	<u>72,703,527</u>	
Depreciation							
As 1 July 2015	5,489,066	5,465,449	4,401,418	5,760,811	18,372,593	39,489,337	
Charge for the year	518,497	613,758	754,616	1,263,128	2,590,477	5,740,477	
At 30 June 2016	<u>6,007,563</u>	<u>6,079,207</u>	<u>5,156,034</u>	<u>7,023,939</u>	<u>20,963,070</u>	<u>45,229,814</u>	
Net Book Value							
At 30 June 2016	<u><u>1,555,492</u></u>	<u><u>1,432,103</u></u>	<u><u>5,282,313</u></u>	<u><u>8,841,899</u></u>	<u><u>10,361,906</u></u>	<u><u>27,473,713</u></u>	
Year ended 30 June 2015:							
Cost							
As 1 July 2014	7,563,055	7,511,310	10,438,348	15,865,839	31,324,976	72,703,527	
Acquisitions	-	-	-	-	-	-	
At 30 June 2015	<u>7,563,055</u>	<u>7,511,310</u>	<u>10,438,348</u>	<u>15,865,839</u>	<u>31,324,976</u>	<u>72,703,527</u>	
Depreciation							
As 1 July 2014	4,797,736	4,588,651	3,538,999	4,317,236	11,276,991	28,519,614	
Charge for the year	691,330	876,798	862,419	1,443,575	7,095,602	10,969,715	
At 30 June 2015	<u>5,489,066</u>	<u>5,465,449</u>	<u>4,401,418</u>	<u>5,760,811</u>	<u>18,372,593</u>	<u>39,489,329</u>	
Net Book Value							
At 30 June 2015	<u><u>2,073,989</u></u>	<u><u>2,045,861</u></u>	<u><u>6,036,930</u></u>	<u><u>10,105,028</u></u>	<u><u>12,952,383</u></u>	<u><u>32,791,799</u></u>	

**MEDIA COUNCIL OF KENYA
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

10

NOTES TO THE FINANCIAL STATEMENTS Contd.

	2016 Kshs	2015 Kshs
10 Intangible Asset		
Opening Balance	1,600,000	-
Additions	-	2,000,000
Amortisation	(400,000)	(400,000)
Closing Balance	<u>1,200,000</u>	<u>1,600,000</u>
11 Cash and cash equivalents		
Standard Chartered Bank Kenya Limited	653,694	2,175,649
Standard Chartered Bank Kenya Limited (Donor a/c	1,782,924	4,664,036
Petty cash	8,331	48,754
	<u>2,444,949</u>	<u>6,888,439</u>
12 Receivables from Non-exchange transactions		
Staff debtors	2,261,043	1,338,543
Prepayments	5,695,666	5,874,090
Deposits	1,628,587	1,628,587
	<u>9,585,296</u>	<u>8,841,220</u>
13 Trade and other payables from exchange transactions		
Payroll payable	147,480	147,480
Accrued audit and Accountancy fees	577,632	525,232
Sundry creditors	1,391,618	1,391,618
	<u>2,116,730</u>	<u>2,064,330</u>
<u>NB:Sundry Creditors</u>		
Accrued expense	1,287,218	1,287,218
Withholding Tax 2009	38,525	38,525
Withholding Tax 2010	28,875	28,875
Withholding Tax 2013	37,000	37,000
	<u>1,391,618</u>	<u>1,391,618</u>
14 Deferred income on Government development grant		
Brought forward	12,000,000	18,000,000
Amortised through income statement during the year	(6,000,000)	(6,000,000)
Carried down	<u>6,000,000</u>	<u>12,000,000</u>
15 Fund balance		
Reserves	36,057,128	52,121,833
Accumulated Surplus	(3,469,901)	(16,064,705)
	<u>32,587,228</u>	<u>36,057,128</u>
17 Reporting currency		
The Financial Statements are reported in Kenya Shillings (Kshs).		
18 Registration		
The Media Council of Kenya was registered as a corporate body under The Media Act (Cap 411B) on 1 October 2007. The Act was repealed in 2013.		

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

REPUBLIC OF KENYA

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NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON MEDIA COUNCIL OF KENYA FOR THE YEAR ENDED 30 JUNE 2016

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Media Council of Kenya set out on pages 1 to 10, which comprise the statement of financial position as at 30 June 2016, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

Management's Responsibility for the Financial Statements

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

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

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. The audit was conducted in accordance with International Standards of Supreme Audit Institutions. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

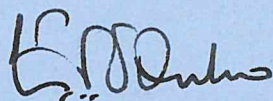
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of

the Council's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Media Council of Kenya as at 30 June 2016, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Media Council Act 2013.



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

Nairobi

24 March 2017