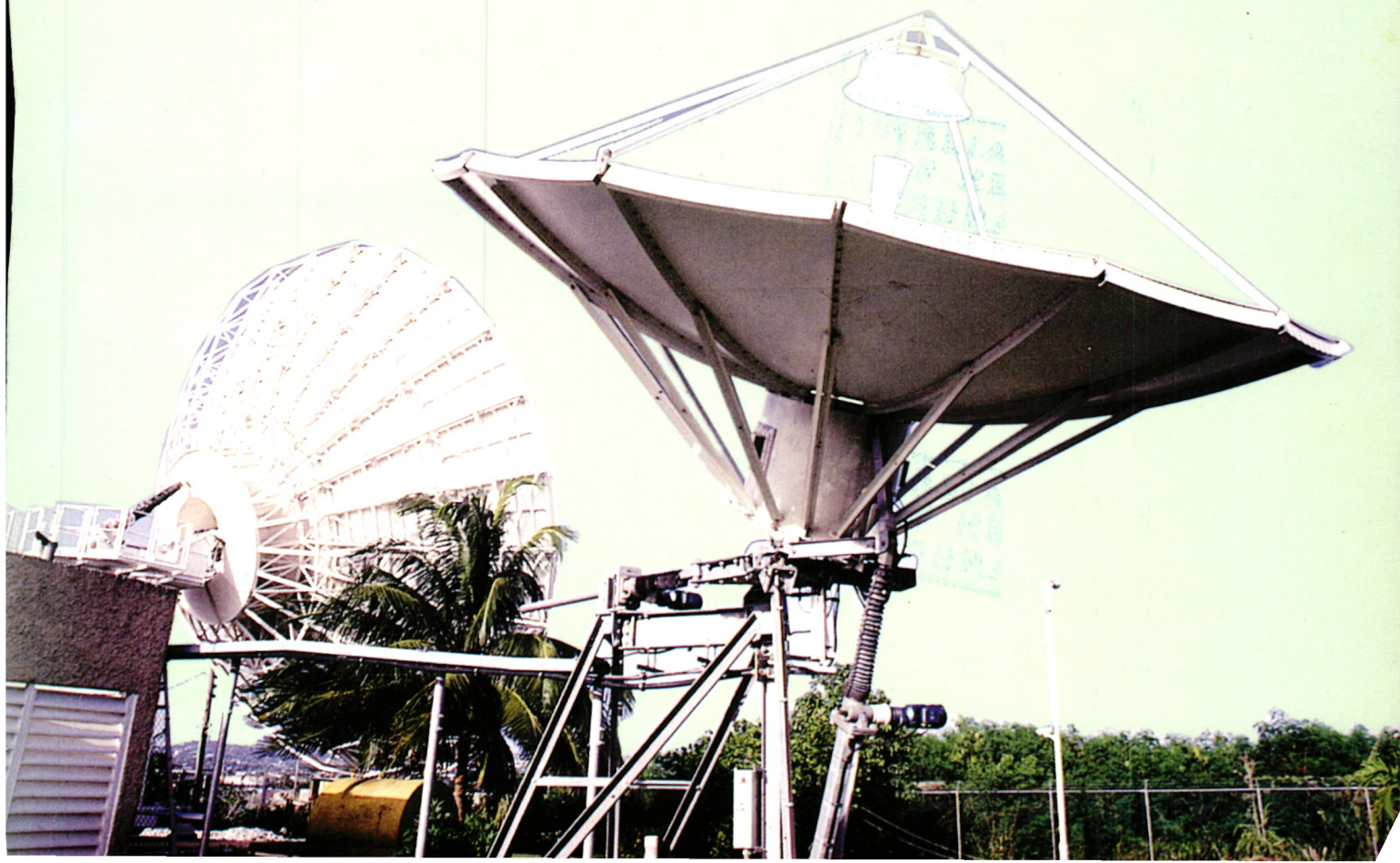




**National Communications  
Secretariat**

**ANNUAL REPORT AND  
FINANCIAL STATEMENTS FOR THE  
YEAR ENDED  
30<sup>TH</sup> JUNE 2009**



**NATIONAL COMMUNICATIONS  
SECRETARIAT**



**ANNUAL REPORT AND FINANCIAL  
STATEMENTS FOR THE YEAR ENDED  
30TH JUNE 2009**

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## Corporate Information

<b>Senior Management:</b>	Eng. John Kariuki	Acting Communications Secretary
	Eng. Daniel Obam	Radio Technology Expert
	Charles Ngesa	Economic Expert
	Joseph Kihanya	Legal Expert
	Sally Malova	Human Resource and Administration

**Head Office:** Transcom House,  
9th Floor  
Community  
Nairobi

**Auditors:** Controller and Auditor General  
P.O. Box 30084 – 00100  
Nairobi

**Bankers:** Kenya Commercial Bank Ltd  
Nairobi

**Incorporation:** The National Communications Secretariat was established by Section 84 of the Communications Act, 1998.

**Principle Activities:** The objectives of the Secretariat are clearly defined in the Kenya Communications Act, Section 84 of 1998. It is an advisory and policy formulation body. The core activities of the body are highlighted as hereunder:-

1. Policy formulation and update
2. Research analysis
3. Communicating with the public on information policy matters (includes organizing workshops and seminars).
4. Coordinating Kenyan participation in all relevant international technical meetings (e.g. ITU study meetings)

**Employees:** Currently the Secretariat has 13 members of staff.

**Budget:** The Secretariat is funded in accordance with section 19 of Kenya Communications Act of 1998. Currently we have a line budget of Ksh. 54,000,000.00 per year receivable in four equal installments.

## Statement of Accounting Officer Responsibility

The Accounting Officer is responsible for the preparation of financial statements which give a true and fair view of the state of affairs of the Secretariat as at the end of the financial year and of its operating results for that year. The Accounting Officer maintains proper accounting records which disclose with reasonable accuracy the financial position of the Secretariat. It is the duty of Accounting Officer to safeguard the assets of the company.

The Accounting Officer accepts responsibility for the annual financial statements which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates in conformity with the International Financial Reporting Standards and requirements of the Government Financial Regulations and Procedures.

The Accounting Officer is of the opinion that the financial statements give a true and fair view of the state of financial affairs of the secretariat and its profit and loss. The Accounting Officer further confirm the accuracy and completeness of the accounting records maintained by the Secretariat which have been relied upon in the preparation of the financial statements, as well as on the adequacy of the systems of internal financial controls.


**Signed by:**



**John Kariuki**  
**Ag. Communications Secretary**  
**National Communications Secretariat**

Date 20 January 2010

**Signed by:**



**Bitange Ndemo PhD, CBS**  
**Permanent Secretary**  
**Ministry of Information and**  
**Communication**

Date 20/1/10

Telephone: +254-20-342330

Fax: +254-20-311482

E-mail: [cag@kenao.go.ke](mailto:cag@kenao.go.ke)

Website: [www.kenao.go.ke](http://www.kenao.go.ke)

P.O. Box 30084-00100

NAIROBI

Date:.....



## **KENYA NATIONAL AUDIT OFFICE**

### **REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF NATIONAL COMMUNICATIONS SECRETARIAT FOR THE YEAR ENDED 30 JUNE 2009**

I have audited the accompanying financial statements of National Communications Secretariat set out at pages 6 to 15, which comprise the Balance Sheet as at 30 June 2009, the Income and Expenditure Account, the Statement of Changes in Accumulated Reserves and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory notes in accordance with the provisions of Section 14 of the Public Audit Act, 2003. 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 the financial statements in accordance with the International Financial Reporting Standards and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Responsibility of the Controller and Auditor General**

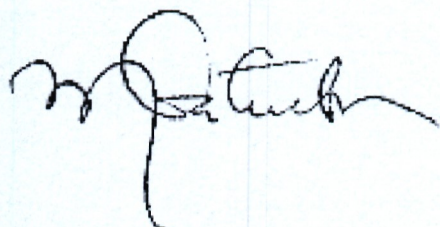
My responsibility is to express an independent opinion on the financial statements based on the audit. The audit was conducted in accordance with the International Standards on Auditing. Those Standards require compliance with ethical requirements and that the audit be planned and performed with a view to obtaining reasonable assurance that 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 judgment, 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 controls 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 Secretariat's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

In my opinion, the financial statements give a true and fair view of the financial position of the Secretariat as at 30 June 2009, of its financial performance and its cash flows for the year then ended, in accordance with the International Financial Reporting Standards and comply with the Communications Act, 1998.



**A.S.M. Gatumbu**

**CONTROLLER AND AUDITOR GENERAL**

**Nairobi**

**18 January 2010**



## NATIONAL COMMUNICATIONS SECRETARIAT INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 30TH JUNE 2009.

	Notes	30TH JUNE 2009	30TH JUNE 2008
Revenue	1	54,000,000.00	54,000,000
Interest		0	44,120
Operating Expenses	3	50,004,708.00	52,023,612
Operating Surplus / (Deficit)		3,995,292.00	2,020,508

# NATIONAL COMMUNICATIONS SECRETARIAT

## BALANCE SHEET AS AT 30TH JUNE 2009

Non - Current assets		2009	2008
Property Plant and Equipment		4,180,623.33	7,095,185.00
		4,180,623.33	7,095,185.00
<b>Current Assets</b>			
Receivables and Prepayments	8	1,524,007.70	5,397,962
Cash at Bank		18,766,818.67	6,723,346
		20,290,826.37	12,121,308
<b>Total assets</b>		<b>24,471,449.70</b>	<b>19,216,493</b>
Financed by			
<b>Current liabilities</b>			
Accounts Payable	6	10,269,779.00	8,813,764
Accumulated Reserves	9	14,201,670.70	10,402,729
		24,471,449.70	19,216,493

Signed by:



**John Kariuki**  
**Ag. Communications Secretary**  
**National Communications Secretariat**

Date 20 January 2010

Signed by:



**Bitange Ndemo PhD, CBS**  
**Permanent Secretary**  
**Ministry of Information and Communication**

Date 20.1.10.

# NATIONAL COMMUNICATIONS SECRETARIAT

## CASH FLOW STATEMENT

		30TH JUN 2009	30TH JUN 2008
<b>Operating activities</b>			
Surplus / (Deficit) in operations		3,995,292.00	2,020,508
Depreciation	2	2,914,561.00	2,914,561
Receivables and Prepayments	8	3,867,048.00	(3,557,177)
Accounts Payable	6	1,797,608.00	2,394,940
Salary June		0.0	(2,165,294)
Gratuity Payment	10	(4,351,964.30)	(2,173,847)
Recovery		0.0	245,000
Gratuity Provision	5	5,238,128.00	5,874,670
Salary Advance		<b>(1,417,200.00)</b>	<b>(1,753,520)</b>
PAYE Provision		0.00	76,258
Interest Earned		0.00	(44,120)
Net cash generated from operating activities		12,043,473	3,831,979
<b>Investing activities</b>			
Purchase of fixed assets		0.00	(6,173,716)
Bank Interest		0.00	44,120
<b>Financing Activities</b>		0.00	
Decrease in Grants		0.00	(514,295)
<b>Increase / (Decrease in funds)</b>		<b>12,043,473</b>	<b>(2,811,912)</b>
Opening cash and cash equivalents		6,723,346.00	9,535,258
Ending cash and cash equivalents		18,766,818.67	6,723,346

# National Communications Secretariat

## Statement of Changes in Equity and Reserves for the year ended 30th June 2009

	Accumulated Fund	Retained Surplus	Accumulated Reserves
At 30 June 2008	<b>8,382,221.00</b>	<b>2,020,508.00</b>	<b>10,402,729.00</b>
Prior Year Adjustments:-			
Increase in Accounts Receivable		(196,350)	(196,350)
Restated Opening Balances		<u><b>1,824,158.00</b></u>	<u><b>10,206,379.00</b></u>
Changes In Equity 2008/09			
Net Surplus for the year		3,995,292.00	3,995,292.00
<b>At 30th June 2009</b>	<u><b>8,382,221.00</b></u>	<u><b>5,819,450.00</b></u>	<u><b>14,201,671.00</b></u>

# National Communications Secretariat

## Summary of significant accounting policies

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

**a) Basis of preparation**

The financial statements are prepared in accordance with International Financial Reporting Standards and comply with Government Financial Regulations and procedures.

**b) Property and Equipment**

Depreciation is calculated on the straight line basis to write down the cost of each asset to its residual value over its estimated useful life as follows:-

Motor Vehicles	25.0 %
Furniture, Fittings and Equipment	12.5 %
Computers	30.0 %

**c) Retirement Benefit Obligations**

The Secretariat operates a Gratuity Scheme for its employees. The applicable rate is 31% of basic salary and accrued over a period of three years.

**d) Comparative Figures**

Where necessary, comparative figures have been adjusted to conform to changes in the presentation of final accounts.

**e) Incorporation**

The National Communications Secretariat was established by Section 84 of the Kenya Communications Act, 1998.

Principle Activities

**f) Currency**

The accounts are presented in Kenyan Shilling.

**g) Cash and Cash Equivalents**

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash on hand and bank deposits.

# National Communications Secretariat

## Notes to the accounts

### 1 Revenue

An amount totaling to Kshs.54,000,000 was received from the Ministry of Information and Communications.

### 2 Schedule of Property as at 30th June 2009

	<b>Motor Vehicles</b>	<b>Furniture, Fittings &amp; Equipment</b>	<b>Computers</b>	<b>Total</b>
	<b>Kshs.</b>	<b>Kshs.</b>	<b>Kshs.</b>	<b>Kshs.</b>
<b>Cost</b>				
As at 01.07.2007	2,894,750	37,700	2,331,400	5,263,850
Additions	5,543,512	503,990	126,214	6,173,716
Disposals	0	0	0	0
As at 30.06.2008	<b>8,438,262</b>	<b>541,690</b>	<b>2,457,614</b>	<b>11,437,566</b>
<b>Depreciation</b>				
As at 01.07.2007	723,688	4,713	699,420	1,427,821
Charge for the year	2,109,565.50	67,711	737,284	2,914,561
Adjustment on disposal	0	0	0	0
As at 30.06.08	2,833,253.50	72,424	1,436,704	4,342,382
<b>Net Book values</b>				
<b>as at 30.06.08</b>	<b>5,605,009</b>	<b>469,266</b>	<b>1,020,910</b>	<b>7,095,184</b>
<b>Cost</b>				
<b>As at 01.07.2008</b>	8,438,262.00	541,690.00	2,457,614.05	11,437,566.05
Additions	0.00	0.00	0.00	0.00
Disposals	0.00	0.00	0.00	0.00
As at 30.06.2009	8,438,262.00	541,690.00	2,457,614.05	11,437,566.05
<b>Depreciation</b>				
As at 01.07.2008	2,833,253.50	72,423.75	1,436,704.00	4,342,381.25
Charge for the year	2,109,566.00	67,711.25	737,284.22	2,914,561.47
Adjustment on disposal	0.00	0.00	0.00	0.00
As at 30.06.09	4,942,819.50	140,135.00	2,173,988.22	7,256,942.72
<b>Net Book values</b>				
<b>as at 30.06.09</b>	<b>3,495,442.50</b>	<b>401,555.00</b>	<b>283,625.83</b>	<b>4,180,623.33</b>

### 3. Schedule of Operating Expenses

	30th Jun 2009	30th Jun 2008
Salary	28,256,179.00	31,447,469
Leave allowances	337,000.00	267,000
Gratuity - Provision	5,238,128.00	5,874,670
Traveling - Local	202,845.00	610,334
Traveling - External	4,270,944.70	3,313,690
Air ticket	2,776,145.00	1,592,230
Visa fees	46,717.00	2,600
Tuition fees - Local	364,609.80	196,920
Tuition fees - External	90,291.84	397,695
Medical	1,938,994.00	2,259,812
Postage	4,200.00	4,200
Repairs - Equipment	9,280.00	69,000
Computer software	80,500.00	65,500
Telephone	221,850.15	367,319
Training - Local	0.00	0
Training - External	0.00	0
Internet	1,766,141.00	1,016,412
Newspapers	44,370.00	35,562
Books	21,500.00	189,000
Magazines and Periodicals	11,135.00	0
Miscellaneous	105,186.30	0
Office tea	146,915.60	142,332
Fuel and Oil	299,724.60	499,017
Bank charges	31,222.20	107,762
Service - Motor Vehicles	117,079.30	250,466
Stakeholders Conference	0.00	100,000.00
Stationery	66,720.00	43,345
Cleaning	0.00	50,420
Depreciation	2,914,561.47	2,914,561
Motor vehicle – Insurance	318,467.00	130,038
Car Hire	0.00	0
PAYE - Provision	0.00	76,258
Audit	300,000.00	0
NSSF	24,000.00	
<b>Total</b>	<b>50,004,708</b>	<b>52,023,612</b>

**Audit Fees of Ksh 300,000 includes a provision of Ksh 100,000 being audit fees for F/Y 2008/2009**

**4 Schedule of outstanding Gratuity.**

	<b>2009</b>	<b>2008</b>
John Kariuki	2,696,811.00	1,436,103.00
Charles Ngesa	2,515,884.00	1,338,132.00
Daniel Obam	538,742.00	2,888,580.00
Sally Malova	843,417.00	520,893.00
Boniface Musunza	229,350.00	103,242.00
Ephraim Adaji	126,080.00	35,240.00
Nelly Nandwa	105,788.00	410,019.00
Evelyne Were	426,772.00	259,218.00
Alexander Musonye	17,698.60	270,429.00
Edward Otieno	202,125.00	99,825.00
Beatrice Mahumu	437,194.00	197,998.00
Arnold Mwabili	0.00	182,187.00
Joseph Kihanya	1,695,481.00	671,365.00
Lilian Lukania	108,035.00	31,775.00
<b>Total</b>	<b>9,943,378.00</b>	<b>8,445,006.00</b>

**5 Gratuity Provision**

	<b>2009</b>	<b>2008</b>
John Kariuki	1,260,708.00	1,260,708.00
Charles Ngesa	1,177,752.00	1,177,752.00
Daniel Obam	1,200,072.00	1,200,072.00
Sally Malova	322,524.00	322,524.00
Boniface Musunza	126,108.00	126,108.00
Ephraim Adaji	90,840.00	90,840.00
Nelly Nandwa	174,696.00	174,696.00
Evelyne Were	156,096.00	156,096.00
Alexander Musonye	134,364.00	134,364.00
Emmah Njagi	0.00	48,360.00
Edward Otieno	102,300.00	99,825.00
Beatrice Mahumu	239,196.00	197,998.00
Joseph Kihanya	1,024,116.00	671,365.00
Lilian Lukania	76,260.00	31,775.00
Arnold Mwabili	0.00	182,187.00
<b>Total</b>	<b>5,238,128.00</b>	<b>5,874,670.00</b>



<b>6</b>	<b>Accounts Payable</b>	<b>2009</b>	<b>2008</b>
	Audit fees Provision	100,000.00	
	Paye Provision	0.00	76,258
	Emmah Njagi	0.00	292,500.00
	Safaricom Ltd	70,638.40	0.00
	Telkom K Ltd	18,261.00	0.00
	Akarim Agencies Co. Ltd	137,500.00	0.00
	Gratuity	9,943,378.00	8,445,006.00
	<b>Total</b>	<b>10,269,777.00</b>	<b>8,813,764.00</b>

<b>7</b>	<b>Accounts Receivable</b>	<b>2009</b>	<b>2008</b>
	John Kariuki	282,416.60	141,206.00
	Boniface Musunza	16,950.00	19,775.00
	Daniel Obam	322,600.00	170,900.20
	Ephraim Adaji	12,000.00	20,000.00
	Alexander Musonye	2,916.30	0.00
	Charles Ngesa	290,216.70	263,833.40
	Nelly Nandwa	35,176.00	22,500.00
	Sally Malova	50,575.00	65,025.00
	Evelyne Were	36,583.30	34,166.60
	Edward Otieno	18,333.20	22,916.60
	Beatrice Mahumu	38,580.00	64,000.00
	Lilian Lukania	12,916.60	0.00
	Daniel Obam	112,733.00	
	Joseph Kihanya	292,011.00	
	PAYE Receivable	0.00	
	<b>Total</b>	<b>1,524,007.70</b>	<b>824,322.80</b>

<b>8 Current Assets</b>	<b>2009</b>	<b>2008</b>
Prepaid Insurance	0.00	179,960.00
Prepaid Health Insurance	0.00	1,923,679.00
Accounts Receivable	1,524,007.70	824,322.80
Accrued Income	0.00	2,470,000.00
<b>Total</b>	<b>1,524,007.70</b>	<b>5,397,961.80</b>

**9** This amount **Kshs.14,201,671.00** consists of accumulated Reserves.

<b>10 Schedule of Gratuity Payment</b>	<b>2008/2009</b>
Nelly Nandwa	472,446.80
Daniel Obam	3,492,416.00
Alexander Musonye	387,101.50
<b>Total</b>	<b>4,351,964.30</b>









**National Communications Secretariat  
Transcom House, 9th Floor Community  
P.O. Box 10756 - 00100, Nairobi**