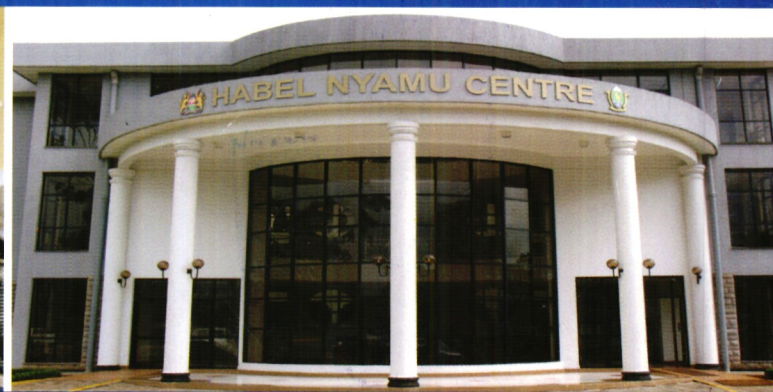
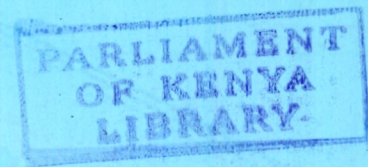




KENYA INSTITUTE OF ADMINISTRATION (KIA)



ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011



For First Class Conference Facilities



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CORPORATE VALUES

VISION

Our Vision is to be a model Institution of excellence in management development and capacity building in the public sector.

MISSION

Our mission is to improve service delivery in the public sector by providing quality Training, Research and Consultancy Services.

CORPORATE VALUES

Professionalism

KIA employees of all cadres strive to uphold professionalism in whatever they do. They withstand ethical scrutiny by being committed to high standards of excellence in day-to-day operations..

Self-Drive

KIA employees of all cadres take personal responsibility for the production of the results they are responsible for, without supervision.

Continuous Improvement

KIA employees of all cadres embrace continuous improvement and learning through experiences, successes and even failures. They translate lessons learnt into improved service delivery.

Team Work

We endeavour to work together as a team in order to achieve our vision, mission and strategic objectives. The Institute recognizes team and individual effort as well as output.



KIA MANDATE

According to the KIA Act (No. 2 of 1996) Section 4, the functions and mandate of the Institute are defined as follows:

- i. To provide training, consultancy and research services on commercial basis which are designed to promote national development and standards of competence and integrity in the public service, state corporations and local governments;
- ii. To provide training, consultancy and research services on commercial basis to persons, local or foreigners, in the private sector;
- iii. To provide training to promote a culture of decency, honesty, hard work, transparency and accountability among the public servants;
- iv. To conduct examinations and award diplomas and other forms of suitable awards to the successful candidates; and
- v. To do all such other things as appear to be necessary, desirable or expedient for the proper discharge of its functions under this Act.



CORPORATE INFORMATION

1. COUNCIL BOARD MEMBERS

The Institute is run by a council board appointed under KIA Act 2 of 1996 and the members who served during the year were:

i.	Dr. Henry M. Chakava, MBS	Chairman
ii	Mr. Geylord Avedi, EBS	Member
iii.	Mr. William S.W. Busolo	Member
iv.	Mrs. Shellomith Bobotti	Member
v.	Mr. Benjamin Munywoki Musau	Member
vi.	Amb. Mary Odinga, MBS	Member
vii	Mr. Abraham Kamakil	Member
viii	Dr. Teresia Wambui	Member
ix	Mr. Titus Ndambuki, CBS	PS Ministry of State for Public Service
x	Mr. Joseph Kinyua, CBS	PS Ministry of Finance
xi	Mr. Francis Kimemia, CBS	PS Provincial Administration and Internal Security
xii	Ms. Josephine Gichuhi	Representing Public Service Commission of Kenya
xiii	Prof. Margaret Kobia, CBS	Director/ C.E.O KIA-Secretary
xiv	Ms. Diana Mambo	Alternate to Permanent Secretary Ministry of Finance
xv	Ms. Njoki Kahiga, OGW	Alternate to Permanent Secretary Ministry of State for Public Service
xvi	Mr. Joseph Irungu	Alternate to Permanent Secretary Ministry of State for Internal Security

2. REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Kenya Institute of Administration
PO BOX 23030-00604
Lower Kabete Road
Nairobi.

3. BANKERS

Kenya Commercial Bank Limited
National Bank of Kenya Limited

4. AUDITORS

Auditor General
Kenya National Audit office
P.O Box 30084- 00100
Nairobi.



TOP MANAGEMENT

Director/Chief Executive

Prof. Margaret Kobia, CBS
Ph.D

Deputy Director Learning and Development

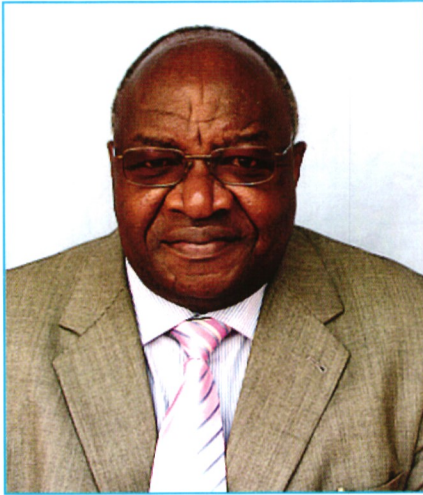
Elijah Wachira, HSC
BSc. MBA

Deputy Director Finance and Administration

Osman Hassan Ibrahim
Bcom. MBA CPA (K).



STATEMENT BY THE COUNCIL CHAIR



The Council is pleased to present the Annual report and Financial Statements of Kenya Institute of Administration (KIA) for the year ended 30th June 2011.

This financial year was a memorable one. KIA celebrated fifty (50) years of existence. The event was graced by H.E The President of the Republic of Kenya, Hon. Mwai Kibaki, during which he launched a book that documents KIA's history. The book is entitled "Kenya Institute of Administration: 1961 – 2011 the Journey and Legacy".

Indeed, our progress in achieving strategic objectives has been steady. Income from training has risen continually, and is complemented by incomes from research and consultancy. On the financial front, KIA turnover was Kshs416 million as compared to ksh362 million in the past year. Our Net profit increased from Kshs73 million to ksh102 million in the current year. This was due to increased sales revenue from the training and research division. The Government of Kenya total grant (Development and Recurrent) increased from Ksh35 million in the past year to Kshs 53 million in the current year.

As reported in the last financial year, KIA was constructing a new Tuition Block with the help of the Government through the Ministry of State for Public Service. I'm happy to report that the Tuition Block was completed and officially opened by Kenya Head of State during the Institute's Jubilee celebrations. The Block has a capacity of 600 participants.

These financial results are as a result of collective input from our many stakeholders. I wish to take this opportunity to convey my appreciation, on behalf of the KIA council, to the Minister of State for Public Service, the Permanent Secretary and KIA Management for their tireless efforts, and dedication. I thank the council members for their support, diligence and commitment towards achieving KIA's Vision and Mission. I look forward to a promising Financial Year 2011/2012.

DR. HENRY CHAKAVA, MBS
CHAIRMAN



DIRECTOR / CEO REPORT

The year 2010/2011 was a successful year for Kenya Institute of Administration (KIA). We had numerous achievements which could only have been achieved with the sterling support of the stakeholders, the Council, staff and most importantly our highly esteemed customers. During the year, we turned 50 (fifty), marked impressive business growth, revenues increased and more importantly our capacity and efficiency levels rose due to improved infrastructure.



KIA signs a performance contract every year with the Government of the Republic of Kenya through the Ministry of State for Public Service. The Key Performance Indicators outlined during this year include financial stewardship, service delivery non-financial indicators and operations.

In this financial year, we carried out ISO audit and the Institute was recertified since the results were good. This certified that we have sustained our ISO standards progressively. The Institute strives to achieve high customer satisfaction levels and will continually improve the entire customer service delivery process.

We will continue to invest in training our staff so that they can serve our customers even better. A well motivated and competent work force is crucial in ensuring that KIA continues to play the crucial role of capacity building in the public service.

Corporate Social Responsibility is an integral part of KIA business model. Through CSR, the Institute embraces responsibility for actions taken and encourages a positive impact through its activities in the society and on the environment. In this respect, KIA engages in tree planting throughout the year. In this particular year, over 1000 seedlings were planted.

Finally, I would like to thank the council, management and staff for their continued support and diligence in achieving our corporate objectives. I would also wish to extend our gratitude to the Government of Kenya, the Ministry of State For Public Service, Ministry of Finance and all ministries and parastatals. I look forward to their continued support.

Thank you.

Prof. Margaret Kobia, CBS
DIRECTOR/CEO



REPORT OF THE COUNCIL MEMBERS

The Council have pleasure in submitting their report, together with the financial statements for the year ended 30 June 2011.

1. INCORPORATION

The Kenya Institute of Administration is a Management Development Institute (MDI) incorporated in Kenya through an Act of Parliament (KIA Act No. 2 of 1996) and domiciled in Kenya.

2. PRINCIPAL ACTIVITIES

The Kenya Institute of Administration provides training, research and consultancy services on a cost recovery basis.

3. RESULTS

	2011 Kshs'000	2010 Kshs'000
Surplus for the year	102,176	73,718

4. COUNCIL MEMBERS

The Council members who served during the year are as set out on page 4.

5. AUDITORS

The Auditor General is responsible for the statutory audit of the Institute's books in accordance with section 14 of the Public Audit Act, 2003.

Dr. Henry Chakava, MBS:  Date: 9/2/2012
Chairman

Prof. Margaret Kobia, CBS:  Date: 8/2/2012
Director



STATEMENT OF COUNCIL'S RESPONSIBILITIES

The Kenya Institute of Administration Act requires the Council to prepare financial statements for each financial year which include a statement of financial position showing in detail the assets and liabilities of the Institute, a statement of comprehensive income and such other statements that the Council may deem necessary.

It also requires the Council to ensure the Institute keeps proper books of account and other books and records in relation to the Institute and to all the undertakings, funds, investments, activities and property of the Institute. They are also responsible for safeguarding the assets of the Institute.

The Council 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 generally accepted accounting practice and in the manner required by the Kenya Institute of administration Act. The Council is of the opinion that the financial statements give true and fair view of the state of financial affairs of the Institute and of its operating results. The Council further accepts responsibility for the maintenance of accounting records which may be relied upon in preparation of the financial statements, as well as adequate systems of internal financial control.

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

Dr. Henry Chakava, MBS: 
Chairman

Date: 9/2/2012

Prof. Margaret Kobia, CBS: 
Director

Date: 8/2/2012



KENYA NATIONAL AUDIT OFFICE

REPORT OF THE AUDITOR-GENERAL ON KENYA INSTITUTE OF ADMINISTRATION FOR THE YEAR ENDED 30 JUNE 2011

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Kenya Institute of Administration set out on pages 8 to 20, which comprise the statement of financial position as at 30 June 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows 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 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 these financial statements in accordance with International Financial Reporting Standards 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 its financial statements to the Auditor-General in accordance with the provisions of Section 13 of the Public Audit Act, 2003.

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 15 of the Public Audit Act, 2003. The audit was conducted in accordance with International Standards on Auditing. 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 Institute's internal control. An audit also includes evaluating the

appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

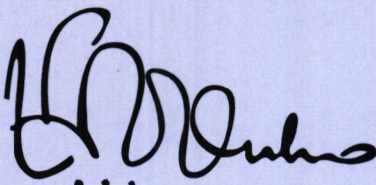
Basis for Qualified Opinion

Trade and Other Receivables

As reported in the previous year, the trade and other receivables of Kshs. 126,891,761 includes trade debtors balance of Kshs. 108,756,281, arrived at after an adjustment of Kshs. 23,238,836. However, the adjustment has not been analysed or explained with the result that it has not been possible to establish what it represents.

Qualified Opinion

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Institute as at 30 June 2011, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with Kenya Institute of Administration Act, 1996.



Edward R. O. Ouko
AUDITOR GENERAL

Nairobi

22 February 2012





STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2011

			Restated
	NOTE	2011 Kshs	2010 Kshs
Sales		416,911,553	362,424,883
Cost of sales	4	(65,240,215)	(73,628,887)
Gross profit		351,671,338	288,795,996
Other operating income	5	37,805,168	43,597,037
		389,476,506	332,393,033
Selling and distribution expenses	6	(7,205,753)	(2,220,014)
Administrative expenses	7	(179,156,240)	(165,285,473)
Operating expenses	8	(100,938,913)	(91,169,372)
		(287,300,906)	(258,674,859)
Surplus		102,175,600	73,718,174



STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2011

ASSETS	NOTE	2011 Kshs.	Restated 2010 Kshs.
Non-current Assets			
Property, Plant & Equipment	9	632,695,445	594,400,746
Leasehold land	10	219,797,974	222,373,732
Investments-Held to Maturity	13	52,871,650	-
		905,365,069	816,774,478
Current Assets			
Inventory	11	10,639,159	8,056,475
Trade & Other Receivables	12	126,891,761	112,788,714
Cash and Cash Equivalent	14	460,206,778	347,114,554
		597,737,698	467,959,743
Total assets		1,503,102,767	1,284,734,221
Equity and liabilities			
Capital Reserve		360,308,824	360,308,824
Retained Earnings		805,280,499	701,062,933
Development Grant	1d.	114,226,147	74,203,946
Total Equity		1,279,815,470	1,135,575,703
Current liabilities			
Trade and Other Payables	15	223,287,297	149,158,518
Total Equity and Liabilities		1,503,102,767	1,284,734,221

The financial statements on pages 6 to 20 are signed on behalf of the board of Council members by:

Dr. Henry Chakava, MBS: 
Chairman

Date: 9/2/2012

Prof. Margaret Kobia, CBS: 
Director

Date: 8/2/2012





STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2011

	Capital Reserve Kshs	Retained Earnings Kshs	Government Grants Kshs	Total Kshs
Year ended 30 June 2010				
At 1 July 2009	360,308,824	657,395,269	50,000,000	1,067,704,093
Prior period adjust (Note 1(m))		(30,050,510)	-	(30,050,510)
As restated	360,308,824	627,344,759	50,000,000	1,037,653,583
Government grant	-	-	20,000,000	20,000,000
Capital donations	-	-	5,203,946	5,203,946
Amortisation	-	-	(1,000,000)	(1,000,000)
Surplus for the year	-	73,718,174	-	73,718,174
At 30 June 2010	360,308,824	701,062,933	74,203,946	1,135,575,703
YEAR ENDED 30 JUNE 2011				
At 1 July 2010	360,308,824	701,062,933	74,203,946	1,135,575,703
Government grants	-	-	43,000,000	43,000,000
Amortisation	-	-	(2,977,799)	(2,977,799)
Over depreciation	-	2,041,966	-	2,041,966
Surplus for the year	-	102,175,600	-	102,175,600
At 30 June 2011	360,308,824	805,280,499	114,226,147	1,279,815,470





STATEMENT OF CASHFLOWS AS AT 30 JUNE 2011

Restated
2010
Kshs.

	2011 Kshs.	
Cash flow from operating activities;		
Operating surplus	102,175,600	73,718,174
Adjustments for:		
Depreciation of property, plant & equipment	27,170,435	32,481,827
Amortisation of prepaid operating rentals	2,575,758	2,575,758
Deferred income	(2,977,799)	(1,000,000)
Gain on disposal	(1,150)	-
Donation in kind	270,000	-
Interest Income	(10,487,680)	(14,053,050)
Operating surplus before working capital changes	118,725,164	93,722,709
(Increase)/ decrease in inventories	(2,582,684)	476,855
(Increase)/ decrease in trade & other receivables	(14,103,047)	8,078,402
Increase in trade & other payables	74,128,779	76,841,265
Net cash generated from operating activities	176,168,212	179,119,231
Cash flow from investing activities		
Purchase of property, plant & equipment	(63,692,018)	(139,916,262)
Purchase of investment	(52,871,650)	-
Interest received	10,487,680	14,053,050
Net cash used in investing activities	(106,075,988)	(125,863,212)
Cash flow from financing activities		
Capital donation	-	5,203,946
Government grant	43,000,000	20,000,000
Net cash generated from financing activities	43,000,000	25,203,946
Net increase in cash and cash equivalent	113,092,224	78,459,965
Cash and cash equivalent at 1 July	347,114,554	268,654,589
Cash and cash equivalent at 30 June 2011	460,206,778	347,114,554





NOTES TO THE FINANCIAL STATEMENTS

1. Summary of significant accounting policy

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

a. Basis of preparation

The financial statements are prepared on a going concern basis in compliance with International Financial Reporting Standards (IFRS). They are presented in Kenya Shillings, which is also the functional currency. The measurement basis used is the historical cost basis except where otherwise stated in the accounting policies below.

The financial statements comprise a statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows, and notes. Income and expenses are recognised in the profit and loss account.

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of estimates and assumptions. It also requires management to exercise its judgement in the process of applying the accounting policies adopted by the Institute. Although such estimates and assumptions are based on the council members best knowledge of the information available, actual results may differ from those estimates. The judgements and estimates are reviewed at the end of each reporting period, and any revisions to such estimates are recognised in the year in which the revision is made. The areas involving the judgements of most significance to the financial statements, and the sources of estimation uncertainty that have a significant risk of resulting in a material adjustment within the next financial year, are disclosed in Note 2.

b. Translation of foreign currency

On initial recognition, all transactions are recorded in the functional currency (the currency of the primary economic environment in which the company operates), which is Kenya Shillings. Transactions in foreign currencies during the year are converted into the functional currency using the exchange rate prevailing at the transaction date. The resulting foreign exchange gains and losses from the settlement of such transactions and from year-end translation are recognised on a net basis in the profit and loss account in the year in which they arise.

c.. Revenue recognition

Revenue represents the fair value of consideration received or receivable for the sale of goods and services in the course of the Institute's activities. It is recognised when it is probable that future economic benefits will flow to the Institute and the amount of revenue can be measured reliably. It is stated net of Value Added Tax, rebates and trade discounts.

Sale of goods are recognised upon the delivery of the product and customer acceptance, while sale of services are recognised upon performance of the service and customer acceptance based on the proportion of actual service rendered to the total services to be provided.

Interest income is recognised on a time proportion basis using the effective interest method.

d. Government of Kenya Grant

~ GoK grant received within the year related to income is recognized as other income to match with operations and maintenance costs.

~ GoK grant received within the year related to grant asset is treated as deferred income and is recognised as income over the useful life of the asset.

~ There are no unfulfilled conditions or any other contingencies attached to Development grant that has been recognized.





NOTES TO THE FINANCIAL STATEMENTS (cont'd)

e. Held to maturity investments

Comprise of non-derivative financial assets with fixed or determinable payments and fixed maturity that the Institute has a positive intention and ability to hold to maturity. During the year, the Institute invested in 91 days treasury bills, fixed deposits, 9 year and 3 years treasury bonds.

f. Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method.

g. Property, plant & equipment

Property, Plant and Equipment are stated at cost or valuation, less accumulated depreciation. Cost includes expenditure directly attributable to the acquisition of the assets.

Depreciation is provided on the cost/valuation of the assets on straight line basis at rates designed to write down the assets to their estimated residual values over their estimated useful lives as follows:

	Rate
Buildings	2.00%
Plant & equipment	12.50%
Furniture & fittings	12.50%
Linen & beddings	12.50%
Motor vehicles	25.00%
Computers	30.00%
Library books	5.00%

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit. On disposal of revalued assets, amounts in the revaluation surplus reserve relating to that asset are transferred to retained earnings.

h. Computer Software and Development Costs

Generally, costs associated with computers software programmes are recognized as expenses in the period in which they are incurred.

However, costs that is clearly associated with an identifiable product, which is controllable by the Institute and has a definite benefit exceeding the cost beyond one year, is recognized as an intangible asset.

i. Retirement benefit

The Institute operates a defined contribution retirement benefits plan for its employees, the assets of which are held in a separate trustee administered scheme managed by an insurance company. The scheme is funded by contributions from both the employees at 7.5% and employer at a rate of 15% of employees basic pay respectively. The Institute's contributions are charged to the income statement in the year to which they relate. The Institute and the employees also contribute to the National Social Security Fund (NSSF), a national defined contribution scheme. Contributions are charged to profit and loss account in the year to which they relate.

j. Receivables

The receivables are stated at original invoiced amounts less an estimate made for doubtful receivables. An estimate is made for doubtful receivables based on a review of all outstanding amounts at the end of year.





NOTES TO THE FINANCIAL STATEMENTS (cont'd)

k. Provision for doubtful debts

General provision is made in respect of outstanding revenue where payment is considered doubtful. General provision for bad debts is calculated at the rate of 11% of trade debtors.

l. Cash and cash equivalent

For the purposes of the cash flow statement cash and cash equivalents comprise cash in hand and deposits in banks and short-term highly liquid investments net of any bank overdrafts. In the statement of financial position, bank overdrafts are included in current liabilities.

m. Prior year adjustment

Description for the freehold land as reflected in prior years was changed to leasehold land. Amortisation has been charged against the period of the lease, 99 years, starting from 1/11/1997 and balances restated respectively.

2. Significant accounting estimates, judgements and assumptions

The judgement made by the council members in the process of applying the Institute accounting policies that have the most significant effect on the amounts recognised in the financial statements include:

~ Whether the Institute has the ability to hold 'held-to maturity' investments until they mature. If the Institute was to sell other than an insignificant amount of such investments before maturity, it would be required to classify the entire class as 'available-for-sale' and measure them at fair value.

3. Financial risk management

The Institute's activities expose it to a variety of financial risks including credit, liquidity and market risks. The Institute's overall risk management policies are set out by the Council and implemented by the management, and focus on the unpredictability of changes in the business environment and seek to minimise the potential adverse effects of such risks on the Institute's performance by setting acceptable levels of risk.

i. Credit risk

Credit risk is the risk to financial loss to the Institute if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk mainly arises from customers and investment securities.

Credit risk on trade receivables is managed by ensuring that credit is extended to customers with an established credit history. The credit history is determined by taking into account past experience and other relevant factors. The management monitors credit on a monthly basis.

The amount that best represents the Institute's credit risk as at 30 June 2011 is made up as follows:

	2011	2010
	Kshs	Kshs
Cash and cash equivalents	460,206,778	347,114,554
Receivables	126,891,761	112,788,714
	<u>587,098,539</u>	<u>459,903,268</u>

The Institute does not hold any collateral against the past due receivables.



NOTES TO THE FINANCIAL STATEMENTS (cont'd)



ii. Liquidity risk

Liquidity risk is the risk that the Institute will encounter difficulty in meeting obligations associated with financial liabilities. The Institute manages liquidity risk by continuously reviewing forecasts and actual cash flows.

The table below analyses the Institute's financial liabilities at the balance sheet date. The amounts disclosed below are the expected undiscounted cash flows:

	2011 Kshs	2010 Kshs
Trade and other payables	<u>223,287,297</u>	<u>149,158,518</u>

iii. Market risk

Market risk is the risk that changes in market prices, such as interest rate and foreign exchange rates.

iii. Market risk (continue)

Currency risk

Currency risk arises on financial instruments that are denominated in foreign currency. The Institute has trade receivables which are denominated in foreign currency. If the United States Dollar was to appreciate against the Kenya Shilling by 5% , with all other factors remaining constant, the profit would be higher by Kshs 580,501.38 (2010: Kshs 557,638.10).

	2011 Kshs	2010 Kshs
4. Cost of sales		
Catering and accommodation expenses	46,880,500	51,034,193
Resource persons fees	13,076,732	16,650,880
Gas and fuel expenses	1,684,565	2,014,182
Stationery-participant	2,940,643	2,848,968
Hire of accommodation services	157,500	776,308
Hire of transport	395,300	203,256
Field study trips	104,975	101,100
	<u>65,240,215</u>	<u>73,628,887</u>
5. Other operating income		
Recurrent government grant	10,000,000	15,000,000
Rent and water	8,937,688	8,260,065
Miscellaneous receipts	3,712,549	3,555,894
Deferred income	2,977,799	1,000,000
Hire of facilities	418,510	67,350
Interest income	10,487,680	14,053,050
Decrease in provision for bad debts	-	1,300,903
Sale on boarded items	143,200	359,775
Foreign exchange gain	1,127,742	-
	<u>37,805,168</u>	<u>43,597,037</u>
6. Selling and distribution expenses		
Advertising & publicity	4,257,075	1,665,859
Entertainment expenses	1,937,737	65,940
Printing and publishing	1,010,941	488,215
	<u>7,205,753</u>	<u>2,220,014</u>





NOTES TO THE FINANCIAL STATEMENTS (cont'd)

CURRENT ASSETS

	2011 Kshs	Restated 2010 Kshs
7. Administrative Expenses		
Personnel emoluments	168,134,630	152,890,492
Staff training expenses	1,870,006	1,371,229
Stationery-staff	2,642,652	1,755,607
Council expenses	4,373,791	4,752,311
Staff medical expenses	2,135,161	4,515,834
	179,156,240	165,285,473
8. Operating expenses		
Transport	3,708,107	2,358,872
Insurance	4,950,887	4,455,213
Electricity	11,116,898	13,401,112
Maintenance of building & stations	6,830,447	5,250,686
Depreciation	27,170,435	32,481,827
Amortisation-Land	2,575,758	2,575,758
Telephone & fax	1,658,205	1,534,468
Cleaning & sanitation expenses	7,699,477	3,723,705
External travelling & accommodation	7,701,346	4,484,948
Flowers & decorations	1,758,810	1,110,613
Hire of consultancy	2,411,184	3,327,392
ICT expense	2,445,937	1,385,321
Kitchen utensils	1,052,439	780,582
Laundry expenses	2,150,815	1,238,555
Miscellaneous expenses	259,917	754,852
Uniform & clothing	1,325,916	1,480,940
Wages	3,863,873	3,357,386
Increase in general provision for bad debts	2,305,100	-
Water and conservancy	1,399,319	1,444,342
Maintenance of plant and equipment	1,086,256	2,162,709
Motor vehicle maintenance	1,424,013	886,439
Other expenses	6,043,774	2,973,652
	100,938,913	91,169,372





NOTES TO THE FINANCIAL STATEMENTS (cont'd)

9. Property, plant & Equipment

	Buildings Kshs	Work in progress Kshs	Plant & equipment Kshs	Office equipment Kshs	Motor vehicles Kshs	Furniture & fittings Kshs	Linen & beddings Kshs	Computers & networking Kshs	Library Kshs	Total Kshs
Cost/Valuation										
At 1st July 2009	467,158,515	-	31,939,200	11,855,516	25,448,995	8,255,283	-	12,680,352	1,946,180	559,284,041
Additions	-	121,553,230	1,771,479	3,503,589	3,882,450	3,420,975	-	5,336,221	448,318	139,916,262
At 1st July 2010	467,158,515	121,553,230	33,710,679	15,359,105	29,331,445	11,676,258	-	18,016,573	2,394,498	699,200,303
Additions	49,448,397	6,166,125	1,218,390	355,804	-	2,433,342	592,196	2,801,177	676,587	63,692,018
Disposals	-	-	(3,000,000)	-	-	-	-	-	-	(3,000,000)
Transfer from W-I-P	121,553,230	(121,553,230)	-	-	-	-	-	-	-	-
At 30 June 2011	638,160,142	6,166,125	31,929,069	15,714,909	29,331,445	14,109,600	592,196	20,817,750	3,071,085	759,892,321
Depreciation										
At 1st July 2009	26,518,276	-	7,654,589	9,690,944	17,737,038	2,238,714	-	6,624,239	1,853,930	72,317,730
Charge for the year	9,343,170	-	4,213,835	4,607,732	7,332,861	1,459,532	-	5,404,972	119,725	32,481,827
At 1st July 2010	35,861,446	-	11,868,424	14,298,676	25,069,899	3,698,246	-	12,029,211	1,973,655	104,799,557
Over depreciation in prior years	-	-	-	(2,041,966)	-	-	-	-	-	(2,041,966)
Charge for the year	12,763,204	-	3,283,514	2,130,919	3,029,712	1,732,521	74,024	4,002,987	153,554	27,170,435
Disposals	-	-	(2,731,150)	-	-	-	-	-	-	(2,731,150)
At 30 June 2011	48,624,650	-	12,420,788	14,387,629	28,099,611	5,430,767	74,024	16,032,198	2,127,209	127,196,876
Net book value										
At 30th June 2010	431,297,069	121,553,230	21,842,255	1,060,429	4,261,546	7,978,012	-	5,987,362	420,843	594,400,746
At 30th June 2011	589,535,492	6,166,125	19,508,281	1,327,280	1,231,834	8,678,833	518,172	4,785,552	943,876	632,695,445



NOTES TO THE FINANCIAL STATEMENTS (cont'd)

	2011 Kshs	Restated 2010 Kshs
10. Leasehold land		
At 1 July	222,373,732	255,000,000
Prior year restatement	-	(30,050,510)
Restatement opening balance	222,373,732	224,949,490
Amotisation charge for the year	(2,575,758)	(2,575,758)
At 30th June	<u>219,797,974</u>	<u>222,373,732</u>
<p>The Institute holds a piece of land L.R. 23160, 28.91 ha, for a term of 99 years starting from 1/11/1997. Amotisation for prior years has been calculated and balances restated respectively.</p>		
11. Inventories		
Dry foodstuff	1,036,113	773,571
Oil and Lubricants	52,071	37,473
Cleaning materials	870,782	236,410
Hardware, electrical and water fittings	1,756,395	1,155,293
Stationery	1,993,400	923,330
Bookshop books	4,930,398	4,930,398
	<u>10,639,159</u>	<u>8,056,475</u>
12. Trade and other receivables		
Trade debtors	129,711,739	108,756,281
Provision for bad debts	(14,268,291)	(11,963,191)
	<u>115,443,448</u>	<u>96,793,090</u>
Bookshop debtors	6,579,807	6,579,807
Other receivables	4,868,506	9,415,817
	<u>126,891,761</u>	<u>112,788,714</u>
13. Investment held to maturity		
Treasury bond-9 years	48,377,700	-
Treasury bond-30 years	4,493,950	-
At 30th June	<u>52,871,650</u>	<u>-</u>
14. Cash and cash equivalent		
Cash on hand	273,175	187,392
Cash at bank	115,907,263	77,376,677
Bookshop bank balance	1,166,985	1,166,985
Treasury bills & term deposits	342,859,355	268,383,500
	<u>460,206,778</u>	<u>347,114,554</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)



	2011 Kshs	2010 Kshs
15. Trade and other payables		
Trade and other payables	51,162,036	37,059,067
Retentions	13,500,317	18,749,548
Advance receipts	101,466,546	56,106,851
Audit fees	400,000	400,000
VAT	49,641,327	26,110,274
Deposits	5,658,449	9,274,156
Bookshop creditors	1,458,622	1,458,622
	223,287,297	149,158,518

16. Contingent liabilities

- i. Julie Nyawira Mathenge sued the Institute over Plot Nos. 11509-11514 Lower Kabete Nairobi. She was allegedly allocated the said plots which stand on the Institute's plot. She filed a court case HCC No. 679 of 2006 at high court. The titles were revoked through a gazette notice in November 2010 by the Minister of Lands Hon. James Orengo. The Institute has requested Mwaniki Gachoka & Co. Advocates to pursue the matter and ensure the titles revert back to KIA.
- ii. Mr. John Kiguru Karume has sued the Institute claiming plot numbers 11512, 11513 and 11514 at the KIA shopping centre and partly inside KIA compound. He filed a court case HCCC ELC 80 of 2009. The titles were revoked through a gazette notice in November 2010 by the Minister of Lands Hon. James Orengo. The Institute has requested Mwaniki Gachoka & Co. Advocates to pursue the matter and ensure the Titles revert back to KIA.
- iii. Mr. Keffa N. Mwithaga sued the Institute alleging wrongful dismissal. He filed a Case No. HCCC 314 of 2007 in the High Court. Mr. Mwithaga revised his plaintiff to include notice for termination of service, unpaid leave and pending honoraria payment amounting to Ksh. 607,000. The plaintiff was allowed by the Judge and will proceed to final hearing.
- iv. Mr. Bishar Aden Sanweini a former KIA employee whose services were terminated took the Institute to court claiming wrongful dismissal. The case was thrown out/dismissed at the commercial court due to lack of representation and frequent absenteeism by the Advocate representing the plaintiff. However the Complainant has sued the Institute a fresh at the Industrial Court. The Institute has requested Mr. Mwaniki Gachoka to represent it in the Industrial Court.

Although there can be no assurances on the above litigations, the Institute believes, based on the information currently available, that the ultimate resolution of these legal proceedings would not likely have material effect on the results of its operations, financial position or liquidity.





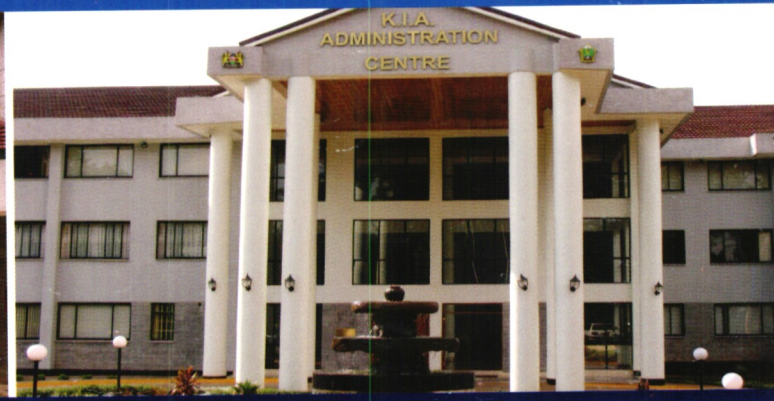
Resolved KIA Service Charter 2011

SERVICES	REQUIREMENTS	USER CHARGES	TIME LINE
Receive incoming calls	Clarity & Courtesy	Free	Within 3 rings
Attend to visitors on arrival	Clarity & Courtesy	Free	Within 3 minutes
Response to enquiries,	Use the appropriate Channels: <ul style="list-style-type: none"> . Customer care desk . Suggestion boxes within our offices . Email & E- customer feedback form 	Free	Immediately – 5 days
Pay our suppliers within the agreed credit period	Supporting documents: <ul style="list-style-type: none"> . Invoices . Credit note . Delivery note 	Free	30 days
Procurement of goods and services	Purchase of prequalification/ tender documents <ul style="list-style-type: none"> . Compliance with the procurement and Disposal Act and Regulations 	Kshs 2000 to 5000	Within 3 months
Recruitment	Application letter and other requirements in response to an advert	Free	6 months
Training	Full payment of tuition fees/ accommodation services two weeks before commencement	Kshs 18,000 – 35,000 Kshs 56,00 – 130,000 Kshs 75,000 – 170,000 Kshs 75,000 -170,000 (Strategic Leadership Development Programme and Senior Management Course) Kshs 65,000 – 132,00 Environmental Impact Assessment (EIA)	2 weeks programme 3 weeks programme Except EIA 4 weeks 6 weeks & 4 weeks residential 3 weeks
Research & Consultancy	Remittance of research and consultancy fees two weeks before commencement Contract	1 – 2 Kshs Million	As per the contract 2months - 1 year
Conference Services	Full payment at least 2 weeks in a advance	Conference package 3000Kshs – 3500 per person/ day	As per the customer request
Residential Services	Full payment at least 2 weeks in a advance	Executive 4,000Kshs/per person/ day Standard Ksh 3,000/day	As per the customer request
Catering Services	Full payment at least 2 weeks in a advance	Teas & Lunch 1600Kshs/person (Half board) Teas, lunch & Dinner 1750Kshs/ person (Full board)	As per the customer request



K.I.A.
ADMINISTRATION
CENTRE





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