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OFFICE OF THE AUDITOR-GENERAL
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REPORT OF THE AUDITOR-GENERAL ON KENYA FILM COMMISSION FOR THE YEAR ENDED 30 JUNE, 2025



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KENYA FILM COMMISSION

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2025

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

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1. Acronyms, Abbreviations and Glossary of Terms

A: Acronyms and Abbreviations

CEO	Chief Executive Officer
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
NT	National Treasury
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations
KFC	Kenya Film Commission
AACC	African Audio-Visual and Cinema Commission
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit

B: Glossary of Terms

Fiduciary Management- Members of Management directly entrusted with the responsibility of financial resources of the organisation

Comparative Year- Means the prior period.

The Commission – Kenya Film Commission

2. Key Entity Information and Management

a) Background information

The Kenya Film Commission (KFC) is a state agency that was established by the Government of Kenya in 2005 under legal Notice NO. 10 of 2005. In line with the Parastatal Reform process, a new Legal Notice No. 147 capturing the new and expanded functions of the Commission was signed on July 24, 2015.

b) Mandate

The mandate of the Kenya Film Commission is to;

a) Develop, promote and market Kenya's film industry locally and internationally;
b) Identify and facilitate growth of the film industry;
c) Generate, manage and disseminate film industry research, information and market data, and act as a repository and archive of Kenya 's film records;
d) Promote and facilitate the development of local content;
e) Establish incubation centres for the film industry in Kenya;
f) Coordinate and certify persons, associations and organizations participating in the production of film, photography, video, stills, animation, new media and related media;
g) Establish and administer a film promotion fund;
h) Provide liaison services for Government departments on matters relating to the promotion, marketing and development of the film industry;
i) Develop fiscal and other incentives to promote investment in the film industry; and
j) Partner, develop and create linkages with county, national and international organizations, both public and private, to improve and facilitate investment in the film industry.

The Commission's Vision:
"Kenya a global hub for film production "

The Mission statement:
"To develop a vibrant and sustainable local film industry, and market Kenya as a preferred filming destination for wealth and job creation.

Core Objectives
a) To generate film industry revenue of KES. 40 billion
b) To attain GDP contribution of 0.6 %
c) To create 250,000 jobs in the film industry
d) To attain KFC's Brand awareness level of 82%
e) To increase the number of annual international films shot in Kenya annually
f) To achieve an employee satisfaction score of 85%
g) To achieve a customer satisfaction score of 80%

The Commission's key stakeholders who are also its main customers are;

a) Local and international filmmakers.
b) Local and international Media.
c) Government of Kenya.
d) Non- Governmental Organizations.
e) Strategic and business partners.
f) Film industry associations.
g) Board and Members of staff
h) General Public.
i) Educational Institutions
j) Related industries such as tourism, transport, ICT among others.

c) Key Management

The Kenya Film Commission day-to-day management is under the following key organs:

(a) Board of Directors

(b) The Chief Executive Officer

(c) The Management

d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2024 and who had direct fiduciary responsibility were:

Fiduciary Oversight Arrangements

No.	Designation	Name
1.	Chief Executive Officer	Timothy Owase
2.	Corporation Secretary and Director Legal Services	Audrey Cheruto
3.	Manager, Legal Services	Ruth Muthui
4.	Manager, Finance and Accounts	Elias K. Cheptoo
5.	Manager, Internal Audit	Harriet Nkatha Ngeera
6.	Manager, Liaison Services	Christine Ochula
7.	Manage8r, Strategy and Planning	Moses Owino
8.	Manager Supply Chain Management Officer	Mohamed Farah
9.	Ag. Marketing Manager	Grace Kago
10.	Manager ICT	Godian Mabindah
11.	Ag. Manager, Human Resource and Administration	Anne Gicheha
12.	Ag. Corporate Communication	Catherine Gitahi

e) Fiduciary Oversight Arrangements

The Commission has appointed various Committees to which it has delegated responsibilities with the Chairpersons of the Committees reporting to it. The Commission has four oversight Committees shown as below:

1. Audit, Risk and Compliance board Committee
2. Finance and Supply Chain board Committee
3. Human Resource and Administration Board Committee
4. Strategy, planning and Technical Board Committee

f) Kenya Film Commission Headquarters

Jumuia Place II
Lenana Road, Kilimani
P.O. BOX 76419-00508
Nairobi, Kenya.

g) Kenya Film Commission Contacts

Telephone: (254) 20 2714073/4, 0729407497/0733650068
E-mail: info@filmingkenya.go.ke / ceo@filmingkenya.go.ke
Website: www.kenyafilmcommission.go.ke
Facebook: @KenyaFilmCommission
Instagram: @kenyafilmcommission
Twitter: @kenyafilmcomm
YouTube: @KenyaFilmCommission
LinkedIn: @KenyaFilmCommission

h). Entity Bankers

Kenya Commercial Bank
P.O Box 14959 - 00800
Sarit Centre Branch
Nairobi.

i.) Independent Auditors

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

j.) Principal Legal Advisor

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

3. Board of Directors



Date of Birth: 25th June 1980

Designation: Independent Director, **Chairman of the Board**

Term: Appointed on 17th January 2025

Mr. Sudi Wandabusi is an Advocate of the High Court of Kenya with extensive experience in both public and private sectors. He holds a Bachelor of Laws (LL. B) degree from the University of Nairobi and a Postgraduate Diploma in Law from the Kenya School of Law. He is currently a Partner at OGS Law Advocates LLP. Mr. Wandabusi has served as Legal and Political Advisor to the Speaker of the Senate and has consulted widely in legal audits, governance, legislative drafting, policy development, and intellectual property matters.



Date of Birth: 1st January 1977

Designation: Independent Director

Term: Appointed on 16th June 2023

Dr. Hillary Shitambasi Mulama, PhD; is a renowned educator, researcher, and trainer in applied linguistics at Kenyatta University. He is also a seasoned interpreter and translator with a broad portfolio spanning national and global development issues. A passionate mentor to the youth, he brings strong academic, ethical, and leadership values to the Board, with a commitment to excellence, discipline, and social impact.



Date of Birth: 18th September 1977

Designation: Independent Director

Term: Appointed on 1st September 2023

Chairperson: Strategy, Planning and Technical Board Committee

Dr. Lucia Nzoongo holds a Bachelor of Commerce degree and a Diploma in Business Management from the University of Nairobi. She also holds an Honorary Doctorate from Breakthrough International Bible University. A seasoned business consultant and motivational speaker, Dr. Nzoongo is the Managing Director of Ronshir Holding Ltd. She previously served as a Board Director and Audit Committee Chair at NACADA and

is a committed community mobilizer and clergy member of the Association of Pentecostal and Evangelical Clergy of Kenya (APECK).



Date of Birth: 15th March 1980

Designation: Independent Director

Term: Appointed on 9th June 2023

Chairperson: Human Resources and administration

Ms. Ilhaam A. Taisr brings over 14 years of experience in transport and logistics management. A strong advocate for youth and vulnerable groups in Mombasa County, she has supported community development initiatives including anti-drug abuse campaigns and youth sports programs.



Date of Birth: 1st April 1987

Designation: Independent Director

Term: Appointed on 16th June 2023

Chairperson: Board Audit Risk and Compliance Committee

Ms. Catherine Githogori is an Advocate of the High Court of Kenya and Managing Partner at Mumbi Wekesa & Maranga Advocates. She holds a Bachelor of Laws from Kampala International University and a Postgraduate Diploma from the Kenya School of Law. Her legal expertise spans civil litigation, commercial law, aviation, intellectual property, and human rights. A member of the Law Society of Kenya, she brings a unique combination of legal rigor and creative industry insight to the Board.



Date of Birth: 2nd February 1982

Designation: Independent Director

Term: Appointed on 9th June 2023

Chairperson: Finance and Supply Chain Board Committee

Rev. Naomi Gechemba holds a Master's degree in Biblical Theology from Pan-Africa Christian University. A lecturer at Nairobi Pentecostal Bible College, she is also CEO of Food Bank Africa Kenya—an NGO focused on combating child malnutrition. She has received international recognition for her work in theological education and social impact.



Date of Birth: 1970

Designation: Representative, National Treasury

Mr. Peter Njoroge is Director of Planning at the National Treasury. He holds a Master's in Development Planning (TU Dortmund, Germany) and Strategic Management (Moi University). With over 27 years of experience in finance, budgeting, and development planning, he provides strategic oversight in public sector financial management.



Date of Birth: 17th October 1964

Designation: Representative, State Department for Youth Affairs and Creative Economy

Mr. Vincent Onyango was the Acting Director of Film Services at the State Department. He holds a Bachelor's degree in Mass Communication and a Diploma in Film Production. With over three decades of experience in film production and public service, he brings technical and policy expertise to the creative economy agenda. He exited the Board on 17th October 2024.



Date of Birth: 19th December 1965

Term: Appointed on 13th January 2025

Designation: Representative, State Department for Youth Affairs and Creative Economy

Mrs. Rose Amboye Ochieng is the Director, Kenya Film School and is a seasoned film practitioner and educator with over 30 years of experience in production and academic leadership. She is known for pioneering curriculum innovations and talent development at the Kenya Film School, where she currently serves as Director.



Chief Executive Officer.

Timothy Odhiambo Owase is a Chartered Marketer (MCIM), a member of the PRSK and the Association of Film Commissioners International. He holds an MA in Development & Corporate Communication (Daystar University), a BBA in Marketing (Kenya Methodist University), and multiple diplomas in marketing, business management, and M&E. He is a visionary leader committed to driving sustainable socio-economic transformation through strategic investments in people and creative industries.



Corporation Secretary and Director Legal Services.

Audrey Cheruto - is a Certified Secretary (CS-K) and a member of the LSK, EALS, and ICS. She holds a Master's in Business Management (Strategic Management) from Kenyatta University, a Bachelor of Laws from Moi University, and a Postgraduate Diploma in Law. She ensures governance compliance and legal advisory to the Commission and its Board.

4. Key Management Team

Chief Executive Officer.



Timothy Odhiambo Owase is a marketing and communication professional committed to investing in people, communities and businesses with a Master's degree in Development and Corporate Communications (MA) from Daystar University, BBA (Marketing) from Kenya Methodist University. Post Graduate Diploma in Marketing from the Chartered Institute of Marketing, Diploma in Marketing from London Chamber of Commerce and Industry (LCCI), Diploma in Business Management from Kenya Institute of Management, Certificate in Monitoring and Evaluation, among other qualifications. He is a MCIM (Chartered Marketer) and member of Public Relations Society of Kenya (PRSK) and Association of Film Commissioners International (AFCI).

Corporation Secretary and Director Legal Services.



Audrey Cheruto - Certified Secretary (CS-K), a member of the Trustee Development Program Kenya by College of Insurance, Membership Law society of Kenya (LSK), East Africa Law Society (EALS) and Institute of Certified Secretaries of Kenya (ICS). Ms. Cheruto ensures that the Commission stays in compliance with the statutory and compliance requirements; ensure that the Board of Directors operates within the ambit of the Law. She holds a Master's degree in Business Management (Strategic Management) from Kenyatta University, Bachelor of Laws Degree from the Moi University, and Postgraduate Diploma in Law from the Kenya School of Law.

Manager Finance and Accounts.



CPA, Elias Kiprono Cheptoo is a member of ICPAK. He holds an MBA (Maseno University), a BBA in Accounting and Finance, and extensive training in corporate governance and risk management. He ensures compliance with PFM regulations and oversees prudent financial stewardship

Manager Strategy and Planning



Dr. Moses O. Owino, Ph.D. holds a PhD in Strategic Management (Rongo University), an MBA (Strategic Management), and a BSc in Agribusiness Management. He leads M&E and strategic alignment efforts across the Commission.

Ag. Corporate Communication Manager



Catherine Gitahi is an integrated strategic communications specialist and journalist with over 15 years in media, advocacy, and development communication. She is a graduate of the University of Nairobi, BA in Political Science & Communication with a Diploma in Broadcast Journalism (KIMC) and Marketing Management (KIM). She has led institutional communications for Private Organisations, NGOs and public agencies, and served on the Advisory Board of the Ladima Foundation. She is a member of Public Relations Society of Kenya (PRSK), Association of Media Women in Kenya (AMWIK), and the Media Council of Kenya (MCK).

Manager, Internal Audit



Harriet Nkatha Ngeera is a member of ICPAK, ICPSK, IIA, AWAK, and IoD-Kenya. She holds a Master's in Finance (JKUAT) and a Bachelor's degree from Kenya Methodist University. She is responsible for audit oversight, risk profiling, and compliance assurance.

Manager Liaison Services



Christine Ochula is a seasoned journalist and liaison expert. She holds a Master's in Project Planning (Kampala International University) and a Bachelor's in Mass Communication. She supports industry coordination, filming logistics, and location mapping.

Ag. Senior ICT Officer



Mr. Michael Yegon holds a BSc in Computer Science (Kabarak University) and is a Cisco Certified Network Associate. He provides ICT infrastructure, system administration, and technical support.

ICT Manager



Godian Mabindah was employed in January 2025 and holds a Master's in Knowledge Management (Kenyatta University), BSc in Computer Science, and is a Certified Knowledge Manager and Data Protection Officer. He leads ICT innovations, data protection compliance, and digital transformation

Manager Supply chain



Mohamed Abdirahman Farah is a member of KISM and CIPS. He holds an MBA (Procurement), a Bachelor's in Business and Commerce, and a Diploma in Procurement. He oversees procurement efficiency and asset management.

Ag. Marketing Manager



Ms. Grace Njeri Kago, has over 10 years at the Commission and currently heads marketing and archiving initiatives. She holds a Master's and Bachelor's in Information Science (Kenyatta University) and is a member of the Kenya Library Association

Ag. Manager Human Resource



Ann Gicheha oversees HR operations, including recruitment, welfare, compliance, and employee engagement. She is a CHRP-K finalist with an MSc in HRM, a Higher Diploma, and over 10 years of professional HR experience. She is a licensed IHRM practitioner.



5. Chairperson's Statement

It is my honor to present the Financial Statement for the Financial Year 2024/2025 on behalf of the Board of Directors of the Kenya Film Commission. This report underscores our unwavering commitment to positioning Kenya's film industry as a vital contributor to national development, cultural diplomacy and global creative engagement.

During the year under review, the Commission made substantial strides across key strategic focus areas, guided by our Strategic Plan and aligned with Kenya's broader development agenda. We have continued to strengthen the foundations of our film sector through targeted investments in innovation, policy reform, talent development, and market expansion.

A notable milestone this year was the signing of a Memorandum of Understanding with Multimedia University — a critical step towards bridging the gap between academic instruction and industry practice. This partnership reinforces our long-term vision of nurturing skilled, market-ready creatives capable of thriving in both local and global markets. Equally transformative was the launch of virtual production training at Konza Technopolis — a pioneering initiative that affirms Kenya's readiness to adopt cutting-edge technologies in storytelling and positions the country as an emerging hub for advanced content creation on the continent.

Throughout the year, the Commission also actively pursued international engagements aimed at elevating Kenya's global profile in film. From participating in premier film markets and cultural showcases to spearheading co-production dialogues and academic collaborations, our focus has remained clear: to spotlight Kenyan stories, talent, and content on the world stage. These efforts have not only expanded Kenya's footprint in the global creative economy but have also paved the way for meaningful cross-border partnerships.

The financial results presented in this report reflect our prudent fiscal management, strategic resource deployment, and commitment to impact-driven programming. Every investment has been guided by principles of sustainability, inclusivity, and empowerment of our creative communities.

I wish to express my sincere appreciation to the Government of Kenya for its steadfast support and for recognizing the creative economy as a cornerstone of socio-economic transformation. I also extend my gratitude to the Board of Directors for their strategic guidance, to the Commission's Management and Staff for their dedication, and to our partners across government, academia, the private sector, development organizations, and the creative industry for their continued collaboration.

As we look ahead, the Commission remains resolute in its mission to build a vibrant, resilient, and globally competitive film sector — one that amplifies Kenya's voice, tells compelling African stories, and connects our people to the world.

Name: Wandabusi Sudi **Signature:**..... **Date**31/10/25

6. Report of the Chief Executive Officer



The Kenya Film Commission is proud to present the Annual Achievements Report for the Financial Year 2024/2025 — a comprehensive reflection of a transformative year in which the Commission made bold and strategic strides toward positioning Kenya as a continental leader in film development, creative talent cultivation, policy innovation, and international engagement.

This report captures a unified commitment to storytelling as a powerful tool — not only for entertainment, but also for shaping public discourse, influencing policy, and driving inclusive economic growth.

Throughout the year, the Commission remained steadfast in delivering on its strategic mandate: fostering an enabling environment for the growth and sustainability of Kenya's film sector. Our key focus areas included infrastructure development, talent training and capacity building, regulatory reform, market expansion, and sustained advocacy for the creative economy. All our initiatives were strategically aligned with the Government of Kenya's **Bottom-Up Economic Transformation Agenda (BETA)**, which recognizes the creative economy as a central pillar in the country's socio-economic development.

Among the many highlights of the year were the expansion of support to local film festivals and grassroots content creators, the rollout of film clubs in schools to inspire the next generation of storytellers, and the integration of film into digital learning platforms. We also intensified our policy and legislative engagements, championing reforms in production incentives and intellectual property protection.

Significantly, our investment in digital infrastructure — including the commissioning of modern editing suites and post-production facilities — has played a vital role in decentralizing film services and equipping creatives across the country with the tools they need to thrive.

Our progress has been bolstered by strategic partnerships with national and county governments, academic institutions, international development agencies, private sector stakeholders, and community-based organizations. These collaborations have helped position film as a driver of **job creation, youth empowerment, and cultural diplomacy**. The continued support of the Government of Kenya — through policy direction, budgetary backing, and the integration of film into national development frameworks — has been pivotal in sustaining this momentum.

Indeed, the milestones we celebrate this year reflect the vibrancy, resilience, and imagination that define Kenya's creative spirit. We have witnessed increased participation from women, youth, and persons living with disabilities in filmmaking, alongside a growing global appetite for Kenyan narratives, talent, and filming locations. Our deepening engagement in East African film networks and co-production initiatives has further reinforced regional integration and collective Pan-African storytelling.

As we reflect on the progress made in 2024/2025, I am deeply inspired by the courage and creativity of Kenya's filmmakers and cultural workers. These achievements go beyond institutional benchmarks — they represent lives transformed, voices amplified, and communities uplifted. They remind us that where passion, policy, and purpose intersect, meaningful progress is inevitable.

This report is more than a summary of activities — it is a testament to the collective journey we are undertaking as a nation. I invite all stakeholders to explore the pages ahead, celebrate the accomplishments, and renew our shared commitment to building a globally competitive, inclusive, and sustainable Kenyan film industry.

None of this would have been possible without the unwavering leadership and foresight of the Commission's Board of Directors, whose strategic guidance continues to shape our path. I also extend my deepest appreciation to the entire staff of the Kenya Film Commission — a dedicated team of professionals whose passion, diligence, and excellence have breathed life into our programs, strengthened our partnerships, and upheld the Commission's mandate with integrity.

Together, we are not merely building a film industry — we are laying the foundation for a **cultural and economic renaissance powered by Kenyan creativity**

.....

Timothy Owase
Chief Executive Officer

Date.....31/10/2025.....

7. Statement of Performance against Predetermined Objectives for FY 2024/2025

Kenya Film Commission has four strategic pillars within the current Strategic Plan for the FY 2020/2021 to 2024/25. These strategic pillars are as follows:

Pillar 1: Film Industry Promotion and Marketing
Pillar 2: Film Industry Development
Pillar 3: Sector Governance
Pillar 4: Institutional Strengthening

The Commission develops its annual work plans based on the above 4 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Commission achieved its performance targets set for the FY 2024/2025 period, as indicated in the diagram below:

Strategic Goal	Strategic Objective	Activities	Achievement as of 30th June 2025
FILM INDUSTRY PROMOTION AND MARKETING	To promote the local film industry and market Kenya as a filming destination	Policy for festival and market support	Achieved under prior approval process
		Film events (Awards, Festivals, Markets)	Supported 9 film festivals through collaborations
		Audience consumption survey	Data mining and analysis completed; draft report ready
		Film club outreach	Local content screened to 1,448 students; 374 students engaged via drama festivals
		Film Premieres	5 premieres facilitated
		Audience development infrastructure	Concept & operational plan for ultra-modern cinema developed; Christie CP4420-Xe 4K cinema projector installed at DEKUT
		Filming location marketing	Locations marketed; report to be compiled

Strategic Goal	Strategic Objective	Activities	Achievement as of 30th June 2025
		Partnerships & linkages	5 partnerships formed (GIZ, Multichoice, KCA, Mombasa County Gov., Password Ventures)
		Co- Production guidelines	Draft under legal review
		Filmmaking facilitation	32 industry requests supported (visas, licenses, permits, access, distribution, guidance); 167 requests from 10 countries processed
		Stakeholder liaison forums	3 forums with 869 participants
		E-Film Shop chatbot	Technical team participated in co-design workshop
Strategic Goal	Strategic Objectives	Activities	Achievement as of 30th June 2025
FILM INDUSTRY DEVELOPMENT	To enhance the growth and development of the film industry	Training Needs Analysis	Data mining and analysis completed; draft report ready
		Mobile phone filmmaking & digital content concept	Concept paper developed for smartphone filmmaking and digital content
		Masterclasses for established filmmakers	2 masterclasses held in partnership with Multichoice Talent Factory and GIZ; trained 45 and 90 participants respectively
		Filmmaker residencies (virtual production skills)	12 filmmakers incubated for 12 weeks post virtual production workshop at Genesis Design Factory
		Film Students Placement Policy	Draft policy completed
		Film empowerment funding	8 films produced
		Film Hub Policy Review	Draft Policy Completed
		SLAs with Nyeri, Uriri & Bomet Film Hubs	Consultations and negotiations ongoing
		Coordination & certification framework sensitisation	Draft policy completed

Strategic Goal	Strategic Objective	Activities	Achievement as of 30th June 2025
		Film Industry Research	Draft report completed
Strategic Goal	Strategic Objectives	Activities	Achievement as of 30th June 2025
SECTOR GOVERNANCE	compliance with legal frameworks, and robust oversight	Corporate Governance	Developed Board work plan & calendar; held 4 board and 4 committee meetings; trained 2 directors; completed Annual Board evaluation; maintained compliance with Mwongozo Code; governance audit deferred due to budget constraints.
		Legal & Policy Development	Reviewed 15 internal policies; rendered 8 legal opinions; vetted 11 agreements; submitted stakeholder consultation paper on Creative Economy Bill & Policy; submitted 1 legislative memorandum.
		Risk & Oversight	Developed corporate risk register; reviewed FY 2023/24 financial statements and HR systems; prepared departmental risk registers; facilitated BARCC meetings and trainings; addressed audit queries with departments.
Strategic Goal	Strategic Objectives	Activities	Achievement as of 30th June 2025
INSTITUTIONAL STRENGTHENING	enhance institutional capacity, for	Human Resources & Capacity Building	Recruited 2 staff; engaged 29 attachés; completed Training Needs Analysis; initiated review of HR instruments (career progression, structure, policies); maintained staff welfare.

Strategic Goal	Strategic Objective	Activities	Achievement as of 30th June 2025
	effective service delivery.	Operational Efficiency & Resources	Prepared Q2 financial report and MTEF budget proposal; finalized procurement plan and supplier prequalification; sensitized 33 AGPO suppliers; renewed asset insurance; installed offsite backup; progressed ERP upgrade; serviced vehicles and managed transport; ensured security monitoring with no incidents.





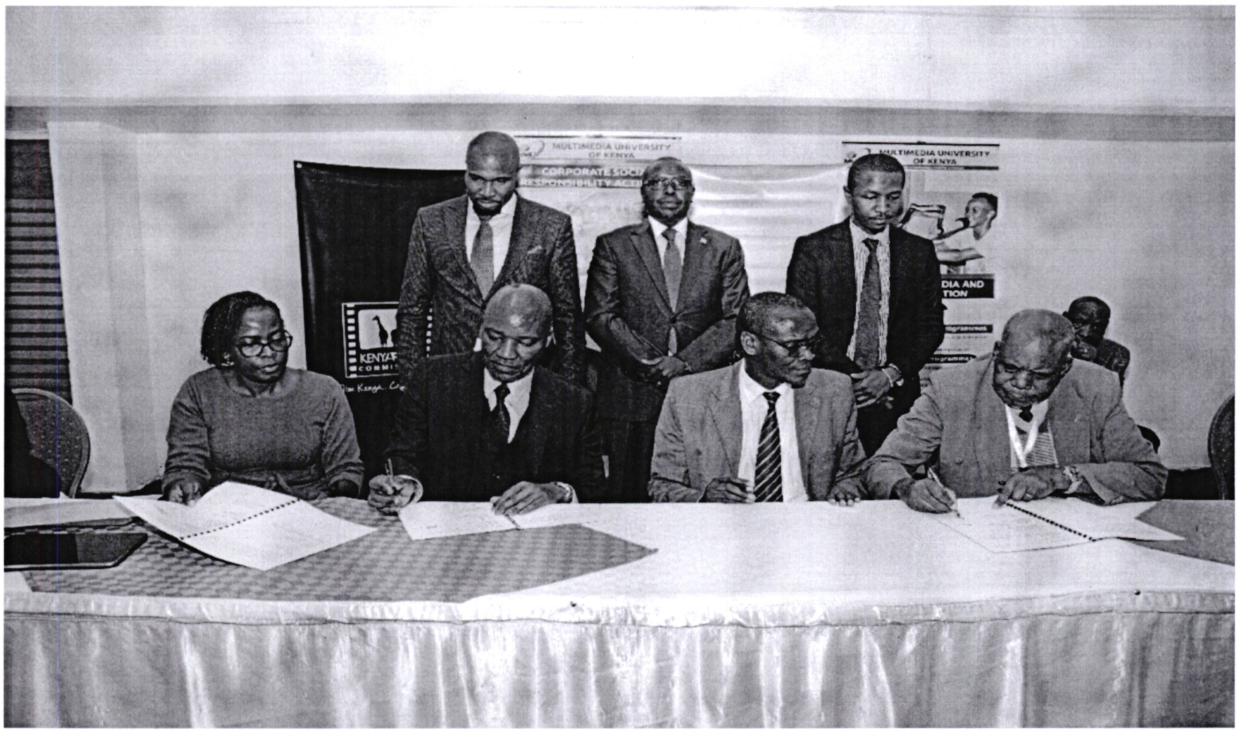
PS Fikirini Jacobs, Ministry Of Youth Affairs, Creative Economy and Sports joins KFC CEO and industry stakeholders at the launch of XR & AR virtual production bootcamp and fireside chat with R&D Studios.



Women in Film Awards that the Commission supported with the 6th edition winners.



The Chairman of the film Commission with guests at the British Council creatives open day



MOU Signing with Multi Media University for Capacity building workshops in filmmaking



Data Protection Training for Film Makers in Kenya, a three-day program that brought together filmmakers for in depth sessions on data protection laws, digital rights, cybersecurity, and compliance, all tailored to the creative industry in collaboration the Office of the Data Protection Commissioner (ODPC), Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) and KFC.

8. Corporate Governance Statement

Introduction

Good corporate governance underpins effective leadership and sustainable operations. The Commission maintains a robust framework of internal policies, systems, and controls that define accountability and promote openness, ethics, and integrity.

The Board membership appointment and tenure

The Board membership is outlined in Kenya Film Commission Legal Notice 147 of 2015 Section 6 (1) as comprising of nine (9) Directors as indicated below;

1. Non-executive Chairperson appointed by the President;
2. The Principal Secretary of the Ministry for the time being responsible for the film industry;
3. The Cabinet Secretary to the National Treasury
4. Chief Executive Officer of the Commission;
5. Five other persons, who in the opinion of the Cabinet Secretary, possess skills and experience that will benefit the work of the Commission appointed by the Cabinet Secretary.

The Chairperson and members of the Board other than the Chief Executive Officer hold office for a term of three years and are eligible for re-appointment for one further term of three years. The Board comprised of directors from different professional backgrounds, representing Kenya's diverse communities and affording adequate representation for men and women.
Removal from office of the Chairperson or any member of the Board is guided under Section 8 (3) of the Kenya Film Commission Legal Notice 147 of 2015 and includes resignation and removal from office due to absenteeism, conviction and imprisonment or incapacitation.

Functions of the Board

The Board provides leadership, oversight and stewardship to the Commission. The roles and responsibilities of members are detailed in the Board's five-year strategic plan, in the Board's annual work plans, and in the Board Charter. New members, once appointed, are given these documents to familiarize themselves with the roles and responsibilities outlined in the law. The new Directors have the benefit of an induction programme aimed at deepening their understanding of the Board, and the business environment in which the Commission operates. During the year under review, the Chairperson Mr. Sudi Wandabusi was appointed on 17th January 2025 and consequently the Directors attended the Mwongozo Induction Training held on 27th to 29th March 2025.

Board Composition and Committees

As per the Annual Work Plan, the Board meets Quarterly or when necessary to consider matters relating to the overall control of the business. The Board's work plan and Calendar are prepared at the beginning of the year to ensure adequate notice, agenda and Board papers are circulated within the stipulated timelines.

To effectively execute its oversight role, the Board has established four (4) Board committees with specific delegated mandates. The Board Committees are run with clearly articulated terms of reference as approved by the Board of Directors as detailed below;

a) Audit, Risk and Compliance Committee;

The Terms of Reference for the Audit and Risk Committee shall include but not limited to:

i. Evaluating whether processes are in place to address key roles and responsibilities in relation to risk management;
ii. Evaluating the adequacy of internal control environment to provide reasonable assurance that the internal control systems are of a high standard and functioning as intended;
iii. Performing an independent review of the Commission's financial statements to ensure the integrity and transparency of the financial reporting process;
iv. Evaluating the quality of the Commission's internal audit function, particularly in planning, monitoring, and reporting;
v. Engaging with external audits and assessing the adequacy of management response to issues identified by the audit; and
vi. Any other functions that the Board may delegate.

b) Human Resources and Administration Committee;

The Human Resources and Administration Committee shall be responsible for reviewing and overseeing operations and management of human resource and administration function. The terms of reference shall include but not limited to:

i. Monitor and review the implementation of the HR Work Plan to ensure it conforms with the Strategic Plan;
ii. Review and recommend to the Board appropriate implementation mechanisms for the Human Resource Instruments;
iii. Review human resource development, performance management, succession planning process and make recommendations to the Board;
iv. Review and monitor administration and records policies and practices of the Commission; and
v. Any other functions that the Board may delegate.

c) Finance and Supply Chain Committee;

The terms of reference shall include but not limited to:

i. Review and recommend annual operating budget and capital expenditure in line with Commission strategic plan;
ii. Review the annual and quarterly financial reports in accordance with applicable guidelines;
iii. Ensure adequate mechanisms are in place for the integrity of financial information and maintenance of proper books of accounts;
iv. Review and recommend to the Board the annual procurement and asset disposal plan which should be aligned with the annual budget;

v. Review quarterly reports on the actual expenditure in relation to the annual procurement and asset disposal plan against the budget; and
vi. Oversee compliance with procurement and asset disposal laws and regulations.
vii. Any other functions that the Board may delegate.

d) Strategy Planning & Technical Board Committee.

The Committee shall be responsible for the Board's achievement of its strategic objectives and ensures that annual work plans are implemented. The terms of reference shall include but not limited to:

i. Review and make recommendations to the Board on the Commission's strategic plan, performance contract, risk management framework, Productivity management framework, Corporate annual work plan, Monitoring and evaluation framework;
ii. Oversee all development and monitoring of projects, plans, and policies regarding film industry development, Film promotion and marketing, Film Archiving and research and Certification;
iii. Advise the Board on ICT matters;
iv. Enhance the corporate image of the Board;
v. Ensure the Commission's compliance with all applicable laws and regulations; and
vi. Any other functions that the Board may delegate.

Except for direction and guidance on general policy, the Board has delegated authority for conduct of day-to-day business to the Chief Executive Officer. The Board nonetheless retains responsibility for establishing and maintaining the Commission's overall internal control, financial, operational and compliance framework.

Board Attendance in the Financial Year

During the year ended 30th June, 2025 the Board and Board Committees member attendance and the number of meetings held in the year were as follows:

Table 1: Board of Directors meetings:

During the year, the Board held six (6) meetings, as summarised in the annual attendance sheet, as shown below.

No.	Name of Director	Classification	Full Board and Special Board meeting attendance summary				
			Q1	Q2	Q3	Q4	TOTAL
1.	Mr. Sudi Wandabusi	Chairman	-	1	1	1	3/6
2.	Dr. Hillary Mulama	Independent	3	1	1	1	6/6
3.	Mr. Peter Njoroge	Alternate to CS National Treasury & Economic Planning	3	1	1	1	6/6

4.	Dr. Lucia Nzoongo	Independent	3	1	1	1	6/6
5.	Rev. Naomi Gechemba	Independent	3	1	1	1	6/6
6.	Ms. Ilhaam Taisr	Independent	3	1	1	1	6/6
7.	Ms. Catherine Githogori	Independent	3	1	1	1	6/6
8.	Mr. Vincent Onyango*	Alternate to PS, State Department for Youth Affairs and Creative Economy	2	-	-	-	2/6
9.	Mrs. Rose Ochieng**	Alternate to PS, State Department for Youth Affairs and Creative Economy	-	1	1	1	3/6
10.	Mr. Timothy Owase	Chief Executive Officer	3	1	1	1	6/6
	*Member exited the Board on 17th October 2024. **Member appointed to the Board on 13th January 2025.						

Table 2: Strategy, Planning & Technical Committee meetings:
The Strategy, Planning and Technical Committee held five (5) meetings during the year, as summarised below.

Name of Director	Classification	Strategy, Planning & Technical Committee meeting attendance summary				
		Q1	Q2	Q3	Q4	TOTAL
Lucia Nzoongo	Chairperson	2	1	1	1	5/5
Naomi Gechemba		2	1	1	1	5/5
Hillary Mulama		2	1	1	1	5/5
Vincent Onyango*		1	-	-	-	1/5
Rose Ochieng**		-	-	1	1	2/5
Timothy Owase		2	1	1	1	5/5
	*Member exited the Board on 17th October 2024. **Member appointed to the Board on 13th January 2025.					

Table 3: Human Resource & Administration Committee meetings:
The Human Resources and Administration Committee held five (5) meetings during the year, as summarised below.

Name of Director	Classification	Human Resources and Administration Committee meeting attendance summary				
		Q1	Q2	Q3	Q4	TOTAL

Ilhaam Taisr	Chairperson	1	1	2	1	5/5
Lucia Nzoongo		1	1	2	1	5/5
Catherine Githogori		1	1	2	1	5/5
Peter Njoroge		1	1	1	1	4/5
Timothy Owase		1	1	2	1	5/5

Table 4: Finance & Supply Chain Committee meetings

The Finance and Supply Chain Committee held six (6) meetings during the year, as summarised below.

Name of Director	Classification	Finance and Supply Chain Committee meeting attendance summary				
		Q1	Q2	Q3	Q4	TOTAL
Naomi Gechemba	Chairperson	3	1	1	1	**6/6**
Peter Njoroge		3	1	1	1	**6/6**
Vincent Onyango*		2	-	-	-	**2/6**
Rose Ochieng**		-	1	1	1	**3/6**
Timothy Owase		3	1	1	1	**6/6**
	*Member exited the Board on 17th October 2024. **Member appointed to the Board on 13th January 2025.					

Table 5: Audit, Risk & Compliance Committee meetings

The Audit, Risk and Compliance Committee held four (4) meetings during the year, as summarised below.

Name of Director	Classification	Audit, Risk and Compliance Committee meeting attendance summary				
		Q1	Q2	Q3	Q4	Total
Catherine Githogori	Chairperson	1	1	1	1	4/4
Ilhaam Taisr		1	1	1	1	4/4
Hillary Mulama		1	1	1	1	4/4
Peter Njoroge		1	1	1	1	4/4

	BOARD MEETINGS ATTENDANCE ANALYSIS FOR THE YEAR ENDED 30TH JUNE 2025					
S/No.	**Committee / Board**	**Strategy, Planning & Technical**	**Human Resources and Administration**	**Finance and Supply Chain**	**Audit, Risk & Compliance**	**Full Board**
	No. of Regular meetings	**4**	**4**	**4**	**4**	**4**
	No. of Special meetings	**1**	**1**	**2**	**0**	**2**
		5	**5**	**6**	**4**	**6**
No.	**Name of Director**					
1.	Mr. Sudi Wandabusi	N/A	N/A	N/A	N/A	3/6
2.	Dr. Hillary Mulama	**5/5**	N/A	N/A	**4/4**	6/6
3.	Mr. Peter Njoroge	N/A	**4/5**	**6/6**	**4/4**	6/6
4.	Dr. Lucia Nzoongo	**5/5**	**5/5**	N/A	N/A	6/6
5.	Rev. Naomi Gechemba	**5/5**	N/A	**6/6**	N/A	6/6
6.	Ms. Ilhaam Taisr	N/A	**5/5**	N/A	**4/4**	6/6
7.	Ms. Catherine Githogori	N/A	**5/5**	N/A	**4/4**	6/6
8.	Mr. Vincent Onyango*	**1/5**	N/A	**2/6**	N/A	2/6
9.	Mrs. Rose Ochieng**	**2/5**	N/A	**3/6**	N/A	3/6

10.	Mr. Timothy Owase	**5/5**	**5/5**	**6/6**	N/A	6/6
	*Member exited the Board on 17th October 2024. **Member appointed to the Board on 13th January 2025.					

Conflict of Interest and Declaration of Interest

Board members are obligated to avoid and declare any real or potential conflicts of interest. All related-party transactions are conducted at arm's length. At each Board meeting, members declare any conflicts relating to agenda items.

Board Evaluation

The Board follows an annual work plan and conducts evaluations of the Board, Chairperson, individual members, CEO, Corporation Secretary, and Internal Auditor, in line with the Mwongozo Code. The FY 2024/25 evaluation was conducted on 25 July 2025 with technical support from the State Corporations Advisory Committee.

Board Charter

The approved Board Charter, developed in accordance with Mwongozo, outlines the composition, mandate, selection criteria, roles, and duties of members, complementing applicable laws and regulations.

Ethics and Code of conduct

An approved Code of Conduct and Ethics sets standards for Board behaviour, ensuring impartiality and professionalism. No ethical breaches were reported during the year.

Risk Management

The Enterprise Risk Management framework is embedded in daily operations. Quarterly reports were reviewed by the Board, and mitigation strategies were implemented. The framework was updated to address emerging risks.

Board Training and Development

Directors received training on governance, legal changes, and emerging risks, including Mwongozo Induction, capacity building by the Head of Public Service, virtual governance consultations, and a Board retreat.

Board Remuneration

Remuneration and allowances are set in line with Government policy and circulars, with details included in the financial statements.

Compliance with laws and other legal requirements

The Commission complies with the Constitution, relevant laws, and Ministry directives, upholding high governance standards.

9. Management Discussion and Analysis

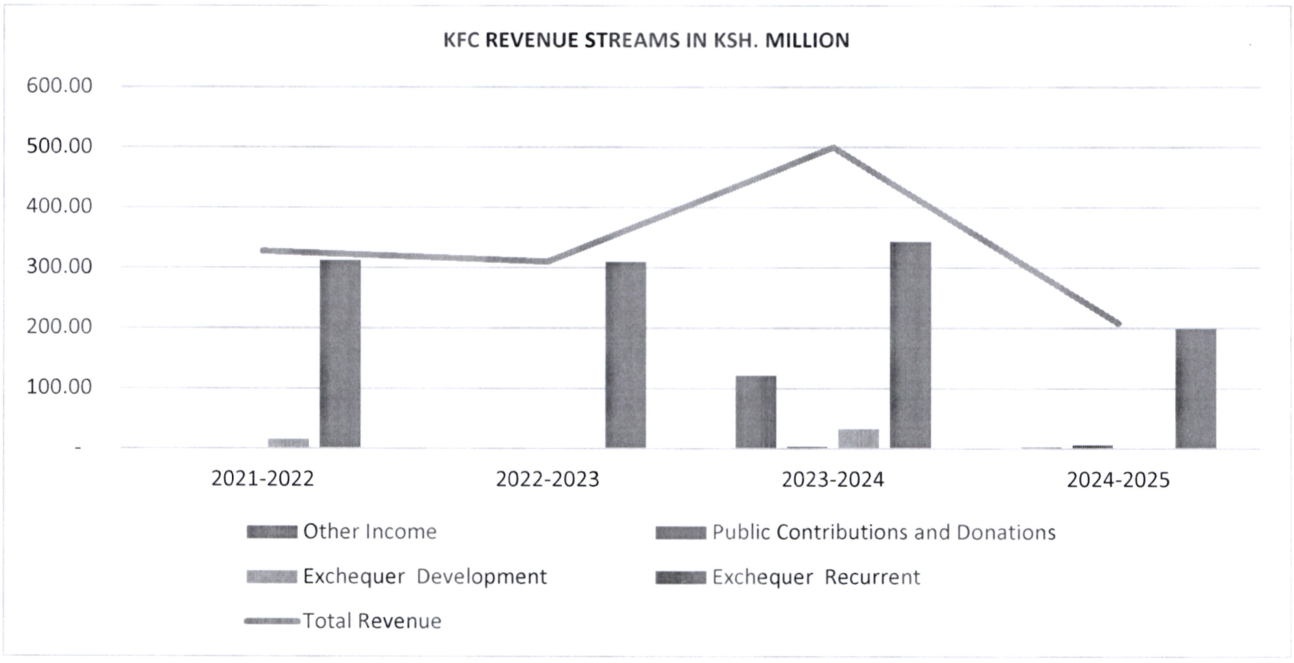
The management is upbeat to report on the operational and financial performance of the organization during the period FY 2024/2025.

Financial Performance

The Commission's main funding comes from the exchequer and this has declined over time as shown in the table below:

Revenue Type (Kshs. Million)	2021-2022	2022-2023	2023-2024	2024-2025
Other Income	81,885	152,500	53,579,896	2,325,603
Public Contributions and Donations	324,380	-	3,374,838	6,176,000
Exchequer Development	15,000,000	-	32,250,000	-
Exchequer Recurrent	312,000,000	309,899,999	313,439,600	199,066,338
Total Revenue (Kshs)	**327,406,265**	**310,052,499**	**469,824,930**	**207,567,941**

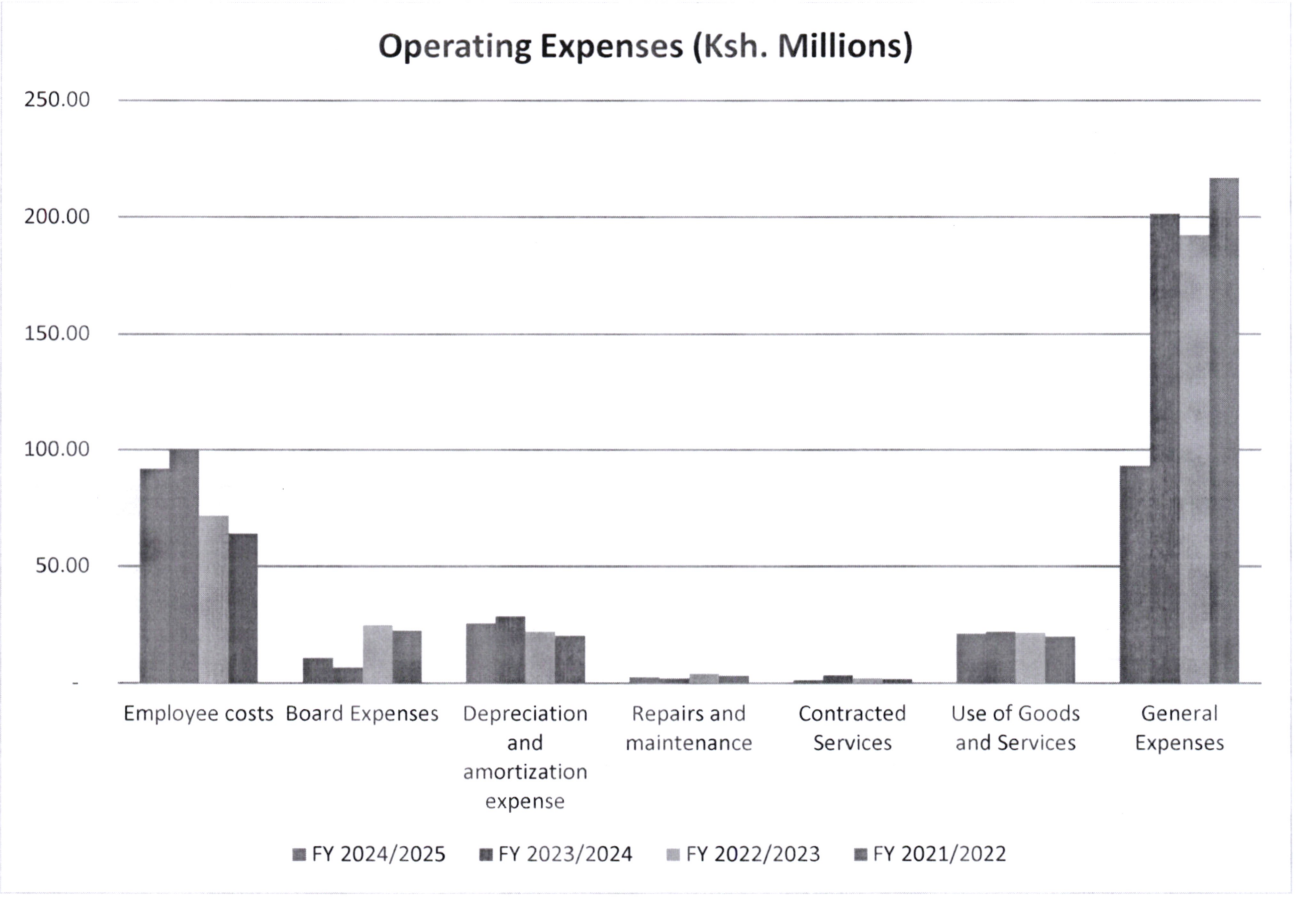
The funding trend from the exchequer and other sources can be depicted graphically as below:



The operating expense across the last 4 years is as shown below:

Operating Expenses	FY 2024/2025	FY 2023/2024	FY 2022/2023	FY 2021/2022
Employee costs	91,757,108	100,422,506	71,629,089	64,041,150
Board Expenses	10,687,767	15,427,472	24,921,206	22,566,404
Depreciation and amortization expense	25,554,360	26,557,131	21,995,843	20,243,986
Repairs and maintenance	2,545,128	3,047,074	3,867,594	3,079,214
Contracted Services	1,306,791	2,424,694	1,923,540	1,739,215
Use of Goods and Services	21,202,384	21,633,607	21,494,485	19,758,541
General Expenses	96,390,297	257,489,695	192,425,293	216,786,279

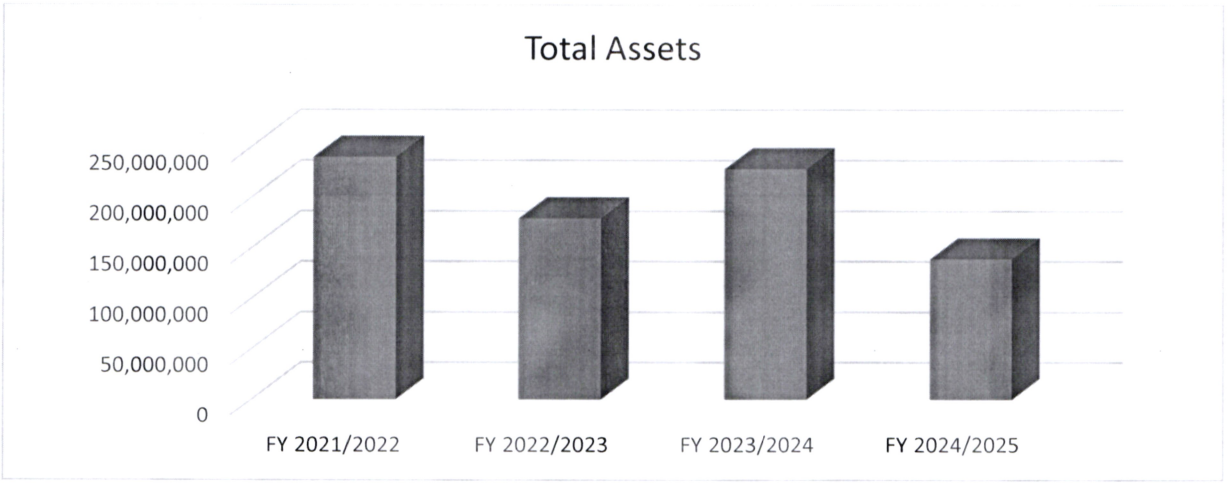
Graphically, the expenses can be expressed as shown below;



The total assets over the years have not grown significantly due to budgetary constraints. The table below depicts the asset levels over the years.

	FY 2021/2022	FY 2022/2023	FY 2023/2024	FY 2024/2025
Total Assets	239,915,695	179,497,134	228,308,686	139,358,210

Graphically, the assets can be expressed as shown below;



Non-Financial Performance

Strategic Achievements for the Financial Year 2024/2025

During the 2024/2025 Financial Year, the Kenya Film Commission advanced its mission to position Kenya as a regional and global hub for film production, innovation, and creative storytelling. The year was marked by strengthened partnerships, increased market access for local filmmakers, institutional reforms, policy development, stakeholder engagement, digital transformation, and governance enhancements.z

Film Industry Promotion and Stakeholder Engagement

The Commission supported eight major film festivals nationwide, including the Mombasa International Film Festival, Women in Film Awards, and Kitale Film Week, alongside five high-profile premieres such as Nawi, 2 Asunder, and Sarah, attracting over 1,000 attendees. These events expanded cultural representation and market opportunities for Kenyan filmmakers.

KFC handled 167 stakeholder facilitation requests—covering visas, licensing, technical guidance, and location scouting—engaging filmmakers from 10 counties and boosting Kenya's appeal as a film destination. International visibility was strengthened through participation in the Cannes Film Festival and British Council Expo.

Institutional Strategy and Industry Policy

The Commission established Kenya's Oscars Selection Committee, leading to the submission of *Nawi: Dear Future Me* for the Best International Feature Film category. A Policy on Support to Film Festivals and Premieres was finalized to guide industry development support.

Through the Legal Directorate, KFC contributed to the development of key draft laws and policies, including the Creative Economy Bill, Film Bill, and Film Policy, ensuring legal compliance and institutional integrity. There were zero pending litigation cases by 30 June 2025. Fifteen internal policies were reviewed to align with legal frameworks, and the Board participated in governance training, induction, and strategic planning sessions to enhance oversight.

Capacity Building and Youth Development

To nurture talent, the Commission trained 1,002 creatives in set safety, sound design, and virtual production, and 202 youths in basic filmmaking through regional workshops in Nyeri and Kiambu. The School Film Clubs Outreach Programme reached over 1,000 students in schools such as Alliance High and Highway Secondary, fostering film appreciation and storytelling skills.

Digital Innovation and Communications Impact

An integrated media and digital strategy elevated the Commission's visibility, amplifying over 40 high-profile events including capacity building programmes, CEO's podcast series, the Oscars Selection Process, and Africa Climate Week. Coverage spanned major TV stations (KTN, KBC, Citizen TV) and newspapers (The Star, People Daily, Standard).

Social media performance improved significantly: Facebook reach exceeded 153,000, Instagram reached 138,300, with an average engagement rate of 15%—up from 13.5% the previous year. Influencer collaborations during premieres boosted audience engagement. The Commission gained 1,500 new followers, increased views on Facebook and Instagram, and resolved 597 customer queries with a 99% resolution rate within 24 hours.

Audit, Governance and Risk Management

The Internal Audit Department reviewed systems, financials, and processes across directorates, with follow-up audits ensuring recommendations were implemented. Risk registers were updated, and the Internal Audit Charter was reviewed and submitted to the Board. The department facilitated ISO 9001 compliance and contributed to institutional development initiatives.

Resource Mobilization and Procurement Excellence

The Supply Chain Department achieved 100% compliance with the Procurement Plan (Kshs. 34M) and surpassed AGPO targets—awarding Kshs. 1.44M to PWDs and Kshs. 7M to other AGPO groups. All tenders were awarded to citizen contractors, exceeding the local content procurement target (Kshs. 14.8M) with awards totaling Kshs. 36.4M.

Strategic Planning and Human Capital Development

The Strategy & Planning Department led the development of the 2023–2027 Strategic Plan and FISA implementation, strengthening sector data and policy dialogue. The Human Resource Department trained 33 staff, recruited interns, casuals, and attachés, and competitively filled four key management positions. A succession plan was developed to support talent sustainability.

Sustainability and CSR

Demonstrating environmental responsibility, the Commission planted 3,000 tree seedlings at Kenya Medical Training Colleges in Chwele and Bungoma County.

The 2024/2025 year was transformative for the Commission—strengthening Kenya's creative presence globally, expanding grassroots talent development, and reinforcing institutional governance. KFC remains committed to driving the growth of Kenya's creative economy through film, culture, and innovation.

10. Environmental and Sustainability Reporting

i) Sustainability strategy and profile

There are a number of initiatives that need undertaking to improve the industry, inadequate resource base is a hindrance to successful implementation. It is therefore necessary for the Commission to seek alternative ways of obtaining resources to develop this industry. This will require the development of comprehensive resource mobilization and management strategy that identifies the potential resource partners, ways of engagement with them, potential projects for support, and methods of implementation, monitoring and reporting progress.

The Commission will further seek partnerships for joint industry programmes with relevant institutions and lobby for the partial redeployment of proceeds collected from the industry for further development of the Film and TV industry. The creation of a Film Fund is also at the core of this Pillar within its Strategic Plan.

Diversity and environmental sustainability are a major consideration across all determining factors in making a choice for a filming destination. Diversity and environmental sustainability are central issues for the film sector. It should be noted that best practices in these areas are key considerations at all points of sectoral development, including formal legislation and informal approaches. Moreover, these are also issues that must be addressed through the design and delivery of a functional film industry structure.

Recognizing the economic and cultural benefits of attracting international production and developing a local industry, the Commission is making a range of interventions which seek to achieve these aims. There is considerable formal interventions including legislation, direct funding, and strategies that increase sectoral capacity and quality. Informal best practice demands intervention in processes and procedures that reduce friction for film-makers at any point across the production process.

On the other hand, policy, legislation, and strategy dictate that a well-designed policy is a cornerstone of development for a healthy film sector. This includes both sector-specific and non-sector-specific policy in areas where it affects jurisdictional productions. A key point is that legislation related to industry development is a major tool for sectoral development and is being closely informed by the needs of international and national productions to be effective.

Legislation and related guidelines are being clearly instituted without limitations or unrealistic expectations on the practitioner. Other critical areas of legislation is relevance to film projects i.e.,

taxation, company and employment law, visas and customs, Intellectual Property (IP) and related rights, and classification.

Another key area of focus is industry strategy. As with legislation, the film sector can intersect with wider strategy approaches in a number of ways. This includes a government's overarching industrial strategy; in this case in line with the Government's Bottom-Up Economic Transformation Agenda (BETA), This will be achieved through targeted investments in five core pillars film being under the creative economy.

Product stewardship- outline efforts to safeguard consumer rights and interests

In order to safeguard consumer rights and interests, Kenya Film Commission has aligned its activities with the requirement of the Constitution of Kenya by ensuring its Stakeholders have the right to;

a) Goods and services of reasonable quality;
b) The information necessary for them to gain full benefit from goods and services;
c) The protection of their health, safety, and economic interests; and
d) Compensation for loss or injury arising from defects in goods or services.

ii) Environmental performance

The Commission recognizes the need to mindful about the environment in which we operate. The need to develop an environmental policy to guide the organisation cannot be overemphasized. For this reason, efforts to manage biodiversity, waste management and efforts to reduce environmental impact of the organisation's activities are embedded in our programmes.



Tree planting drive at Bungoma and Chwele KMTC Campus in Bungoma County

Employee welfare-Human Resource

In regards to the policies guiding the hiring process and whether the Commission takes into account the gender ratio and whether there are stakeholder engagements and how often they are improved:

The principles of affirmative action, gender and persons living with disability and national values applies. The Commission observes gender mainstreaming, balance on appointment, promotion and ensure that a minimum of a third (1/3) are of either gender.

The Commission has 24 males and 20 female staff hence 1/3 gender ratio is attained.

In regards to efforts made in improving skills and managing careers, appraisal and reward systems.

The Commission continuously improve staff skills by conducting trainings and ensuring the registered members to the professional bodies are in good standing.

In regards to appraisals the overall goal of the Commission's Performance Management System (PMS) has been to measure employee performance and ultimately the achievement of intended results for the organization.

The Commission therefore take into account individual performance and reward employees for their contribution in a fair and equitable manner either by promotion, contract renewal among others.

In regards to disclosure of Commission's policy on safety and compliance with Occupational Safety and Health Act of 2007, (OSHA);

The Commission recognize and commit itself to the achievement of the highest standards of health and safety in the workplace, and the elimination or minimization of health and safety hazards and risks that may affect its employees. In this regard, implement policies and programmes that assure their protection from such hazards and disasters. This is well captured in in Human Resource Policy and Procedures Manual which is in compliance with the provision of Occupational Safety and Health Act, 2007 and other Labour Laws.

The Commission has a Safety health Committee that is in place that periodically carry out risk assessment within the Commission's premises and identify hazards, analyse the risks attached to them and initiate preventive measures.

The Human Resource together with the Committee ensures compensation to employees for work related injuries and diseases contracted in the course of their employment in accordance with the provisions of WIBA, 2007.



Capacity building workshop in Siaya County

iii) Responsible Supply chain and supplier relations

The role of the supply chain unit is to ensure that the Commission gets the best possible value for its money by obtaining goods, equipment and/or services of the right quality, quantity, at the right time, price and from the right source.

The department's functions are as stipulated in the Public Procurement and Asset Disposal Act 2015 and its attendant regulations. In implementing those functions, the department ensures compliance with the aforementioned legislative provisions and guidelines towards achieving their objectives which are to; maximize economy and efficiency, promote competition and ensure that competitors are treated fairly, promote integrity and fairness, increase transparency and accountability and increase public confidence in the procurement process.

To achieve the above objectives, the Commission appreciates the role of its suppliers in aiding actualization its mandate. During the period under review, the Commission;

(a) Ensured fair competition in its processes and all suppliers were treated fairly including giving prompt feedback to suppliers;
(b) Honoured its contractual obligations with suppliers;
(c) Ensured that suppliers were promptly paid within stipulated timelines upon receipt of invoice;
(d) Adopted a win/win approach with its suppliers focused towards value addition.

iv) Corporate Social Responsibility / Community Engagements

The Commission carried out a tree planting exercise in pursuit of implementing a presidential directive on tree planting to restore forest cover by 10 per cent.

Staff of the Kenya Film Commission planted trees at the Kenya Academy of Sports grounds as part of the efforts to align with global initiatives to combat climate change and the presidential directive to achieve 30% forest cover by 2030.

In the process of filming, we encourage stakeholders to carry out their work by acknowledging the positive contribution to a cleaner and safer filming industry and to improve by introducing new operational measures that minimise the negative impact of society.

We also strive to re-use and recycle where possible and dispose off non- recyclable items responsibly, thereby minimizing negative impact of wate on the environment; we encourage our staff to plant trees in our various identified locations with view to conserving the environments.

11. Report of the Directors

The Directors submit their report together with the audited financial statements for the year ended June 30, 2024, which show the state of the Kenya Film Commission affairs.

i) Principal activities

The principal activities of the Commission are as captured in page iii under the Principal Activities section above

ii) Results

The results of the Commission for the year ended June 30, 2025, are set out on page 1-46.

iii) Directors

The members of the Board of Directors who served during the year are shown on page vi-vii. During the year the board Chairperson alongside all the independent board members retired and were yet to be replaced by the end of the financial year.

iv) Surplus remission

In accordance with Regulation 219 (2) of the Public Financial Management (National Government) Regulations, regulatory entities shall remit into Consolidated Fund, ninety per cent of its surplus funds reported in the audited financial statements after the end of each financial year.

KFC did not remit any money to the consolidated fund. The un-utilized funds by the close of the FY 2023/24 were rolled over to the FY 2024/25.

v) Auditors

The Auditor General is responsible for the statutory audit of Kenya Film Commission in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 for the period ended June 30, 2025.

.....

Name: Audrey Cheruto

Corporation Secretary.

12. Statement of Directors Responsibilities

Section 81 of the Public Finance Management Act, 2012 and (section 14 of the State Corporations Act) require the Board of Directors to prepare financial statements in respect of KFC, which give a true and fair view of the state of affairs of the Commission at the end of the financial year/period and the operating results of the Commission for that year/period. The Directors are also required to ensure that the Commission keeps proper accounting records which disclose with reasonable accuracy the financial position. The Directors are also responsible for safeguarding the assets of the Commission. The Directors are responsible for the preparation and presentation of the Commission's financial statements which give a true and fair view of the state of affairs of the Commission for and as at the end of the financial year (period) ended on June 30, 2025. 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 Commission;
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 Commission;
v) Selecting and applying appropriate accounting policies; and
vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Commission'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, 2012 and the State Corporations Act. The Directors are of the opinion that the Commission's financial statements give a true and fair view of the state of KFC's transactions during the financial year ended June 30, 2023, and of the Commission's financial position as at that date. The Directors further confirms the completeness of the accounting records maintained for the Commission, which have been relied upon in the preparation of the Commission's financial statements as well as the adequacy of the systems of internal financial control.
Nothing has come to the attention of the Board of Directors to indicate that the Commission will not remain a going concern for at least the next twelve months from the date of this statement.
Approval of the financial statements

The Kenya Film Commission financial statements were approved by the Board on 31/10 2025 and signed on its behalf by:

.....

Name: Timothy Owase
Accounting Officer

.....

Name: Sudi wandabusi
Board chairperson

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
Email: info@oagkenya.go.ke
Website:www.oagkenya.go.ke

REPUBLIC OF KENYA
OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability

HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KENYA FILM COMMISSION FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;

B. Report on the Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose; and,

C. Report on the Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An Unmodified Opinion is issued when the Auditor-General concludes that the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management, and Governance.

The three parts of the report aim to address the Auditor-General's statutory roles and responsibilities as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kenya Film Commission set out on pages 1 to 46, which comprise of the statement of financial position as at 30 June, 2025 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.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Kenya Film Commission as at 30 June, 2025 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 Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kenya Film Commission Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects budgeted receipts and actual on comparable basis amounting to Kshs.270,259,010 and Kshs.205,242,338 respectively resulting in a revenue shortfall of Kshs.65,016,672 or 24 % of the budget. Similarly, the Commission expended Kshs.249,559,305 against an approved budget of Kshs.270,259,010 resulting to an under expenditure of Kshs.20,699,705 or 7.7% of the approved budget.

In the circumstances, the under-funding and under-expenditure imply that some of the planned activities were not implemented which could impact negatively on the achievement of the overall Commission's goals and objectives.

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

Other Matter

Unresolved Prior Year Matters

The following issues raised by the Auditor-General in the previous audit reports remain unresolved;

1. Budgetary Control and Performance
2. Understaffing of the Commission

Other Information

The Management is responsible for the Other Information set out on page iii to xlii which comprise of Key Entity Information and Management, Management Team, Project Information and Overall Performance, Statement of Performance against Project's predetermined Objectives, Environmental and Sustainability Reporting and Statement of Project Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the commission's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

REPORT ON THE LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015 and based on the audit procedures performed, except for the effects of the matter described in the Basis for Conclusion on the Effectiveness of Internal Controls, Risk Management and Governance

section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

Understaffing of the Commission

Review of the approved staff establishment revealed the Commission was authorized to have an establishment of ninety (90) officers. However, human resource records indicated the Commission had only forty-six (46) officers resulting in a variance of forty-four (44) officers.

In the circumstances, the Commission may not achieve its goals due to inadequate human capacity and capabilities.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of the Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal 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 and for its assessment of the effectiveness of internal controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the commission's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements comply with the authorities which govern them and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing commission's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to

governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/. This description forms part of my auditor's report.

FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

24 November, 2025

14. Statement of Financial Performance for the year ended 30 June 2025

	Notes	2024-2025	2023-2024
		Kshs	Kshs
Revenue from non-exchange transactions			
GOK-Grants and Revenue	6	184,066,338	430,200,092
Public contributions and donations	7	6,176,000	442,750
		190,242,338	**430,642,842**
Revenue from exchange transactions			
Other income	8	-	53,579,896
Total revenue		**190,242,338**	**484,222,738**
Expenses			
Employee costs	9	91,757,108	100,422,506
Board Expenses	10	10,687,767	15,427,472
Depreciation and amortization expense	11	25,554,360	26,557,131
Repairs and maintenance	12	2,545,128	3,047,074
Contracted services	13	1,306,791	2,424,694
Use of goods and services	14	21,202,384	21,633,607
General Expenses	15	96,665,926	257,489,695
Total expenses		**249,719,464**	**427,002,179**
Other gains/(losses)			
Gain/Loss on sale of assets		-	-
Gain/Loss on foreign exchange transactions		-	-
Surplus/ (deficit) before tax		**(59,477,126)**	**57,220,559**
Taxation			
Surplus/(deficit) for the period/year		**(59,477,126)**	**57,220,559**
Remission to National Treasury			
Net Surplus for the year		-	-
Attributable to:			
Surplus/(deficit) attributable to minority interest		-	-
Surplus attributable to owners of the controlling Entity		-	-
		(59,477,126)	**57,220,559**

	Notes	2024-2025	2023-2024
		Kshs	Kshs

The notes set out on pages 9 to 46 form an integral part of these Financial Statements.

The Financial Statements set out on pages 1 to 8 were signed on behalf of the Board of Directors by:

.....	.....	.....
Name: Timothy Owase	**Name:** Elias K. Cheptoo	**Name: Sudi Wandabusi**
Chief Executive Officer	**Head of Finance**	**Board chairperson**
	ICPAK M/No: 13172	
Date 31/10/2025	**Date** 31/10/2025	**Date** 31/10/25

15 Statement of Financial Position as at 30 June 2025

	Notes	2024-2025	2023-2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash equivalents	16	45,761,666	149,028,381
Receivables from Exchange Transactions	17	389,158	15,923,838
Prepayments	18	3,768,916	3,768,916
Inventories	19	3,868,218	2,191,539
Total Current Assets		**53,787,958**	**170,912,674**
Non-Current Assets			
Property, Plant and Equipment	20	75,695,369	73,837,425
Intangible Assets	21 (a+b)	9,874,883	11,892,986
Total Non- Current Assets		**85,570,252**	**85,730,411**
Total Assets (A)		**139,358,210**	**256,643,084**
Liabilities			
Current Liabilities			
Trade and Other Payables	22(i)	15,267,206	53,999,179
Current Provision	22 (ii)	6,264,457	7,047,165
Employee Benefit Obligation	22(iii)	13,059,301	9,988,564
Differed Income (GIZ)	23	24,288	23,991
Total Current Liabilities (B)		**34,615,252**	**71,058,899**
Net assets (A-B)		**104,742,959**	**185,584,186**
Represented By:			
Accumulated Surplus		27,361,992	86,839,118
Revaluation Reserve	24	18,400,360	18,400,360

	Notes	2024-2025	2023-2024
		Kshs	Kshs
Capital Reserve	25	58,980,607	80,344,708
Total Net Assets		**104,742,959**	**185,584,186**

The financial statements set out on pages 1 to 8 were signed on behalf of the Board of Directors by:

.....	.....	.....
Name: Timothy Owase	**Name: Elias K. Cheptoo**	**Name: Sudi Wandabusi**
Chief Executive Officer	**Head of Finance**	**Board Chairperson**
	ICPAK MNO: 13172	
Date: 31/10/2025	**Date:** 31/10/2025	**Date:** 31/10/25

16. Statement of Changes in Net Assets for the year ended 30 June 2025

	Accumulated Surplus	Revaluation Reserve	Capital Fund	Total
	Kshs	Kshs	Kshs	Kshs
As at July 1, 2023	20,375,611	-	61,586,267	**81,961,878**
Additions	-	-	32,250,000	**32,250,000**
Revaluation gain	-	18,400,360	-	**18,400,360**
Surplus/ deficit for the year	57,220,559	-	-	**57,220,559**
Transfer to Assets	-	-	(13,491,559)	**(13,491,559)**
Kalasha Market Debtors	(403,000)	-	-	**(403,000)**
Ganane Supplies Limited- Partitioning	1,807,418	-	-	**1,807,418**
Greentide Africa LTD- Partitioning of Uriri	7,838,530	-	-	**7,838,530**
As at June 30, 2024	**86,839,118**	**18,400,360**	**80,344,708**	**185,584,186**
As at July 1, 2024	**86,839,118**	**18,400,360**	**80,344,708**	**185,584,186**
Revaluation gain	-	-	-	-
Surplus/ (deficit) for the year	(59,477,126) *	-	-	**(59,477,126)**
Transfer to assets	-	-	(19,050,201)	**(19,050,201)**
Expensed during the FY	-	-	(2,313,900)	**(2,313,900)**
As at June 30, 2025	**27,361,992**	**18,400,360**	**58,980,607**	**104,742,959**

Prior year error corrected through reinstatement of recurrent grant in line with IPSAS 3. Ksh.15,000,000 for FY 2023/24 was received in the FY 2024/25 has been reinstated and consequently increased the Surplus for the Year by the same amount

Note:

1. Kalasha Market Debtors amounting to Ksh. 403,000 were adjusted since they were Erroneously captured as debtors and they never took the booths they were intended to take. The necessary approval by the board of directors was granted
2. Ganane Supplies Limited- Partitioning Wing B. This had been booked as a creditor in the previous FY but after the certificate of completion was issued there was a saving for Ksh 1,807,418 hence the reinstatement as an income
3. Greentide Africa LTD- Partitioning of Uriri film hub (Contract cancelled) 7,838,530 due to none performance hence the reinstatement as an income. The contract was awarded no a different contractor and works have since been completed.
4. The capital funds relate to capital reserve, development money unutilized as well as location mapping capitalised

17. Statement of Cash Flows for the year ended 30 June 2025

	Notes	2024-2025	2023-2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
GoK Grant – Revenue	6 (b)	184,066,636	414,837,754
Public contributions and donations	7	6,176,000	442,750
Other income		-	1,932,088
Total receipts		**190,242,636**	**417,212,592**
Payments			
Compensation of employees	9	(91,757,108)	(91,157,729)
Board Expenses	10	(10,687,767)	(15,427,472)
Repairs and Maintenance	12	(2,545,128)	(3,047,074)
Contracted Services	13	(1,306,791)	(2,424,694)
Use of Goods and services	14(b)	(65,152,428)	(21,388,997)
General Expenses	15	(96,665,926)	(246,746,627)
Total payments		**(268,115,148)**	**(380,192,594)**
Net cash flows from/(used in) operating		**(77,872,513)**	**37,019,998**
Cash flows from investing activities			
Purchase of PPE and Intangible assets		(25,394,201)	(38,204,430)
Net cash flows from / (used in) investing activities		**(25,394,201)**	**(38,204,430)**
Cash flows from financing activities			
GOK Development Grants Received		-	32,250,000
Net cash flows from financing Activities		**-**	**32,250,000**
Net increase/(decrease) in cash & Cash equivalents		**(103,266,714)**	**31,065,568**
Cash & Cash equivalents as at 1 July		149,028,381	117,962,813
Cash & Cash equivalents as at 30 June		**45,761,667**	**149,028,381**

(PSASB has now prescribed the direct method of cashflow presentation for all entities under the IPSAS Accrual basis of accounting).

18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2025

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	c=(a+b)	d	e=(c-d)	f=d/c*100
Receipts						
GoK-Recurrent Grant FY24/25	104,066,338	-	104,066,338	119,066,338	-	114%
FY23/24 Roll over-Recurrent	28,282,964	-	28,282,964	-	-	0%
FY23/24 AACC Recurrent Grant	36,525,769	-	36,525,769	-	-	0%
Development Roll over-Recurrent FY23/24	15,207,939	-	15,207,939	-	-	0%
Supplementary Budget	-	80,000,000	80,000,000	80,000,000	-	100%
Capacity Building	-	6,176,000	6,176,000	6,176,000	-	100%
Total Income	**184,083,010**	**86,176,000**	**270,259,010**	**205,242,338**	**-**	
Expenses						
Employee costs	93,826,338	4,667,990	98,494,328	91,757,108	6,737,220	93%
Board Expenses	3,727,800	5,086,338	8,814,138	10,687,767	(1,873,629)	121%
Use of goods and Services	10,330,000	10,777,933	21,107,933	21,202,384	(94,450)	100%
Repairs and Maintenance	550,000	1,807,571	2,357,571	2,545,128	(187,557)	108%
General Expenses	53,216,933	63,408,568	122,969,501	96,665,926	26,303,575	79%
Contracted Services	880,000	427,600	1,307,600	1,306,791	809	100%
Capital Expenditure	21,551,939	-	21,551,939	25,394,201	(3,842,262)	
Total Expenditure	**184,083,010**	**86,176,000**	**270,259,010**	**249,559,305**	**20,975,334**	
Surplus for the Period	**-**	**-**	**-**	**(44,316,967)**		

Notes.

1.Reconciliation

Surplus/Deficit as per Statement of Financial Performance		**(59,477,126)**
Add: Depreciation	25,554,360	

Recurrent Grant for FY 2023/24 Received	15,000,000	40,554,360
		(18,922,766)
Less: Capital Expenditure	25,394,201	
		25,394,201
Surplus/Deficit as per Statement of Comparison of Budget and Actual Amounts		**(44,316,967)**

2. The under absorption of PE Kshs. 6,737,220 is due to the staff who exited within the financial year but recruitment is ongoing
3. The Over expenditures of Board expenses of Kshs. (1,873,629) was due to induction of Board members when the Chairman was appointed.
4. The under absorption of General Expenses of Kshs.26,303,575 was due to competing activities and programmes during the year
5.The Capital/Development budget deficit of Ksh. (3,842,262) was drawn from the capital fund balance as per Note no. 25 of the amended financial statement

19. Notes to the Financial Statements

1. General Information

Kenya Film Commission (KFC) is a State Corporation established under Legal Notice No. 147 of 2015 from which it derives its authority and accountability. The Commission is wholly owned by the Government of Kenya and is domiciled in Kenya.

The overriding goal of KFC is to make Kenya a centre of excellence in film production. This role involves creating an enabling environment for the development of a vibrant local film industry as well as marketing Kenya as a leading destination for foreign film makers. In line with this mandate, KFC is involved in creating programmes to support the industry to create local film content, as well as market Kenya as a centre of excellence in film production. This involves working with film professionals, Film Commissions around the globe, Government agencies, private organizations, professional bodies and associations in the film industry, and the general public.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Commission's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 to the financial statements.

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

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

i. New and amended standards and interpretations in issue effective in the year ended 30 June 2024.

Standard	Effective date and impact:
IPSAS 43	***Applicable 1st January 2025*** The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognize, measure and present information on right of use assets and lease liabilities. ***This is well noted and will be applied accordingly when need arises in future***
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	***Applicable 1st January 2025*** The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance. ***This is well noted and will be applied accordingly when need arises in future***
IPSAS 45: Property Plant and Equipment	***Applicable 1st January 2025*** The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets. ***This is well noted and will be applied accordingly when need arises in future***

IPSAS 46: Measurement	***Applicable 1st January 2025*** The objective of this standard was to improve measurement guidance across IPSAS by: i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. The standard also introduces a public sector specific measurement bases called the current operational value. ***This is well noted and will be applied accordingly when need arises in future***
IPSAS 48: Transfer Expenses	***Applicable 1st January 2026*** The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers. State the expected impact of the standard to the Entity if relevant ***This is well noted and will be applied accordingly when need arises in future***
IPSAS 49: Retirement Benefit Plans	***Applicable 1st January 2026*** The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan. ***This is well noted and will be applied accordingly when need arises in future***
IPSAS 50: Exploration For & Evaluation of Mineral Resources	***Applicable 1st January 2027*** The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires: i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. *ii.* Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.

	This is well noted and will be applied accordingly when need arises in future

iii. ***Early adoption of standards***

The Commission did not early – adopt any new or amended standards in the financial year.

Notes to the financial statements (continued)

4. Summary of Significant Accounting Policies

a) Revenue recognition

i)Revenue from non-exchange transactions

Fees, taxes and fines

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

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Commission and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realized in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

Rendering of services

The Commission recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of goods

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

Interest income

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

ii) Revenue from exchange transactions

Dividends

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

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue. However, the Commission does not have rental income.

a) Budget information

The original budget for FY 2024-2025 was approved by the National Assembly. Subsequent revisions or additional appropriations made to the approved budget should be in accordance with specific approvals from the appropriate authorities (BOD). The additional appropriations are added to the original budget by the Commission upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Commission had not received the Supplementary 2 estimates allocation of Kshs.15m by 30th June 2024.

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

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

A statement to reconcile the actual amounts on a comparable basis included in the Statement of Comparison of Budget and Actual Amounts and the actuals as per the Statement of Financial Performance has been presented under section 17 of these financial statements.

c) Taxes

Current income tax

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

Deferred tax

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

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

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

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

Sales tax

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

i) When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable

ii) When receivables and payables are stated with the amount of sales tax included The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

d) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over an ***over a 30-year period***.. Investment properties are derecognized either when they have been disposed off or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

e) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the

recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

f) Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Commission. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Commission also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Commission will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

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

g) Intangible assets

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

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

h) Research and development costs

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

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

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

i) Financial instruments

a) Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and

receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Commission determines the classification of its financial assets at initial recognition.

Loans and receivables

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

Held-to-maturity.

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

Impairment of financial assets

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

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

b) Financial liabilities

Initial recognition and measurement

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

Loans and borrowing

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

j) Inventories

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

h) Raw materials: purchase cost using the weighted average cost method.

ii) Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Commission.

k) Provisions

Provisions are recognized when the Commission has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Commission expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

l) Contingent liabilities

The Commission 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.

The Commission has been sued by Alex Kathyindi Mulwa - at the Employment and Labour Relations Court seeking general damages for unfair termination, salary in lieu of notice, unpaid leave, house allowance, 12 months' salary compensation for unfair termination, costs and interest of the suit. The decretal sum has been paid and his appeal in seeking for guidance on tax payments from the Courts has been thrown out and hence terminated.

m) Contingent assets

The Commission 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 Commission 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.

n) Nature and purpose of reserves

The Commission creates and maintains reserves in terms of specific requirements. The Capital/

Development Grants/Fund Reserve Ksh 61,586,267 relates to Kshs 9,525,871 being the capital funds that were given to the Commission at the time of inception in the financial year ending June 30, 2007 less the revaluation loss as at June 2020. Kshs. 22,277,800` relate to unutilized development fund while Ksh. 29,560,396 relate to capitalised Locations Mapping/Ultra-Modern Cinema Theatre capitalised.

o) Changes in accounting policies and estimates

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

p) Employee benefits

Retirement benefit plans

The Commission provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which the Commission pays fixed contributions into a separate Entity (APA), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become accrued.

q) Foreign currency transactions

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

r) Borrowing costs

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

s) Related parties

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

t) Service concession arrangements

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

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

u) Cash and cash equivalents

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

v) Comparative figures

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

w) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2024.

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Commission's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. State all judgements, estimates and assumptions made:

Estimates and assumptions

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

Useful lives and residual value

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material. The provisions made relates to audit fees and the film empowerment program for the unremitted instalments.

6. Transfers from Other Government entities

Description	2024-2025	2023-2024
(a)	**KShs**	**KShs**
Unconditional Grants		
Recurrent Grants - GoK	184,066,338	358,439,600
Recurrent Grants-Sports, Arts and Social Development	6,176,000	70,760,492
Recurrent Grants-Communications Authority	-	1,000,000
Total Unconditional Grants	**190,242,338**	**430,200,092**
Conditional Grants		
Other Organizational Grants		-
Total Government Grants and Subsidies	**190,242,338**	**430,200,092**

Prior year error corrected through reinstatement of recurrent grant in line with IPSAS 3. Ksh.15,000,000 for FY 2023/24 that was received in the FY 2024/25 has been reinstated

(b)

Total transfers as per performance	**184,066,338**
Increase in differed income	298
Total transfers as per cashflow	**184,066,636**

b) Transfers from Ministries, Departments and Agencies (MDAs)

Name of The Entity Sending the Grant	Amount recognized to Statement of Financial performance KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund. KShs	Total transfers 2024-25 KShs	Prior year 2023-24 KShs
Ministry of Youth Affairs, Creative Economy, Sports and Arts		-	-	184,066,338	358,439,600
Total		**-**	**-**	**184,066,338**	**358,439,600**

All the amount recorded above as having been received from the Ministry of Sports, Arts and Youth Affairs is fully reconciled to the amount recorded by the Ministries. An acknowledgement receipt was issued in favour of the Ministry of sports, Arts and the Youth Affairs as per appendix III

Notes to the Financial Statements (Continued)

7. Public Contributions and Donations

Description	2024-2025	2023-2024
	Kshs	Kshs
Recurrent Grants- Kwa Zulu Natal- South Africa		442,750
Totals		
Reconciliation Of Public Contributions and		
Balance Unspent at Beginning of The Year	-	
Current Year Receipts		442,750
Conditions Met - Transferred to Revenue		442,750
Conditions To Be Met - Remain Liabilities	-	-

8. Other Income

Description	2024-2025	2023-2024
	Kshs	**Kshs**
Transfers to Income from deferred income	-	1,284,384
Deferred Income from locations Mapping/GIZ	-	51,647,808
APA- WIBA	-	647,704
Total other income	**-**	**53,579,896**

9. Employee Costs

Description	2024-2025	2023-2024
	Kshs	**Kshs**
Salaries and wages	46,903,871	53,241,169
Employer contribution to pension schemes	5,366,216	2,688,356
Housing benefits and allowances	16,400,645	18,041,917
Gratuity	5,984,457	7,047,165
Other employee related costs *	17,101,919	19,403,900
Employee costs		**100,422,506**

**Other employee related costs- relate to Entertainment Allowance, Extraneous Allowance, Responsibility Allowance, Leave Allowance, and the Internship stipend/Casual wages*

10. Board Expenses

Description	2024-2025	2023-2024
	Kshs	**Kshs**
Chairman/Directors' Honoraria	436,129	-

Sitting Allowances	5,151,600	6,924,500
Medical Insurance	-	262,751
Induction and Training	660,000	1,306,000
Travel and Accommodation	4,240,308	6,683,443
Other Board Expenses	116,730	250,778
Board catering	83,000	-
Total	**10,687,767**	**15,427,472**

11. Depreciation and Amortization

Description	2024-2025	2023-2024
	Kshs	Kshs
Property, Plant and Equipment	17,192,258	19,425,574
Intangible Assets	8,362,102	7,131,556
Total Depreciation	**25,554,360**	**26,557,131**

12. Repairs and Maintenance

Description	2024-2025	2023-2024
	Kshs	Kshs
Equipment and Machinery/Office Repairs and Maintenance	333,797	247,103
Vehicles	1,655,981	2,642,271
ICT Annual Maintenance	555,350	157,700
Total Repairs and Maintenance	**2,545,128**	**3,047,074**

13. Contracted Services

Description	2024-2025	2023-2024
	Kshs	Kshs
Security services	632,400	600,000
Property and equipment insurance	674,391	674,394
Assets verification/Tagging	-	1,150,300
Total Contracted Services	**1,306,791**	**2,424,694**

14. Use of Goods and Services

(a) Description	2024-2025	2023-2024
	Kshs	Kshs
Internet Services	941,850	1,182,752
Telephone services	14,564	27,251
Electricity	929,394	1,228,828
Rent	19,316,575	19,194,775
Total use of goods and services	**21,202,384**	**21,633,607**

Use of goods as per performance	**(21,202,384)**
Decrease) in Receivables	15,534,680 *
Increase) in Inventories	(1,676,679)
Decrease) in Payables	(38,731,973)
Increase in Employee Benefit Obligation	4,225,641
Decrease) in Other Liabilities	(1,937,612)
Decrease in capital fund	(21,364,101)
Use of goods as per cashflow	**(65,152,428)**

Prior year error corrected through reinstatement of recurrent grant in line with IPSAS 3. Ksh.15,000,000 for FY 2023/24 that was received in the FY 2024/25 has been reinstated hence increasing the receivables by the same amount

15. General Expenses

Description	2024-2025	2023-2024
	Kshs	Kshs
Film research and development	3,604,922	3,473,045
Film incentive	-	2,640,551
Advocacy	2,384,768	3,302,395
Public Affairs/Sponsorships	472,307	1,855,810
Audience development school outreach	-	2,137,385
Screen culture development	2,611,800	13,741,070
Kalasha International Film TV Awards/market	-	46,460,613
Film hub	1,137,500	2,288,500
Production & Liaison Services	-	2,207,997
Certification & Accreditation	-	-
Mobile film competition	-	4,863,580
My county my story	-	1,773,725
International festivals	246,182	10,806,952
Kalasha writers hub/residency	-	156,869
Capacity development workshop	6,220,939	6,284,696
Scholarships& bursaries	-	1,000,000
Film industry empowerment programme (GIZ Grant)	-	44,202,714
E-Film Shop	-	949,040
Film Marketing	1,095,100	4,715,245
Film Archiving	-	1,823,486
Corporate communication	5,093,000	1,758,406
Thematic Advertising Campaigns	-	950,111
Branding	-	15,000
CSR and investors relations	592,800	144,000

Description	2024-2025	2023-2024
Stakeholder engagement	-	953,653
Staff team building	-	3,986,535
Software annual licenses renewal	7,620,370	1,532,462
Group media cover	12,137,365	12,216,793
Staff training and development	2,464,623	6,737,254
Club membership	-	55,000
Travelling and accommodation-local	21,440,662	15,947,964
Internal Audit	451,500	2,904,805
Africa Audiovisual Cinema Commission (AACC)	9,030,153	15,418,952
Legal	-	6,669,360
Courier and postage services	19,014	334,835
General office supplies	2,600,286	2,473,793
Corporate entertainment	-	812,730
Staff welfare	2,786,666	5,547,155
Advertising and Publicity	210,000	205,045
Computer Software/Hardwares	-	514,500
Cleaning services	575,870	797,290
Bluesky	-	2,470,775
Knowledge Management	-	1,724,470
Fuel and lubricants	3,881,088	4,757,203
Audit fee	290,000	290,000
Publications, subscriptions and newspapers	301,087	263,209
Professional subscriptions	166,320	196,275
PC, strategic plan, ISO,M&E	6,645,000	12,057,047
Bank charges	272,704	393,511
Ultramodern cinema theatre	2,313,900	677,890
Total General Expenses	**96,665,926**	**257,489,695**

16. Cash and Cash Equivalents

Description	2024-2025	2023-2024
	Kshs	Kshs
KFC Current Account	19,961,304	109,667,572
Current Account-AACC	25,776,074	39,331,569
Current Account-Donor Funds (GIZ)	24,288	23,991
Cash-on-hand	-	5,249
Total Cash and Cash Equivalents		**149,028,381**

(a) Detailed Analysis of the Cash and Cash Equivalents

		2024-2025	2023-2024
Financial Institution	**Account**	**Kshs**	**Kshs**
a) **Current Account**			
KFC Current Account	1106760018	19,961,304	109,667,572
KFC Current Account-Donor Funds (GIZ)	1312243031	24,288	23,991
Current Account-AACC	1316047180	25,776,074	39,331,569
Sub- Total			**149,023,132**
b) On - Call Deposits			
Sub- Total		-	-
c) Fixed Deposits Account			
-		-	-
Sub- Total		-	-
d) Staff Car Loan/ Mortgage			
-		-	-
Sub- Total		-	-
e) Others			
Cash In Hand		-	5,249
Mobile Money Accounts/ Mpesa		-	
Sub- Total		-	**5,249**
Grand Total		**45,761,666**	**149,028,381**

17. Receivables from Exchange Transactions

(a) Receivables from Exchange Transactions (Current)

Description	2024-2025	2023-2024
	Kshs	Kshs
Receivables		
Salary Advances-Staff debtors	389,158	825,562
State Department for Youth Affairs and Creative Economy	-	15,000,000
Total Current Receivables	**389,158**	**15,825,562**

These debts relate to salary advances to staff that were outstanding as at June 30, 2025

(b) Receivables from Exchange Transactions (Long-term)

Description	2024-2025	2023-2024
	Kshs	Kshs
Total receivables	-	-
Kalasha Market -Debtors	-	-

KENATCO Taxis Ltd	-	98,276
Total receivables	-	-
Current portion transferred to current receivables	-	-
Total non-current receivables	-	**98,276**
Total receivables (a+b)	-	**15,923,838**

Prior year error corrected through reinstatement of recurrent grant in line with IPSAS 3. Ksh.15,000,000 for FY 2023/24 was received in the FY 2024/25 has been reinstated and consequently increased the receivables by the same amount

(c) Ageing analysis for Receivables from exchange transactions

Description	2024-2025		2023-2024	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	389,158	100%	15,923,838*	100%
Between 1- 2 years	-	-	-	-
Between 2-3 years	-	-	-	-
Over 3 years	-	-	-	-
Total (a+b)	**389,158**	**100%**	**15,923,838**	**100%**

Prior year error corrected through reinstatement of recurrent grant in line with IPSAS 3. Ksh.15,000,000 for FY 2023/24 was received in the FY 2024/25 has been reinstated and consequently increased the Surplus for the Year by the same amount

18. Prepayment

Description	2024-2025	2023-2024
	Kshs	Kshs
Rent Deposit	1,931,982	1,931,982
KRA Advance Payment	1,836,934	1,836,934
Total	**3,768,916**	**3,768,916**

19. Inventories

Description	2024-2025	2023-2024
	Kshs	Kshs
Consumable stores	3,868,218	2,191,539
Total	**3,868,218**	**2,191,539**

Inventories at the lower of cost and net realizable

Notes to the Financial Statements (Continued)

20. Property, Plant and Equipment

	Office Equipment	Computers	Motor Vehicles	Furniture and Fittings	Total
Cost	**Kshs**	**Kshs**	**Kshs**	**Kshs**	**Kshs**
1st July 2023	**20,415,270**	**2,086,428**	**9,741,954**	**4,414,558**	**36,658,210**
Revaluation gain/ loss	(11,265,715)	14,712,112	13,284,426	1,669,537	18,400,360
Addition	8,883,480	11,140,900	-	18,180,050	38,204,430
Sub total	**18,033,035**	**27,939,440**	**23,026,380**	**24,264,145**	**93,263,000**
Disposal					
Deprecation for the Year	2,254,129	8,381,832	5,756,595	3,033,018	19,425,575
30th June 2024 (NBV)	**15,778,906**	**19,557,608**	**17,269,785**	**21,231,127**	**73,837,426**
1st July 2024	**15,778,906**	**19,557,608**	**17,269,785**	**21,231,127**	**73,837,426**
Addition	19,050,201	-	-	-	19,050,201
Sub total	**34,829,107**	**19,557,608**	**17,269,785**	**21,231,127**	**92,887,627**
Disposal	-	-	-	-	-
Deprecation for the Year	4,353,638	5,867,282	4,317,446	2,653,891	17,192,258
30th June 2025 (NBV)	**30,475,468**	**13,690,326**	**12,952,339**	**18,577,236**	**75,695,369**

Notes to the Financial Statements (Continued)

21. Intangible Assets

(a) Softwares

Description	2024-2025	2023-2024
	Kshs	Kshs
Cost		
As at Begging of FY	**13,236,000**	**13,236,000**
Additions	6,344,000	-
Transfer/Adjustment	-	-
As at End of FY	**19,580,000**	**13,236,000**
Amortization and impairment		
As at Beginning of FY	**11,304,868**	**8,696,052**
Amortization Charge	2,482,540	2,608,816
As at End of FY	**13,787,407**	**11,304,868**
Net book values		
As at Begging of FY	1,931,132	-
As at End of FY	**5,792,593**	**1,931,132**

(a) Development Expenditure-Location Mapping

Description	2024-2025	2023-2024
	Kshs	Kshs
Cost		
As at Begging of FY	**29,560,396**	**29,560,396**
Additions	-	-
As at End of FY	**29,560,396**	**29,560,396**
Amortization and impairment		
As at Begging of FY	**19,598,543**	**15,075,802**
Transfer/Adjustment		
Amortization Charge	5,879,563	4,522,741
As at End of FY	**25,478,105**	**19,598,543**
Net book values		
	4,082,291	**9,961,853**
(a+b)		
Total Amortization and impairment on Intangible Assets	**8,362,102**	**7,131,556**
Net book values	**9,874,883**	**11,892,986**

22. Trade and Other Payables

Description	2024-2025	2023-2024
	Kshs	Kshs
Trade Payables (i)	15,267,206	53,999,179
Employee benefit obligation (ii)	19,043,758	14,818,117
Other liabilities (iii)	280,000	2,217,612
Total trade and other payables	**34,590,964**	**71,034,908**

23. Deferred Income

Description	2024-2025	2023-2024
	Kshs	Kshs
Differed Income (GIZ)	**23,991**	**51,671,799**
Addition (Transfer from Main Account)	12,000	-
Expenditure for the year	(11,703)	(51,647,808)
Total Deferred Income	**24,288**	**23,991**

These funds are from GIZ meant for film empowerment programme.

The deferred income movement is as follows:

	National Government	International funders	Public contributions and donations	Total
	Kshs	Kshs	Kshs	Kshs
Balance B/F	-	**23,991**	-	**23,991**
Additions	-	12,000	-	12,000
Transfers to Income	-	(11,703	-	(11,703)
Balance C/F	-	**24,288**	-	**24,288**

24. Accumulated Surplus

	2024-2025	2023-2024
	Kshs	Kshs
Accumulated Surplus b/f	**86,839,118**	**20,375,701**
Surplus for the Year	(59,477,126)	57,220,559*
Kalasha Market Debtors adjusted	-	(403,000)
Ganane Supplies Limited- Partitioning Wing B	-	1,807,418
Greentide Africa LTD- Partitioning of Uriri film hub	-	7,838,530
Balance C/f as at 30 June 2025		**86,839,118**

Prior year error corrected through reinstatement of recurrent grant in line with IPSAS 3. Ksh.15,000,000 for FY 2023/24 was received in the FY 2024/25 has been reinstated and consequently increased the Surplus for the Year by the same amount

25. Capital Funds

	2024-2025	2023-2024
	Kshs	**Kshs**
Capital Fund b/f	**80,344,708**	**61,586,267**
Additions	-	32,250,000
Transfer to income	(2,313,900)	(17,553,830)
Transfer to assets	(19,050,201)	(13,491,559)
Total	**58,980,607**	**80,344,708**

26. Cash Generated from Operations

	2024-2025	2023-2024
	Kshs	Kshs
Surplus for the year before tax	**(59,477,126)**	**57,220,559**
Adjusted for:		
Depreciation	25,554,360	26,557,131
Audit Fees		290,000
Working capital adjustments:		
Increase in inventory	(1,676,679)	(670,805)
Increase in differed revenue	298	-
Increase in receivables	15,534,680	(15,362,338)
Increase in Employee Obligations	4,225,641	(5,786,295)
Increase in payables	(38,731,973)	(27,675,260)
Increase in other payables	(1,937,612)	2,447,007
Decrease in capital fund	(21,364,101)	-
Net cash flows from operating activities	**(77,872,513**	**37,019,998**

(77,872,513)

27. Financial Risk Management

The Entity's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Entity's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Entity does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history. The Entity's financial risk management objectives and policies are detailed below:

i) Credit risk

The Entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Entity's management based on prior experience and their assessment of the current economic environment.

Financial Risk Management

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

	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
As at 30 June 2025				
Receivables from exchange	389,158	389,158	-	-
Bank balances	45,761,667	45,761,667	-	
Total	**46,150,825**	**46,150,825**	**-**	-
As at 30 June 2024				
Receivables from exchange	15,923,838	15,923,838	-	-
Bank balances	149,028,381	149,028,381	-	
Total	**164,952,219**	**164,952,219**	**-**	-

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Entity has significant concentration of credit risk on amounts due from xxx. The board of directors sets the Entity's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

ii) Liquidity risk management

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

represents cash flows payable by the Entity under non-derivative financial liabilities by their remaining contractual maturities at the reporting date.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
As at 30 June 2025				
Trade payables	-	12,503,206	2,764,000	15,267,206
Provisions	-	280,000	-	280,000
Deferred income	-	-	24,288	24,288
Employee benefit obligation	-	-	19,043,758	19,043,758
Total	-	**12,783,206**	**21,832,046**	**34,615,252**
As at 30 June 2024				
Trade payables	-	49,578,178	4,421,000	53,999,178
Provisions	-	290,000	1,927,612	2,217,612
Deferred income	-	-	23,991	23,991
Employee benefit obligation	-	-	14,818,117	14,818,117
	-	**49,868,178**	**21,190,720**	**71,058,898**

iii) Market risk

The Commission has put in place an internal audit function to assist it in assessing the risk faced by the Entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls. Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The Entity's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the Entity's exposure to market risks or the way it manages and measures the risk.

a) Foreign currency risk

The Commission has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated

in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

The Commission manages foreign exchange risk form future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

The carrying amount of the Commission's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period was nil.

b) Interest rate risk

Interest rate risk is the risk that the Entity's financial condition may be adversely affected as a result of changes in interest rate levels. The Entity's interest rate risk arises from bank deposits. This exposes the Entity to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Entity's deposits.

Management of interest rate risk

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

Sensitivity analysis

The Commission is not exposed to interest rate risk due to fluctuations in interest rates on the bank balances that it holds in the current accounts for reasons stated above.

Fair value of financial assets and liabilities

a) Financial instruments measured at fair value.

Determination of fair value and fair values hierarchy

IPSAS 30 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect Commission's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market

data when available. The Commission considers relevant and observable market prices in its valuations where possible.

There is no an analysis of financial and non- financial instruments to be

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

Recorded at fair value by level of the fair value	2024-2025	2023-2024
	Kshs	Kshs
Retained Earnings/ Accumulated Surplus	27,361,992	86,839,118
Capital Reserve/ Fund	58,980,607	80,344,708
Revaluation Reserve	18,400,360	18,400,360
Total funds	**104,742,959**	**185,584,186**
Total Borrowings	-	-
Less: Cash and Bank Balances	(45,761,667)	(149,028,381)
Net Debt/ (Excess Cash and Cash Equivalents)	58,981,293	36,555,805
Gearing	**56.31%**	**19.69%**

28. Related Party Disclosures

Nature of related party relationships

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

Government of Kenya

The Government of Kenya is the principal shareholder of KFC. The Government of Kenya has provided full guarantees to all long-term lenders of the Entity, both domestic and external.

Other related parties include:

i) The Parent Ministry.
ii) County Governments
iii) Other SCs and SAGAs
iv) Key management.
v) Board of directors.
vi) Key management

	2024-2025	2023-2024
	Kshs	Kshs
Transactions with related parties		
a) Sales to related parties		
Sales of goods	-	-

Sales of services	-	-
Total	-	-
b) Grants /transfers from the		
Grants from national govt	**190,242,338**	**358,439,600**
Grants from county government	-	-

	2024-2025	2023-2024
	Kshs	Kshs
Donations in kind	-	-
Total	**190,242,338**	**358,439,600**
c) Expenses incurred on behalf of related party		
Payments of salaries and wages		-
Payments for goods and services		-
Total		-
d) Key management compensation		
Directors' emoluments	1,295,859	15,427,472
Payment of Board of Directors Transport	9,205,908	-
Compensation to key management	38,579,096	11,534,700
Total	**49,080,863**	**26,962,172**

29. Capital Commitments

Capital Commitments	2024-2025	2023-2024
	Kshs	Kshs
Authorised for Nyeri Ultra-Modern Cinema Theatre	-	-
	-	-
Total	-	-

(NB: Capital commitments are commitments to be carried out in the next financial year and are disclosed in accordance with IPSAS 17. Capital commitments may be those that have been authorised by the board but at the end of the year had not been contracted or those already contracted for and ongoing).

30. Events after the Reporting Period

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

31. Ultimate And Holding Entity

KFC is a Semi- Autonomous Government Agency formerly under the Ministry of ICT, Innovations and Youth Affairs but currently under the Ministry of Youth Affairs, The Arts and Sports. Its ultimate parent is the Government of Kenya.

32. Currency

The financial statements are presented in Kenya Shillings (Kshs) rounded to the nearest Kshs.

20. Appendices

Appendix 1: Implementation Status of Auditor-General's Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Ref No.	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
	Unexplained Prior Year Adjustment The statement of changes in net assets reflects a prior year adjustment balance of Kshs.2,284,685 which was not supported with any relevant journal vouchers or documents.	The supportive and the relevant journal vouchers will be provided.	Not resolved	By 30th June 2023
	Budgetary Control Performance the Commission spent Kshs. 322,571,739 against a Kshs. 400,917,020 approved budgets, resulting in an under expenditure of Kshs. 78,345,281 or 19% of the budget. There was no justification provided for the underperformance. The intended activities were hampered by the underperformance, which may have had a detrimental effect on how well the general public was served	Management has noted and appreciates the recommendations. The Commission expended KSHs.377, 698,021 against an approved budget of KSHs 400,917,020 resulting to an under-expenditure of KSHs.23, 218,998 or 6% of the budget. This was occasioned by Covid 19 pandemic that resulted to restrictions in the country in line with ministry of Health guidelines hence low operations and low budgetary absorption	Not resolved	By 30th June 2023
	Expenditure on Film Industry Empowerment Programme The statement of financial performance shows expenditure	The Commission established a film empowerment program to provide film and video related funding in the development (of feature films documentaries and TV Concepts), and production	Not resolved	By 30th June 2023

	totaling Kshs. 216,786,279 for general expenses, which includes Kshs. 52,141,925 spent on the Film Industry Empowerment Programme, as indicated in Note 15 to the financial statements. However, a review of the records indicated a figure of Kshs. 15,343,000 that was not supported by payment vouchers, invoices, procurement records, or local purchase orders. The accuracy and completeness of the expenditure of Kshs. 52,141,925 on the film industry empowerment programme could not be confirmed.	of feature films and documentaries and marketing and distribution. The aim was to increase the number of quality local films made in in Kenya. The supporting documents for the same is provided as an annexure (EVIDENCE 4.8 (b)) - Blue box file as submitted earlier.		
	Unsupported Expenditure on Film Marketing Events – Local and International Kalasha International Film & TV Awards/ market The total sum given to Kalasha award winners was Kshs. 5,000,000 but the rationale for the amounts awarded to the winners of the various categories was not made available for audit review. The accuracy and completeness of the expenditure of Kshs.5,000,000 could not be confirmed.	The Kalasha awards event was held on 12th December 2020 at the Sarit Centre Nairobi. There were 31 categories with 31 winners i.e., a winner per category. From these 31 winners, 30 were paid Ksh. 100,000 each hence the total of Ksh. 3,000,000 as budgeted. The award winners in various categories are provided in the enclosed 10th edition Kalasha international Film and TV awards report (pg 11 & 12) 19th December 2020. In addition, this categories are a practice borrowed from the Oscars and other Film awards around the world.	Not resolved	By 30th June 2023

		The Kalasha Market event was held on 5th to 7th May 2021 at the Sarit Centre, the Jury declared four winners in four categories of the Pitching competition. Each was paid Ksh. 500,000, hence total amount paid was Ksh. 2,000,000 as budgeted. The details of the winners are contained in the Pitching competition 2021 report (pg 13) dated 7th May 2021. (EVIDENCE 4.7 as earlier shared (b		
	Expenditure on Capacity Development Programmes According to Note 15 of the financial statements, the Commission spent Kshs. 216,786,279 on general expenses, which included kshs. 12,560,000 on content acquisition. Out of this amount, a total of kshs 540,000 was paid to the nine (9) members of the Content Acquisition Committee, Appointment letters for eight (8) members, the attendance register and meeting minutes, or the rate of payment per member were not provided for audit review. Further, payments for content acquisition for four (4) production companies for acquisition of a series at Kshs.2,730,000	The selection from industry was based on the nature of the tasks that were before the Committee, hence the focus on those with knowledge and expertise in distribution of film. The eight members appointment letters is hereby enclosed (EVIDENCE A). The minutes of the committee dated 14th August 2020 and a report dated October 2020 have been enclosed (EVIDENCE B). The basis for determining the payment rate of Kshs.60,000 is as per The Presidency, Ministry of devolution and Planning Circular dated 2nd August 2013 on payment of Taskforce allowance Ref No. MSPS.2/1A VOL.XLVIII/(119). Each member was paid Ksh. 4,000 per day for fourteen days in line with section (i) of the circular attached as	Not resolved	By 30th June 2023

	per series totalling Kshs.10,920,000 were not supported by any documents to show how the firms were selected, and the rates applied. The accuracy and completeness of the expenditure of Kshs.12,560,000 on the capacity development programmes for the year ended 30 June,2021 could not be confirmed.	an annexure (EVIDENCE 4.12 (a1) as earlier shared. And also in annexure (EVIDENCE 4.12 (b)) as earlier shared.		
	Budgetary Control Performance the Commission spent Kshs. 322,571,739 against a Kshs. 400,917,020 approved budgets, resulting in an under expenditure of Kshs. 78,345,281 or 19% of the budget. There was no justification provided for the underperformance. The intended activities were hampered by the underperformance, which may have had a detrimental effect on how well the general public was served.	Management has noted and appreciates the recommendations. The Commission expended KSHs.377, 698,021 against an approved budget of KSHs 400,917,020 resulting to an under-expenditure of KSHs.23, 218,998 or 6% of the budget. This was occasioned by Covid 19 pandemic that resulted to restrictions in the country in line with ministry of Health guidelines hence low operations and low budgetary absorption	Not resolved	By 30th June 2023
	Non- Compliance with the One Third of Basic Salary Rule Contrary to section C.1(3) of the Public Service Commission (PSC) Human Resource Policies 2016, four employees earned net salaries totalling less than one-third (1/3) of	During the Month of January 2021 Ms Pauline Muthoni was deducted 17, 960 as Hazina Loan and this was corrected in subsequent months as per attached payroll for the month of February 2021 and March 2021. APPENDIX IV)	Not resolved	By 30th June 2023

	the basic salary during the end of the financial year June 30, 2021. The Management has not provided an explanation for the Policy's noncompliance. In the circumstances, Management was in breach of the law.	For Mr. Lawrence Wambura in the month of January 2021, March 2021 and June 2021 the error was corrected as per attached payslips in the subsequent months (APPENDIX IV submitted earlier) Mr. Bernard Kibe did not comply with 1/3 rule but in the subsequent months the error was corrected as per attached payroll for the month of February and March 2021 (APPENDIX IV submitted earlier) Mr. Alex Mulwa did not comply with the 1/3 rule since the officer was exiting the Commission in the month of June 2021 as per attached letter and there was need to deduct the amount owed to the Commission. APPENDIX IV and V submitted earlier)		
		Management notes the audit observations together with the recommendations provided thereof. Further, Management notes and confirms the following; - (i) That budgetary for barcoded asset tagging shall be provided for in the first quarter of financial year 2022/2023. (ii) That for ease of identification, management shall undertake temporary manual tagging for the assets and update the	Not resolved	By 30th June 2023

		register by 14th March, 2022.		
	Unbalanced Budget Issue / Observations from Auditor The Statement of comparison of budget and actual amount reflects final budgeted revenue balance of Kshs.324,817,200 and budgeted expenditure of Kshs.400,917,020 resulting into a budget deficit of Kshs.76,099,820 contrary Regulation 33 (e) of the Public Finance Management (National Government) Regulations, 2015 which provides that the total budget revenue shall cover the total budget expenditure. In the circumstances, Management was in breach of the law.	Management has noted and appreciates the comments recommendations. The Commission operated a balance budget as per the signed budget for the FY 2021. Besides the amounts received from the exchequer and sponsors of Ksh. 324, 817,200, the commission had roll over from the FY 2019/20 as follows and as per the signed budget; Recurrent Ksh. 84,135,741 Development Ksh. 7,843,020 Stimulus Package 8,500,000 These funds had been accounted for in the FY 2019/20 statement of comparison of budget and actual amount effective resulting into what appears as "a budget deficit" though purely for accounting purpose.	Not resolved	By 30th June 2023
	Unsupported property, plant and equipment. The statement of financial position reflects property, plant and equipment balance of Kshs.36,658,209 which has disclosed in note 20 to the financial statements includes two vehicles net book values balance of	Management has noted and appreciates the recommendations. The Commission during the FY 2022/2023 engaged a consultant to revalue the all-Commissions assets and recommend others for disposal. Subsequently the asset register was fully updated. The Commission also sort Approval from the National Treasury through	Not resolved	By 30th June 2025

	kshs.9,741,954. The balance includes vehicles valued at Kshs.8,225,550 at cost which have been grounded since October 2022. Further the assets register has not been updated to include the depreciation charge for the year, accumulated depreciation and the resulting net book value for all the assets. In the circumstances, the accuracy and completeness of the property, plant and equipment balance of Kshs.36,658,209 could not be confirmed.	the Parent Ministry on disposal of assets vide ref. no. which is yet to be responded to.		
Reference No.				**Timeframe:**
	Long outstanding Receivables from Exchange transactions; The statement of financial position reflects receivables from exchange transactions balance of Kshs.561,500 as disclosed in note 17 to the financial statements. The balance includes receivables amounting to Kshs.403,000 which has been outstanding for over 3 years. In addition, the supporting claims and the breakdown of the amount was not	Management has noted and appreciates the recommendations. The Commission made adjustments of the financial statements under IPSAS 3 : Accounting policies, changes in accounting estimates and prior period errors. This is an adjustment of the carrying amount of an asset or liability or the amount of the periodic consumption of an asset that results from the assessment of the present status of and expected future benefits and obligations associated with assets and liabilities. Retrospective restatement is correcting the recognition, measurement	Not resolved	By June 30, 2025.

	provided for audit. In the circumstances, the accuracy, **completeness** and recoverability of the balance of Kshs.561,500 could not be confirmed.	and disclosure of amounts of elements of financial statements as if a prior error had never occurred. The restatement were made through journal entries of the outstanding amount of Kshs.403,000		

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Timothy Owase
Chief Executive Officer
Kenya film commission
Date

Appendix II: Projects implemented by Kenya Film Commission

Projects implemented by the Commission Funded by development partners and/ or the Government.

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements. (Yes/No)
-	-	-	-	-	-	-

Status of Projects completion

SN	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Film Location Mapping	122.25M	92.25M	75.5%	32.25M	32.25M	GoK

Appendix IV: Transfers from Other Government Entities

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - KES	Statement of Financial Performance	Where Recorded/recognized				Total Transfers during the Year
					Capital Fund	Deferred Income	Receivables	Others - must be specific	
Ministry of Youth Affairs, Sports and The Arts	02.08.2024	Recurrent	15,609,951	15,609,951	-	-	-	-	**15,609,951**
Ministry of Youth Affairs, Sports and The Arts	12.09.2024	Recurrent	10,406,633	10,406,633	-	-	-	-	**10,406,633**
Ministry of Youth Affairs, Sports and The Arts	07.11.2024	Recurrent	26,016,585	26,016,585	-		-	-	**26,016,585**
Ministry of Youth Affairs, Sports and The Arts	07.02.2025	Recurrent	26,016,585	26,016,585	-	-	-	-	**26,016,585**
Ministry of Youth Affairs, Sports and The Arts	09.05.2025	Recurrent	106,016,584	106,016,584	-	-	-	-	**106,016,584**
Sports, Arts and Social Development Fund	07.03.2025	Recurrent	6,176,000	6,176,000	-		-	-	**6,176,000**
Total									**190,242,338**

Appendix V- Inter-Entity Confirmation Letter

(a) Principal Secretary
Ministry of Youth Affairs, The Arts and Sports
State Department for Youth Affairs and The Arts

KFC wishes to confirm the amounts disbursed to us as at 30th June 2024 as indicated in the table below. Please compare the amounts disbursed to us with the amounts you remitted and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by KFC as at 30th June 2025							
		Amounts Disbursed by KFC (Kshs) as at 30th June 2024				**Amount Received by [beneficiary Entity] (Kshs) as at 30th June 2024 (E)**	**Differences (Kshs) (F)=(D-E)**
Reference Number	**Date Disbursed**	**Recurrent (A)**	**Development (B)**	**Inter–Ministerial (C)**	**Total (D)=(A+B+C)**		
	02.08.2024	15,609,951	-	-	15,609,951	15,609,951	-
	12.09.2024	10,406,633	-	-	10,406,633	10,406,633	-
	07.11.2024	26,016,585	-	-	26,016,585	26,016,585	-
	07.02.2025	26,016,585	-	-	26,016,585	26,016,585	-
	07.03.2025	6,176,000	-	-	6,176,000	6,176,000	
	09.05.2025	106,016,584	-	-	106,016,584	106,016,584	-
Total		**190,242,338**	-	-	**190,242,338**	**190,242,338**	-

The above amounts have been communicated to and reconciled with the parent Ministry

Finance and Accounts Manager
Kenya Film Commission

Sign ----------

Head of Accounting Unit
Ministry of Youth Affairs, Creative Economy and Sports
State Department for Youth Affairs and Creative economy

Sign----------

[Insert your Letterhead]

(b) CEO
Sports, Arts and Social Development Fund
NAIROBI

KFC wishes to confirm the amounts disbursed to us as at 30th June 2025 as indicated in the table below. Please compare the amounts disbursed to us with the amounts you remitted and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by KFC as at 30th June 2025							
		Amounts Disbursed to KFC (Kshs) as at 30th June 2025				**Amount Received by KFC**	
Reference Number	**Date Disbursed**	**Recurrent (A)**	**Development (B)**	**Inter–Ministerial (C)**	**Total (D)=(A+B+C)**	**(Kshs) as at 30th June 2025 (E)**	**Differences (Kshs) (F)=(D-E)**
	07.03.2025	6,176,000	-	-	6,176,000	6,176,000	-
Total		**6,176,000**	**-**	-	**6,176,000**	**6,176,000**	-

The above amounts have been communicated to and reconciled with the Sports, Arts and Social Development Fund

Finance and Accounts Manager
Kenya Film Commission

Head of Accounting Unit
Sports, Arts and Social Development Fund

Sign ---------- Sign----------

Appendix VI: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities	Quarter				Source of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Appendix VII: Reporting on Disaster Management Expenditure

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments