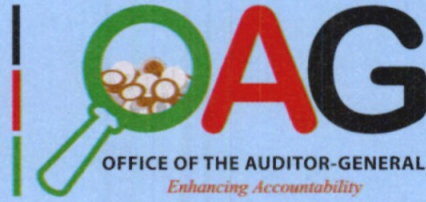


REPUBLIC OF KENYA



REPORT

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 11 FEB 2026

DAY.

WEDNESDAY

OF

TABLED

LEADER OF MAJORITY PARTY

(HON. KIMATI IGITHUNYWA)

CLERK AT
THE TABLE:

J. KEMERELLE



THE AUDITOR-GENERAL

ON

KENYA BROADCASTING CORPORATION

FOR THE YEAR ENDED

30 JUNE, 2025





OFFICE OF THE AUDITOR GENERAL
P.O. Box 30084 - 00100, NAIROBI
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KENYA BROADCASTING CORPORATION

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2025

Prepared in accordance with the IFRS Accounting Standards

Kenya Broadcasting Corporation
Annual Report and Financial Statements for the year ended June 30, 2025

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1. Acronyms and Glossary of Terms

A. Acronyms

IFRS	International Financial Reporting Standards
MD	Managing Director
NT	National Treasury
PFMA	Public Finance Management Act.
PSASB	Public Sector Accounting Standards Board
KBC	Kenya Broadcasting Corporation
SDBT	State Department for Broadcasting and Technology
AG	Attorney General
PS	Principal Secretary
CS	Cabinet Secretary

B. Definition of Key Terms

Fiduciary Management

Members of Management are directly entrusted with the entity's financial resources.

Comparative Year- Means the prior period.

2. Key Entity Information

a) Background information

The Kenya Broadcasting Corporation was established by an Act of Parliament in 1989. At Cabinet level, KBC is represented by the Cabinet Secretary for Ministry of Information, Communication and Digital Economy, who is responsible for the general policy and strategic direction of KBC. KBC headquarters is domiciled in Nairobi, Kenya with two main branches (Kisumu and Mombasa) and various transmitting and revenue offices across the country.

b) Principal Activities

The principal activity of KBC is to transmit objective, informative, educative and entertaining content to the public through high quality broadcasts.

Vision

Kenya's most reliable, dynamic and trusted broadcaster

Mission

To provide leadership in transmission of objective, informative, educative and entertaining content to the public through high quality broadcasts.

c) Directors

The Directors who served the entity during the year/period were as follows:

1	Mr. Tom Mshindi Nyamancha	Chairman	Appointed on 19.01.2024
2	MS. Agnes Kalekye	Managing Director	Appointed on 30.10.2024
3	Ms. Priscillah Karanja	Director	Alternate to PS, SDBT
4	Ms. Judy Nyakawa	Director	Alternate to CS, NT
5	Ms. Grace Mutindi	Director	Alternate to AG
6	Mr. Japheth Okoth Olende	Director	Appointed on 31.05.2023
7	Ms. Sarah Muhoya	Director	Appointed on 31.05.2023
8	Mr. Gerald Kimathi Ithibua	Director	Appointed on 30.06.2023
9	Mr. Joseph Maina Mathai	Director	Appointed on 13.07.2023
10	Ms. Sellah Ayimba	Director	Appointed on 04.10.2024
11	Mr. Ibrahim Sane	Director	Appointed on 04.10.2024
12	Ms. Rose Ombaki	Director	Appointed on 08.11.2024
1.	Ms. Monica Omoro	Director	Left on 02.05.2025
2.	Mr. Mark Ngecho Lugwisa	Director	Left on 16.04.2025
3.	Ms. Lynette Mwangi	Director	Left on 29.01.2025

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d) Corporation Secretary

Mr. Paul Jilani
P.O. Box 30456
Nairobi

e) Registered Office

Broadcasting House
Harry Thuku Road
P.O. Box 30456
Nairobi, KENYA

Key Entity Information (continued)

f) Corporate Headquarters

P.O. Box 30456
Broadcasting House
Harry Thuku Road
Nairobi, KENYA

g) Corporate Contacts

Telephone : (254) 020-318823
E-mail: md@kbc.co.ke
Website: www.kbc.co.ke

h) Corporate Bankers

1. Citibank N.A.,
Citibank House, Upper Hill Road,
P.O Box 30711-00100,
Nairobi, Kenya.
2. Kenya Commercial Bank,
Moi Avenue,
Kencom House,
P.O. Box 30081-00100,
Nairobi, Kenya.
3. NCBA,
NCBA Centre,
Mara and Ragati Roads, Upper Hill,
P.O. Box 30437-00100,
Nairobi, Kenya



i) Independent Auditors

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



j) Principal Legal Advisers

1. The Attorney General
State Law Office and Department of Justice
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya



3. The Board of Directors

SN	Directors	Details
1.	 <p>Mr. Tom Mshindi Nyamancha (Chairman) Political Science, Literature, Strategic Management</p>	<p>Born on 1st March, 1961 Mr. Mshindi has over 25 years' experience in media and communications, having served in media across eastern Africa and beyond. His expertise is in areas of Political Science, Literature and strategic Management.</p> <p>He holds a bachelor of arts degree and a post graduate diploma in mass communication from the university of Nairobi, and 2 AMP Certificates from Strathmore Business School and from IESE in New York. He is an independent director and chair of the Board of directors</p>
2.	 <p>Ms. Agnes Kalekye (Managing Director) Master of Science Leadership and Sustainability, Bachelor of Arts Communications and Community Development</p>	<p>Born on 1st January, 1978.</p> <p>She holds Master of Science Leadership and Sustainability Robert Kennedy College, University of Cumbria, UK. Bachelor of Arts Communications and Community Development Daystar University, Kenya. Diploma in Marketing Management- Marketing Society of Kenya.</p> <p>Professional Certifications</p> <p>Senior Executive Program for Africa, Harvard Business School, 2019</p> <p>Value innovation: New Logic for reinventing your Industry, Harvard Business School, 2019.</p> <p>Managing Performing Teams, International Sales Training Institute, 2014.</p> <p>Radio Management Consultant Certification, RAL, 2010.</p> <p>Online Tourism Management, E – Tourism Africa, 2009.</p>



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		<p>Certificate in ISO 9001:2000, CISM, 2008. Standard awareness Seminar, CISM, 2004</p>
3.	 <p>Ms. Priscillah Karanja Master's Degree in Business Administration (Corporate Management)</p>	<p>CPA Karanja is a holder of a master's degree in business administration (Corporate Management) from KCA University; Bachelor of Commerce (Finance) from the Catholic University of East and Central Africa (CUEA); a Certified Public Accountant (CPA), a member of the Institute of Certified Public Accountants of Kenya (ICPAK) and a member of the Association of Women Accountants of Kenya (AWAK).</p> <p>She is a Senior Deputy Accountant General with over twenty years of experience in public sector Accounting and Finance having served in various Ministries and State Departments under the National Treasury. She is an alternate director to the PS, SDBT</p>
4.	 <p>Ms. Judy Nyakawa MA Counselling Psychology</p>	<p>CPA /CS Judith Mulure is a PFM Expert with a wide experience in public finance. An alumnus of the University of Nairobi (BCom), Daystar University (MA Counselling Psychology) and the USIU-Africa MBA) she is a Senior Deputy Director at the National Treasury.</p> <p>She started her career as an Auditor in the then Office of then Controller & Auditor General. She has served as Chief of Finance and Head of Internal Audit in various Ministries, Departments and Agencies.</p> <p>She is a member of the ICPAK, ICSK, ICIFA, AWAK among others.</p>

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		<p>Judith serves in various Boards in both her official and private capacities.</p> <p>As part of giving back to society, she serves on various school boards and enjoys mentoring teenagers and young people both in their professional pursuits and religious experience. She is an alternate director to the CS, NT</p>
5.	 <p>Ms. Gracie Mutindi Bachelor of Laws</p>	<p>She is an advocate of the High Court of Kenya and a principal State Counsel at the office of the Attorney General and Department of Justice. She has over eight years' experience in dispute resolution, public interest litigation and legal compliance. She is an alternate director to the AG</p>
6.	 <p>Mr. Japheth Okoth Olende Bachelor of Commerce Chartered Insurer -London Member, Institute of Directors Certified Trustee.</p>	<p>Born in 1953, Mr. Olende is a senior business consultant, focusing on business transformation, particularly for SMEs. Mr. Olende was previously the regional director of the Alpha Group, an international Company based in the UK, focusing on transformation of SMEs for fast growth.</p> <p>He currently serves on the Boards of a few companies including, the Absa Bank Group, ABSA Bancassurance Intermediary Company, ABSA Asset Management Company, Jumbo Chem Kenya Ltd and 25th Investment Company.</p> <p>Academic and professional qualifications include Bachelor of Commerce from the</p>

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		<p>University of Nairobi, Chartered Insurer London, Member, Institute of Directors and a Certified Trustee</p> <p>He is an independent director and chair of the Audit and Risk Committee</p>
7.	 <p>Ms. Sarah Muhoya M.A. Communications B. Education Mediation</p>	<p>Born on 22nd September, 1964, Ms. Muhoya is a communication and gender professional with over 20 years of working with women, youth, persons with disabilities and the faith organization in the region. Currently, she is the head of positioning and Democracy Trust Fund (DTF) at Echo Network Africa.</p> <p>Prior to joining ENA, Ms. Muhoya worked as the Director in charge of the inclusivity program at Centre for Multiparty Democracy (CMD-Kenya) for 11 years.</p> <p>Ms. Muhoya is a prolific writer with a keen eye for details. She has a master degree in communication from daystar university and a bachelor of education from Kenyatta university. She is currently pursuing her PHD at the University of Nairobi</p> <p>She is an independent director and chair of the Human Resources, Legal and Corporate affairs Committee</p>
8.	 <p>Mr. Gerald Kimathi Ithibua Bachelor of Project Management Diploma in Business Management</p>	<p>Born on 8th September, 1978, Mr. Ithibua has an accounting and finance background which saw him rise from a Union Cashier to a constituency manager of Igembe South Constituency.</p> <p>Academic and professional qualifications include Bachelor of Project Management from Jomo Kenyatta University of Agriculture and Technology and a Diploma</p>




		<p>in Business Management from Mt.Kenya University.</p> <p>He is an independent director and chair of the Finance and Marketing Committee</p>
9.	 <p>Mr. Joseph Maina Mathai Bachelor of Arts Policy & Governance Marketing Hospitality</p>	<p>Born on 29th September, 1969, Mr. Mathai has vast experience in policy & Governance, marketing, hospitality and stakeholder management. He is the CEO and proprietor of Maya Gardens Resort-Sagana, a three-star hotel. He is also a Board member and Programs Director at Ahadi Kenya Trust (NGO).</p> <p>Academic and professional qualifications include Bachelors in Business Arts from the University of Nairobi.</p> <p>He is an independent director and chair of the Editorial, Programming, Technical and ICT Committee</p>
10.	 <p>Ms.Sellah Ayimba Certificate in Computer studies and a Diploma in Journalism and Mass Communication.</p>	<p>Born on 1st of April 1979, Ms.Ayimba has a certificate in Computer Studies and a Diploma in Journalism and Mass Communication</p> <p>Radio Nam -Lolwe FM 2016-2022</p> <p>Radio On -Air Presentation: Engaged with the audience through hosting interactive radio programs.</p> <p>News Anchoring - Presented live news updates on radio ensuring accuracy and timelines in reporting.</p> <p>Radio Lake Victoria FM 2007-2016</p>



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		<p>Hosted radio shows, engaging listeners with informative content.</p> <p>Expertise</p> <p>Radio Broadcasting and Presentation with a background in on-air presentation and news-anchoring, and hosting interactive radio programs. I possess a strong command of the airwaves.</p> <p>Skilled in delivering information clearly, engaging listeners, and creating compelling content</p> <p>She is an independent director.</p>
11.	 <p>Mr.Ibrahim Sane Masters in Strategic Management,</p>	<p>Born on 23rd June 1974</p> <p>He previously served as a project lead person in GPS Empowerment Global Summit Project in Kenya, Director Coast Development Authority and Chairperson Audit Committee</p> <p>He holds Masters in Strategic Management, Bachelor of Arts degree in International Relations and Diplomacy, Diploma in Disaster Management and Certificate course in Computer information.</p> <p>He is an independent director</p>
12.	 <p>Ms.Rose Ombaki Master in Business Administration</p>	<p>Catholic University of Eastern Africa (CUEA)</p> <p>Master in Business Administration (Human Resource Option)</p> <p>Marist International University College (MIUC)</p> <p>Bachelor of Business Management (Financial Option)</p>

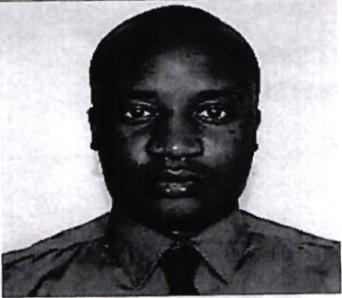


		<p>Marist International University College (MIUC)</p> <p>Diploma in Business Management</p> <p>Marist International University College (MIUC)</p> <p>Certificate in Business Studies</p> <p>Certificate in Life Skill</p> <p>She is an independent director</p>
<p>13.</p>	<div data-bbox="486 696 791 943" data-label="Image"> </div> <p>Mr. Paul Jilani</p> <p>Bachelors of Law (LLB) and Masters in Business Administration (MBA)</p> <p>Diploma in Law, Kenya school of Law</p> <p>Certified public Secretaries (CPS)</p>	<p>Born on 26th December, 1966 Mr. Jilani is an Advocate of the High Court of Kenya having been admitted to the bar in 1995.</p> <p>He previously served as the Corporation Secretary at Telkom Orange and currently serves as Corporation Secretary at Kenya Broadcasting Corporation.</p> <p>He holds Bachelors of Law (LLB) and Masters in Business Administration (MBA), Diploma in Law, Kenya School of Law. He is Certified public Secretaries (CPS), a Member of the Law Society of Kenya (LSK) and Institute of Certified Public Secretaries of Kenya (ICPSK).</p>

4. Key Management Team




SN	Management	Details
1.	 <p>Ms. Agnes Kalekye Master of Science Leadership and Sustainability, Bachelor of Arts Communications and Community Development</p>	<p>Managing Director</p>
2.	 <p>Mr. Paul Jilani Bachelors of Law (LLB) and Masters in Business Administration (MBA) Diploma in Law, Kenya school of Law Certified public Secretaries (CPS) Member Law society of Kenya (LSK) Member Institute of Certified Public Secretaries of Kenya (ICPSK),</p>	<p>Corporation Secretary</p>
3.	 <p>Mr. Charles K.S Rotich</p>	<p>Ag. Finance & Administration Manager</p>

	<p>Master's Degree Business Administration (MBA)-Strategic Management Degree Bachelor of Commerce-Finance Certified Public Accountant (CPAK) Member - Institute of Certified Public Accountants of Kenya-ICPAK, Institute of Internal Auditors (IIA-K).</p>	
4.	 <p>Mr. Robert Wekesa Master's Degree Human Resources and Labour Laws Degree in Political Science Member- Chartered Institute of Purchasing and supplies-UK (MCIPS)</p>	Procurement Manager
5.	 <p>Ms. Everlyn Mwakina Bachelor of Arts in Philosophy, Literature and Kiswahili (Kenyatta University), Post Graduate Diploma in Mass Communication (University of UON) Executive Masters of Business Administration Eastern and Southern African Management Institute (ESAMI) & Maastricht School of Management (MsM). Certificate in Strategic Leadership Development - Kenya School of Government</p>	Corporate Affairs Manager




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6.	 <p>Mr. Benn Mwala MSc in Information Technology - (Management Information Systems) BSc in Computer Science Information Technology Infrastructure Library (ITIL) Syspro ERP Administration</p>	<p>Manager Information Communications Technology</p>
7.	 <p>Mr. Job Karimi M.Sc Computer Systems BSc. Telecommunications and I.T Global VSAT Forum GVF530: Core Skills for Mobile Satellite Terminal Operators Licensed VSAT terminal operator</p>	<p>Manager Technical Services</p>
8.	 <p>Ms. Carolyne Mutunga MBA: Strategic Management</p>	<p>Marketing Manager</p>

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	Bachelor of Commerce: Marketing and Business Administration.	
9.	 <p>Ms. Florence Migunde Bachelor of Commerce (Marketing) Masters in Strategic Management - University of Nairobi CIM Post - Graduate Diploma.</p>	Advertising Manager
10.	 <p>Mr. Anthony Opondo PHD (Student), MBA degree in Finance, BBA in Finance & Accounting, CPA(K), SCART, CPS(K), SLDP, Accredited Governance Auditor and a Certificate of Participation in Audit of Computerized Accounting Systems from Kenya School of Government.</p>	Manager Internal Audit, Risk And Compliance
11.	 <p>Mr. Samuel Chege Maina</p>	Editor In Chief

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	<p>Master’s Degree, Communication Studies: Development communication -University of Nairobi University</p> <p>Bachelors, Journalism and media studies: development Communication - University of Nairobi.</p> <p>Diploma, Mass Communication: Radio and TV production – KIMC</p>	
12.	 <p>Mr. Daniel Okoth Bachelor of Arts in Government and Public Administration Post graduate Diploma in Human Resource Management</p>	Human Resource Manager
13.	 <p>Mr. Michael Ndeti MA holder in Film & Theatre Arts BA in Communication Diploma in TV Production</p>	Televisions Programs Manager
14.	 <p>Mary Daraja MA in Communication Studies - University of Nairobi (UON) Bachelor of Arts Degree - University of Nairobi (UON)</p>	Radio Programmes Manager

	<p>Professional Studies - Diploma in Mass Communication - Kenya Institute of Mass Communication (KIMC)</p> <p>Certificate in Broadcast Journalism - Kenya Institute of Mass Communication (KIMC)</p> <p>Certificate in Leadership and Management - Fray College, South Africa</p>	
15.	 <p>Patrick Githakwa</p> <p>Master of Business Administration - (MBA) - Finance University of Nairobi</p> <p>Certificate of Competency, International Trade Policy, Development and Negotiation</p> <p>Certificate in Trade and Development. Trade Policy Training Centre in Africa (ESAMI, LUND University – Sweden, SIDA)</p> <p>Bachelor of Science in Information Technology (B.sc I.T) Degree Jomo Kenyatta University of Agriculture and Technology</p>	<p>Manager Strategy And Special Projects</p>
16.	 <p>Jared Ombui</p> <p>BA Mass Communication</p>	<p>Digital Manager</p>

Kenya Broadcasting Corporation
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5. Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2025 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Managing Director	Ms. Agnes Kalekye
2.	Head of Corporate Services	Ms. Evelyn Mwakina
3.	Corporation Secretary	Mr. Paul Jilani
4.	Ag. Head of Finance	Mr. Charles K.S. Rotich
5.	Head of Procurement	Mr. Robert Wekesa
6.	Head of ICT	Mr. Benn Mwala
7.	Head of Technical Services	Mr. Job Karimi
8.	Head of Marketing	Ms. Carlyne Mutunga
9.	Head of Advertising	Ms. Florence Migunde
10.	Head of Internal Audit, Risk And Compliance	Mr. Anthony Opondo
11.	Editor in Chief	Mr. Samuel Maina
12.	Head of Human Resources	Mr. Daniel Okoth
13.	Head of Television Programmes	Mr. Michael Ndetei
14.	Head of Radio Programmes	Ms. Mary Daraja
15.	Head of Strategy and Special Projects	Mr. Patrick Githakwa
16.	Head of Digital Services	Mr. Jared Ombui

6. Fiduciary Oversight Arrangements

KBC has the following board committees

1. Finance & Marketing committee.
2. Editorial, programming & Technical committee.
3. Human Resources committee.
4. Audit and Risk Committee.

KBC reports to the Public Investments Committee of parliament on unresolved matters raised by the Office of the Auditor General.

The Corporation is also answerable to the Public Investments Committee on Social Services, Administration and Agriculture on budgetary issues and any other policy matters raised in the floor of the National Assembly.

7. Chairman's Statement

The financial year 2024/2025 marks thirty-six years of existence of Kenya Broadcasting Corporation. I therefore take this opportunity to present to you Kenya Broadcasting Corporations' Annual report and financial statements for FY 2024/25. Since the liberalization of media industry in Kenya in the 1990s, Kenya Broadcasting Corporation has consistently worked hard to be relevant in the competitive business environment. To date, the Corporation's rich portfolio of brands comprises of two TV channels and fifteen radio services. However, in recent years, we have faced unprecedented challenges posed by the digital revolution and the rise of new media platforms. This reality demands that we adapt and evolve to meet the evolving needs and preferences of our diverse audience and harness opportunities to grow into a sustainable public broadcaster.

KBC has developed a transformation strategy that includes various programmes such as Infrastructure and Business Process Reengineering Programme which involves, Modernization of TV and Radio production and transmission infrastructure to improve the quality and reach of services as follows, Expansion of SIGNET to raise the channel hosting capacity of regional stations to increase income by approximately 65% and Automation and upgrade of KBC's broadcast and ICT infrastructure to improve on efficiency and reduce operational costs.

During the FY 2024/25, the Corporation implemented its Strategic Plan which is a testament to our unwavering determination to remain relevant, engaging, and impactful in the years ahead. It sets forth a comprehensive roadmap that will guide our efforts to create compelling content, attain financial sustainability, build staff capabilities, and establish effective systems and infrastructure.



Mr. Tom Mshindi

Chairman

8. Report of the Managing Director

1. This Financial Statements for the Year ending 30th June, 2025 focuses on the budget performance and achievements on key programmes and projects that were implemented by the Kenya Broadcasting Corporation. The intention is to analyse how the allocated funds were utilized for transparency and accountability as required by the PFM Act. The Report will also be used to inform the Medium-Term Expenditure Framework (MTEF) budget for the 2025/26 to 2027/28 Financial Years.
2. During the 2024/2025 financial year KBC implemented two major programmes under the Broadcasting and Telecommunications Subsector in the Energy, Infrastructure and ICT Sector of the MTEF budget. The two programmes are Information and Communications Services and ICT Infrastructure. The programmes had two subprogrammes including News and information Services and Public Broadcast Infrastructure. The Corporation received grants from the national government of KShs1,079,940,735 for recurrent expenditures in FY 2024/25.
3. The income was used to implement the two programmes that facilitated the transmission of objective, informative, educative, innovative and entertaining content to the public through high quality broadcasts. On average, the overall percentage income utilization level was 100 % as at June, 2025. However, there was under-collection of internally generated income (AIA) due to changing and emerging media trends that affected the advertising revenue segment and digital platform.

Key Achievements

4. The Corporation key achievement focused on implementation of two programme under the Broadcasting and Telecommunications Sub-sector. During the FY 2024/25 the Corporation targeted to provide universal access to information all over the country; build and maintain national broadcast infrastructure, and develop and strengthen human capacity and skills.
5. The Corporation continued to fulfil its public broadcasting mandate of informing, educating and entertaining the public through radio and television services and thereby propagating all that consolidates national unity, peace, love and development. The KBC provided a wide range of high-quality content and news across TV, radio and online platforms. KBC services

are widely used, with a combined national coverage of over 65% thereby reaching the unserved and underserved regions.

6. Over the reporting period, KBC brought the nation together with its coverage of events, such as live state events, live National Assembly and the Senate House proceedings. The KBC attracted audiences with content across a range of genres in both national and local languages. The Corporation also produced programmes on social economic development touching the major pillar of the Bottom-up Economic Transformation Agenda (BETA).
7. Cumulatively, KBC has 42 TV transmitters and 31 FM radio transmitters countrywide. KBC remained committed to realizing its mission of transmitting objective and quality content. During the year, KBC promoted and marketed the various TV and radio brands via road-shows, outside interaction events, billboards, digital media and print media.
8. In FY 2024/25, KBC through SIGNET provided digital TV transmission to a host of 124 clients on an open access model compared to 90 clients hosted in the previous year. The Corporation onboarded most of its services on E-citizen platform and currently it is in the process of integrating its Enterprise Resource Planning with the E-citizen platform.
9. Under infrastructure development the corporation targeted to complete the Analogue to Digital TV Broadcast project but the allocated funds were withdrawn following the hostility measures instituted by the Government. The Corporations' funds for migration from Medium Wave to FM radio Transmission, Acquisition of TV and Radio Outside Broadcasting Van were all withdrawn. The Corporation trained over 100 members of staff in various fields to improve their skills for increased productivity.
10. The Kenya Vision 2030 clusters the Broadcasting and Telecommunications (B&T) sub-sector among enablers to spur economic growth and development across all other sectors of economy. The information and broadcasting function cuts across all sectors by enabling communications and provision of information for production process. KBC therefore plays a key role in connecting government and the citizens and thus promotes efficiency, transparency and accountability in service delivery in the two levels of government.

11. The growth and developments in the sector have seen emergence of other factors that complicate the operations and regulation of the subsector. As an enabler, the subsector should be strengthened to cope with the emerging issues.

Challenges

12. KBC is facing a major challenge of Cash flow that makes it difficult to transact mandatory expenditures leading to: frequent off air due to power switch off by KPLC and Satellite Switch off by suppliers, poor signal reception due poor maintenance of broadcast infrastructure, frequent freezing of accounts by KRA and garnishee court orders, delay in remittance of Statutory deductions including PAYE, SACCO dues and monthly staff loans repayments, low payment of pending bills,
13. Inability to keep pace with the changing technology, undermining the quality of the corporation's broadcast outputs.
14. Under capacity to provide services to unserved and under-served communities in line with the statutory mandate of the Corporation.
15. Huge wage bill of KShs. 1.498 billion annually which takes up an unsustainable portion (of approximately 62%) of the Corporation's total income.
16. Huge historical debt portfolio and
17. High value cases against KBC, including channel 2, with a claim of USD398.4 million.

Recommendations

18. In order to sustain growth and development in the sector it is recommended that the government should facilitate Revitalization through implementation of the KBC Transformation Strategy that seeks to commercialize KBC land assets and generate revenue to fund its operations. Upgrade of KBC infrastructure and equipment through KBC Infrastructure modernization project.
19. Review of KBC Act CAP 221 (1989) in line with the 2010 Constitution of Kenya.
20. In conclusion, I extend my appreciation to all our industry partners, stakeholders, and members of staff who contributed to the achievement of annual performance targets. The collaboration and support extended to the corporation was invaluable as we work together

to realize the vision of a modern, innovative, and sustainable Kenya Broadcasting Corporation.



Agnes Kalekye

Managing Director

9. Statement of Performance against Predetermined Objectives for FY 2024/25

KBC has nine strategic pillars and objectives within the current Strategic Plan for the FY 2023/24-FY 2026/27. These strategic pillars issues are as follows:

- i. Enhanced Revenue Generation
- ii. Cost Management
- iii. Reduced Debt Obligations
- iv. Provide Innovative, quality content that meets users' needs
- v. Provide content that increases market share for TV, Radio and Online platforms
- vi. Modernize and expand infrastructure coverage
- vii. Efficient and effective workflows through Automation
- viii. Review and implementation of the Corporate organisational structure and staff establishment
- ix. Provide an environment that enables staff engagement and productivity

KBC develops its annual work plans based on the above nine pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Corporation achieved its performance targets set for the FY 2024/25 period for its nine strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
1. Enhanced Revenue Generation	To increase revenue by an average of 25% per annum by 2027 (KES 1 billion to KES 2.5 billion)	Increase in revenue	Utilize digital infrastructure and platforms to increase revenue. Increase revenue brought by signet by expanding its capacity and improving reliability	In FY 2023/24, revenue was Kshs.1.115 billion, compared to Kshs.1.112 billion in FY 2024/25, resulting in a decrease of Kshs.3.5 million.
2. Cost Management	Reduce Operation cost by 20% by 2027	Reduction in costs	Enhance Financial management to reduce cost. Allocating financial resources to high-priority and high-return Projects to manage costs.	In FY 2023/24, normal operational expenses were Kshs.2.353billion, compared to Kshs.2.652 billion in FY 2024/25, resulting in a saving of Kshs.292 million.
3. Reduced Debt Obligations.	Reduce debt obligations by at least 50% by 2027	Reduction in debt portfolio	Reduce Debt through Government support. Use increased revenue from the transformation strategy to settle pending bills	The debt obligation increased from Kshs.3.5 billion to Kshs.3.9billion.This is due to decreased revenue and budget cuts from The National Treasury.

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				Whereas commitments had been undertaken.
4. Provide Innovative, quality content that meets users' needs	To grow the number of active users across TV, Radio and Online platforms by 5% annually by 2027	Increase in the number of active audiences	Develop interactive content that encourage audience participation. Enhance KBC's digital presence and engagement.	The number of active audiences and the online digital presence both increased significantly
5. Provide content that increases market share for TV, Radio and Online platforms	To increase market share from 4% and 8% to 7% and 14% for TV and radio respectively by 2027	Increase in audience for TV and radio, respectively	To revitalize and reposition KBC's radio and TV stations to attract a larger audience Develop interactive content that encourages audience participation	There was a significant increase in market share across TV, radio, and online platforms
6. Modernize and expand infrastructure coverage	To expand and improve TV and Radio Signal coverage to 98% by 2027	Percentage signal coverage	Modernize Television Studios. Enhance KBC network infrastructure	A number of transmitters have been installed, and signal coverage has been significantly enhanced
7. Efficient and effective workflows	To automate 85% of Corporations systems and	% of processes automated	Digitize KBC archived analogue content	The process of Automation is ongoing

through Automation.	processes by 2027		Improve and enhance process and systems	
8. Review and implementation of the Corporate organisational structure and staff establishment	Rationalize the staff numbers by 20% to maintain adequate staffing levels across all departments and cadres as per the corporation staff establishment by 2027	Compliance with Corporation Staff establishment on the number of staff across all levels	Ensure that all departments within KBC have the optimal number of staff necessary to function effectively and efficiently. Establish a fair and equitable pay structure within KBC.	The Review and implementation of the Corporation Organisational Structure and staff establishment is ongoing
9. Provide an environment that enables staff engagement and productivity	To institutionalize performance management and productivity measurements to attain at least 90% average score by the Ministry of Labour and Social Protection and maintain a staff retention	Increase in Productivity and retention % score	Capacity building of staff Enhance the ICT capabilities for staff.	The performance management and productivity measurements is ongoing

10. Corporate Governance Statement

i. Appointment of Board members, Process of appointment and removal of directors, The size, diversity, and demographics of the Board, Existence of the board charter

The Board is constituted in accordance with the KBC Act, State Corporations Act

Cap 446 and the prevailing relevant government guidelines. Currently, the Act provides for the composition of the Board as follows:

- (a) a chairman of the Board appointed by the President;
- (b) the managing director of the Corporation;
- (c) the Permanent Secretary in the Ministry for the time being responsible for Information and Broadcasting;
- (d) the Permanent Secretary in the Office of the President;
- (e) the Permanent Secretary in the Ministry for the time being responsible for Finance;
- (f) not more than seven members appointed by the Cabinet Secretary, not being employees of the Corporation, of whom not more than three shall be public officers and of whom:
 - i) at least one shall have specialization or experience in matters connected with radio communication and radio communication apparatus;
 - ii) at least one shall have specialization or experience in radio or television programme production;
 - iii) at least one shall have specialization or experience in the print media;
 - iv) at least one shall have specialization or experience in financial management and administration and
- (g) The Attorney General or his representative pursuant to section 6 (1) (da) of the State Corporations Act.
- (h) The Board may recommend the removal of a member based on non-performance, non-attendance of meetings, unethical conduct or as set out in any constitutive documents or applicable law.

Board Charter

The Board Charter is critical to KBC Governance framework and offers guidance on matters including but not limited to the following: -

- The separation of the roles, functions, responsibilities and powers of the Board and its individual members.
- Powers delegated to the Board Committees
- Matters reserved for final decision making and approval of the Board.
- Policies and practices of the Board on matters Corporate Governance, Director's declaration and conflict of interest, conduct of Board and Board Committee meetings.
- The Charter is not a substitute or replacement of any laws and reputations that governs the running of the Corporation. The Board Charter is periodically reviewed to ensure that it remains current.

ii. Roles and functions of the board

- (a) Exercise their role collectively and not individually.
- (b) Determine the Corporation's mission, vision, purpose and core values.
- (c) Set and oversee the overall strategy and approve significant policies of the organization.
- (d) Ensure that the strategy is aligned with the purpose of the Corporation and the legitimate interests and expectations of its shareholders and other stakeholders.
- (e) Ensure that the strategy of the Corporation is aligned to the long-term goals of the organization on sustainability so as not to compromise the ability of future generations to meet their own needs.
- (f) Approve the Corporation structure.
- (g) Approve the annual budget of the Corporation.
- (h) Monitor the Corporation's performance and ensure sustainability.
- (i) Enhance the corporate image of the Corporation.
- (j) Ensure availability of adequate resources for the achievement of the Corporation's objectives.
- (k) Hire the CEO, on such terms and conditions of service as may be approved by the relevant government organ(s) and approve the appointment of senior management staff.
- (l) Ensure effective communication with stakeholders.

iii. Induction, training, and development

- (a) New Directors will be provided with a letter of appointment, which sets out their rights, duties and responsibilities.
- (b) New Directors will participate in an induction programme involving comprehensive briefings from management on the Corporation's business and key issues and site visits.

- (c) Directors are expected to participate in all continuing education programmes conducted for them, with a view to assisting them in carrying out their duties and designed to keep the members abreast of the latest developments in sector-based practice, corporate governance and critical issues relating to the Corporation.
- (d) A plan and budget for Board continuing education shall be established annually.

iv. Board and members' performance

- (a) The Chairman responsible to annually review the effectiveness of the Board, Board Committees, individual Board members and the CEO.
- (b) The Chairman shall use the prescribed government guidelines to execute the performance evaluation.
- (c) The above may be achieved with the help of State Corporations Advisory Committee (SCAC) or the Performance Contract Secretariat on request by the Board.

v. Number of Board meetings held and the attendance to those meetings by members

- (a) The Board meets not less than four times in every financial year and not more than four months shall elapse between the date of one meeting and the date of the next meeting.
- (b) The annual work plan of the Board and schedule of Board meetings is prepared and approved prior to the commencement of the year in which they relate.

List showing number of Committees/Board meetings held.

NO.	DESCRIPTION OF BOARD ACTIVITY/MEETING	NO. OF MEETINGS
1.	Board Audit & Risk (BARC) Committee	4 meetings +1 Special + 2 Training/ Workshop
2.	Finance & Marketing Committee	4 meetings + 2 Specials
3.	Editorial, Programming, Technical & ICT (EPTC) Committee	4 meetings
4.	Human Resources, Legal & Corporate Affairs (HRLCA) Committee	4 meetings + 1 Special
5.	Full Board	4 meetings +2 Specials + 1 SCAC + 2 Workshop/Training

vi. Succession plan

The Corporation developed the Succession Plan w.e.f. 20th April, 2023 with an implementation phase covering five (5) years commencing FY 2024/25 up to FY 2027/28. This main objective is to ensure adequate supply and availability of future capable manpower ready to assume critical and essential positions in the wake of transitions and natural attrition occasioned maybe by the drift towards retirement. The replacements are subjected to competitive interviews and majorly focusing on internal staff upgrading before

considerations are given for external acquisition. The Succession Plan further focuses on staff Capacity Building Programmes, Mentorship and Coaching Programmes.

vii. Policy to manage conflict of interest

Directors are expected to be sensitive to conflict of interest that may arise and be mindful of their fiduciary obligations to the Corporation.

A Director must:

- (a) Disclose to the Board any actual or potential conflicts of interest that may exist or might reasonably be thought to exist as soon as the situation arises.
- (b) Take such steps as are required reasonably necessary to resolve any conflict of interest.
- (c) If a conflict exists, it is expected that the Director with the conflict will be absent from the room where the matter to which the conflict relates is being discussed by the Board or Committee. However, if the majority of the members present are of the opinion that the experience or expertise of such member is vital to the deliberations of the meeting, the Board may permit the member to participate in the deliberations subject to such restrictions as it may impose but such member shall not have the right to vote on the matter in question.
- (d) Failure to disclose conflict of interest shall lead to disqualification from holding office as a member of the Board.
- (e) A disclosure of interest shall be recorded in the minutes of the meeting at which it is made.
- (f) Conflict of interest may be deemed to arise if a Board member, his spouse, immediate relative or business interest partner is directly or indirectly interested in any contract, proposed contract, or matter before the Board or Committee of the Board.

viii. Board remuneration

- (a) The members of the Board shall be paid such remuneration, fees, allowances and disbursements for expenses as per the government guidelines.

ix. Ethics and Conduct

In order to promote ethical standards of loyalty, impartiality, honesty, courtesy and integrity, the Corporation developed the Staff Code of Conduct and Ethics w.e.f. 6th November, 2014 aligned to the Public Service Code of Conduct. Having signed the Code of Conduct and

while discharging their services, all staff are expected to adhere to the Code of Conduct and Ethics as they serve and offer services to the public and support the Government in delivering its manifesto. The staff are periodically sensitized with support and facilitation by the relevant Government Institutions in order to ensure full compliance and adherence.

x. Governance audit

The Board, in consultation with the Oversight Office, should ensure that it subjects the organization to an annual governance audit by a member regulated by the Institute of Certified Public Secretaries of Kenya (ICPSK) and accredited for that purpose.

The governance audit should among other areas cover the governance practices of the organization in the following parameters:

- (a) Leadership and strategic management;
- (b) Transparency and Disclosure;
- (c) Compliance with Laws and Regulations;
- (d) Communication with stakeholders;
- (e) Board independence and governance;
- (f) Board systems and procedures;
- (g) Consistent shareholder and stakeholders' value enhancement; and
- (h) Corporate social responsibility investment.

xi. Communication policy

Communication is central to KBC's mission of informing, educating, and entertaining.

The policy ensures factual, accurate, and lawful dissemination of information in line with the Constitution of Kenya (2010) and applies to all staff, management, and contractors.

xii. Terms of Reference of Committees

a) Finance & Marketing Committee

- i) The Committee shall have the following duties and responsibilities, as well as such other duties and responsibilities as it deems appropriate to carry out its purposes or as directed by the Board:
- ii) Be informed, vigilant and effective overseers of the financial reporting process and the Corporation's internal controls.
- iii) Review the year-end financial statements of the Corporation.
- iv) Consider any related party transactions that may arise within the Corporation.

- v) Consider the major findings of internal investigations and management's response to audit issues.
- vi) Ensure that accounting and financial management policies are in place and that they are implemented to the letter.
- vii) Discussing the Corporation's budget, and recommending to the Board of Directors for discussion.
- viii) For purposes of quality control and assurance, the Finance Committee shall recommend the Budget to the Board for consideration and approval.
- ix) Finance Committee has a responsibility to report on its activities to the full Board of Directors' meeting for adoption.
- x) Review the corporation's long-term financial and investment plans and strategies, including the corporation's investment objectives and current and projected financial results of operations;
- xi) Consider the organization's funding requirements and make recommendations for sourcing options.
- xii) Review and make recommendations to the Board of Directors regarding the Corporation's annual financial plans;
- xiii) Review the financial condition of the Corporation and its requirements for funds.
- xiv) Review and make recommendations to the Board of Directors regarding any proposed capital project which is required to be approved by the Board of Directors;
- xv) Review and make recommendations to the Board where appropriate regarding Corporation's financial and risk management policies and practices, including cash investment policies; debt limitations; annual and longer-term operating plans; long-term capital expenditure projects; financing plans; and other financial transactions or issues that management desires to have reviewed by the Committee;
- xvi) Review the Company's policies with respect to financial risk assessment and financial risk management;

- xvii) Review major commercial banking, investment banking, financial consulting, insurance, and other financial relationships of the corporation;
- xviii) Review the Corporation's cash management policies;
- xix) Discuss and promote activities geared towards the generation of income by the Corporation and corporation's self-sustainability;
- xx) The Committee shall exercise such other powers and authority as the Board shall, from time to time, confer upon it.

In carrying out its responsibilities, the Committee's practices and policies should remain flexible, in order for the Committee to respond to changing facts and circumstances.

b) Human Resources, Legal & Corporate Affairs (HRL&CA) Committee

The Committee shall have the following duties and responsibilities, as well as such other duties and responsibilities as it deems appropriate to carry out its purposes or as directed by the Board:

Provision of policy direction and guidance with respect to:

- i) Human Resource Planning by ensuring there is a staff establishment; the right number and quality of staff with relevant skills; and succession planning
- ii) Development of the Corporation's Organizational Structure
- iii) Recruitment, selection, retention and secondment of staff with the relevant skills
- iv) Training and development of employees to improve organizational productivity
- v) Ensure that the employees are rewarded through an Employee Merit Reward System and that the employees' salaries are constantly reviewed and they are provided with better incentives and benefits
- vi) Ensure that there are disciplinary and grievance-handling procedures in place outlining how they are administered
- vii) General Staff Welfare – Ensure that the employees have conducive work environment, health and safety
- viii) Review and approve terms and conditions of service for Corporation employees;
- ix) Handle policy issues on Human Resource and performance management;
- x) Handle policy issues on the staff superannuation scheme;
- xi) Oversee the implementation of change process plans in the organization.

c) Editorial, Programming, Technical & ICT Committee

The Committee shall have the following duties and responsibilities, as well as such other duties and responsibilities as it deems appropriate to carry out its purposes or as directed by the Board:

- i) Review strategies, plans and service charters for attaining the Corporation's Service Delivery Objectives.
- ii) Give policy direction in the development of the Corporation's Strategic Plan/ Business Plan and monitoring its implementation
- iii) Review ISO certification procedures manuals
- iv) Give policy direction in development of pro-poor approaches and community involvement in projects.
- v) Approval of project work plans and Performance Contract targets.
- vi) Approve the Quarterly Performance Contract Progress Reports.
- vii) Review proposals and plans for infrastructure development and improvement.
- viii) Consider, evaluate and review progress of implementation for infrastructure development programs.
- ix) Consider, evaluate and review performance of outsourced works
- x) Consider and evaluate the use of new and appropriate technologies in provision of broadcasting services
- xi) To receive, examine and approve implementation of new/proposed projects as well as reports on the applications of new technologies.
- xii) Where necessary on sample basis visit projects under implementation to access progress and recommend the way forward or any action plans.
- xiii) To receive deliberate on and give guidance on policy matters with respect to progress reports on the on-going projects;
- xiv) To discuss any other relevant matters that pertains to the technical operations of the Corporation.
- xv) To discuss any other business arising from the Editorial, Programming, Technical & ICT Committee.

d) Board Audit and Risk Committee

Purpose and Authority

The Audit and Risk Committee (ARC) provide independent oversight of:

- i) Financial reporting, internal controls, risk management, and compliance.
- ii) The integrity and independence of internal and external audit functions.
- iii) Implementation of external audit recommendations.
- iv) The ARC may seek any information from management or independent professional advice within the approved budget.

Composition

- i. Membership: 3-5 non-executive Board members or external experts independent of management.
- ii. Chairperson: A non-executive Board member not the Board Chair.
- iii. Rotation: Committee membership shall be rotated annually, especially the Chairperson, to ensure fresh perspectives, independence, and compliance with best governance practices.
- iv. At least one member must be a qualified accountant/auditor or financial management professional, registered with a recognized body (e.g., ICPAK, IIA, ISACA).
- v. Members serve three-year terms, renewable once, subject to performance and rotation requirements.
- vi. The Head of Internal Audit serves as Secretary.

Meetings

- i. Frequency: At least four times a year, or as required.
- ii. Quorum: Majority of members.
- iii. Agenda and papers circulated 7 days in advance.
- iv. Minutes approved at the next meeting and submitted to the full Board.

Responsibilities

A. Financial Reporting and Controls

- i. Review integrity of financial statements and compliance with IPSAS and other standards.
- ii. Assess adequacy of financial controls and risk mitigation measures.

B. Risk Management and Governance

- i. Review and monitor the risk register and mitigation strategies.
- ii. Ensure governance practices align with Mwongozo and statutory obligations.

C. Internal Audit Oversight

- i. Approve the Internal Audit Charter, annual work plan, and resource allocations.
- ii. Monitor independence, performance, and follow-up on internal audit findings.

D. External Audit Liaison

- i. Review scope and results of external audits by the Auditor-General or appointed auditors.
- ii. Oversee timely implementation of audit recommendations and report progress to the Board and relevant authorities.

E. Compliance and Ethics

- i. Monitor compliance with legal, regulatory, and ethical standards.
- ii. Oversee whistle blower mechanisms and review significant fraud or misconduct cases.

F. Reporting

- i. Submit quarterly or need based and annual reports to the KBC Board summarizing activities, findings, and recommendations.

Authority and Access

- i. Have unrestricted access to management, records, and auditors.
- ii. Commission investigations or expert advice within budget.
- iii. Request management attendance for matters under review.

Performance Evaluation and Review

- i. Conduct annual self-assessment of performance.
- ii. Review these ToR every two years or following significant legislative changes, recommending amendments to the Board.

Confidentiality and Integrity

- i. Members shall maintain confidentiality of all information.

- ii. Declare and manage any conflict of interest per the Constitution of Kenya, PFM Act, Mwongozo, and KBC policies.

xiii. Policy on related party transactions

The Corporation has no related party transactions at currently; accordingly, no related party transaction policy has been adopted.

11. Management Discussion and Analysis

Revenue Analysis

During FY 2024/2025, the Corporation's total income was Kshs.2,292,426,805. This comprised of; Government grants (GoK) of Kshs.1,079,940,735, internally generated income of Kshs.1,127,446,233 and 78,000,000 as other income from Sports fund.

The internally generated revenue increased by Ksh.2,886,538 from Kshs.1,124,559,695 to Kshs.1,127,446,233 compared to the previous 2023/2024 FY. This increase represents zero-point two six (0.26%) percent.

Expenditure Analysis

The Corporation's total actual recurrent expenditure was Kshs 2.652 billion in FY 2024/25 against Kshs3.130billion in FY 2023/2024. An amount Kshs.491.8 million in FY 2023/24 and Kshs.78 million in FY 2024/25 relates to money spent on acquisition of sports rights. The decrease was kshs.65 million or an equivalent of 2.46%.

Operational and financial performance for the last 3 years

Description	FY 2024/25 (Kshs.000)	FY 2023/24 (Kshs.000)	FY 2022/23 (Kshs.000)
Total Revenue	2,292,427	2,882,441	2,090,655
Total Operating Expenses	2,652,094	3,137,739	2,774,098
Surplus/(Deficit)	(359,667)	(255,298)	(683,443)

Ongoing project

KBC continued implementing its Good to Great corporate strategy to ensure sustainable signal growth in the country, while leveraging on innovations and partnerships for continued business diversification. KBC has been implementing the Studio Mashinani government project over the years, so far seven studios have been completed in Nairobi (Komarock and Lang'ata), Mombasa, Murang'a (Gatanga), Kitui and Kisumu.

KBC's Compliance with Statutory Requirements

The Corporation complies with the Act of parliament which the principal activity is transmitting objective, informative, educative and entertaining content to the public through high quality broadcasts. We ensure that other statutory requirements such as remittance of PAYE, NSSF, NHIF and Withholding VAT are met in the time frame required.

Major Risks Facing the Entity

The major challenges faced by the Corporation includes under-funding by the National Treasury through budget cuts on Governments grants both recurrent and development.

Material Arrears in Statutory/Financial Obligations

The major material obligatory arrears that remain outstanding by the Corporation are; Trade payable, Employees' pension, VAT and PAYE as shown below;

		Ksh'000'
1	Trade Payables	648,307
2	PAYE	836,604
3	Pension	1,172,313
4	VAT Payable	1,101,245

12. Environmental and Sustainability Reporting

KBC is committed to eco-friendly practices, transparency, and long-term impact on the planet, fostering trust and accountability among audiences.

i) Sustainability strategy and profile

This is achieved through the following.

- Establishing Clear Policies: Developing and implementing environmental and sustainability guidelines within the organization.
- Transparent Reporting: Regularly publishing reports that detail the company's sustainability initiatives, carbon footprint, and progress toward environmental goals.
- Collaborating with Experts: Partnering with environmental organizations, experts, and scientists to ensure accurate and credible information.

- Promoting Sustainable Content: Creating and sharing content that educates and encourages audiences to adopt sustainable practices.
- Engaging Audiences: Encouraging dialogue with audiences on sustainability topics through campaigns, social media, and interactive content.

ii) Environmental performance

This is achieved through greening Operations thus reducing the company's own environmental impact through energy-efficient technologies, waste reduction, and sustainable sourcing.

iii) Employee welfare

KBC promotes gender equality as outlined in Article 27 of the Kenya Constitution on equality and freedom from discrimination

iv) Market place practices-

a) Responsible Competition Practice

Compliance with Regulatory Frameworks. The organization operates in strict adherence to competition laws, advertising standards, internal editorial policy and intellectual property (IP) regulations to avoid unfair practices such as misleading promotions, and plagiarism.

Ethical Marketing and Communication. Marketing campaigns are designed to promote products and services on their own merit rather than through disparagement of competitors. Comparative advertising, if used, is factual, transparent, and verifiable.

Brand Protection Mechanisms. Trademark Registration & Monitoring: The organization registers and actively monitors trademarks, logos, and brand names to prevent infringement.

Digital Brand Safeguards: Proactive monitoring of online platforms (social media, websites, e-commerce sites) to detect counterfeits or misuse of brand identity.

Crisis Management Framework: A rapid response system to counter misinformation, reputational attacks, or fake accounts that could dilute the brand.

b) Responsible Supply Chain and Supplier Relation

Kenya Broadcasting Corporation (KBC) maintains responsible supply chain and supplier relations by institutionalizing transparent procurement systems, honouring contractual obligations, adhering to prompt payment practices, and upholding fair competition. Doing so

strengthens supplier trust, ensures compliance with Kenyan laws, and upholds KBC's public mandate to act in the national interest with integrity.

c) Responsible marketing and advertisement or Responsible engagement with the citizens.

Responsible Marketing and Advertisement

The organization ensures that all marketing and advertising activities are conducted with integrity, fairness, and sensitivity to societal values by:

Truthful & Transparent Communication

- Marketing messages avoid exaggeration, misinformation, or manipulation.
- Claims are backed by evidence, and prices, terms, or conditions are clearly stated.

Cultural & Social Sensitivity

- Campaigns are designed to respect local cultures, languages, and diversity.
- Avoidance of harmful stereotypes, offensive humor, or content that undermines social cohesion.

Target Audience Protection

- Marketing avoids exploiting vulnerable groups, such as children or marginalized youth.
- Age-appropriate content filters are applied in advertising on digital platforms.

Responsible Engagement with Citizens

Citizen engagement goes beyond broadcasting — it's about building trust, inclusivity, and responsiveness. The organization ensures responsible engagement by:

• **Two-Way Communication**

- Citizens are not just passive audiences but active participants through call-ins, polls, social media interactions, and feedback platforms.
- Feedback loops are institutionalized so citizen input influences programming and policy decisions.

• **Transparency & Accountability**

- Information shared is accurate, timely, and aligned with public interest.
- The organization openly addresses mistakes or misinformation and provides clarifications.

- **Civic Empowerment**

- Beyond entertainment, content incorporates educational segments, civic awareness, health, and youth empowerment initiatives.
- Partnerships with civil society, schools, and community groups ensure citizen voices shape national conversations.

- **Safeguarding Public Interest**

- Engagement strategies are designed to strengthen social cohesion, national values, and responsible digital citizenship.
- The organization commits to non-partisan, fair, and objective engagement, especially in politically sensitive contexts.

- d) Product stewardship or Awareness Creation**

Kenya Broadcasting Corporation (KBC) plays a vital role in product stewardship and awareness creation by using its national platform to safeguard consumer rights and public interests. Through educational programming, public service announcements, and responsible journalism, KBC promotes health and safety, citizen empowerment, data privacy, and access to government services. In doing so, it supports Kenya's democratic development and social accountability.

- v) Corporate Social Responsibility / Community Engagements**

Kenya Broadcasting Corporation is committed to adopting the best practice in Corporate Social Responsibility (CSR), a concept through which organizations integrate social and environmental concerns into their operations and interaction with their stakeholders on a voluntary basis. Besides forging profit making partnerships with her stakeholders, the national broadcaster recognizes the need to contribute towards social and environmental objectives.

KBC Board approved the Corporate Communication and Corporate Social Responsibility (CSR) Policy to guide and enhance partnerships with our stakeholders through the delivery of services that are mutually beneficial to the Corporation and the society at large. While conducting our business in line with the expectations of diverse clientele, KBC also sees Corporate Social Responsibility as a discipline that helps to manage emerging and often unprecedented risks presented to us in a changing world.

Since its establishment, KBC has been associated with exemplary work in partnering with individuals, institutions, communities and Government to ensure societal or communal needs are

urgently addressed. KBC has been recognized as a corporation that is transparent and ethical in all its dealings as well as making a positive contribution to the community in which it operates.

KBC will generally cover the marginalized communities /areas where it has its business operations. As a part of the national broadcaster's CSR strategy, and in line with the objectives specified above and the Vision 2030 and the Millennium Development Goals (MDGs) launched by the United Nations (UN) and adopted by Government of Kenya. The scope of CSR activities covers the following areas: Education/literacy enhancement to disadvantaged groups; Health; Drinking Water/Sanitation; Environment; Community Development and Social Empowerment; Promotion of Sports and traditional forms of Art and Culture; and any other activity as may be identified by the Corporate Communication Department or the CSR Advisory Committee.

Apart from implementing CSR, KBC closely monitors and evaluates activities to ensure desirable achievement and analyse the impact.

13. Report of the Directors

The Directors submit their report together with the audited financial statements for the year ended June 30, 2025, which show the state of Kenya Broadcasting Corporation's affairs

i) Principal activities

The principal activities of Kenya Broadcasting Corporation are broadcasting and provision of digital television transmission infrastructure platform.

ii) Results

The results of Kenya Broadcasting Corporation for the year ended June 30, 2025, are set out on pages 1 to 52.

iii) Dividends

The Corporation does not declare dividends

iv) Directors

The members of the Board of Directors who served during the year are shown on page VII to XII in accordance KBC Act Cap 221 of the Laws of Kenya.

v) Auditors

The Auditor-General is responsible for the statutory audit of the Kenya Broadcasting Corporation in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015
By Order of the Board

.....*Paul Jilani*.....*BB*.....

Name

Corporation Secretary/Secretary to the Board

Date *28th August, 2025*

14. Statement of Directors' Responsibilities

The Public Finance Management Act, 2012 and the State Corporations Act, requires the Directors to prepare financial statements in respect of Kenya Broadcasting Corporation, which give a true and fair view of the state of affairs of Kenya Broadcasting Corporation at the end of the financial year and the operating results of Kenya Broadcasting Corporation for that year. The Directors are also required to ensure that Kenya Broadcasting Corporation keeps proper accounting records which disclose with reasonable accuracy the financial position of Kenya Broadcasting Corporation. The Directors are also responsible for safeguarding the assets of Kenya Broadcasting Corporation.

The Directors are responsible for the preparation and presentation of the Kenya Broadcasting Corporation's financial statements, which give true and fair view of the state of affairs of Kenya Broadcasting Corporation for and as at the end of financial year ended on June 30, 2025. This responsibility includes:

- a. Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- b. Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of Kenya Broadcasting;
- c. 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;
- d. Safeguarding the assets of Kenya Broadcasting Corporation;
- e. Selecting and applying appropriate accounting policies; and
- f. Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Kenya Broadcasting Corporation financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards, and in the manner required by the PFM Act and the State Corporations Act.

Statement of Directors' Responsibilities (Continued)

The Directors are of the opinion that the Kenya Broadcasting Corporation financial statements give a true and fair view of the state of Kenya Broadcasting Corporation's transactions during the financial year ended June 30, 2025, and of the Kenya Broadcasting Corporation financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for Kenya Broadcasting Corporation, which have been relied upon in the preparation of Kenya Broadcasting Corporation financial statements as well as the adequacy of the systems of internal financial control. Nothing has come to the attention of the Directors to indicate that Kenya Broadcasting Corporation will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

Kenya Broadcasting Corporation financial statements were approved by the Board on 28th August, 2025 and signed on its behalf by:


.....
Name **Tom Mshindi**
Chairperson of the Board


.....
Name **Agnes Kalleeye**
Accounting Officer

REPUBLIC OF KENYA



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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KENYA BROADCASTING CORPORATION 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 Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;
- B. Report on Lawfulness and Effectiveness in the 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 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.

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, 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 are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kenya Broadcasting Corporation set out on pages 1 to 46, which comprise of the statement of financial position as at 30 June, 2025 and the statement of profit/loss and other comprehensive income, statement of changes in equity, 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, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kenya Broadcasting Corporation as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the Kenya Broadcasting Corporation Act, CAP 221 of 1988 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Undisclosed Material Uncertainty Related to Going Concern

The statement of profit or loss and other comprehensive income reflects a net operating deficit of Kshs.359,667,000. The deficit increased the accumulated losses from a negative balance of Kshs.89,365,423,000 reported in the financial year ended 30 June, 2024, to a negative balance of Kshs.89,725,090,000. Further, the statement of financial position reflects total current assets balance of Kshs.1,614,130,000 and total current liabilities balance of Kshs.3,937,807,000, resulting in a negative working capital of Kshs.2,323,677,000. These conditions indicate material uncertainty relating to going concern, which may lead to significant doubt on the Corporation's ability to continue as a going concern. However, this material uncertainty and any mitigating measures put in place by the Management to reverse the undesirable financial position were not disclosed in the Note to the financial statements.

The financial statements, therefore, have been prepared on a going concern basis on the assumption that it will continue to receive financial support from the Government, creditors and other stakeholders.

In the circumstances, the presentation and disclosure of the financial statements could not be confirmed.

2. Unsupported Provision and Outstanding Trade Receivables

The statement of financial position and as disclosed in Note 16(a) reflects a gross trade receivables balance of Kshs.2,092,694,000. However, included in the balance is an amount of Kshs.1,916,524,000 or 91% of the total receivables which had been outstanding for more than ninety (90) days as analysed below:

Period	Amount (Kshs.)	Percentage of Total Receivables
Current	103,809,000	5%
Between 30 and 60 Days	30,935,000	1%
Between 61 and 90 Days	41,426,000	2%
Between 91 and 120 Days	26,851,000	1%

Period	Amount (Kshs.)	Percentage of Total Receivables
Over 120 Days	1,889,673,000	90%
Total	2,092,694,000	100%

However, Management did not provide evidence of efforts undertaken to collect the long overdue debts. Further, a provision for doubtful receivables amounting to Kshs.633,538,000 representing approximately 30% of gross trade receivables, was made in the financial statements for likely impairment on the trade receivables. However, the basis for determination and computation was not disclosed.

In the circumstances, the accuracy and completeness of trade receivables balance of Kshs.2,092,694,000 could not be confirmed.

3. Accuracy of the Government of Kenya (GoK) Loan and Accrued Interest

As previously reported, the statement of financial position and as disclosed in Note 22 to the financial statements reflects loan amount of Kshs.13,657,250,762 (Yen16,198,000,000) from the Overseas Economic Cooperation Fund (OECF) of Japan. The OECF loan was guaranteed by the Government in 1989 to fund the Corporation's modernization programme. The Corporation contracted a Japanese firm to undertake the modernisation project at a sum of Japanese Yen11,904,566,500 with a counterpart funding of Kenyan currency of Kshs.98,507,000. The loan was interest-bearing and as at 30 June, 2025 the loan principal balance was Kshs.13,657,250,762 and had accrued interest of Kshs.77,047,476,060 which have both remained unchanged over two financial years. Therefore, this is considered a non-performing loan since accrued interest exceeds the principal amount which violates the Duplum Rule.

In the circumstances, the accuracy, regularity and completeness of the Japanese loan principal of Kshs.13,657,250,762 and loan interest balance of Kshs.77,047,476,060 could not be confirmed.

4. Lack of Land Ownership Documents

As previously reported, the statement of financial position and as disclosed in Note 13 to the financial statements reflects property, plant and equipment balance of Kshs.15,847,578,290. Included in the balance is an amount of Kshs.12,857,874,001 in relation to the value of land held by the Corporation across the Country. However, review of documents revealed that out of forty-six (46) parcels of land, only twenty-one (21) had title deeds in the name of the Corporation while the remaining twenty-five (25) parcels of land valued at Kshs.2,181,500,000 lacked ownership documents.

Further, the parcel of land measuring approximately 2.8 acres, on which the Broadcasting House is situated, is currently registered in the name of the Chief Secretary, Colony and Protectorate of Kenya. Despite the Corporation being the current occupier and user of the property, no formal vesting or transfer of ownership has been effected in favour of the Corporation. As a result, the land remains legally registered under the colonial administration, and the Corporation does not hold a valid title deed or ownership documentation in its name.

Also, audit verification on Malindi transmission station disclosed that Informal settlers have occupied a portion of the 7.2 acres of land in Mambrui.

Further, physical inspection in September 2025 revealed significant land management challenges in Voi, Kasarani, Mwangea, and Bombolulu. Several parcels of land remained unfenced and unmarked, lacking boundary beacons and ownership signage. Most properties were supported only by allotment letters, with no title deeds issued, exposing them to encroachment and ownership disputes. At the Bombolulu site, approximately twenty-two (22) acres had been taken over for the construction of affordable housing without compensation, leaving only two (2) acres under the Corporation's control. In Voi, part of the land was developed by another Government entity without a formal agreement.

In the circumstances, the completeness, accuracy and ownership of land valued at Kshs.12,857,874,001 could not be confirmed.

5. Failure to Repossess Corporation's Land in Nyali

The statement of financial position and as disclosed as Note 13 to the financial statements reflects a balance of Kshs.15,847,578,290 in respect of property, plant and equipment. Included is an amount of Kshs.12,857,874,001 being net book value for land. This balance further includes a parcel of land situated in Nyali, Mombasa measuring approximately 22.85 acres situated in Nyali with a market value of Kshs.1,247,680,000 as at the financial year ended 30 June, 2025. However, review of records indicate that the Corporation sued the County Government of Mombasa for illegal encroachment of this parcel of land under civil suit No. 323 of 2010. A judgement was passed in favour of the Corporation in a ruling by the Environment and Lands Court at Mombasa on 22 July, 2022. However, physical verification of the land, revealed that despite the ruling, the Corporation is yet to fence it to prevent further illegal encroachment. Currently the land is held under a provisional certificate of title which was issued following the reported loss of the original title deed. As at the time of audit, the original title had not been recovered or replaced with a permanent title, and the Corporation continues to rely on the provisional certificate as the sole proof of ownership.

Available information indicated that the County Government of Mombasa, through letter Ref; MSACG/Land/II/Vol. IX/43 of 22 November, 2022 has indicated its intentions to take over the land for non-attainment of the purposes under which the lease was granted. Further, the parcel of land had ongoing constructions of the affordable housing project by the Ministry of Housing on approximately eighteen (18) acres owned by the Corporation and had not received any compensation from the Government for the encroached land.

In the circumstances, the completeness, valuation, accuracy and ownership of land valued at Kshs.12,857,874,001 could not be confirmed.

6. Unsupported Motor Vehicles' Insurance Expenditure

The statement of profit/loss and other comprehensive income and as disclosed in Note 10 to the financial statements reflects an amount of Kshs.2,572,131,000 in respect to administration costs. Included in this amount is an insurance expenditure of Kshs.11,856,000. Audit review revealed that the Corporation entered into a contract

agreement with an insurance company vide open tender number 02/KBC/2024-2025 for provision of comprehensive insurance covers for motor vehicles and motor cycles at a contract sum of Kshs.2,757,712,000. However, a valuation report for the motor vehicles insured was not provided for audit review and four (4) of the motor vehicles insured were not in the asset register and their logbooks were not provided for confirmation of ownership. It was also noted that the list in the tender documents for the motor vehicles to be insured had a duplicate entry for one motor vehicle. Further, nineteen (19) of the total motor vehicles insured were not functional as they had been grounded for a long time.

In the circumstances, the regularity, accuracy and completeness of the administration costs amounting to Kshs.11,856,000 could not be confirmed.

7. Non-Settlement of Legal Liabilities

The statement of profit/loss and other comprehensive income reflects an amount of Kshs.2,572,131,000 as administration costs. Included in this amount is legal fees of Kshs.188,963,000 as reflected in Note 10 to the financial statements. However, review of documents revealed that the Corporation had thirty-eight (38) active cases as at the time of audit out of which five (5) cases against the Corporation were accruing interest on award that had not been paid totalling Kshs.117,414,040. Further, the Corporation did not provide Attorney General's approval to procure external legal services contrary to Section 17 of the Office of the Attorney General Act, CAP. 6A.

Similarly, there was no criteria to classify cases that could be handled by the internal advocates and those that required external advocates, exposing the Corporation to unnecessary additional extra-legal costs. In addition, the Legal Department did not provide an effective risk management program to enable Management to avoid or minimize to a reasonable level, matters with high negative impact, which could expose the Corporation to huge legal costs.

Further, the Corporation continues to delay payments, leading to the accrual of interest and further legal exposure. In addition, there was no indication that the Corporation considers or initiates mediation, arbitration, or other alternative dispute resolution mechanisms to resolve disputes more efficiently and cost-effectively.

In the circumstances, the completeness and valuation of legal fees of Kshs.188,963,000 could not be confirmed.

8. Overdrawn (Negative) Cashbook Balances

The statement of financial position and as disclosed in Note 17 to the financial statements reflects bank and cash balances of Kshs.79,189,000. However, Citibank Medical account No.300079019 and CBA dollar account No.6626480024 had overdrawn cashbook balances of Kshs.1,855 and Kshs.8,150,434 respectively creating an offsetting effect on the bank and cash balances. This was contrary to Paragraph 48 of IPSAS 1 which prohibits offsetting. In addition, the board of survey certificates to confirm the reported cash balances were not provided.

In the circumstances, the accuracy of cash and cash equivalents balance of Kshs.79,189,000 could not be confirmed.

9. Understatement of Revenue and Incomplete Sales orders

The statement of profit/Loss and other comprehensive income and as disclosed in Note 6 to the financial statements reflects an amount Kshs.1,112,241,000 in respect of revenue from contracts with customers. However, review of the sales report generated from the Corporation's system showed a total revenue of Kshs.1,119,530,043, resulting in an unexplained understatement of Kshs.7,289,043. Further, the sales report generated from the Corporation's system revealed accumulated incomplete orders amounting to Kshs.45,763,730,194 since 1 March, 2014 out of which an amount of Kshs.471,519,122 relating to the year under review. These orders had been recorded in the system, but had not been converted into invoices as at the time of audit in August, 2025. No explanation was provided for the failure to finalize these transactions.

In the circumstances, the completeness and accuracy of revenue from contracts with customers amounting to Kshs.1,112,241,000 could not be confirmed.

10. Undisclosed Contingent Liability

Note 26 to the financial statements reflects contingent liabilities balance of Kshs.118,000,000. Excluded from this is a claim amounting to Kshs.306,662,790,000 relating to an arbitration case between the Corporation and Channel 2 Group Corporation. As previously reported, the Corporation entered into a joint venture agreement for operating and broadcasting with Channel 2 Group Corporation on 10 May, 2006. The profits for the joint venture were to be distributed between KBC and Channel 2 Group Corporation at the ratio of 7:3. The agreement was valid for five years renewable for a similar period unless either party gave a written notice of six (6) months expressing willingness not to renew the term of the agreement.

The Corporation gave the notice to terminate the joint venture agreement on 16 March, 2009 citing poor performance. Channel 2 Group Corporation filed a case in London for arbitration on 16 July, 2012 claiming an approximate amount of USD.2,373,000,000 equivalent to Kshs.306,662,790,000 at the exchange rate of Kshs.129.23 as at 30 June, 2025.

The arbitration proceedings included: -

- i) USD.481,977,000 (Kshs.62,285,887,710) in lost profits in running KBC 2 as free to air terrestrial television channel in 8 years from March, 2009 to August, 2017;
- ii) USD.241,845,000 (Kshs.31,253,629,350) in lost profits in running expanded joint venture in 10 years to December, 2018; and
- iii) USD.1,636,750,000 (Kshs.211,517,202,500) from the sale of an expanded joint venture.

- iv) USD.12,419,000 (Kshs.1,604,907,370) in loss of revenue 2007 – March 2009, Channel 729 credit, wasted expenses, sums due and unpaid for transmitter, equipment, joint venture staff, list of content of purchased by the Channel 2 for KBC and list of content supplied.

The case is ongoing with its outcome uncertain as at the close of the financial year under review. Should the ruling turn out to be unfavorable to the Corporation, it will result to significant financial penalties thus negatively affecting the liquidity position and reputational damage.

In the circumstances, the accuracy and completeness of contingent liabilities balance of Kshs.118,000,000 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kenya Broadcasting Corporation 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 qualified opinion.

Emphasis of Matter

Accounts Payable

The statement of financial position and as disclosed in Note 23 of the financial statements reflects trade and other payables balance of Kshs.3,937,807,000. However, the pending bills for the previous financial year that ended on 30 June, 2024 totalling Kshs.3,583,978,000 did not form first charge during the year under review. Further, the ageing analysis of the Corporation shows that debts totalling Kshs.3,037,806,000 were outstanding for more than two (2) years contrary to Regulation 150 of the Public Procurement and Asset Disposal Regulations, 2020 which requires prompt payment of suppliers within sixty (60) days from the date of the receipt of the invoice. These obligations lacked any evidence of Managements action or a debt repayment plan to clear them.

Failure to settle bills during the year in which they relate distorts the financial statements and adversely affects the budgetary provisions for the subsequent year as they form a first charge. This is also contrary to Regulation 42(1) of the Public Finance Management (National Government) Regulations, 2015.

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. Except for the effect of the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Unresolved Prior Year Issues

In the audit report of the previous year, several issues were raised under the Report of the Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. Review of the status during audit of the Kenya Broadcasting Corporation issues remained unresolved as at 30 June, 2025 as summarized in attached **Appendix I**.

Other Information

Management is responsible for the Other Information set out on page iii to I which comprise of Key Entity Information, The Board of Directors, Key Management Team, Fiduciary Management, Fiduciary Oversight Arrangements, Chairman's Statement, Report of the Managing Director, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors and Statement of Directors' Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Corporation'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 LAWFULNESS AND THE EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Unapproved Expenditure

The statement of budget versus actual amounts reflects expenditure of Kshs.2,652,093,628 against actual receipts of Kshs.2,292,426,806 resulting to an over-expenditure of Kshs.359,666,822 or 16% of the receipts. However, the approval for the over expenditure was not provided for audit review.

In the circumstances, the regularity of the excess expenditure of Kshs.359,666,822 could not be confirmed.

2. Non-Compliance with Climate Regulations

Audit review revealed that the Corporation has not effectively integrated the National Climate Change Action Plan 2023-2027 into its sectoral strategies and operational plans. There is no dedicated climate change coordination unit within the office, and no senior officer had been appointed to oversee the integration of climate change related functions into the Corporation's operations. Further, the Corporation did not submit its sectoral greenhouse gas emissions report to the national inventory. In addition, the Corporation did not have an effective system in place to monitor, review and report on the integration of climate change into its activities and policies.

In the circumstances, Management is in breach of the law.

3. Unremitted Statutory Deductions

The statement of financial position and as disclosed in Note 23 to the financial statements reflects trade and other payables balance of Kshs.3,937,807,000 which includes statutory and other deductions totalling Kshs.3,289,500,000 that had not been remitted to the respective institutions by the closure of the financial year under review as detailed below:

Payable	Amount (Kshs)
(PAYE)	836,604,000
Medical	40,013,000
Pension	1,172,313,000
Coop liabilities	65,351,000
NSSF	11,209,000
Other deductions	62,765,000
VAT	1,101,245,000
Total	3,289,500,000

Although, Management attributed the delay in remitting the deduction to its inability to settle its obligations as and when they fall due. Failure to remit statutory deductions within the stipulated timelines is contrary to the provisions of Section 37(1) of the Income Tax Act, Section 16(1) of the National Hospital Insurance Fund Act, 2012, Section 27 of the now Social Health Insurance Act, 2023 and Section 20 of the National Social Security Fund Act, CAP 258. Further, the Corporation is at risk of incurring penalties and interest with the continued delay in remittance of the deductions.

In the circumstances, Management was in breach of the law.

4. Non-Compliance with the Law on Wage Bill

The statements profit/loss and other comprehensive income for the year under review and as disclosed in Note 10 to the financial statements reflects an expenditure of Kshs.2,572,131,000 on administration costs out of which Kshs.1,498,363,000 is staff

costs representing approximately 65% of the total receipts of Kshs.2,292,427,000. This is contrary to the provisions of Regulation 26(1) (a) of the Public Finance Management (National Governments) Regulations, 2015 which limits the expenditure on wages and benefits to not more than 35% of the total revenue for the year.

In the circumstances, Management was in breach of the law.

5. Unconfirmed Ownership of Signet Signal Distributors Limited

As previously reported, the Corporation disclosed in its financial statements that Signet Signal Distributors Limited (SSDL) is a subsidiary of the Corporation since it owns 99% of the subsidiary's shareholding and the Permanent Secretary of The National Treasury holding the remaining one percent (1%). The Company is fully licensed to distribute broadcasting signals under the new digital platform. However, a review of documents revealed that the former SSDL Managing Director at the time of incorporation of the subsidiary continues to hold 99% of its shares despite the existence of letter dated 4 September, 2015 requesting the shares to be transferred to The National Treasury.

In the circumstances, Management was in breach of the law.

6. Non-Compliance with Staffing Requirement of Persons with Disabilities Act, 2025

An analysis of the payroll data for the period under review revealed that the Corporation had twenty-three (23) staff members, out of a total workforce of eight hundred and thirty-five (835) identified as persons living with disabilities. This represented approximately 2.8% of the total workforce. This was contrary to Section B.23 (1) of Human Resource Policies and Procedures Manual for the Public Service May, 2016 and Section 4(f) the Persons with Disabilities Act, 2025 which requires every national government entity to promote the inclusion and integration of persons with disability in the public service and put in place measures to ensure that at least five per centum (5%) of the employment positions are filled by persons with disability

In the circumstances, Management was in breach of the law.

7. Failure to Comply with Procurement Plan Prescribed Format

Audit review revealed that Management did not comply with the prescribed format in preparation of the annual procurement plan for the year under review. This contravenes the provisions of third schedule and Regulations 42 of the Public Procurement and Asset Disposal Regulations, 2020. Further the delivery and completion dates for goods, works or services procured were not clearly defined in the procurement plan as required by the Public Procurement and Asset Disposal Act.

In the circumstances, Management was in breach of the law.

8. Failure to Declare Conflict of Interest

In the Addendum to the contract between the Corporation and Channel 2 Group corporation dated 12 May, 2007, KBC indicated that the Board Chair and owner of Channel 2 will represent Channel 2 Group Corporation at a quarterly Board meeting with

KBC. This implies the Board Chairman was among the top Management at Channel 2 Group Corporation who instituted the case against KBC. The case is still active and ongoing where Channel 2 Group Corporation is demanding USD.2,373,000,000 equivalent to Kshs.306,662,790,000.

The chairman was appointed to the Board of KBC on 19 January, 2024 for 3 years. There are no board minutes or documents that declare conflict of interest that the board chairman has over the ongoing Channel 2 Group case. Further, given he is one of the persons who instituted the case against KBC it is not clear how he will lead defence against a case he instituted. It is certain that the Board Chair is conflicted and he may lack independence contrary to Article 75(1)(a) and of Chapter six of the Constitution of Kenya and Paragraph 1.1 (8) – c of the Mwongonzo Code of Governance.

In the circumstances, Management was in breach of the law.

9. Stalled Studio Mashinani Audio Visual Production Project

The Corporation awarded a contract to Broadcast Gurus through tender number 9/KBC/2021-2022 on 28 March, 2022 for the construction and equipping of the proposed studio mashinani audio-visual production project in Eldoret and Kisii for a contract sum of Kshs.67,915,164. According to the contract, the cost for construction of the building to host the studio in Eldoret and Kisii was Kshs.6,950,915 and Kshs.6,025,242 respectively totalling Kshs.12,976,158. The project duration was six (6) months from time of execution of the contract.

However, review of project file and site visit conducted in September, 2025 revealed that the project has stalled and the contractor was last on site in December, 2022. According to a letter from the then Acting Managing Director of the Corporation to the Principal Secretary, Ministry of Information and Communications Technology and Digital Economy dated 23 August, 2023, Kshs.14,375,000 was paid as an advance payment to the contractor. Further, the advance payment was more than the total cost of construction of the two buildings of Kshs.12,976,158. It is not clear why the construction is not complete despite full payment for the cost of construction.

In addition, payment voucher for the advance payment and its justification were not provided for audit. This is contrary to Regulation 83(2)(e) of the Public Finance Management (National Government) Regulations, 2015 which requires State Departments to avoid prepayment for goods and services unless required by the contractual arrangements with the supplier.

In the circumstances, Management was in breach of the law and value for money paid for the project could not be confirmed.

10. Non-compliance with Environmental Management Provisions

Audit verification of the Corporation's buildings revealed that there are buildings which are still roofed with asbestos sheets. These include Sauti House in Mombasa, generator room at Broadcasting House in Nairobi, office buildings at Ngong transmission station and staff houses at transmission stations in Lang'ata, Komarock, Kisumu, Kitale, Nandi Hills, Timboroa, Nakuru, Voi, Nyali, Mazaras, Malindi, Garissa, Marsabit, Maralal, Nyeri

Hill and Marania. This practice contravenes both the Environmental Management and Coordination (Waste Management) Regulations, 2006 and the Occupational Safety and Health Act, No. 15 of 2007, which classify asbestos as a hazardous substance due to its harmful health effects upon prolonged exposure.

In the circumstances, Management was in breach of the law.

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 EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on 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

1. Lack of Annual Human Resource Plan

The statement of profit/loss and other comprehensive income and as disclosed in Note 10 to the financial statement reflects expenditure amounting to Kshs.2,572,131,000 on administration costs out of which Kshs.1,498,363,000 as disclosed in Note 10(a) to the financial statements is in respect to staff costs. However, audit review revealed that the human resource plan was not prepared for the year under review. The goals and objectives of the Corporation may not have been realised as the plans were not done for the year. Further, emerging issues and needs of staff may not have been addressed adequately.

In the circumstances, the effectiveness of internal controls relating to human resource management could not be confirmed.

2. Lack of Auto-Switches on the Signet Platform

The statement of financial position and as reflected in Note 16 to the financial statements reflects a balance of Kshs.1,472,805,000 relating to trade and other receivables. Included in this balance is an amount of Kshs.1,459,156,000 relating to trade receivables. However, an audit review of the ageing analysis revealed that some of the signet clients with substantial outstanding trade receivables continued to access services despite long-overdue debts. Further, It was observed that the auto-switch functionality had not been implemented on the Signet platform.

In the circumstances, effectiveness of internal controls surrounding management of debts collection and follow up could not be confirmed.

3. Manual Monitoring of Revenue from Contracts with Customers

Note 6 to the financial statements reflects an amount of Kshs.1,112,241,000 in respect to revenue from contracts with customers which further include a total of Kshs.353,479,000 in respect to advertising radio, advertising television and digital media and casuals and funeral.

However, it was observed that the invoices for these revenue streams were raised based on manual monitoring reports, which are prone to human error and inaccuracies.

In the circumstances, the existence of effective internal controls revenue generation and collection could not be confirmed.

4. Weaknesses in the Management of Travel Expenses

The statement of the profit/loss and other comprehensive income and as disclosed in Note 10 to financial statement reflects an amount of Kshs.2,572,131,000 in respect to administration costs, out of which Kshs.93,651,000 relates to transportation, travelling and subsistence. However, audit examination of the work tickets and fuel statements of the Corporation revealed there are discrepancies between the fuel supplier statements, the internal fuel register, and the work tickets. These includes; fuel drawn but not recorded on work tickets, fuel issued that does not appear on the supplier's statement and entries in the fuel register not traceable to either work tickets or supplier statements. Further, despite the introduction of fuel cards in the month of October, 2024, some vehicles with allocated cards continued to refuel outside of the card system weakening the intended oversight mechanism.

In the circumstances, the existence of effective internal controls on management of motor vehicles could not be confirmed.

5. Deficiencies in Enterprise Resource Planning

Audit review of the Corporation Enterprise Resource Planning (ERP) system revealed that the Corporation switches to manual operations during ERP downtime, which occurs due to internet disruptions and or temporary deactivation of the system arising from late renewal of the license. Therefore, these manual operations leads to transactions recorded in counter books and later updated in the ERP. However, the system does not allow backdating of entries, leading to all transactions being recorded as if they occurred on a single day. This limits real-time visibility and accuracy of operational data.

Further, the ERP inventory movement report does not provide complete information on stock transactions. This include failure to indicate the recipient or user to whom an item was issued, any new stock received into the system, and the running balance after each movement.

In the circumstances, the existence of effective internal controls on ERP process could not be confirmed.

6. Weaknesses in ICT Environment

An audit review of the information and communication technology (ICT) environment at the Corporation established that, although the Corporation has an ICT Policy in place, it lacks comprehensive provisions on critical areas such as data backup and retention, business continuity planning, and server room access controls. Specifically, while monthly backups of critical data are performed, radio and television content—the Corporation's core business outputs—are not backed up due to inadequate storage capacity with the Media Asset Management (MAM) system already at full capacity and without service level agreements (SLAs) for its maintenance. In addition, the Corporation continues to operate under an outdated ICT organizational structure that does not conform to the ICT Authority's human capital and workforce development standards, raising concerns about capacity and alignment with best practices.

Physical inspection in August, 2025 of the server rooms revealed significant weaknesses, including the absence of fire suppression systems and fire extinguishers, lack of access registers, use of wooden and unreinforced doors, and inappropriate use of the rooms as storage areas. Further, the uninterrupted power supply was found to be non-functional, obsolete server equipment remained unreplaced, and cable management was poor, all of which expose the Corporation's critical infrastructure to operational inefficiencies, service disruptions, and security risks.

In the circumstances, the existence of effective internal controls surrounding ICT environment could not be confirmed.

7. Lack of an Insurance Policy for Fixed Assets

Audit review revealed that the Corporation through open tender advertised for provision of insurance cover for the Corporation's fixed assets (underwriters only) under tender Number: 04/KBC/2024-2025 on 24 September, 2024. Three firms responded and submitted their bids and bidder 2, was selected at a contract sum of Kshs.6,605,492. The notification of intention to award was sent on 13 November, 2024 to the winning bidder. However, the signing of the contract of the insurance cover for the Corporation's fixed assets was not finalized. Management has not taken measures to follow up on the contract and, therefore, the Corporation's fixed assets still remain uninsured as at the time of audit.

In the circumstances, effective internal controls surrounding safeguarding and maintenance of the Corporation's fixed assets could not be ascertained.

8. Weak Internal Controls in Assets Management

As previously reported, the statement of financial position and as disclosed in Note 13 to the financial statements reflects property, plant and equipment balance of Kshs.15,847,578,290 which includes land valued at Kshs.12,857,874,001 spread across the country. However, most of the Corporation's parcels of land remain un-surveyed and/or un-fenced for safeguarding and lacked ownership documents. This is contrary to Section 139(1) of the Public Finance Management Act Regulations, 2015 which states that the Accounting Officer of a National Government entity shall take full responsibility

and ensure that proper control systems exist for assets and that preventive mechanisms are in place to eliminate theft, security threats, losses, wastage and misuse. Urgent intervention is required to secure the land most of which is in prime areas and faces threats of encroachment by illegal settlers.

In the circumstances, effectiveness of internal controls surrounding management of the corporation's assets could not be confirmed.

9. Irregular Allocation of Sauti House Land in Mombasa

As previously reported, the Corporation was sued in Mombasa through Case ELC No.283 of 2013 for the parcel of land where the matter went up to the Court of Appeal and was determined against the Corporation. In a letter to the Corporation from the Attorney General, Ref AG/ELC/CIV 299/21 of 27 April, 2022, the Attorney General determined that the Mombasa Block XXXI/577 was irregularly surveyed and subdivided. Available information and the Part Development Plan (PDP) indicate that the parcel of land was reserved for the Corporation from the year 1988. The Attorney General made a recommendation for the Corporation to involve the Ethics and Anti-Corruption Commission (EACC) given that this was public land and it fell under the EACC's mandate and that the matter had already been determined by the Court of Appeal. The EACC would assist the Corporation to institute proceedings to recover the parcel of land on behalf of the Corporation. However, there was no evidence indicating that the Corporation had acted on the AG's advice and/or the status and progress of the case to recover the irregularly acquired land. As a result, illegal private developers continue to occupy public land.

In the circumstances the internal controls surrounding safeguard of the Corporation's assets could not be confirmed.

10. Field Inspection Findings

10.1 Equipment Functionality and Maintenance

Physical inspection in September 2025 across multiple sites including KBC Mashinani (Kitui), Mbui Nzau (Makueni), Vuria (Taita Taveta), Mazeras (Mombasa), Mrima (Kwale), Chasimba (Kilifi), and Yala (Siaya) revealed that several critical broadcast and support equipment were non-functional. Common issues included faulty or inadequate air conditioners, non-operational transmitters, UPS batteries requiring replacement, and obsolete or fuel-inefficient generators. In Vuria and Mazeras, prolonged equipment breakdowns led to broadcast disruptions and signal loss. Further, delayed repairs, dependence on old technology, and lack of preventive maintenance programs were observed.

In the circumstances, internal controls surrounding transmission reliability, broadcast continuity, and service quality cannot be ascertained.

10.2 Inefficiencies in the Supply of Power and Fuel Management

Physical inspection in September 2025 revealed frequent power outages and irregular fuel supply in several transmission sites, notably Yala, Mazeras, and Bondo. While most

sites had standby generators installed, their effectiveness was undermined by lack of fuel imprests, poor servicing, and in some cases, manual operation due to faulty automation systems. At Yala, one of the two generators remained unserviceable for an extended period, while at Mazeras and Vuria, generators were old and highly fuel-inefficient.

In the circumstances, Corporation's ability to ensure continuous broadcasting, particularly during emergencies cannot be ascertained.

10.3 Lack of Security and Safety Controls

Physical inspection in September 2025 revealed a general lack of security infrastructure across multiple stations. Sites such as Kitui, Mbui Nzau, Vuria, and Mrima lacked CCTV surveillance systems, leaving equipment and installations exposed to theft and vandalism. Electric fences were either non-functional or in disrepair, while several sites, including Kitui, lacked fire extinguishers or had expired and uninspected units. At Yala and Nakuru transmission sites, the inadequate fencing and limited security personnel further increased the risk of unauthorized access and encroachment. Further, in Voi and other land holdings, the absence of fencing and signage had led to encroachments and illegal use of KBC property.

In the circumstances, the effectiveness of internal controls surrounding Corporation's security and safety of its infrastructure could not be confirmed.

10.4 Inadequacies in the Management of Assets

Physical inspection in September, 2025 revealed inconsistencies in asset management across sites. While some locations such as Nakuru and Limuru maintained asset registers, they were outdated, with no recent updates or tagging of newly acquired items. Other sites, including Kisumu TX, lacked site-specific asset registers altogether, relying instead on centralized records that hinder accountability and verification. Further, untagged assets such as the equipment donated by China Radio International (CRI) at Mazeras remained unrecorded, creating gaps in asset accountability and increasing the risk of loss or misappropriation.

In the circumstances, the internal controls surrounding management of the corporation's assets could be ascertained.

10.5 Operational Inefficiencies at Regional Offices

Physical inspection in September, 2025 revealed transport and staffing constraints in several regions. The Kisumu TX, Nakuru TX, and Eldoret sites lacked operational vehicles, hindering field operations, content gathering, and technical support. Staffing levels were inadequate at the Nakuru and Eldoret revenue offices, with limited or no personnel assigned to marketing and revenue mobilization functions. As a result, no revenue was generated from some offices during the year under review, indicating underutilization of resources and weak operational oversight.

In the circumstances, the effectiveness and efficiencies of the corporation's regional sites and offices could not be confirmed.

10.6 Failure to Integrate Revenue Collection Platforms

Physical inspection in September, 2025 revealed that revenue offices in Mombasa and Kisumu faced significant operational and system integration challenges. The accounting system was not linked to the eCitizen and Matangazo platforms, leading to reliance on manual processes for tracking airtime invoices and client payments. In Mombasa, the revenue accountant had occasionally used a personal eCitizen account for client transactions, exposing the Corporation to accountability and reconciliation risks. In Kisumu, system downtime following a recent upgrade disrupted advertisement processing and billing workflows, while delayed payment of sales commissions contributed to staff demotivation and reduced productivity.

In the circumstances, the effectiveness of internal controls surrounding corporation's revenue collection system could not be confirmed.

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 Management and Board of Directors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards 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 Corporation'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.

The Board of Directors is responsible for overseeing the Corporation'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 Gatundu, CBS
AUDITOR-GENERAL

Nairobi

17 December, 2025

Appendix I : Unresolved Prior Year Issues

	Financial Year	Audit Issue
1	2023/2024	Accuracy of the Government of Kenya (GoK) Loan and Accrued Interest
2	2023/2024	Lack of Land Ownership Documents
3	2023/2024	Unsupported expenditure for Directors Emoluments
4	2023/2024	Irregular Payment of Board Allowances
5	2023/2024	Misstatement of Property Plant and Equipment
6	2023/2024	Unaccounted Miscellaneous Income
7	2023/2024	Trade Receivables with Negative Balance
8	2023/2024	Payment of Motor Vehicle Insurance for Vehicles Not in Use
9	2023/2024	Unsupported and Inaccurate Inventory balance
10	2023/2024	Non-Provision for Legal Fees in the Financial Statement
11	2023/2024	Payment Vouchers Not Provided for Audit Review
12	2023/2024	Unsupported Bank Balance
13	2023/2024	Invalid Unpresented Cheques
14	2023/2024	Non-Disclosure of a Bank Account
15	2023/2024	Overdrawn Cashbook balances
16	2023/2024	Unsupported Fuel, Lubricants and Oil
17	2023/2024	Unremitted Statutory Deductions
18	2023/2024	Conflict of Interest – Board Chairman
19	2023/2024	Payment of Board Allowances to Non-Board Members
20	2023/2024	Board Retreat Without Approval
21	2023/2024	Irregular Payment of Meal and Accommodation Allowance at the Same Time
22	2023/2024	Number of Board Meetings Exceeding Limit
23	2023/2024	Board Activities Taking Over Management Function
24	2023/2024	Authenticity of Accounts Payable
25	2023/2024	Staff in Acting Capacity for More Than 6 Months
26	2023/2024	Non-Compliance With the Law on Wage Bill
27	2023/2024	Irregular Double Payment of Leave Allowance
28	2023/2024	Non-Compliance With Climate Regulations
29	2023/2024	Procurement Without a Budget
30	2023/2024	Unconfirmed Ownership of Signet Signal Distributors Limited
31	2023/2024	Failure to Safeguard Assets
32	2023/2024	Irregular Allocation of Sauti House Land in Mombasa
33	2023/2024	Failure to Repossess Corporation's Land in Nyali
34	2023/2024	Irregular Leasing Out of Sauti House
35	2023/2024	Lack of Approved Information Communication Technology (ICT) Security Policy
36	2023/2024	Lack of a Human Resource Plan
37	2023/2024	Lack of Updated Human Resource Policy Manual
38	2023/2024	Dilapidated Structures and Health Hazards in Transmitting Stations and Broadcasting House

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	Financial Year	Audit Issue
39	2023/2024	Lack of Auto-Switches on the Signet Platform
40	2023/2024	Unsustainable High Electricity and Water Costs
41	2023/2024	Failure to Invoice Several Airtime Orders
42	2023/2024	Manual Monitoring of Revenue from Contracts with Customers
43	2023/2024	Expired Contracts and Irregular Billing for Signet Clients
44	2023/2024	Technical Capacity of KBC Transmission Stations
45	2023/2024	Miscellaneous Findings from Regional Offices
46	2023/2024	Lack of Updating of Finance System in Regional Offices
47	2023/2024	Lack of Clear and Detailed Lease Agreement

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16. Statement of Profit/Loss & Other Comprehensive Income for year ended 30 June 2025.

Description	Note	31/2/2025	31/2/2024
		KSh's (000,000)	KSh's (000,000)
Revenues			
Revenue from Contracts with Customers	6	1,112,241	1,115,823
Cost Of Sales	7	0	0
Gross profit		1,112,241	1,115,823
Other income			
Grants from the national government	8	1,079,941	1,258,917
Other income	9	100,245	507,701
Total revenues		2,292,427	2,882,441
Operating expenses			
Administration costs	10	2,572,131	3,042,295
Selling and distribution costs	11	79,963	95,444
Total operating expenses		2,652,094	3,137,739
Profit/(loss) before taxation	12	-359,667	-255,298

The financial statements were approved by the Board on 28th August 2025 and signed on its behalf by:


 Name: Tom Mshindi
 Chairman of the Board


 Name: Agnes Kalekye
 Managing Director


 Name: Charles K.S Rotich
 Head of Finance
 ICPAK M/NO: 20865

17. Statement of Financial Position as at 30 June 2025

Description	Note	2024/2025	2023/2024
		Kshs ('000')	Kshs ('000')
Assets			
Non-Current Assets			
Property, Plant and Equipment	13	15,847,578	16,040,272
Quoted Investments	14	400	400
Total Non-Current Assets		15,847,978	16,040,672
Current Assets			
Inventories	15	62,135	65,490
Trade and Other Receivables	16	1,472,806	1,318,206
Bank and Cash Balances	17	79,189	43,577
Total Current Assets		1,614,130	1,427,273
Total Assets		17,462,108	17,467,945
Equity And Liabilities			
Capital And Reserves			
Ordinary Share Capital	18	928,488	928,488
Revaluation Reserve	19	11,616,176	11,616,176
Fair Value Adjustment Reserve	20	0	0
Retained Earnings	21	(89,725,090)	(89,365,423)
Capital And Reserves		(77,180,426)	(76,820,759)
Non-Current Liabilities			
Government Loan (Principle)	22	13,657,251	13,657,251
Government Loan (Interest)	22	77,047,476	77,047,476
Total Non-Current Liabilities		90,704,727	90,704,727
Current Liabilities			
Trade And Other Payables	23	3,937,807	3,583,977
Total Current Liabilities		3,937,807	3,583,977
Total Equity and Liabilities		17,462,108	17,467,945

The financial statements were approved by the Board on 28th August, 2025 and signed on its behalf

by:


Name: Tom Mshindi

Chairman of the Board


Name: Agnes Kalekye

Managing Director


Name: Charles K.S Rotich

Head of Finance

ICPAK M/NO: 20865

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18. Statement of Changes in Equity for the year ended 30 June 2025

Description	Ordinary share capital	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Proposed dividends	Capital/Development Grants/Fund	Total
As at July 1, 2022	928,488	11,616,176	0	(88,426,682)	0	0	(75,882,018)
Profit for the year		-	-	(683,443)	-	-	(683,443)
As of June 30, 2023	928,488	11,616,176	0	(89,110,125)	0	0	(76,565,461)
As at July 1, 2023	928,488	11,616,176	0	(89,110,125)	0	0	(76,565,461)
Profit for the year	-	-	-	(255,298)	-	-	(255,298)
At June 30, 2024	928,488	11,616,176	0	(89,365,423)	0	0	(76,820,759)
As at July 1, 2024	928,488	11,616,176	0	(89,365,423)	0	0	(76,820,759)
Profit for the year	0	0	0	(359,667)	0	0	(359,667)
At June 30, 2025	928,488	11,616,176	0	(89,725,090)	0	0	(77,180,426)

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

Description	Note	2024/2025	2023/2024
		Kshs ('000')	Kshs ('000')
Cash flows from operating activities			
Cash generated from/(used in) operations	24	62,246	7,937
Net cash generated from/(used in) operating activities		62,246	7,937
Cash flows from investing activities			
Purchase of property, plant and equipment		(26,634)	(40,215)
Proceeds from disposal of property, plant and equipment		0	0
Purchase of intangible assets		0	0
Purchase of investment property		0	0
Purchase of quoted investments		0	0
Proceeds from disposal of quoted investments		0	0
Net cash generated from/(used in) investing activities		(26,634)	(40,215)
Net cash generated from/(used in) financing activities		0	0
Increase/(decrease) in cash and cash equivalents		35,613	(32,278)
Cash and cash equivalents at beginning of year		43,577	75,855
Effects of foreign exchanges rate fluctuations		0	0
Cash and cash equivalents at end of the year	17	79,189	43,577

Kenya Broadcasting Corporation

Annual Report and Financial Statements for the year ended June 30, 2025**20. Statement of Comparison of Budget & Actual amounts for the period ended 30 June 2025**

Description	Original Budget	Adjustments	Final budget	Actual comparable basis	Performance Difference	% of Utilization
	A	B	C=A+B	D	E=C-D	C=D/C %
Revenue	Kshs	Kshs	Kshs	Kshs		%
Sale of services	1,316,000,000	0	1,316,000,000	1,112,241,212	203,758,788	84.52
Transfers from the Government	1,086,860,272	0	1,086,860,272	1,079,940,735	6,919,537	99.36
Other income	15,000,000	0	15,000,000	100,244,859	-85,244,859	668.3
Total income	2,417,860,272	0	2,417,860,272	2,292,426,806	125,433,466	94.81
Expenses						
Compensation of employees	1,620,051,725	0	1,620,051,725	1,498,362,611	121,689,114	92.49
Use of goods and services	1,076,681,000	0	1,076,681,000	1,145,225,285	-68,544,285	106.37
Finance cost	3,900,000	0	3,900,000	2,148,064	1,751,936	55.08
Rent paid	15,000,000	0	15,000,000	6,357,668	8,642,332	42.38
Total expenditure	2,715,632,725	0	2,715,632,725	2,652,093,628	63,539,097	97.66
Surplus for the period	-297,772,453	0	-297,772,453	-359,666,822	61,894,370	120.7
Capital Expenditure	0	0	0	0	0	0

Under "Other Incomes" Kshs.78 million was monies received from Sports Arts and Social Development Fund, Therefore the balance of Kshs.19.7 million is income from normal operations.

21. Notes to the Financial Statements

1.General Information

The Kenya Broadcasting Corporation was formed in 1989 through an Act of parliament. The Corporation has a Board of Directors that is responsible for the general policy and strategic direction of the organization. It falls under the Ministry of Information Communication & Digital Economy.

The entity's principal activity is to transmit objective, informative, educative and entertaining content to the public through high quality broadcasts.

For Kenyan Companies Act reporting purposes, the balance sheet is represented by the statement of financial position and the profit and loss account by the statement of profit or loss and other comprehensive income in these financial statements

2.Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) allows the use of estimates and assumptions. It also requires management to exercise judgment in the process of applying the entity's accounting policies.

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

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

Notes to the Financial Statements (Continued)

3. Application of New and Revised International Financial Reporting Standards (IFRS)

i. New and amended standards and interpretations in issue and effective in the year ended 30 June 2025.

Title	Description	Effective Date
Amendments to IAS 1 titled Classification of Liabilities as Current or Non-current (issued in January 2020, amended in October 2022)	The amendments, applicable to annual periods beginning on or after 1st January 2024, clarify a criterion in IAS 1 for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.
Amendment to IFRS 16 titled Lease Liability in a Sale and Leaseback (issued in September 2022)	The amendment, applicable to annual periods beginning on or after 1st January 2024, requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss.	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.
Amendments to the Classification and Measurement of Financial Instruments Amendments to IFRS 9 and IFRS 7	The amendments specify: <ul style="list-style-type: none"> i. when a financial liability settled using an electronic payment system can be deemed to be discharged before the settlement date. ii. how to assess the contractual cash flow characteristics of financial assets with contingent features when the nature of the contingent event does not relate directly to changes in basic lending risks and costs; and 	1 January 2026.

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Title	Description	Effective Date
	new or amended disclosure requirements relating to investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features that do not relate directly to basic lending risks and costs.	

Notes to the Financial Statements (Continued)**Application of New and Revised International Financial Reporting Standards (IFRS)****ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025.**

Title	Description	Effective Date
IFRS 18 Presentation and Disclosure in Financial statements	The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements (financial statements) to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses.	The new standard is effective for annual periods beginning on or after January 1, 2027. Earlier application is permitted.
IFRS 19 Subsidiaries without Public Accountability	IFRS 19 Subsidiaries without Public Accountability: Disclosures IFRS 19 Subsidiaries without Public Accountability: Disclosures was issued in May 2024. IFRS 19 permits some subsidiaries to apply IFRS Accounting Standards with reduced disclosure requirements. These entities apply the requirements in other IFRS Accounting Standards except for their disclosure requirements. Instead, these entities apply the requirements in IFRS 19	An entity may elect to apply this Standard for reporting periods beginning on or after 1 January 2027. Earlier application is permitted.

iii. Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year or the entity adopted the following standards early

Notes to the Financial Statements (Continued)

4. Summary of Accounting Policies

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

a) Revenue recognition

Revenue is measured based on the consideration to which the entity expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. KBC recognizes revenue when it transfers control of a product or service to a customer

- i) Revenue from the sale of goods and services** is recognized in the year in which KBC delivers products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured.
- ii) Grants from National Government** are recognized in the year in which KBC actually receives such grants. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.
- iii) Finance income** comprises interest receivable from bank deposits and investment in securities, and is recognized in profit or loss on a time proportion basis using the effective interest rate method.
- iv) Dividend income** is recognized in the income statement in the year in which the right to receive the payment is established.
- v) Rental income** is recognized in the income statement as it accrues using the effective interest implicit in lease agreements.
- vi) Other income** is recognized as it accrues.

Notes to the Financial Statements (Continued)

Summary of Accounting Policies

b) In-kind contributions

In-kind contributions are donations that are made to KBC in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, KBC includes such value in the statement of comprehensive income both as revenue and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

c) Property, plant and equipment

All categories of property, plant and equipment are initially recorded at cost less accumulated depreciation and impairment losses.

Certain categories of property, plant and equipment are subsequently carried at re-valued amounts, being their fair value at the date of re-valuation less any subsequent accumulated depreciation and impairment losses.

Increases in the carrying amounts of assets arising from re-valuation are credited to other comprehensive income. Decreases that offset previous increases in the carrying amount of the same asset are charged against the revaluation reserve account; all other decreases are charged to profit or loss in the income statement. Gains and losses on disposal of items of property, plant and equipment are determined by comparing the proceeds from the disposal with the net carrying amount of the items, and are recognized in profit or loss in the income statement.

Notes to the Financial Statements (Continued)

Summary of Accounting Policies

d) Depreciation and impairment of property, plant and equipment

Freehold land and capital work in progress are not depreciated. Capital work in progress relates mainly to the cost of ongoing but incomplete works on buildings and other civil works and installations.

Depreciation on property, plant and equipment is recognized in the income statement on a straight-line basis to write down the cost of each asset or the re-valued amount to its residual value over its estimated useful life. The annual rates in use, as guided by National Treasury policy on assets depreciation are:

No.	Item/Type	Depreciation Rate
1.	Buildings	2.00%
2.	Plant and machinery	6.50%
3.	Transmitter equipment	10%
4.	Studio equipment	10%
5.	Ob equipment	10%
6.	Portable equipment	10%
7.	Program links	6.00%
8.	Furniture and fittings	12.50%
9.	Motor vehicles	20.00%
10.	Office equipment	12.50%
11.	Computer and accessories	30.00%

A full year's depreciation charge is recognized both in the year of asset purchase and in the year of asset disposal.

Items of property, plant and equipment are reviewed annually for impairment. Where the carrying amount of an asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognized so that the asset is written down immediately to its estimated recoverable amount.

e) Intangible Assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the

end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

f) Amortization and Impairment of Intangible Assets

Amortization is calculated on the straight-line basis over the estimated useful life of the intangible asset. All intangible assets are reviewed annually for impairment. Where the carrying amount of an intangible asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognized so that the asset is written down immediately to its estimated recoverable amount.

g) Investment Property

Investment property, which is property held to earn rentals and/or for capital appreciation (including property under construction for such purposes), is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise. An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on recognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized. KBC did not have investment property in the year under review.

h) Biological Assets

The entity recognizes biological assets when it controls the assets due to past events, it is probable that future economic benefits associated with the asset will flow to the entity, and when the fair value or cost of the asset can be measured reliably. Biological assets are initially and subsequently measured at fair value less costs to sell, except where fair value cannot be reliably determined. In such cases, the asset is measured at its cost less accumulated depreciation and any accumulated impairment losses. Changes in fair value less costs to sell are recognized in surplus/deficit in the period in which they occur.

i) Right of Use Asset

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the entity incurs an obligation for costs to dismantle and remove a leased asset,

restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the entity expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

j) Fixed interest investments (bonds)

Fixed interest investments refer to investment funds placed under Central Bank of Kenya (CBK) long-term infrastructure bonds and other corporate bonds with the intention of earning interest income upon the bond's disposal or maturity. Fixed interest investments are freely traded at the Nairobi Securities Exchange. These bonds are measured at amortized cost/ at fair value through other comprehensive income (FVTOCI) or at fair value through profit or loss (FVTPL)

Quoted investments

Quoted investments are classified as non-current assets and comprise marketable securities traded freely at the Nairobi Securities Exchange or other regional and international securities exchanges. Quoted investments are stated at fair value through profit or loss (FVTPL).

k) Unquoted investments

Unquoted investments are measured at fair value through profit or loss (FVTPL)

l) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average cost method or First In First Out (FIFO). Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

m) Trade and other receivables

Trade and other receivables are recognized at amortized cost less allowances for any uncollectible amounts. These are assessed for impairment on a continuing basis. An estimate is made of doubtful

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receivables based on a review of all outstanding amounts at the year end. Bad debts are written off after all efforts at recovery have been exhausted.

Notes to the Financial Statements (Continued)

n) Taxation

i) Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance.

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income.

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.

o) 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 entity and the same taxation authority.

p) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. To the extent that variable rate borrowings are used to finance a qualifying asset and are hedged in an effective cash flow hedge of interest rate risk, the effective portion of the derivative is recognized in other comprehensive income and reclassified to profit or loss when the qualifying asset impacts profit or loss. To the extent that fixed rate borrowings are used to finance a qualifying asset and are hedged in an effective fair value hedge of interest rate risk, the capitalized borrowing costs reflect the hedged interest rate. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

q) 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 reporting period. 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.

r) Borrowings

Interest bearing loans and overdrafts are initially recorded at fair value being received, net of issue costs associated with the borrowing. Subsequently, these are measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any issue cost and any discount or premium on settlement. Finance charges, including premiums payable of settlement or redemption are accounted for on accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. Loan interest accruing during the construction of a project is capitalised as part of the cost of the project.

s) Trade and other payables

Trade and other payables are non-interest bearing and are carried at amortised cost, which is measured at the fair value of contractual value of the consideration to be paid in future in respect of goods and services supplied, whether billed to the entity or not, less any payments made to the suppliers.

t) Retirement benefit obligations

The entity operates a defined contribution scheme for all full-time employees. The scheme is administered by an in-house team and is funded by contributions from both the company and its employees. The company also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The company's obligation under the scheme is limited to specific contributions legislated from time to time.

u) Provision for staff leave pay

Employees' entitlements to annual leave are recognized as they accrue at the employees. A provision is made for the estimated liability for annual leave at the reporting date.

v) Exchange rate differences

The accounting records are maintained in the functional currency of the primary economic environment in which the entity operates, Kenya Shillings. Transactions in foreign currencies during the year/period are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Any foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

Notes to the Financial Statements (Continued)

Summary of Accounting Policies

w) Budget information

The original budget for FY 2024/25 was approved by the National Assembly on 13th June 2025. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 20 of these financial statements.

x) Service concession arrangements

KBC analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Entity recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Entity also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

y) Comparative figures

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

z) 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, 2025.

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the KBC's financial statements in conformity with IFRS 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

a) Estimates and assumptions

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

b) Useful lives and residual values

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

- The condition of the asset based on the assessment of experts employed by the Entity
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the assets

c) Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 15.

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.

Notes to the Financial Statements (Continued)

6.Revenue from contracts with customers

Description	2024/2025	2023/2024
	Kshs(000)	Kshs(000)
Advertising Radio	215,936	183,151
Advertising TV and Digital media	135,780	161,110
Casuals and funeral	1,763	1,575
Technical Services	757,923	755,688
Revenue Share	839	14,299
Total	1,112,241	1,115,823

There is a decrease of Internally Generated Revenue by Kshs.3.5 million from Kshs.1,115,823,000 to Kshs.1,112,241,000.

7.Cost of Sales

Description	2024/2025	2023/2024
	Kshs	Kshs
Cost of sales on goods	0	0
Cost of sales on services	0	0
Total	0	0

8.Grants from National Government

Description	2024/2025	2023/2024
	Kshs(000)	Kshs(000)
Recurrent grants received	1,079,941	1,198,916
Capital grants realized (see note below)	0	60,000
In kind contributions/ donations	0	0
Total	1,079,941	1,258,916

Grants from the National Government shows a decrease by Kshs.178.9 million from Kshs.1,258.9 million to Kshs.1,079.9 million. The decrease has been orchestrated by the budget cuts. However, Kshs.220.4 million in FY 2024/25 was monies received to facilitate Channel 2 Arbitration case in London.

Notes to the Financial Statements (Continued)

Name of the Entity sending the grant	Amount recognized in the Statement of Comprehensive Income KShs "000"	2024/2025 KShs "000"	2023/2024 KShs "000"
State Department for Broadcasting	1,079,941	1,079,941	1,258,916
Total	1,079,941	1,079,941	1,258,916

9. Other Income

Description	2024/2025	2023/2024
	KShs (000)	KShs (000)
Other Miscellaneous Receipts	100,245	507,701
Total	100,245	507,701

There is decrease of other incomes from Kshs.507.7 million to Kshs.97.8 million. Kshs.78 million was monies received from Sports arts and Social development fund in FY 2024/25 and Kshs.491.8 million in FY 2023/24.

10. Administration Costs

Description	2024/2025	2023/2024
	KShs(000)	KShs(000)
Gain or Loss	4,199	0
Staff costs (note (10a))	1,498,363	1,529,947
Directors' emoluments	12,543	24,736
Electricity and water	116,196	153,797
Communication services and supplies	7,990	7,983
Transportation, travelling and subsistence	93,651	78,101
Advertising, printing, stationery and photocopying	5,364	6,892
Rent expenses	6,358	8,025
Staff training expenses	4,173	3,995
Hospitality supplies and services	5,466	7,522
Insurance costs	11,856	16,274
Bank charges and commissions	2,148	2,816
Office and general supplies and services	8,849	6,324
Auditors' remuneration	0	500

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Description	2024/2025	2023/2024
	Kshs(000)	Kshs(000)
Legal fees	188,963	101,104
Repairs and maintenance	69,774	66,063
Program telephone lines (satellite services)	51,706	52,105
Program production expenses	233,062	695,079
Provision for bad and doubtful debts	31,498	30,380
Depreciation	219,328	249,936
Other Operating Expenses	646	718
Total	2,572,131	3,042,297

The Administrations costs show a decrease by Kshs.470.4 million from Kshs.3 billion to Kshs.2.5 billion. In FY 2023/24 ksh.491.8 million and Kshs.78 million are costs relating to acquisition of Sporting rights whereas Kshs.220.4 million were monies received to facilitate Channel 2 Arbitration case in London.

10(a) Staff Costs

Description	2024/2025	2023/2024
	Kshs(000)	Kshs(000)
Salaries and allowances of permanent employees	1,052,867	1,090,807
Wages of temporary employees	125,494	133,502
Medical insurance schemes	114,100	133,119
Employer's contributions to national Social Security Schemes	41,800	22,507
Employer's contributions to pension scheme	141,337	121,639
Leave pay	9,554	10,068
Gratuity provisions	11,882	11,781
Staff welfare	1,329	6,524
Total	1,498,363	1,529,947
The average number of employees at the end of the year was:		
Permanent employees – management	588	634
Permanent employees – unionisable	234	233

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Description	2024/2025	2023/2024
	Kshs(000)	Kshs(000)
Temporary and contracted employees	247	270
Total	1,069	1,137

Staff Costs shows a decrease of Kshs.31million from Kshs.1.529 billion to Kshs.1.498 billion. This is majorly attributed to exit of staff through resignation, natural attrition and retirements. This is also evident in the drop in the number of employees from 1,137 to 1,069.

11.Selling and Distribution Costs

Description	2024/2025	2023/2024
	Kshs(000)	Kshs(000)
Salaries and wages of Sales personnel		
Marketing and Promotional expenses	46,813	53,580
Sales commissions	16,930	22,898
Other Selling and Distribution costs	16,220	18,966
Total	79,963	95,444

Selling and Distribution Costs refer to expenses incurred to generate advertising business. These costs dropped by Kshs.15.4 million, from Kshs.95.4 million to Kshs.79.9 million, indicating a decline in advertising revenue, as the two are directly correlated.

Notes to the Financial Statements (Continued)

12. Operating Profit/ (Loss)

Description	2024/2025	2023/2024
	Kshs(000)	Kshs(000)
The operating profit/(loss) is arrived at after charging/(crediting):		
Staff Costs (Note 10a)	1,498,363	1,529,947
Depreciation of property, plant and equipment	219,328	249,936
Provision for bad and doubtful debts	31,498	30,380
Directors' emoluments – fees	12,543	24,736
Auditors' remuneration - current year fees	0	580

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Notes to the Financial Statements (Continued)

13. Property, Plant and Equipment

DEPRECIATION	LAND	BUILDINGS	PLANT & EQUIPMENT	TRANSMISSION EQUIPMENT	FIBRE OPTIC EQUIPMENT	CHIEF EQUIPMENT	VEHICLE EQUIPMENT	TELEPHONE EQUIPMENT	WORKING TOOLS	OFFICE EQUIPMENT	VEHICLE EQUIPMENT	COMPUTER EQUIPMENT	TOTALS
Depreciation rate		2%	6.5%	10%	10%	10%	10%	10%	6%	12.5%	20%	12.5%	30%
AT 30TH JUNE 2023	12,857,874,001.00	984,506,067.06	2,044,635,037.68	1,628,273,194.34	752,345,686.77	30,677,575.80	5,657,472.52	45,234,257.31	38,112,038.97	200,142,145.19	23,166,253.03	132,094,768.27	18,742,718,497.94
ADDITIONS	0	4,906,644.82	6,164,000	3,428,120.42	9,562,410.76	0	316,437.07	0	3,590,868.87	0	1,673,329.48	17,735,917.45	47,377,728.87
AT 30TH JUNE 2024	12,857,874,001	989,412,712	2,050,799,038	1,631,701,314	761,908,097	30,677,575.80	5,973,909.59	45,234,257	41,702,906.84	200,142,145.19	24,839,582.51	149,851,185.12	18,790,116,724.05
ADDITIONS	0	800,000	0	9,721,974	4,408,015	0	59,439.66	0	1,467,413.74	0	614,870.69	9,561,895.21	26,633,608.23
AT 30TH JUNE 2025	12,857,874,001	990,212,712	2,050,799,038	1,641,423,288	766,316,112	30,677,576	6,033,349	45,234,257	43,170,321	200,142,145	25,454,453	159,413,080	18,816,750,332.28
DEPRECIATION													
Total As at June 2022		141,643,796	812,927,416	774,383,744	189,179,841	16,524,617	2,605,952	16,509,896	19,944,168	172,314,094	11,503,600	73,401,589	2,230,938,672
charge for the year 2022-2023	0	16,857,245.42	80,060,995.41	85,388,945.03	56,316,584.58	1,415,295.88	305,152.05	1,723,461.68	2,270,983.87	5,565,610.24	1,457,831.63	17,607,953.78	268,970,059.57
Total As at June 2023	0	158,501,041.38	892,988,411.19	859,772,688.87	245,496,425.72	17,939,912.63	2,911,104.54	18,233,357.58	22,215,151.56	177,879,703.93	12,961,391.53	91,009,542.34	2,499,908,731.28
charge for the year 2023-2024	0	16,618,233	75,257,691	77,192,863	51,641,167	1,273,766	306,280	1,620,054	2,435,969	4,452,488	1,484,774	17,652,493	249,935,779
Total As at June 2024	0	175,119,274	968,246,102	936,965,552	297,137,593	19,213,678	3,217,385	19,853,411	24,651,120	182,332,192	14,446,166	108,662,035	2,749,844,509
charge for the year 2024-2025	0	16,172,111	68,669,277	67,391,489	45,002,479	1,104,112	269,834	1,488,928	2,144,442	3,303,635	1,285,615	12,495,612	219,327,534
Total As at June 2025	0	191,291,385.36	1,036,915,378.54	1,004,357,041.24	342,140,072.00	20,317,790.11	3,487,219.16	21,342,338.98	26,795,562.14	185,635,826.96	15,731,780.82	121,157,647.13	2,969,172,042
Net Book Value as at June 30, 2025	12,857,874,001.00	798,921,526.64	1,013,883,659.46	637,066,246.76	424,176,039.93	10,359,795.69	2,546,130.09	23,891,918.02	16,374,758.44	14,506,318.23	9,722,672.38	38,255,433.20	15,847,578,290
Net Book Value as at June 30, 2024	12,857,874,001	814,293,437	1,082,552,936	694,735,763	464,770,504	11,463,897	2,756,524	25,380,846	17,051,786	17,809,953	10,393,417	41,189,150	16,040,272,216

Notes to the Financial Statements (Continued)

14. Quoted Investments

Description	2024/2025	2023/2024
	Kshs	Kshs
B/f Valuation	400,000	400,000
C/f Valuation	400,000	400,000

The Corporation owns 40% of the shareholding in Multichoice which manages DSTV. Multichoice has a paid-up ordinary share capital of kshs1,000,000. The shares are valued at cost.

15. Inventories

Description	2024/2025	2023/2024
	Kshs(000)	Kshs(000)
Engineering stores	62,564	63,617
Fuel, oil and lubricants	4,967	9,112
Stationery and general stores	8,760	6,917
Less: Impairment of Stocks	(14,156)	(14,156)
Total	62,135	65,490

Details of inventory movement

Description	2024/2025	2023/2024
	Kshs	Kshs
At the beginning of the year	79,646,467	82,149,833
Addition Inventory during the year	59,196,215	80,285,004
Inventory consumed through P and L	-62,551,579	-82,788,371
Write off during the year	-14,156,348	-14,156,348
At the end of the year	62,134,755	65,490,119

16. Trade and Other Receivables

Description	2024/2025	2023/2024
	Kshs(000)	Kshs(000)
Trade Receivables (Note 16(a))	1,459,156	1,289,839
Staff receivables (Note 16 (c))	13,649	28,366
Gross Trade and Other Receivables	1,472,805	1,318,205
Net Trade and Other Receivables	1,472,805	1,318,205

16 (a) Trade Receivables

Description	2024/2025	2023/2024
	Kshs(000)	Kshs(000)
Gross Trade Receivables	2,092,694	1,891,879
Provision for Doubtful Receivables	(633,538)	(602,040)
Net Trade Receivables	1,459,156	1,289,839
ageing analysis of gross Trade Receivables		
Less than 30 Days	103,809	284,688
Between 30 and 60 Days	30,935	65,565
Between 61 and 90 Days	41,426	88,232
Between 91 and 120 Days	26,851	59,267
Over 120 Days	1,889,673	1,394,127
Total	2,092,694	1,891,879

16(b) Reconciliation of Impairment Allowance for Trade Receivables

Description	2024/2025	2023/2024
	Kshs(000)	Kshs(000)
At the beginning of the year	602,040	571,660
Additional provision during the year	31,498	30,380
Recovered during the year	0	0
Write off during the year	0	0
At the end of the year	633,538	602,040

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Notes to the Financial Statements (Continued)

16 (c) Staff Receivables

Description	2024/2025	2023/2024
	Kshs(000)	Kshs(000)
Gross staff loans and advances	13,649	28,366
Net staff loans	13,649	28,366

16(d) Reconciliation of Impairment Allowance for Staff Receivables

Description	2024/2025	2023/2024
	Kshs(000)	Kshs(000)
At the beginning of the year	28,366	26,124
Additional provisions during the year	0	8,212
Recovered during the year	(14,717)	(5,969)
Written off during the year	(0)	(0)
At the end of the year	13,649	28,366

17. Bank and Cash Balances

Description	2024/2025	2023/2024
	Kshs(000)	Kshs(000)
Cash at bank	79,189	43,577
Cash in hand	0	0
Total	79,189	43,577

The bulk of the cash at bank was held at Citi bank and Kenya Commercial Bank and Ncba bank the entity's main bankers.

Kenya Broadcasting Corporation

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Notes To the Financial Statements (Continued)

Detailed analysis of the cash and cash equivalents

Description		2024/2025	2023/2024
Financial Institution	Account number	Kshs	Kshs
a) Current Account			
Citibank (Main)	0300079001	26,274,955	5,123,744
Citibank medical	300079019	(1,855)	1,074,557
CBA ksh	6626480019	10,065,932	10,775,643
KCB Nairobi	1107167418	48,972,580	32,595,461
Citibank Car loan	300079027	174,966	236,343
CBA dollar -	6626480024	(8,150,434)	(7,399,186)
KCB Eldoret	1102542407	434	434
KCB Garissa	1108088538	0	587
KCB Kitale	1105198405	0	(6,065)
KCB Kisumu	1104026481	0	0.1
KCB Bungoma	1105198405	5,044	5,044
KCB Malindi	1108002897	0	0
KCB Maralal	1104413671	0	0.6
KCB Mombasa	1101516593	1,169,825	1,169,825
KCB Voi	1108158544	0	159
KCB Wajir	1105246949	551	551
Cash at Hand		677,226	0
Sub- Total		<u>79,189,225</u>	<u>43,576,709</u>

18. Ordinary Share Capital

Description	2024/2025	2023/2024
	Kshs(000)	Kshs(000)
Authorized:		
KBC Ordinary Shares of Kshs. par value each	928,488	928,488

Notes To the Financial Statements (Continued)

Kenya broadcasting corporation is 100% owned by the government. The share capital figure reported in the financial statement is carried forward since the formation of KBC. We don't have the share certificate but the share value is ksh.928, 488.

19.Revaluation Reserve

The revaluation reserve of Kshs.11,616,175,909 relates to the revaluation of certain items of property, plant and equipment. As indicated in the Statement of Changes in Equity, this is stated after transfer of excess depreciation net of related deferred tax to retained earnings. Revaluation surpluses are not distributable.

20.Fair Value Adjustment Reserve

The fair value adjustment reserve arises on the revaluation of available-for-sale financial assets, principally the marketable securities. When a financial asset is sold, the portion of the reserve that relates to that asset is reduced from the fair value adjustment reserve and is recognised in profit or loss. Where a financial asset is impaired, the portion of the reserve that relates to that asset is recognised in profit or loss.

21.Retained Earnings

The retained earnings represent amounts of Ksh. (89,725,089,988) available for distribution to KBC's shareholders. Undistributed retained earnings are utilised to finance KBC's business activities.

22. Borrowings

Description	2024/2025	2023/2024
	Kshs	Kshs
a) Domestic borrowings		
Balance at beginning of the year	90,704,726,822	90,704,726,822
Domestic borrowings during the year	0	0
Repayments during the year	(0)	(0)
Balance at end of the year	90,704,726,822	90,704,726,822
Balance at end of the period	90,704,726,822	90,704,726,822

The analyses of both external and domestic borrowings are as follows:

Description	2024/2025	2023/2024
	Kshs	Kshs
Domestic borrowings		
Kenya shilling loan from the Government	13,657,250,762	13,657,250,762
Kenya shilling Government loan interest	77,047,476,060	77,047,476,060
Kenya shilling loan from Consolidated Bank	0	0
Total balance at the end of the year	90,704,726,822	90,704,726,822

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Notes to the Financial Statements (Continued)

Description	2024/2025	2023/2024
	Kshs(000)	Kshs(000)
Short-term borrowings (Current Portion)	0	0
Long term borrowings	0	0
Total	0	0

23. Trade and Other Payables

Description	2024/2025	2023/2024
	Kshs(000)	Kshs(000)
Trade payables	648,307	638,210
Vat	1,101,245	976,591
Pay As You Earn	836,604	697,375
Medical	40,013	34,576
Coop liabilities	65,351	35,724
Pension	1,172,313	1,131,569
Nssf	11,209	3,109
Other payables	62,765	66,824
Total	3,937,807	3,583,978

Ageing Analysis for Trade and Other Payables

	2024/2025	% of the total	2023/2024	% of the total
	Kshs(000)		Kshs(000)	
Under one year	355,523	9	311,230	9
1-2 years	544,478	14	670,597	19
2-3 years	1,005,644	26	817,129	23
Over 3 years	2,032,162	52	1,785,022	50
Total	3,937,807		3,583,978	

Kenya Broadcasting Corporation
Annual Report and Financial Statements for the year ended 30th June 2025
Notes to the Financial Statements (Continued)

24. Notes to the Statement of Cash Flows

Description	2024/2025	2023/2024
	Kshs(000)	Kshs(000)
(a) Reconciliation Of Operating Profit/(Loss) To Cash Generated From/ (Used In) Operations		
Profit or Loss before tax	-359,667	-255,298
Depreciation	219,328	280,315
(Gain)/Loss on disposal of Property, Plant and Equipment	0	-7,164
(Increase)/Decrease in Inventories	3,354	14,164
(Increase)/Decrease in Trade and Other Receivables	-154,599	-213,035
Increase/(Decrease) in Trade and Other Payables	353,830	188,955
	62,246	7,937
(b) Analysis of Cash and Cash equivalents		
Short Term Deposits	0	0
Cash At Bank	79,189	43,577
Cash In Hand	0	0
Balance At End of The Year	79,189	43,577

25. Related Party Disclosures

Government of Kenya

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

Other related parties include:

- i) The Parent Ministry –Ministry of Information, Communications and Digital Economy through State Department of Broadcasting and Technology.
- ii) Key management
- iii) Board of directors

Kenya Broadcasting Corporation
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Notes to the Financial Statements (Continued)

Transactions with related parties

Description	2024/2025	2023/2024
	Kshs(000)	Kshs(000)
Total		1,409,699
a) Purchases from related parties		
Purchases of electricity from KPLC	108,239	146,797
Purchase of water from govt service providers	2,062	1,170
Rent expenses paid to govt agencies	0	0
Training and conference fees paid to govt. Agencies	0	0
Bank charges paid to govt commercial banks	2,148	2,816
Interest expense to investments by other govt. Entities	0	0
Others (<i>specify</i>)	0	0
Total	112,449	150,783
b) Grants from the government		
Grants from national government	1,079,941	1,258,916
Grants from county government	0	0
Donations in kind	0	0
Total	1,079,941	1,258,916

Kenya Broadcasting Corporation

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Notes To the Financial Statements (Continued)

26. Contingent Assets and Liabilities

Contingent Liabilities

Description	2024/2025	2023/2024
	Kshs	Kshs
Contingent Liabilities		
NAIROBI MILIMANI HCCC NO.686 OF 1. 2009 Optima Sports Management International vs KBC	49,000,000	49,000,000
NAIROBI MILIMANI HCCC NO 325 OF 2010 Rev Benedict Kiambi Gitonga vs KBC	4,500,000	4,500,000
NAIROBI Milimani HCCC NO. 819 OF 3,379,788 2007 Joseph Kigunda vs KBC	4,500,000	4,500,000
Nairobi ELRC cause No. 845 of 2017(formerly HCCC No. 719 of 2006): Charles Kasisi and 10 Others -vs KBC	58,000.000	58,000.000
Civil Application No. E406 of 2024: Anne Muthoni Kibiru vs Citi Bank and KBC	1,414,039.10	1,414,039.10
Total	118,000,000	118,000,000

27. Financial Risk Management

KBC's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The company'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 company 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 company's financial risk management objectives and policies are detailed below:

i) Credit risk

KBC 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 company's management based on prior experience and their assessment of the current economic environment.

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 company has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

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

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2025				
Receivables from exchange transactions	0	0	0	0
Receivables from non-exchange transactions	1,472,805	0	0	0
Bank balances	79,189	0	0	0
Total	1,551,994	0	0	0
At 30 June 2024				
Receivables from exchange transactions	0	0	0	0

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Receivables from non-exchange transactions	1,318,206	0	0	0
Bank balances	43,577	0	0	0
Total	1,361,783	0	0	0

ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with KBC'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 company 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.

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2025				
Trade payables	23,659	55,801	568,847	648,847
Total	23,659	55,801	568,847	648,847
At 30 June 2024				
Trade payables	31,565	12,351	594,294	638,210
Total	31,565	12,351	594,294	638,210

iii) Market risk

The board 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 company'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 manner in which it manages and measures the risk.

a) Foreign currency risk

KBC 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 using the prevailing exchange rate.

Description	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2025			
Financial assets			
Investments	0	0	0
Cash	0	0	0
Debtors	0	0	0
Financial liabilities			
Trade and other payables	0	0	0
Borrowings	0	0	0
Net foreign currency asset/(liability)	0	0	0

b) Interest rate risk

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

i) Management of interest rate risk

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

ii) Sensitivity analysis

The entity analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

iii) Fair value of financial assets and liabilities

a) Financial instruments measured at fair value

Determination of fair value and fair values hierarchy

IFRS 7 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 the KBC's market assumptions. These two types of inputs have created the following fair value hierarchy:

- i) Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- ii) 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).
- iii) 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. KBC considers relevant and observable market prices in its valuations where possible.

At 30 June 2025	Level 1 Kshs	Level 2 Kshs	Level 3 Kshs	Total Kshs
Financial assets				
Quoted equity investments	0	0	0	0
Non- financial assets				
Investment property	0	0	0	0
Land and buildings	0	0	0	0
	0	0	0	0
At 30 June 2024				
Financial assets				
Quoted equity investments	0	0	0	0
Non- financial assets				
Investment property	0	0	0	0
Land and buildings	0	0	0	0
	0	0	0	0

Financial instruments not measured at fair value

Disclosures of fair values of financial instruments not measured at fair value have not been made because the carrying amounts are a reasonable approximation of their fair values.

iv) Capital Risk Management

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

Description	2024/2025	2023/2024
	Kshs(000)	Kshs(000)
Revaluation reserve	11,616,174	11,616,174
Retained earnings	-359,667	-255,298
Capital reserve	928,488	928,488
Total Funds	12,184,995	12,289,364
Total Borrowings	90,704,726	90,704,726
Less: Cash and Bank balances	79,189	43,577
Net Debt/(Excess Cash and Cash Equivalents)	0	0
Gearing	745	738

28.Incorporation

KBC is incorporated in Kenya under the Kenyan Companies Act and is domiciled in Kenya.

29.Events after the Reporting Period

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

22. Appendices

Appendix 1: Implementation Status of Auditor-General prior year recommendations

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

Reference No. on the external auditor Report	Issue / Observations from Auditor	Management comments	Status (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
2.0	Undisclosed Material Uncertainty Related to Going Concern	<p>This is majorly as a result of Japanese loan that was secured in 1987 whereby the Government of Kenya guaranteed the loan and upon KBC's inability to repay the loan, the Government started repaying the loan but records the repayments as loan extended to KBC at commercial bank interest lending rates.</p> <p>The Government interest rates have accumulated to huge billions as reflected in financial statements.</p> <p>The Corporation has prepared a CAB memorandum requesting write off of the Japanese loan kshs.90 billion.</p>	Not resolved	30/06/2026
3.0	Stalled Studio Mashinani Audio Visual	The Corporation awarded a contract to a Contractor for the construction and equipping of the	Not resolved	30/06/2026

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Production Project in Kisii and Eldoret	<p>proposed studio mashinani audio visual production project in Eldoret and Kisii for a contract sum of Kshs. 67,915,164.94. According to the contract the cost for construction of the building to host the studio in Eldoret was Kshs. 6,950,915.91 and that of Kisii was Kshs. 6,025,242.51 totaling Kshs. 12,976,158.42. The project duration was six (6) months from time of execution of the contract.</p> <p>However, review of project file and site visit conducted in the month of December, 2024 revealed that the project has stalled and contractor was last on site in December, 2022. According to a letter from the acting Managing Director to the Principal Secretary, Ministry of Information, Communication and Digital Economy dated 23 August, 2023, Kshs. 14,375,000 has been paid to the contractor which was paid as an advance payment. Further, the advance payment was more than the total cost of construction of the two buildings of Kshs. 12,976,158.42. It is not clear why the construction is not complete despite full payment for the cost of construction.</p> <p>In addition, payment voucher for the advance payment has not been provided for audit review and</p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management Comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		justification for advance payment has not been provided. In the circumstances, the accuracy and value for money of the project could not be confirmed.		
4.0	Accuracy of the Government of Kenya (GoK) loan and accrued interest	The Government of Kenya guaranteed the loan and upon KBC's inability to repay the loan, the Government started repaying the loan but records the repayments as loan extended to KBC at commercial bank interest lending rates. The Government interest rates have accumulated ksh.77,047,476,060 and principal ksh.13,657,250,762. The National Treasury cleared this loan in 31st July 2019. However the Corporation has prepared a CAB memorandum requesting write off of the Japanese loan kshs.90 billion.	Not resolved	30/06/2027

Kenya Broadcasting Corporation
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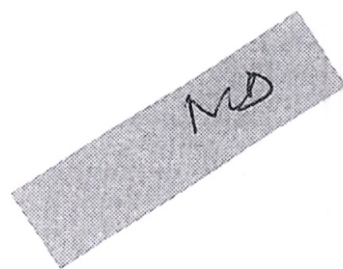
Reference No. on the external audit Report	Issue/ Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
5.0	Lack of land ownership documents	The corporation is currently working with respective county survey offices towards the beaconing and survey of the parcels of land. This exercise will culminate in the processing of title deeds.	Not resolved	30/06/2026

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management.
- (iii) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury



Name: Agnes Kalekye
 Accounting Officer: Managing Director
 Date 28/08/2025



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Appendix II: Projects implemented by the Corporation

	Project	Total project Cost (Million)	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	KBC Analogue to Digital TV Migration	6,000	5,769.5	96	0	0	Gok and Donor
2	KBC Roll Out of Studio Mashinani	649	209.5	32	0	0	Gok
3	KBC Migration of MW to FM	2,720	12.5	0.45	0	0	Gok
4	KBC Modern Outside Broadcasting Van	360	60	17	0	0	Gok
5	KBC Solar Power Project	220	0	0	0	0	Gok

Kenya Broadcasting Corporation
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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 - Kshs	Statement of Financial Performance	Capital Fund	Deferred income	Receivables	Others - must be specific	Total Transfers during the Year
SDBT	06/08/2024	Recurrent	71,625,125.00	0	0	0	0	0	71,625,125.00
SDBT	06/08/2024	Recurrent	66,699,175.00	0	0	0	0	0	66,699,175.00
SDBT	29/08/2024	Recurrent	71,625,125.00	0	0	0	0	0	71,625,125.00
SDBT	18/09/2024	Recurrent	153,740,060.00	0	0	0	0	0	153,740,060.00
SDBT	02/10/2024	Recurrent	71,625,125.00	0	0	0	0	0	71,625,125.00
SDBT	12/11/2024	Recurrent	71,625,125.00	0	0	0	0	0	71,625,125.00
SDBT	03/12/2024	Recurrent	71,625,125.00	0	0	0	0	0	71,625,125.00
SDBT	02/01/2025	Recurrent	71,625,125.00	0	0	0	0	0	71,625,125.00
SDBT	10/02/2025	Recurrent	71,625,125.00	0	0	0	0	0	71,625,125.00
SDBT	12/03/2025	Recurrent	71,625,125.00	0	0	0	0	0	71,625,125.00
SDBT	03/04/2025	Recurrent	71,625,125.00	0	0	0	0	0	71,625,125.00
SDBT	05/05/2025	Recurrent	71,625,125.00	0	0	0	0	0	71,625,125.00
SDBT	30/05/2025	Recurrent	71,625,125.00	0	0	0	0	0	71,625,125.00
SDBT	01/07/2025	Recurrent	71,625,125.00	0	0	0	0	0	71,625,125.00
Total		Recurrent	1,079,940,735	0	0	0	0	0	1,079,940,735

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Appendix V- Inter-Entity Confirmation Letter

Name of Transferring entity: STATE DEPARTMENT OF BROADCASTING AND TELECOMMUNICATION

Name of Beneficiary entity: KENYA BROADCASTING CORPORATION

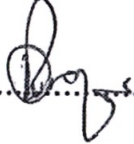
Confirmation of amounts received by Kenya Broadcasting Corporation as at 30 th June 2025					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
06/08/2024	06/08/2024	71,625,125.00	0	71,625,125.00	Disbursement from SDBT
06/08/2024	06/08/2024	66,699,175.00	0	66,699,175.00	Disbursement from SDBT
29/08/2024	29/08/2024	71,625,125.00	0	71,625,125.00	Disbursement from SDBT
18/09/2024	18/09/2024	153,740,060.00	0	153,740,060.00	Disbursement from SDBT
02/10/2024	02/10/2024	71,625,125.00	0	71,625,125.00	Disbursement from SDBT
12/11/2024	12/11/2024	71,625,125.00	0	71,625,125.00	Disbursement from SDBT
03/12/2024	03/12/2024	71,625,125.00	0	71,625,125.00	Disbursement from SDBT
02/01/2025	02/01/2025	71,625,125.00	0	71,625,125.00	Disbursement from SDBT
10/02/2025	10/02/2025	71,625,125.00	0	71,625,125.00	Disbursement from SDBT
12/03/2025	12/03/2025	71,625,125.00	0	71,625,125.00	Disbursement from SDBT
03/04/2025	03/04/2025	71,625,125.00	0	71,625,125.00	Disbursement from SDBT
05/05/2025	05/05/2025	71,625,125.00	0	71,625,125.00	Disbursement from SDBT
30/05/2025	30/05/2025	71,625,125.00	0	71,625,125.00	Disbursement from SDBT

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01/07/2025	01/07/2025	71,625,125.00	0	71,625,125.00	Disbursement from SDBT
Total		1,079,940,735		1,079,940,735	

I confirm that the amounts shown above are correct as of the date indicated.

Head of Accounts Department - Disbursing Entity: SDBT

Name: PRISCILLA KARANJA Sign  Date: 28/8/25

Head of Accounts Department - Beneficiary Entity: KBC

Name: CHARLES ROTICH

Sign  Date: 28/08/2025

Kenya Broadcasting Corporation
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Appendix VI: Reporting of Climate Relevant Expenditures
 Name: Kenya Broadcasting Corporation
 Tel.2223757
 Email Address: md@kbc.co.ke
 Name of MD: Agnes Kalekye Nguna

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

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Appendix VII: Reporting 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
N/A						

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14