

REPUBLIC OF KENYA



Enhancing Accountability

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REPORT

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Halima Ahmed.



OF

THE AUDITOR-GENERAL

ON

KENYA BROADCASTING CORPORATION

**FOR THE YEAR ENDED
30 JUNE, 2024**

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30684 - 00100, NAIROBI
REGISTRY

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KENYA BROADCASTING CORPORATION

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2024

Prepared in accordance with the International Financial Reporting Standards (IFRS)

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1. Acronyms and Glossary of Terms

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

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 revenue offices and transmitting stations country wide.

b) Principal Activities

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.

Core objectives

The principal activity of KBC is to transmit 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	Mr. Paul Macharia	Managing Director	Appointed on 20.12.2023
3	Ms. Judy Munyinyi		Alternate PS, SDBT
4	Hon Hassan Osman		Appointed on 06.10.2021
5	Mr. Mark Ngecho Lugwisa		Alternate CS, NT
6	Dr. Robert Ochola		Appointed on 06.10.2021
7	Ms. Lynette Mwangi		Alternate to AG
8	Mrs. Priscilla Kiptoo		Appointed on 13.07.2022
9	Mr. Japheth Okoth Olende		Appointed on 31.05.2023
10	Ms. Sarah Muhoya		Appointed on 31.05.2023
11	Mr. Gerald Kimathi Ithibua		Appointed on 30.06.2023
12	Mr. Joseph Maina Mathai		Appointed on 13.07.2023
1	Eng. Benjamin K Maingi	Chairman	Left on 19.01.2024
2	Mr. John Njera		Left on 28.03.2024

d) Corporate Secretary

Mr. Paul Jilani
P.O. Box 30456
Nairobi

e) Registered Office

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

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.	 Mr. Tom Mshindi Nyamacha (Chairman) Political Science, Literature, Strategic Management	<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.</p>
2.	 Ms. Judy Munyinyi M.A. in Media Leadership and Innovation. (Continuing). M.A. Diplomacy, University of Nairobi. B.A. Communication.	<p>Born on 28th December, 1971, Ms. Munyinyi is a communication and governance expert currently working at the State Department for Broadcasting and the Digital Economy within the Ministry of Information, Communication and Technology.</p> <p>She is currently pursuing Master of Arts in Media Leadership and Innovation. (Continuing). She also holds a Master of Arts-Diplomacy, University of Nairobi and Bachelor of Arts Communication</p>
3.	 Hon. Hassan Osman PHD (continuing), MBA, BA	<p>Born in 1st January, 1965 PHD (continuing), MBA, BA</p>

<p>4.</p>	 <p>Mr. Mark Ngecho Lugwisa</p>	<p>Born on 16/09/1979, Mr. Ngecho has over 14 years' experience in Public Sector Finance Management, having worked in the Directorate of Government Accounting and Quality Assurance, where he served as accountant for 8 years, 4 years as the National Sub County Accountant. Currently, he is an Assistant Director Investment in the Directorate of Public Investment and Portfolio Management, both at the National Treasury and Economic Planning.</p> <p>Academic and professional qualifications include Bachelors in Business Administration (Accounting Option) from Bugema University, Uganda, and he is currently undertaking his professional training in CPA. He has attended several short-term courses such as Senior Management Course, Corporate Governance and five days training in Accounting Skills Management Course among others.</p>
<p>5.</p>	 <p>Dr. Robert Ochola PHD Mechanical Engineering MBA MSC Composite Materials</p>	<p>Born on 5th May, 1974 Dr. Ochola is an expert in strategy and innovation within the African banking and mobile telecommunications industry with over 25 years' experience.</p> <p>He is currently the Chief Executive Officer at AfricaNenda. With a background in mechanical engineering and MBA from the university of Warwick, his academic qualifications include PHD Mechanical Engineering, MSC, Engineering, MBA-General.</p>



<p>6.</p>	 <p>Ms. Lynette Mwangi Master of Business (Strategic Planning) Bachelor of Laws</p>	<p>Born on 1st April, 1987, Ms. Mwangi is an advocate of the High Court of Kenya currently working at the Office of the Attorney General).</p> <p>She is a holder of Master of Business (Strategic Planning), Bachelor of Laws and Diploma from Kenya School of Law</p>
<p>7.</p>	 <p>Mrs. Priscilla Kiptoo Master of Business Administration (MBA) Degree, Strategic Management Option</p>	<p>Born in 24th June 1972, Master of Business Administration (MBA) Degree, Strategic Management Option</p>
<p>8.</p>	 <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 University of Nairobi, Chartered Insurer -London, Member, Institute of Directors and a Certified Trustee</p>




<p>9.</p>	 <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>10.</p>	 <p>Mr. Gerald Kimani 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 in Business Management from Mt.Kenya University.</p>



<p>11.</p>	 <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). Academic and professional qualifications include Bachelors in Business Arts from the University of Nairobi.</p>
<p>12.</p>	 <p>Mr. Paul Macharia Ag. Managing Director M.A. (Economics) Bachelor of Arts</p>	<p>Born on 3rd July, 1968. Mr. Paul Gichuki Macharia is an economist and a Fellow Member of the Economists Society of Kenya. He joined the Kenya Broadcasting Corporation in December 2023 from the Ministry of Information, Communications and the Digital Economy. He is a holder of a Master of Arts Degree in Economics from Indira Gandhi National Open University and a Bachelor of Arts in Economics from the University of Nairobi. He is also a holder of Certificate in strategic Leadership Development, Certificate in project management and monitoring and evaluation among others.</p> <p>He has a wealth of experience, values and skills including; 28 years of vast experience in public sector economic planning, policy formulation and analysis, and research at both micro and macro-economic levels of development; Project management, monitoring and evaluation, performance contracting and appraisals; Strategic Planning, performance target setting and reporting; Solid knowledge and understanding of regional policy development processes and procedures in the ICT sector.</p>

13.	 <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)</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>
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4. Key Management Team





SN	Management	Details
1.	 <p>Mr. Paul Macharia M.A. (Economics) Bachelor of Arts</p>	Ag. Managing Director
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)</p>	Corporation Secretary

	Member Law society of Kenya (LSK) Member Institute of Certified Public Secretaries of Kenya (ICPSK),	
3.	 <p>Mr. Charles K.S Rotich Masters 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>	Ag. Finance & Administration Manager
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)</p>	Corporate Affairs Manager



	<p>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>	
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>

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8.	 <p>Ms. Carolyne Mutunga MBA: Strategic Management Bachelor of Commerce: Marketing and Business Administration.</p>	Advertising Manager
9.	 <p>Ms. Florence Migunde Bachelor of Commerce (Marketing) Masters in Strategic Management - University of Nairobi CIM Post - Graduate Diploma.</p>	Marketing 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 Master's Degree, Communication Studies: Development communication - University of Nairobi University Bachelors, Journalism and media studies: development Communication - University of Nairobi. Diploma, Mass Communication: Radio and TV production – KIMC</p>	Editor In Chief
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)</p>	Radio Programmes Manager

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	<p>Bachelor of Arts Degree - University of Nairobi (UON) Professional Studies - Diploma in Mass Communication - Kenya Institute of Mass Communication (KIMC) Certificate in Broadcast Journalism - Kenya Institute of Mass Communication (KIMC) Certificate in Leadership and Management - Fray College, South Africa</p>	
15.	 <p>Patrick Githakwa Master of Business Administration - (MBA) - FINANCE University of Nairobi Certificate of Competency, International Trade Policy, Development and Negotiation Certificate in Trade and Development. Trade Policy Training Centre in Africa (ESAMI, LUND University – Sweden, SIDA) 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 BA Mass Communication</p>	<p>Digital Manager</p>

5. Fiduciary Management

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

No.	Designation	Name
1.	Managing Director	Mr. Paul Macharia
2.	Head of Corporate Services	Ms. Evelyn Mwakina
3.	Corporation Secretary	Mr. Paul Jilani
4.	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 Advertising	Ms. Carolyne Mutunga
9.	Head of Marketing	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 Ndeti
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 committee.

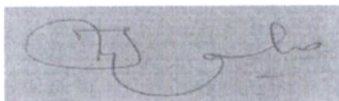
KBC reports to the Public Investments Committee of parliament on unresolved matters raised by the Office of the Auditor General.

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 2023/2024 marks thirty-five years of existence of Kenya Broadcasting Corporation. I therefore take this opportunity to present to you the Kenya Broadcasting Corporations' Annual report and financial statements for FY 2023/24. 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 2023/24, the Corporation Launched 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

This Financial Statements for the Year ending 30th June, 2024 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.

During the 2023/2024 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 sub programmes including News and information Services and Public Broadcast Infrastructure. The corporation grants from the national government for the year was KShs 1,258,917,000 for both recurrent and development expenditure.

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, 2024. However there was under-collection of AIA due to changing and emerging media trends that affected the advertising revenue segment.

The corporation registered a loss of KShs.255.2 Million which is a major improvement compared to the last financial year,

Key Achievements

The Corporation key achievement focused on implementation of two programme under the Broadcasting and Telecommunications Sub-sector. During the FY 2023/24 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.

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 96% thereby reaching the unserved and underserved regions.

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; and live sporting events including the FIFA World Cup African qualifiers, AFCON, FKF premier League, and the Paris Olympics games. 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).

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.

In FY 2023/24, 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.

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.

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.

The growth and developments in the sector has 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

KBC is facing a major challenge of

1. 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,
2. Inability to keep pace with the changing technology, undermining the quality of the corporation's broadcast outputs.
3. Under capacity to provide services to unserved and under-served communities in line with the statutory mandate of the Corporation.
4. Huge wage bill of KShs. 1.252 billion annually which takes up an unsustainable portion (of approximately 62%) of the Corporation's total income.
5. Huge historical debt portfolio.
6. High value cases against KBC, including channel 2, with a claim of USD \$ 398.4.

Recommendations

In order to sustain growth and development in the sector it is recommended that the government should facilitate:

- KBC 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.
- Review of KBC Act CAP 221 (1989) in line with the 2010 Constitution of Kenya.

- Fully operationalization of the Government Directive to MDAs to advertise with KBC to improve revenue generation.
- 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 2023/24

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:

7. Enhanced Revenue Generation
8. Cost Management
9. Reduced Debt Obligations
10. Provide Innovative, quality content that meets users' needs
11. Provide content that increases market share for TV, Radio and Online platforms
12. Modernize and expand infrastructure coverage
13. Efficient and effective workflows through Automation
14. Review and implementation of the Corporate organisational structure and staff establishment
15. 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 2023/24 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	25

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.	
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	
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. S3. Enhance KBC's digital presence and engagement.	
5. Provide content that increases market share for TV, Radio	To increase market share from 4% and 8% to 7% and 14% for TV and radio	Increase in audience for TV and radio, respectively	To revitalize and reposition KBC's radio and TV stations to attract a larger audience	

and Online platforms	respectively by 2027		Develop interactive content that encourages audience participation	
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	
7. Efficient and effective workflows through Automation	To automate 85% of Corporations systems and processes by 2027	% of processes automated	Digitize KBC archived analogue content 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.	

<p>9. Provide an environment that enables staff engagement and productivity</p>	<p>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 rete</p>	<p>Increase in Productivity and retention % score</p>	<p>Capacity building of staff Enhance the ICT capabilities for staff.</p>	
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10. Corporate Governance Statement

The Corporation complies with corporate governance principles. We have Board of Directors in place that oversees the policy issues of the institution. The management team in existence is responsible for the day-to-day management of the institution. The following committees of the Board are in existence:

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

Management has also put in place various management committees, the apex of which is the Senior Management committee that meets weekly on Tuesdays.

Roles and Functions of the Board

The role of the Board is to provide strategic direction, exercise control and oversee implementation of strategic plan for KBC and ensures its alignment to the expectations of the Media industry stakeholders and the Government. The Board also approves significant policies of the organization. To facilitate achievement of the strategic goals, the Board approves the organizational structure, annual budget and the procurement plan, monitors the organization's performance and ensure sustainability and availability of adequate resources for the achievement of the KBC's objectives. The Board also enhances the corporate image of KBC

Board Remuneration

During the year under review Board Remuneration was paid in accordance with Circulars issued by the Government from time to time. KBC Directors were paid sitting allowances as remuneration for conducting official Board's business per sitting at a rate of Kshs. 20,000 less 30% tax. This was based on Mwongozo and applicable government directives which guide on compensation to the Board members.

5. Management Discussion and Analysis

Revenue Analysis

During FY 2023/2024, the corporation's total income was Kshs.2,882 million. This comprised of; Government grants (GoK) of Kshs.1,259 million, internally generated income of Kshs.1,131 million and 492 million as other income from Sports fund. The (GoK) grants comprise Recurrent grants of Kshs.1,199 million and Development grants of Kshs.60 million.

The internally generated revenue decreased by Ksh.16 million from Kshs.1,140 million to Kshs.1,124 million compared to the previous 2022/2023 FY. This decrease represents one-point three nine (1.39%) percent. This is due to decrease in advertising revenue.

Expenditure Analysis

The Corporation's total actual recurrent expenditure was Kshs3.137 million in FY 2023/24 against Kshs2.774 million in FY 2022/2023. An amount of Kshs 492 million in FY 2023/24 relates to money spent on acquisition of sports rights. The decrease was kshs129 or an equivalent of 4.6%.

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	649,343
2	PAYE	697,375
3	Pension	1,131,569
4	VAT Payable	976,591

6. 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.

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.

***i)* 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.

***ii)* Employee welfare**

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

***iii)* Market place practices-**

KBC is committed to promoting good marketing practices like responsible and ethical marketing, responsible competition practice, responsible supply chain and supplier relations, responsible marketing and advertisement and product stewardship

***iv)* 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.

7. Report of the Directors

The Directors submit their report together with the audited financial statements for the year ended June 30, 2024, which show the state of 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, 2024, are set out on pages 1 to 9.

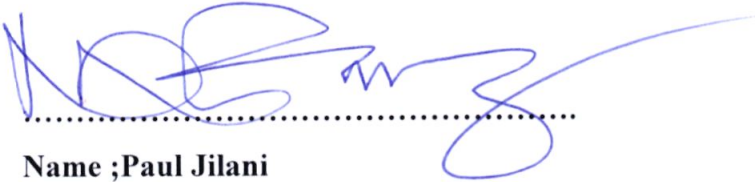
iii) Directors

The members of the Board of Directors who served during the year are shown on page vii to xi in accordance KBC Act Cap 221 of the laws of Kenya.

iv) 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



Name ;Paul Jilani

Corporate Secretary/Secretary to the Board

Date

8. 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, 2024. This responsibility includes:

- i. Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- ii. Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of Kenya Broadcasting;
- iii. Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- iv. Safeguarding the assets of Kenya Broadcasting Corporation;
- v. Selecting and applying appropriate accounting policies; and
- vi. 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, 2024, 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 27th September, 2024 and signed on its behalf by:



.....

Name

Chairperson of the Board/Council

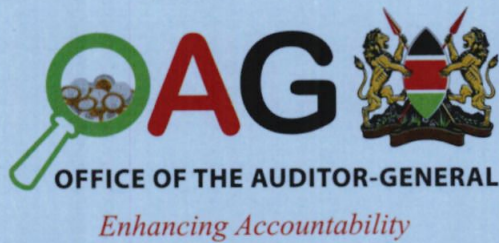


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Name

Accounting officer

REPUBLIC OF KENYA



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

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

REPORT OF THE AUDITOR-GENERAL ON KENYA BROADCASTING CORPORATION FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on the Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An Adverse Opinion is issued when the Auditor-General determines that the financial statements are materially misstated and are not fairly presented in accordance with the applicable financial reporting framework. The Report on the 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

Adverse Opinion

I have audited the accompanying financial statements of Kenya Broadcasting Corporation set out on pages 1 to 43, which comprise the statement of financial position as at 30 June, 2024, and the statement of profit/loss and other comprehensive income, Statement of Changes in Equity, Cash flow Statement and Statement of Comparison of Budget and Actual amount, 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, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, in all material respects, the financial position of Kenya Broadcasting Corporation as at 30 June, 2024, and of its profit/loss and other comprehensive incomes and its cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS) and do not comply with the Kenya Broadcasting Corporation Act CAP 221 and the Public Finance Management Act, 2012.

Basis for Adverse Opinion

1.0 Inaccuracies in the Financial Statements

1.1 Variances Between Comparative Figures and Prior Year Audited Financial Statements

Audit review revealed variances between the comparative current year figures (Opening balances) and the prior year audited financial statements figures as tabulated below:

Description	Opening Balance FY 2023/2024 Kshs. (000)	Closing Balance FY 2022/2023 Kshs. (000)	Variance Kshs. (000)
Administration costs Note 9	2,668,258	2,339,968	328,290
Profit/Loss before taxation - Statement of Profit and loss	(683,443)	(681,168)	(2,275)
PPE Note 12	16,242,830	16,242,810	20
Bank and cash balances Note 16	75,855	86,788	(10,933)
Total Assets	17,534,289	17,545,202	(10,913)
Accumulated Surplus or losses	(89,110,125)	(89,107,849)	(2,276)

Trade and other Payables Note 22	3,395,023	3,403,660	(8,637)
Loss for the year 2022 Page 3	(683,443)	(683,934)	491
As at 1 July 2023 - Retained earnings	(89,110,125)	89,242,647	(178,352,772)
Cash generated from operations Note 23	24,553	65,600	(41,047)
Purchase of PPE	(116,436)	(146,550)	30,114
Cash generated from Investing activities	(116,436)	(146,550)	30,114
Increase in cash and cash equivalents	(91,883)	(80,950)	(10,933)
Cash and cash equivalents at the end of the year Note 23	75,855	86,788.00	(10,933)
Auditors remuneration's Note 9	500,000	-	500,000
Legal Expenses Note 9	100,216,000	100,716,000	(500,000)
Salaries and allowances of permanent employees	1,041,958	1,070,085	(28,127)
Operating profit Note 11 Auditor's remuneration current years fees	580	-	580
Cash Note 16	75,855	86,788.00	(10,933)
Trade and other Payables Note 21	3,395,022.00	3,403,660	(8,638)
Related Party Disclosures	1258916	28733	1,230,183
Capital Risk Management- Retained earnings	683,443	89,107,849	(88,424,406)
Capital Risk Management- Cash and Bank Balances	75,855.00	86,788	(10,933)

In the circumstances, the accuracy and completeness of the financial statements could not be confirmed.

2.0 Undisclosed Material Uncertainty Related to Going Concern

The statement of profit or loss and other comprehensive income reflects a net operating deficit of Kshs.255,298,000 for the year under review. The deficit reduced the accumulated losses from negative Kshs.89,110,125,000 reported in the financial year ended 30 June, 2023, to a negative of Kshs.89,365,423,000. Further, the statement of financial position reflects current assets balance of Kshs. 1,427,273,000 and current liabilities balance of Kshs. 94,288,705,000, resulting in a negative working capital of Kshs. 89,365,423,000. These conditions indicate the existence of a material uncertainty, 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 a note to the financial statements.

The Corporation's 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, customers and other stakeholders.

In the circumstances, the going concern of the Corporation is uncertain without the continued support from the Government, customers and other stakeholders.

3.0 Stalled Studio Mashinani Audio Visual Production Project in Kisii and Eldoret

The Corporation awarded a contract to a Contractor for the construction and equipping of the proposed studio mashinani audio visual production project in Eldoret and Kisii for a contract sum of Kshs. 67,915,164.94. 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.

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.

In addition, payment voucher for the advance payment has not been provided for audit review and 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

As previously reported, the statement of financial position and Notes 21 to the financial statements reflect a loan amount of Japanese Yen 16,198,000,000 from the Overseas Economic Cooperation Fund (OECF) of Japan. The OECF loan which was guaranteed by the Government in 1989 funded the Corporation's modernization programme. The Corporation contracted a Japanese firm to undertake the modernisation project at a sum of Japanese Yen 11,904,566,500 with a Kenyan currency portion of Kshs.98,507,000. The loan was interest-bearing and as at 30 June, 2024 the loan balance was Kshs.13,657,251,000 and the interest thereof amounting to Kshs.77,047,476,000 which have both remained unchanged over two financial years.

Further, the principal loan amount of Kshs.13,657,250,762 has over the years accrued interest amounting to Kshs.77,047,476,060, which violates the in Duplum Rule since the loan is non-performing and the accrued interest exceeds the principal amount.

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

5.0 Lack of Land Ownership Documents

As previously reported, the statement of financial position and Note 12 to the financial statements reflects property plant and equipment balance of Kshs.16,040,272,000. Included in the balance is an amount Kshs.12,857,874,001 in relation to the value of land held by the Corporation across the country. However, the review of documents revealed that out of forty-six (46) parcels of land, only thirty-three (33) had title deeds in the name of the Corporation valued at Kshs.22,229,796,000, while the remaining thirteen (13) parcels land valued at Kshs.292,350,000 lacked ownership documents.

Further, revaluation was done for 41 plots not the entire 46 plots hence 5 plots have not been revalued as per the valuers Report dated 30 March, 2023.

In addition, audit verification in the month of December 2024 revealed that the Ministry of Housing was undertaking construction of affordable housing project on land of approximately 18 Acres owned by the Corporation. Further, the Corporation had not received any compensation from the government for the encroached land.

Also, audit verification on Malindi transmission station disclosed that squatters have occupied a portion of the 7.2 acres of land owned by the Corporation.

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

6.0 Compliance with Prescription on Board and Chief Executive Officers' Terms of Service and Entitlements

6.1 Unsupported expenditure for Directors Emoluments

The statement of profit or loss and other comprehensive incomes reflects administration costs of Kshs. 3,042,297,000 out of which as disclosed under note 9 to the financial statements is director's emoluments of Kshs. 24,736,000. However, the payment vouchers provided for audit review amounted to Kshs.19,466,778 resulting in unsupported variance of kshs. 5,269,222.

In the circumstances, the accuracy and completeness of the director's emoluments of Kshs. 5,269,222 could not be confirmed.

6.2 Irregular Payment of Board Allowances

The Corporation Board members attended a tree planting activity at Marania transmission station in Meru County on 16 May, 2024. However, the Corporation paid board allowances twice for this activity resulting in a double payment of Kshs. 456,203.

Further, a board member was paid accommodation allowances for 3 days for attending a one-day Board committee meeting on two occasions thus resulting in an overpayment of Kshs. 72,400. The justification for payment has not been provided for audit review.

In the circumstances, the accuracy and completeness of the director's emoluments of Kshs. 24,736,000 could not be confirmed.

7.0 Misstatement of Property Plant and Equipment

The statement of financial position reflects property, plant and equipment balance of Kshs. 16,040,272,000 as disclosed in Note 12 to the financial statements. Included in the amount is land Kshs. 12,857,874,001, buildings of Kshs. 989,412,712 and intangible assets of Kshs. 0 (Zero). However,, the asset register provided for audit verification disclosed land amounting to Kshs. 22,522,146,000 and did not include buildings and intangible assets owned by the corporation.

Further, the fixed assets register maintained by Corporation did not have information detailing the assets' cost, date of acquisition, land depreciation charge for the year, accumulated depreciation and net book value of the assets.

In the circumstances, the accuracy, completeness and ownership of Property Plant and Equipment valued at Kshs. 16,040,272 could not be confirmed.

8.0 Un-accounted Miscellaneous Income

Note 8 to the financial statements reports a total of Kshs. 507,701,000 in respect to other miscellaneous receipts which includes Kshs. 491,800,000 disclosed as income from sports funding. However, the supporting documentations such as the contract/agreements and receipts were not provided for audit review. Further, excluded from this amount of Kshs. 507,701,000 are rental incomes from canteens operated in Nairobi and Mombasa that are hosted within the corporation. In addition, Media Council of Kenya and KFCB hosted in Mombasa and Kisumu regional offices have not been paying their rental contributions to KBC.

In the circumstances, the accuracy and completeness of Miscellaneous Income of Kshs. 507,701,000 could not be confirmed.

9.0 Trade Receivables with Negative Balance

The financial statements under Note 15(a) reflects a gross trade receivables balance of Kshs.1,891,879,000. However, review of the ageing analysis provided for audit verification revealed a gross trade receivables balance of Kshs. 2,162,112,424 which further included customer balances with negative balances amounting to Kshs. 46,900,099.

In the circumstance, the accuracy and completeness of the trade receivables balance of Kshs. 1,891,879,000 cannot be confirmed

10.0 Unsupported and Inaccurate Inventory Balance

Note 14 to the financial statements represents inventories balance of Kshs. 65,490,000 which includes a balance of Kshs.14,156,000 representing impairment loss. However, there was no documentation in support of this amount reflecting how the corporation arrived at the impairment loss. Further, the value has remained the same as in previous year indicating that no reviews have been conducted to assess impairment of the inventories. In the case of obsolete items, it is not clear which policy the organisation used to determine their net realizable value and therefore the impairment loss value could not be confirmed.

In the circumstances, accuracy and completeness of the inventory balance of Kshs. 14,156,000 could not be ascertained.

11.0 Non-Provision for Legal Fees in the Financial Statement

Minutes of HRLCA Committee meeting held on 17/04/2024 disclosed the corporation has judgement awards against the corporation totalling to Kshs. 157,000,000 which continue to accrue interest. However, no provision of the legal costs has been made in the financial statements. Further, out of the Kshs. 200,000,000 which was disbursed by Treasury for arbitration hearing expenses relating to Channel 2 Group case, only Kshs. 28,000,000 was utilized in payment of legal fees while the rest was utilized for the normal operations of the corporations leaving no funds for the arbitration case.

In the circumstances, the accuracy and completeness of the trade and other payables of Kshs. 3,583,977,000 could not be ascertained.

12.0 Payment Vouchers Not Provided for Audit Review

The statement of Profit or Loss and other Comprehensive Incomes for the year ended 30 June, 2024 reflects administrative costs of Kshs. 3,042,295,000 which includes rent expenses of Kshs. 8,025,000 and electricity and water expenses of Kshs. 153,797,000. However, the corporation did not avail payments vouchers and supporting documentation

for rent expenses of Kshs. 7,183,095 and electricity and water expenses of Kshs. 60,417,348.

In the circumstances, occurrence, accuracy and completeness of rent expenses of Kshs. 8,025,000 and electricity and water expenses of Kshs. 153,797,000 could not be ascertained.

13.0 Cash and Cash Equivalents

13.1 Unsupported Bank Balance

Note 16 to the financial statements as at June 30, 2024 reflects cash and cash equivalents balance of Kshs. 43,577,000. However, the balance was not supported with cashbooks, bank reconciliation statements, certificate of bank balances and bank statements.

13.2 Invalid Unpresented Cheques

Note 16 to the financial statements reflects cash and cash equivalents balance of Kshs. 43,577,000 as at 30 June, 2024 which further included Kshs.5,124,000 in respect to of an account operated by the Corporation. However, the unpresented cheques in the bank reconciliation statement dated 30 June, 2024 included invalid sixty-nine (69) transactions amounting to Kshs. 60,651,267 relating to the month of July 2024. A re-calculation of the cashbook balance excluding the invalid sixty-nine (69) transactions relating to the month of July 2024 revealed the correct cashbook balance of Kshs. 65,774,098.

13.3 Non-Disclosure of a Bank Account

Note 16 to the financial statements reflects cash and cash equivalent balance of Kshs. 43,577,000 as at June 30, 2024. However, review of certificate of bank balance as at 30 June, 2024 from Citibank revealed the existence of Account with a Certificate of Bank Balance of Kshs. 839,571 (CR).

13.4 Overdrawn Cashbook balances

Contrary to Regulation 82(7) of the Public Finance Management (National Government) Regulations, 2015 which provides that no official government bank account shall be overdrawn, the corporation had maintained three (3) bank accounts with overdrawn cashbook balances as indicated below:

Bank Name	Amount
CBA Dollar	(7,399,000)
KCB Garissa	(600,000)
KCB Kitale	(6,000)
Total	(8,005,000)

No explanation was given for overdrawing of cashbooks.

In the circumstance, the accuracy and completeness of cash and cash equivalents balance Kshs. 43,577,000 could not be confirmed.

14.0 Unsupported Fuel, Lubricants and Oil

Note 9 to the Financial Statement reflects an amount of Kshs. 78,101,000 in respect to transportation, travelling and subsistence in which Kshs. 21,536,114 is in respect to fuel, oil and lubricants. It was observed that the fuel register was not updated regularly leading to gaps in terms of when the vehicles or generators were fueled. Further, work tickets provided for audit review were not fully filled to show the dates and amount of fuel drawn. Also, the defects section on the work tickets were not maintained thereby making it difficult to confirm the repairs required. The reconciliations of the supplier statements for fuel were also not provided for audit.

As previously reported, the corporation does not have proper control on how the fuel is utilized in the various stations. A fuel management system would enable the corporation to have control over when a vehicle or a generator is fueled or fuel drawn. This will ensure the organization efficiently utilizes this crucial energy resource and delivers on its key mandate.

In the circumstance, the accuracy and completeness of fuel, oil and lubricants of Kshs. 21,536,114 could not be confirmed.

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

Emphasis of Matter

1.0 Contingent Liability - 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 with the share of profits being distributed between the Corporation and the Company in 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 claiming an approximate amount of USD 2,373,000,000 equivalent to Kshs.353,453,960,000 at the exchange rate of Kshs.140.52 as at 30 June, 2024.

The arbitration proceedings included: -

- i) USD481,977,000 (Kshs.67,727,408,040) in lost profits in running KBC 2 as free to air terrestrial television channel in 8 years from March, 2009 to August, 2017;
- ii) USD241,845,000 (Kshs.33,984,059,400) in lost profits in running expanded joint venture in 10 years to December, 2018; and
- iii) USD1,636,750,000 (Kshs.229,996,110,000) from the sale of an expanded joint venture.

The case is ongoing with its outcome uncertain as at the close of the financial year. Should the ruling not be in favour of the Corporation, it will have negative implications on its operations.

2.0 Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.2,522,600,000 and Kshs.2,875,277,000 respectively resulting in a surplus of Kshs.352,677,000 or 114% of the approved budget. Similarly, the Kenya Broadcasting Corporation spent Kshs.3,137,739,000 against actual receipts of Kshs.2,875,277,000 resulting to an over-expenditure of Kshs.262,462,000 or 109% of the receipts. However, the approval for the over expenditure was not provided for audit review and the source of the funds to fund the over expenditure was not disclosed.

It was also noted that the budget for the year 2023-2024 was unbalanced indicating that the corporation budgeted for receipts of Kshs.2,522,600,000 against a budgeted expenditure of Kshs.3,478,822,000 resulting in a budget deficit.

In the circumstances, the budget credibility of the corporation could not be confirmed.

My opinion is not modified in respect of these matters.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Issues

In the audit report of the previous year, several issues were raised under the Report on Financial Statement, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, the issues are yet to be deliberated by the Public Investment Committee (PIC).

Further, management do not implement the internal auditor recommendations as per the reviewed full board minutes and audit committee minutes.

Other Information

The Management is responsible for the other information set out on page I to XXXV which comprise of the key entity information and management, the Board of Directors, 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 Director's 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.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN 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

1.0 Unremitted Statutory Deductions

The statement of financial position and as disclosed in Note 22 to the financial statements reflects trade and other payables balance of Kshs.3,583,978,000 which includes statutory and other deductions totalling Kshs.2,945,768,000 that have not been remitted to the respective institutions as detailed below:

Payables	Amount (Kshs.)
PAYE	697,375,000
Medical	34,576,000
Pension	1,131,569,000
Coop liabilities	35,724,000
NSSF	3,109,000
Other deductions	66,824,000
VAT	976,591,000
Total	2,945,768,000

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 and Section 10(1) of the National Social Security Fund. 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

2.0 Compliance with Prescription on Board and Chief Executive Officers' Terms of Service and Entitlements

2.1 Conflict of Interest – Board Chairman

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.353,453,960,000.

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 lacks independence contrary to guidelines of chapter six of the Constitution of Kenya Article 75 (1) – (a) and Mwongonzo 1.1 (8) – c.

2.2 Payment of Board Allowances to Non-Board Members

The Corporation paid Kshs. 88,000 in board allowances to staff of State Corporation Advisory Committee (SCAC) who are not board members for attending a special board meeting contrary to Circular AG/CONF/6D/73 VOL. I from the State Law Office – Attorney General dated 22 August, 2013.

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

2.3 Board Retreat Without Approval

The Corporation had a board retreat on 360^o board development programme workshop on 27-31 May 2024 in Naivasha costing a total of Kshs. 4,905,046. The board members were paid allowances amounting to Kshs. 2,059,346 via voucher number 23-24/0000427. However, approval by the cabinet secretary for the board retreat has not been provided for audit review.

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

2.4 Irregular Payment of Meal and Accommodation Allowance at the Same Time

The statement of profit/loss and other comprehensive incomes reflects administration costs of Kshs. 3,042,297,000 out of which as disclosed under note 9 to the financial statements is director's emoluments of Kshs. 24,736, 000. However, the Corporation paid meal and accommodation allowance to board members at the same time for various activities amounting to Kshs. 365,800 contrary Section C.17 (1) of the Public Service Commission Human Resource Policies and Procedures Manual for the Public Service, 2016.

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

2.5 Number of Board Meetings Exceeding Limit

Audit review revealed that the corporation had 17 full board meeting with 4 regular board and 13 special board meeting. This is contrary to requirements by the Circular OP/CAB.9/1A from the Head of the Public Service dated March 11, 2020 which limits board meetings to a maximum of six meetings. The eleven (11) excess special board meeting resulted in irregular payment of allowances amounting to Kshs. 4,396,653. Approval by the relevant Cabinet Secretary, in consultation with State Corporations Advisory Committee for the excess meetings in compliance with Circular OP/CAB.9/1A

from the Head of the Public Service dated March 11, 2020 have not been provided for audit review.

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

2.6 Board Activities Taking Over Management Function

The following board activities both within and outside the offices of the Corporation have not been supported by an approval minute of the board, report of the activities submitted and adopted by the board and justification for board members taking part in field visits which is a management function contrary to circular OP/CAB.9/1A from the Head of the Public Service dated March 11, 2020. Therefore, the allowances amounting to Kshs.2,992,523 drawn from these activities are deemed irregular.

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

3.0 Authenticity of Accounts Payable

The statement of financial position reflects trade and other payables balance of Kshs.3,583,977,000 as disclosed in Note 22 to the financial statements. However, the pending bills schedule for the financial year 2022/2023 as per the submitted financial statement was Kshs. 3,395,023,000 and did not form charge during the year under review and no explanation has been provided by management why the pending bills did not form the first charge during the year under review.

In addition, the trade and other payables balance included a balance Kshs. 2,602,151,000 which had been outstanding for more than two (2) years. This was contrary to Section 53 (8) of the Public Procurement and Asset Disposal Act, 2015 which states that 'an Accounting Officer shall not commence any procurement proceedings until satisfied that sufficient funds to meet the obligations of the resulting contract(s) are reflected in approved budget estimates.

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

4.0 Regularity of Human Resource Management Practices

4.1 Staff in Acting Capacity for More than 6 Months

Examination of the human resource expenditure and records revealed that, eight (8) employees have been in acting capacity for periods of more than 6 months as at the time of audit contrary to Section C.14 (1) of the Human Resource Policy and Procedures Manual, of May 2016 which provides that acting allowance will not be payable to an officer for more than six (6) months.

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

4.2 Non-Compliance with the Law on Wage Bill

The statements of profit or loss & other comprehensive income for the year ended 30 June, 2024 reflects an expenditure of Kshs.3,042,295,000 on administration costs in which Kshs. 1,529,947,000 is staff costs representing 53% of the total receipts of Kshs 2,882,441,000. 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.

Further, despite the high wage and cost of 53% of expenditure, the Corporation still recruited 59 new staff during the year under review.

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

4.3 Irregular Double Payment of Leave Allowance

The statement of profit/loss and other comprehensive incomes reflects Kshs. 1,529,947,000 in respect to staff costs. In this amount leave allowance of Kshs. 644,310 was paid in the month of July 2023 and Kshs. 473,990 was paid in the month of June 2024 contrary to the Human Resource Policies and Procedures Manual for the Public Service of May 2016 which states that leave allowance should be paid only once year.

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

5.0 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 been appointed to oversee the integration of climate change related functions into the corporation's operations. Further, 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, the management is in breach of the law.

6.0 Procurement Without a Budget

The Corporation awarded a tender No. 14/KBC/2022-2023 amounting to Kshs. 35,751,200 for supply & installation of 240KWP Grind Tier Solar PV System at KBC House and paid an advance of 20% of Kshs. 7,150,240. The expense was in the

procurement plan, however, there was no funds allocated to the project during the financial year under review and the payment voucher No. 417 dated 21/08/2023 was not authorized by the chief accountant/ finance manager.

No explanation was provided by management why the budget and procurement plan were not aligned and contracts were issued to suppliers without funds availability hence exposing the corporation to litigation issues.

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

7.0 Unconfirmed Ownership of Signet Signal Distributors Limited

The Corporation disclosed in its financial statements that Signet Signal Distributors Limited is a subsidiary of the Corporation, with the Corporation owning 99% of the subsidiary's shareholding and the Permanent Secretary of the National Treasury holding the remaining 1%. The Company is fully licensed to distribute broadcasting signals under the new digital platform. However, a review of documents revealed that the former 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, the Corporation is in breach of the National Treasury Circular

8.0 Failure to Safeguard Assets

The statement of financial position and as disclosed in Note 14 to the financial statements reflects property, plant and equipment balance of Kshs.16,242,809,769 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 lack 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.

Further, physical verification carried out in various field stations revealed the following:

13.0 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 AG determined that the Mombasa Block XXXI/577 was irregularly surveyed and subdivided into parcels of land Nos.579, 580, 581, 582, 583, 584, 589 and 590. 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.

14.0 Failure to Repossess Corporation's Land in Nyali

Records indicate that Corporation sued the County Government of Mombasa for illegal encroachment of its parcel of land, measuring 22.85 acres and situated in Nyali, 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.

Available information indicated that the County Government of Mombasa, through letter ref; MSACG/Land/IVol. 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 in the first place.

In the circumstances, Management was in breach of the court ruling and the Corporation may lose the land to illegal settlers.

15.0 Irregular Leasing Out of Sauti House

Audit inspection of the Corporation's Sauti House in Mombasa revealed that some portion of the office space has been leased out to a canteen operator. However, no lease agreement signed between the Corporation and the State Department of Public Works was provided to determine the terms and conditions of the lease and rent receivable.

This is contrary to circular reference number OP/CAB.18/4a dated 2 September, 2021, where the Head of Public Service directed all MDAs and SAGAs renting out office space for official use by other MDAs and SAGAs to do it through the State Department for Public Works to ensure effective coordination of Government business and to achieve value for money.

In the circumstances, Management was in breach of the Office of the President Circular.

12.0 Payment of Motor Vehicle Insurance for Vehicles Not in Use

The statement of profit/loss and other comprehensive incomes for the year ended 30th June 2024 and as disclosed in Note 9 to the financial statements reflects Insurance costs for the year under review of Kshs. 16,274,000. Included in this figure is an amount made to an insurance company of Kshs. 2,361,040 through PV 688 and Kshs. 685,412 through

PV 689 for provision of Motor Vehicle insurance. The audit review revealed that among the motor vehicles insured, seventeen (17) were not functioning as they were to be disposed and others had been grounded for a long time.

In the circumstances, value for money for the insurance costs of Kshs. 16,274,000 could not be confirmed.

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

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

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015 and based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Report on the Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

1.0 Lack of Approved Information Communication Technology (ICT) Security Policy

Review of the Corporation's information technology systems revealed that the Corporation did not have an approved ICT policy for governance and management of its ICT resources. In addition, there is no ICT steering committee in place to assist in the development of ICT policy framework to enable the Corporation to realize long-term ICT strategic goals. Lack of an approved IT policy may result in an unclear direction regarding maintenance of information security across the organization and safeguarding the Corporation's ICT assets. Further, without a sound and approved framework, users do not have any rules and procedures to follow in order to minimize risk of errors, fraud and the loss of data confidentiality, integrity and availability.

In the circumstances, the existence of effective ICT governance and controls could not be confirmed.

2.0 Lack of Updated Human Resource Policy Manual

Review of documents revealed that the Corporation has continued to operate without an updated human resource policy manual comprising of organizational structure, staff grading and establishment, career guidelines, human resource policy and procedures. Instead, the Corporation continues to use an organizational structure that was last updated in 2010. This is contrary to the State Corporations Advisory Committee (SCAC) circular number OP/SCAC.9/21/1/1 of 15 May, 2017 which requires State Corporations to update their human resources manual in line with changing technology.

In the circumstances, the existence of effective system of governance and human resources management could not be confirmed.

3.0 Dilapidated Structures and Health Hazards in Transmitting Stations and Broadcasting House

Physical verification carried out in December 2024 in the Coast region transmitting stations and Sauti House revealed that transmitting stations roofs in Nyali, Mazaras and Malindi that have old and rusty asbestos roofs that have not been replaced as the use of asbestos was banned in Kenya in 2006 due to increase in cancer cases. Further, the asbestos roofs in Nyali have fallen off the roofs to the ground hence posing a health hazard to the public and contaminating soil.

Further, at the Sauti House offices in Mombasa, the revenue accountant's office has cracked walls that leaks during heavy rainfalls. The accountant's offices at the ground floor has cracked floor tiles, the washrooms among other structures needed major repairs and replacement of ceilings and roofs. Studio B has not been equipped for broadcasting purposes. In addition, the Sauti House has pending sewer expenses from Mombasa Water Supply and Sanitation Company Limited amounting to Kshs. 2,978,159 as at November 2024 per statement number INV00946180. In the event the water company discounts KBC Sewage line the entire Sauti House would have to shut down due to health hazard imposed on the staff members.

In the circumstances, the poor state of the structures adversely affects the image and revenue streams due to safety and health risks.

4.0 Lack of Auto-Switches on the Signet Platform

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. It was observed that the auto-switch functionality had not been implemented on the Signet platform.

In the circumstances, adequacy of internal control on debt and debt management policy could not be confirmed.

5.0 Unsustainable High Electricity and Water Costs

The statement of profit/loss and other comprehensive incomes for the year ended 30th June 2024 and as disclosed in Note 9 to the financial statements reflects Ksh 153,797,000 arising from electricity and water costs for the year under review. Comparison of the electricity costs to the revenues generated, the electricity expenditure is at the peak considering that other expenditures like staff costs and selling and distribution costs have not yet been considered.

In the circumstance, the impartiality and effectiveness of the process for disconnecting clients in arrears are questionable

6.0 Failure to Invoice Several Airtime Orders

Note 6 to the financial statements reflected Kshs. 1,115,823,000 in respect to revenue from contracts with customers for the year ended 30 June, 2024. However, review of the sales report from airtime orders generated from the Corporation's Syspro System revealed that the reported revenue of Kshs. 1,115,823,000 had excluded incomplete orders amounting to Kshs. 75,371,626. These orders had been recorded in the system, but had not been converted into invoices as at the time of audit in December 2024. It was noted that some of these orders had remained unprocessed for over 12 months. The explanation and evidence provided was that some of the contracts are barter, internal promos and cancelled airtime orders. However, reconciliations had not been done for the incomplete orders.

In the circumstances, the Corporation's ability to manage its revenue efficiently and effectively cannot be ascertained.

7.0 Manual Monitoring of Revenue from Contracts With Customers

Note 6 to the financial statements reflected Kshs. 1,115,823,000 in respect to revenue from contracts with customers for the year ended 30 June, 2024 which further included a total of Kshs. 345,835,535 in respect to advertising radio, advertising television and digital media and casuals and funeral as listed below:

Revenue Stream	Amount
Advertising Radio	183,150,849
Advertising Television and Digital Media	161,109,648
Casuals and Funeral	1,575,038
Total	345,835,535

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 absence of automated tamper-proof transmission logs to validate the airtime occurrences, affects the effectiveness of the internal control for revenue generation.

8.0 Expired Contracts and Irregular Billing for Signet Clients

The Signet platform had a total of 114 active clients as at the time of the audit in December 2024. However, a review of its operations revealed significant inadequacies in the management of client contracts and billing practices. A sample of twenty-two (22) clients revealed that all the clients were operating under expired contracts. The contracts had not been renewed or formally extended, despite the clients continuing to receive services.

It was observed that failure to renew or extend these contracts had resulted in accumulation of uncollectable trade receivables, exposing the Corporation to potential financial losses. Further, it was observed that billings for Signet clients were irregularly done on a quarterly basis rather than monthly making it difficult to verify the cut-off and accuracy of reported revenue

In the circumstance, the effectiveness of the internal control systems on revenue could not be relied upon.

9.0 Technical Capacity of KBC Transmission Stations

Review of the Corporation's transmission infrastructure revealed significant performance challenges across its 42 transmission (TX) stations nationwide. Out of the 42 transmission (TX) stations nationwide, 24 TX stations (or 57%) were operating below 60% efficiency, with 9 stations completely off-air as at the time of the audit in December 2024.

Consequently, the unstable transmission had led to significant revenue losses as many clients of the Corporation's Signet service are opting out, citing poor and unreliable service quality.

In the circumstance, the sustainability of Signet service could not be confirmed..

10.0 Miscellaneous Findings from Regional Offices

Audit verification carried in December 2024 at transmitting stations in Mazeras, Malindi, Chasimba in Kilifi and Nyali revealed that the regional offices did not receive office imprest to help run the office expenses. Some adverts were not honoured due to power cuts and blackouts worsened by lack of fuel for generators. This results in the Corporation giving make goods which ought to be given under unforeseen circumstance.

The marketers working on commission were paid six months at half the commission earned thus lowering their morale. Presenters are not facilitated to come to the studio early or leave late. There were only 12 computers in Mombasa regional office against 60 staff members.

Further, it was observed there is lack of succession planning in the Technical Department with some officers set to retire in next one year. The stations lack vehicles with one engineer serving more than one station. Some equipment are old and lack spare parts. At Pwani FM microphones at times are not audible, chairs and Head phones are in poor condition. Installed water tank at Mombasa Sauti House was not operational.

In addition, the audit revealed loss of a camera at studio mashinani by a staff member who left the studio without the equipment being recorded at the gate.

In the circumstances, the effectiveness of the governance and internal controls may not be confirmed.

11.0 Failure to Update Finance System used in Regional Offices

Audit review revealed that the Finance system used by the Corporation in regional offices has not been working since August 2024 in Mombasa and Kisumu Regional offices. The two regional offices relies on the Nairobi team to perform their functions leading to underutilization of the finance department and errors in monitoring reports on invoices in these two regional offices. Further, the regional offices budgets were not properly funded due to lack of integration of the various departmental budget with the overall KBC budget. In addition, there was lack of integration of the Radio and TV Scheduling Traffic System (boss system) and system to avoid repetition of tasks.

In the circumstances, the effectiveness of the implementation of the programs could not be ascertained.

12.0 Lack of Clear and Detailed Lease Agreement

Statement of Profit/Loss and other Comprehensive Incomes for the year ended 30 June, 2024 reflects administrative costs of Kshs. 3,042,295,000 which includes rentals expenses of Kshs. 8,025,000. Included in these expenses are rental charges paid to a local company for Ksh 1,183,465 through PV 687 of Ksh 205,676, PV 811 of Ksh 411,352 and PV 672 of Ksh 201,780. However, the audit review revealed that the Corporation was initially in a lease agreement with Telkom Kenya and later on as per the deed of novation relating to Co-llocation Contract dated 1 October, 2018, the rights, title, interests and benefits were transferred to the company. Confirmation of the actual lease agreement costs between Telkom Kenya and the corporation could not ascertained as the agreement was not availed for audit review.

In the circumstances, the effectiveness of the internal control on the contract management could not be ascertained.

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

Responsibilities of the Management and the Board of Directors

The Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) and for maintaining effective internal controls as the 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, the 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 the Management is aware of the intention to cease operations.

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, the 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 the 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 also I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1) (a) of the Public Audit Act, 2015.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

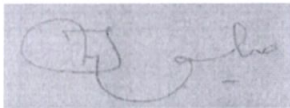
Nairobi

31 December, 2024

10. Statement of Profit/Loss & Other Comprehensive Income for year ended 30th June 2024.

Description	Note	2023-2024	2022-2023
		Kshs ('000')	Kshs ('000')
Revenues			
Revenue from Contracts with Customers	6	1,115,823	1,140,104
Gross profit		1,115,823	1,140,104
Other income			
Grants from the national government	7	1,258,917	947,902
Other income	8	507,701	2,649
Total revenues		2,882,441	2,090,655
Operating expenses			
Administration costs	9	3,042,295	2,669,718
Selling and distribution costs	10	95,444	104,380
Total operating expenses		3,137,739	2,774,098
Profit/(loss) before taxation		-255,298	-683,443

The financial statements were approved by the Board on 27th September 2024 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

11. Statement of Financial Position as at 30 June 2024

Description	Note	2023/2024	2022/2023
		Kshs ('000')	Kshs ('000')
Assets			
Non-Current Assets			
Property, Plant And Equipment	12	16,040,272	16,242,830
Quoted Investments	13	400	400
Total Non-Current Assets		16,040,672	16,243,230
Current Assets			
Inventories	14	65,490	79,654
Trade And Other Receivables	15	1,318,206	1,135,550
Bank and Cash Balances	16	43,577	75,855
Total Current Assets		1,427,273	1,291,058
Total Assets		17,467,945	17,534,289
Equity And Liabilities			
Capital And Reserves			
Ordinary Share Capital	17	928,488	928,488
Revaluation Reserve	18	11,616,176	11,616,176
Accumulated Surplus or Losses		(89,365,423)	(89,110,125)
Capital And Reserves		(76,820,759)	(76,565,461)
Non-Current Liabilities			
Government Loan (Principle)	21	13,657,251	13,657,251
Government Loan (Interest)	21	77,047,476	77,047,476
Current Liabilities			
Trade And Other Payables	22	3,583,977	3,395,023
Total Current Liabilities		94,288,705	94,099,749
Total Equity And Liabilities		17,467,945	17,534,289

The financial statements were approved by the Board on 27th September, 2024 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

12. Statement of Changes in Equity for the year ended 30 June 2024

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		(75,882,018)
New capital issued	0						0
Revaluation gain	0	0	-	-	-	-	0
Transfer of excess depreciation on revaluation	0	0	-	0	-	-	-
Deferred tax on excess depreciation	0	0	-	-	-	-	0
Fair value adjustment on quoted investments	0	-	0	-	-	-	0
Profit for the year		-	-	(683,443)	-	-	(683,443)
Capital/development grants received during the year	0	-	-	-	-	0	0
Transfer of depreciation/amortisation from capital fund to retained earnings	0	-	-	0	-		-
Dividends paid – prior year	0	-	-	-	0	0	0
Interim dividends paid – current year	0	-	-		0	-	0
Proposed final dividends	0	-	-	0	0	0	-
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)

Description	Ordinary share capital	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Proposed dividends	Capital/Development Grants/Fund	Total
	Kshs ('000')	Kshs ('000')	Kshs ('000')	Kshs ('000')	Kshs ('000')	Kshs ('000')	Kshs ('000')
Issue of new share capital	0	0	0	0	0	0	0
Revaluation gain	0	0	-	-	-	-	0
Transfer of excess depreciation on revaluation	0	0	-	0	-	-	-
Deferred tax on excess depreciation	0	0	-	-	-	-	0
Fair value adjustment on quoted investments	0	-	0	-	-	-	0
Profit for the year	-	-	-	(255,298)	-	-	(255,298)
Capital/development grants received during the year	-	-	-	-	-	0	0
Transfer of depreciation/amortisation from capital fund to retained earnings	-	-	-	0	-	0	-
Dividends paid – prior year	-	-	-	-	0	0	0
Interim dividends paid – current year	-	-	-	0	-	-	0
Proposed final dividends	-	-	-	0	0	0	-
At June 30, 2024	928,488	11,616,176	0	(89,365,423)	0	0	(76,820,759)

13. Statement of Cash Flows for the year ended 30 June 2024

Description	Note	2023/2024	2022/2023
		Kshs ('000')	Kshs ('000')
Cash flows from operating activities			
Cash generated from/(used in) operations	23	7,937	24,553
Net cash generated from/(used in) operating activities		7,937	24,553
Cash flows from investing activities			
Purchase of property, plant and equipment		-40,215	-116,436
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		-40,215	-116,436
Net cash generated from/(used in) financing activities		0	0
Increase/(decrease) in cash and cash equivalents		-32,278	-91,883
Cash and cash equivalents at beginning of year		75,855	167,738
Effects of foreign exchanges rate fluctuations		0	0
Cash and cash equivalents at end of the year	23	43,577	75,855

14. Statement of Comparison of Budget & Actual amounts for the period ended 30 June 2024

Description	Original budget	Adjustments	Final budget	Actual on a comparable basis	Performance difference	% of utilization
	A	B	c = a + b	D	E = c - d	d/c%
Revenue	Kshs ('000')	Kshs ('000')	Kshs ('000')	Kshs ('000')	Kshs ('000')	
Advertising Radio	297,100	-	297,100	197,451	-99,649	-34
Advertising Television	156,000	-	156,000	161,110	5,110	3
Casual and Funeral	3,000	-	3,000	1,575	-1,425	-48
Technical Services	662,000	-	662,000	755,688	93,688	14
Other income	6,000	-	6,000	8,737	2,737	46
Other Income						
Dividend Income	24,000	-	24,000	-	-24,000	-100
Sport Fund Income	-	-	-	491,800	491,800	0
Grant from National Government						
Current Grants	1,049,000	-	1,049,000	1,198,916	149,916	14
Capital Grants	325,500	-	325,500	60,000	-265,500	-82
Total income	2,522,600	0	2,522,600	2,875,277	352,677	
Expenses						
Administrative Costs						
Directors Emoluments	27,000	-	27,000	24,735	2,265	9
Electricity And Water	242,000	-	242,000	153,796	88,204	57
Communication Services and Supplies	12,050	-	12,050	7,983	4,067	51
Transport, Travelling and Subsistence	75,900	-	75,900	78,101	2,201	-3
Printing, Stationery and Photocopying	5,000	-	5,000	6,892	-1,892	-27
Rent Expenses	35,000	-	35,000	8,025	26,975	336

Staff Training Expenses	10,000	-	10,000	3,995	6,005	150
Insurance Costs	22,500	-	22,500	16,274	6,226	38
Bank Charges and Commissions	3,900	-	3,900	2,816	1,084	38
Office And General Supplies and Services	12,000	-	12,000	6,324	5,676	90
Auditors Remuneration	500	-	500	500	0	0
Legal Fees	249,420	-	249,420	101,104	148,396	147
Repairs And Maintenance	136,800	-	136,800	66,063	70,737	107
Provision For Bad and Doubtful Debts	35,000	-	35,000	30,380	4,620	15
Program Telephone Lines	50,000	-	50,000	52,105	-2,105	-4
Program Production Expenses	415,000	-	415,000	695,079	-280,079	-40
Other Operating Expenses (Official Entertainment)	9,480	-	9,480	8,238	1,242	15
Salaries And Allowances	1,465,192	-	1,465,192	1,401,786	63,406	5
Pension Contributions	154,000	-	154,000	121,639	32,361	27
Staff Welfare	25,000	-	25,000	6,524	18,476	283
Marketing And Promotional Expenses	80,000	-	80,000	53,580	26,420	49
Sales Commission	70,000	-	70,000	22,898	47,102	206
Other Selling and Distribution Costs (News Production)	23,000	-	23,000	18,966	4,034	21
Depreciation	320,000	-	320,000	249,936	70,064	28
Total expenditure	3,478,822	0	3,478,822	3,137,739	341,083	
Surplus for the period	-956,222	0	-956,222	-1,366,336	-12,239	
Capital Expenditure	-	-	-	-	-	

15. 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 2024.**

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 IAS 1 titled Non-current Liabilities with Covenants (issued in October 2022)	The amendments, applicable to annual periods beginning on or after 1st January 2024, improve the information an entity provides about liabilities arising from loan arrangements for which an entity's right to defer settlement of those liabilities for at least twelve months after the reporting period is subject to the entity complying with conditions specified in the loan arrangement.	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.

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 2024.

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.

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 principle 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:

Buildings	2.00%
Plant and machinery	6.50%
Transmitter equipment	10%
Studio equipment's	10%
Ob equipment's	10%
Portable equipment's	10%
Program links	6.00%
Furniture and fittings	12.50%
Motor vehicles	20.00%
Office equipment's	12.50%
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) 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. KBC did not have right of use asset in the year under review.

i) 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. Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

j) 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 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.

Summary of Accounting Policies

k) 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.

l) 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.

m) 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.

n) 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.

o) 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.

p) 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.

q) 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.

r) Provision for staff leave pay

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

s) 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****t) Budget information**

The original budget for FY 2023/24 was approved by the National Assembly on 13th June 2024 . 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.

u) 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.

v) Comparative figures

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

w) Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the 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 (Continues)

6. Revenue from contracts with customers

Description	2023/2024	2022/2023
	Kshs(000)	Kshs(000)
Sales Of Goods	0	0
Sales Of Services	1,115,823	1,140,104
Total	1,115,823	1,140,104

7. Grants from National Government

Description	2023/2024	2022/2023
	Kshs(000)	Kshs(000)
Reccurent grants received	1,198,916	873,402
Capital grants realized (see note below)	60,000	74,500
In kind contributions/ donations	0	0
Total	1,258,916	947,902

Name of the Entity sending the grant	Amount recognized in the Statement of Comprehensive Income KShs "000"	2023/2024 Kshs "000"	2022/2023 Kshs "000"
State Department for Broadcasting	1,198,916	1,198,916	873,402
Total	1,198,916	1,198,916	873,402

8. Other Income

Description	2023/2024	2022/2023
	Kshs (000)	Kshs (000)
Other Miscellaneous Receipts	507,701	2,649
Total	507,701	2,649

Notes to the Financial Statements (Continued)

9. Administration Costs

Description	2023/2024	2022/2023
	Kshs(000)	Kshs(000)
Staff costs (note (9b))	1,529,947	1,422,747
Directors' emoluments	24,736	28,733
Electricity and water	153,797	204,382
Communication services and supplies	7,983	6,148
Transportation, travelling and subsistence	78,101	95,084
Advertising, printing, stationery and photocopying	6,892	5,938
Rent expenses	8,025	45,368
Staff training expenses	3,995	5,406
Hospitality supplies and services	7,522	6,765
Insurance costs	16,274	17,429
Bank charges and commissions	2,816	3,846
Office and general supplies and services	6,324	7,872
Auditors' remuneration	500	500
Legal fees	101,104	100,216
Repairs and maintenance	66,063	68,067
Program telephone lines(satellite services)	52,105	58,214
Program production expenses	695,079	290,210
Provision for bad and doubtful debts	30,380	30,135
Depreciation	249,936	268,970
Other Operating Expenses	718	1,777
Total	3,042,295	2,669,718

9(b) Staff Costs

Description	2023/2024	2022/2023
	Kshs(000)	Kshs(000)
Salaries and allowances of permanent employees	1,090,8079	1,041,958
Wages of temporary employees	133,502	85,552
Medical insurance schemes	133,119	133,120
Employer's contributions to national social security schemes	22,507	19,782
Employer's contributions to pension scheme	121,639	113,008
Leave pay	10,068	8,346

Description	2023/2024	2022/2023
	Kshs(000)	Kshs(000)
Gratuity provisions	11,781	8,320
Staff welfare	6,524	12,661
Total	1,529,947	1,422,747
The average number of employees at the end of the year was:		
Permanent employees – management	98	232
Permanent employees – unionisable	422	634
Temporary and contracted employees	265	270
Total	785	1136

10. Selling and Distribution Costs

Description	2023/2024	2022/2023
	Kshs(000)	Kshs(000)
Salaries and wages of Sales personnel		
Marketing and Promotional expenses	53,580	57,913
Sales commissions	22,898	29,595
Other Selling and Distribution costs	18,966	16,872
Total	95,444	104,380

Notes to the Financial Statements (Continued)**11. Operating Profit/ (Loss)**

Description	2023/2024	2022/2023
	Kshs(000)	Kshs(000)
The operating profit/(loss) is arrived at after charging/(crediting):		
Staff Costs (Note 9b)	1,529,947	1,422,747
Depreciation of property, plant and equipment	249,936	268,970
Provision for bad and doubtful debts	30,380	30,135
Directors' emoluments – fees	24,736	28,733
Auditors' remuneration - current year fees	580	580

1. Property, Plant and Equipment

COST/VALUATION	LAND	BUILDINGS	PLANT & EQUIPMENT	TRANSMITTER EQUIPMENT	STUDIO EQUIPMENT	OB EQUIPMENT	PORTABLE EQUIPMENT	PROGRAM LINKS	FURNITURE & FITTINGS	MOTOR VEHICLES	OFFICE EQUIPMENT	COMPUTER EQUIPMENT	TOTALS
AT 30TH JUNE 2022	12,857,874,001	971,681,555	2,040,513,918	1,591,928,960	717,809,567	30,375,352	5,657,473	45,234,258	36,705,781	200,142,145	22,019,269	105,360,528	18,625,302,803
ADDITIONS	0	12,824,512.89	4,121,120.69	36,344,234.09	34,536,120.48	302,224.14	0	0	1,406,258.62	0	1,146,983.73	26,734,240.71	117,415,695.35
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	3,590,867.87	0	1,673,329.48	17,735,917.45	47,377,727.87
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	18,790,116,725.25
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
Net Book Value as at 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

Net Book Value as at June 30, 2023	12,857,874,0 01	826,005,026	1,151,646, 627	768,500,505	506,849,261	12,737,663	2,746,368	27,000,90 0	15,896,88 8	22,262,44 1	10,204,861	41,085,22 6	16,242,809,7 69
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13. Quoted Investments

Description	2023/2024	2022/2023
	Kshs(000)	Kshs(000)
B/f Valuation	400	400
C/f Valuation	400	400

The Corporation owns 40% of the shareholding in multichoice which manages DSTV. Multichoice has a paid up ordinary share capital of kshs 1,000,000. The shares are valued at cost.

14. Inventories

Description	2023/2024	2022/2023
	Kshs(000)	Kshs(000)
Engineering stores	63,617	75,520
Fuel, oil and lubricants	9,112	8,279
Stationery and general stores	6,917	10,011
Less: Impairment of Stocks	(14,156)	(14,156)
Total	65,490	79,654

15. Trade and Other Receivables

Description	2023/2024	2022/2023
	Kshs(000)	Kshs(000)
Trade Receivables (Note 15 (a))	1,289,839	1,109,426
Staff receivables (Note 15 (c))	28,366	26,124
Gross Trade and Other Receivables	1,318,205	1,135,550
Net Trade and Other Receivables	1,318,205	1,135,550

15 (a) Trade Receivables

Description	2023/2024	2022/2023
	Kshs(000)	Kshs(000)
Gross Trade Receivables	1,891,879	1,681,086
Provision for Doubtful Receivables	(602,040)	(571,660)
Net Trade Receivables	1,289,839	1,109,426
ageing analysis of gross Trade Receivables		
Less than 30 Days	284,688	184,620
Between 30 and 60 Days	65,565	35,123
Between 61 and 90 Days	88,232	61,790
Between 91 and 120 Days	59,267	34,825
Over 120 Days	1,394,127	1,364,727
Total	1,891,879	1,681,086

Notes to the Financial Statements (Continued)
15 (c) Staff Receivables

Description	2023/2024	2022/2023
	Kshs(000)	Kshs(000)
Gross staff loans and advances	28,366	26,124
Net staff loans	28,366	26,124

16. Bank and Cash Balances

Description	2023/2024	2022/2023
	Kshs(000)	Kshs(000)
Cash at bank	43,577	75,855
Cash in hand	0	0
Total	43,577	75,855

Detailed analysis of the cash and cash equivalents

Description		Insert Current FY	Insert Comparative FY
Financial institution	Account number	Kshs	Kshs
a) Current Account			
Citibank (Main)	0300079001	5,124	59,656
Citibank medical	300079019	1,075	322
CBA ksh	6626480019	10,776	6,170
KCB Nairobi	1107167418	32,595	12,126
Citibank Car loan	300079027	236	8,098
CBA dollar -	6626480024	(7,399)	(11,699)
KCB Eldoret	1102542407	0.4	0
KCB Garissa	1108088538	(0.6)	1.5
KCB Kitale	1105198405	-6	0
KCB Kisumu	1104026481	0.1	1
KCB Bungoma	1105198405	5	5
KCB Malindi	1108002897	0	0
KCB Maralal	1104413671	0.6	0.5
KCB Mombasa	1101516593	1,170	1,170
KCB Voi	1108158544	0.2	0.1
KCB Wajir	1105246949	0.6	0.5
Cash at Hand		<u>0</u>	<u>0</u>
Sub- Total		<u>43,577</u>	<u>75,855</u>

Notes To The Financial Statements (Continued)

17. Ordinary Share Capital

Description	2023/2024	2022/2023
	Kshs(000)	Kshs(000)
Authorized:		
KBC Ordinary Shares of Kshs par value each	928,488	928,488

18. Revaluation Reserve

The revaluation reserve of Kshs.11,616,174,000 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.

19. 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.

20. Retained Earnings

The retained earnings represent amounts available for distribution to KBC's shareholders. Undistributed retained earnings are utilised to finance KBC's business activities.

Notes to the Financial Statements (Continued)

21. Borrowings

Description	2023/2024	2022/2023
	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	2023/2024	2022/2023
	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

Notes to the Financial Statements (Continued)

Description	2023/2024	2022/2023
	Kshs(000)	Kshs(000)
Short-term borrowings (Current Portion)	0	0
Long term borrowings	0	0
Total	0	0

Notes to the Financial Statements (Continued)

22. Trade and Other Payables

Description	2023/2024	2022/2023
	Kshs(000)	Kshs(000)
Trade payables	638,210	490,142
Vat	976,591	904,917
Pay As You Earn	697,375	755,077
Medical	34,576	32,962
Coop liabilities	35,724	37,141
Pension	1,131,569	1,097,783
Nssf	3,109	9,265
Other payables	66,824	33,268
Total	3,583,978	3,395,023

	2023/2024 Kshs(000)	% of the total	2022/2023 Kshs(000)	% of the total
Under one year	311,230	9	670,597	20
1-2 years	670,597	19	817,129	24
2-3 years	817,129	23	650,210	19
Over 3 years	1,785,022	50	1,257,087	37
Total	3,583,978		3,395,023	

Notes to the Financial Statements (Continued)

23. Notes to the Statement of Cash Flows

Description	2023/2024	2022/2023
	Kshs(000)	Kshs(000)
(a) Reconciliation Of Operating Profit/(Loss) To Cash Generated From/(Used In) Operations		
Profit or Loss before tax	-255,298	-683,443
Depreciation	280,315	299,105
(Gain)/Loss on disposal of Property, Plant And Equipment	-7,164	0
(Increase)/Decrease in Inventories	14,164	-16,385
(Increase)/Decrease in Trade and Other Receivables	-213,035	-35,889
Increase/(Decrease) in Trade and Other Payables	188,955	461,165
(b) Analysis of Cash and Cash equivalents		
Short Term Deposits	0	0
Cash At Bank	43,577	75,855
Cash In Hand	0	0
Balance At End Of The Year	43,577	75,855

24. 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
- ii) Key management
- iii) Board of directors

Notes to the Financial Statements (Continued)

Transactions with related parties

Description	2023/2024	2022/2023
	Kshs(000)	Kshs(000)
Total	1,409,699	1,134,016
a) Purchases from related parties		
Purchases of electricity from KPLC	146,797	178,662
Purchase of water from govt service providers	1,170	3,606
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	2,816	3,846
Interest expense to investments by other govt. Entities	0	0
Others (<i>specify</i>)	0	0
Total	150,783	186,114
b) Grants from the government		
Grants from national govt	1,258,916	947,902
Grants from county government	0	0
Donations in kind	0	0
Total	1,258,916	947,902

Notes To The Financial Statements (Continued)

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

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.

Notes to the Financial Statements (Continued)

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 2024				
Trade payables	31,565	12,351	594,294	638,210
Total	31,565	12,351	594,294	638,210
At 30 June 2023				
Trade payables	13,026	23,016	719,035	755,077
Total	13,026	23,016	719,035	755,077

(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.

Notes to the Financial Statements (Continued)

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

The carrying amount of the entity's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

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

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.

Notes To The Financial Statements (Continued)

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 *entity'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.

Notes to the Financial Statements (Continued)

The following table shows an analysis of financial and non- financial instruments recorded at fair value by level of the fair value hierarchy.

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	2023/2024	2022/2023
	Kshs(000)	Kshs(000)
Revaluation reserve	11,616,174	11,616,174
Retained earnings	-255,298	-683,443
Capital reserve	928,488	928,488
Total Funds	12,289,364	11,861,219
Total Borrowings	90,704,726	90,704,726
Less: Cash and Bank balances	43,577	75,855
Net Debt/(Excess Cash and Cash Equivalents)	0	0
Gearing	738	765

26. Incorporation

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

27. Events after the Reporting Period

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

16. 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 audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.	Undisclosed material uncertainty relating to sustainability of services		Not resolved	30/06/2025
2.	Unsupported provision and long outstanding trade receivables		Not resolved	30/06/2025
3.	Accuracy of the Government of Kenya (GoK) loan and accrued interest		Not resolved	30/06/2025
4.	Lack of land ownership documents		Not resolved	30/06/2025

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.

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(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 30/09/2024

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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	Total Transfers during the Year
SDBT	09/08/2023	Recurrent	91,583,332	0	91,583,332
SDBT	01/09/2023	Recurrent	91,583,332	0	91,583,332
SDBT	27/09/2023	Recurrent	91,583,333	0	91,583,333
SDBT	10/11/2023	Recurrent	91,583,333	0	91,583,333
SDBT	07/12/2023	Recurrent	91,583,333	0	91,583,333
SDBT	29/12/2023	Recurrent	91,583,333	0	91,583,333
SDBT	08/02/2024	Recurrent	95,750,001	0	95,750,001
SDBT	11/03/2024	Recurrent	95,750,001	0	95,750,001
SDBT	12/04/2024	Recurrent	95,750,001	0	95,750,001
SDBT	09/05/2024	Recurrent	120,722,223	0	120,722,223
SDBT	04/06/2024	Development	60,000,000	0	60,000,000
SDBT	13/06/2024	Recurrent	120,722,223	0	120,722,223
SDBT	01/07/2024	Recurrent	120,722,223	0	120,722,223
Total		Recurrent and Development	1,258,916,667	0	1,258,916,667

Appendix V- Inter-Entity Confirmation Letter

Name of transferring entity: State Department of Broadcasting and Technology

Name of Beneficiary entity: Kenya Broadcasting Corporation

Confirmation of amounts received by [Insert name of beneficiary Entity] as at 30 th June (Current FY)					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
09/08/2023	09/08/2023	91,583,332		91,583,332	Disbursement from SDBT
01/09/2023	01/09/2023	91,583,332		91,583,332	Disbursement from SDBT
27/09/2023	27/09/2023	91,583,333		91,583,333	Disbursement from SDBT
10/11/2023	10/11/2023	91,583,333		91,583,333	Disbursement from SDBT
07/12/2023	07/12/2023	91,583,333		91,583,333	Disbursement from SDBT
29/12/2023	29/12/2023	91,583,333		91,583,333	Disbursement from SDBT
08/02/2024	08/02/2024	95,750,001		95,750,001	Disbursement from SDBT
11/03/2024	11/03/2024	95,750,001		95,750,001	Disbursement from SDBT
12/04/2024	12/04/2024	95,750,001		95,750,001	Disbursement from SDBT
09/05/2024	09/05/2024	120,722,223		120,722,223	Disbursement from SDBT
04/06/2024	04/06/2024		60,000,000	60,000,000	Disbursement from SDBT
13/06/2024	13/06/2024	120,722,223		120,722,223	Disbursement from SDBT
01/07/2024	01/07/2024	120,722,223		120,722,223	Disbursement from SDBT
Total		1,198,916,667	60,000,000	1,258,916,667	

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

Head of Accounts Department - Disbursing Entity:

Name: State Department of Broadcasting and Technology Sign Date

Kenya Broadcasting Corporation
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Head of Accounts Department - Beneficiary Entity:

Name Kenya Broadcasting Corporation. Sign *dk* Date: *31/12/2024*

