

REPUBLIC OF KENYA



Enhancing Accountability

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 07 JUN 2023	DAY: Wednesday
TABLED BY:	Hon. Kirmani Ichung'wah (Magnty Party leader)
CLERK-AT THE-TABLE:	Mado

PARLIAMENT
OF KENYA
LIBRARY

REPORT

OF

THE AUDITOR-GENERAL

ON

KENYA FILM CLASSIFICATION BOARD

**FOR THE YEAR ENDED
30 JUNE, 2022**



KENYA FILM CLASSIFICATION BOARD

A REGULATORY AND NON-COMMERCIAL ENTITY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDING

JUNE 30, 2022

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



Kenya Regulatory & Non - Commercial (KENYA FILM CLASSIFICATION BOARD)
Annual Reports and Financial Statements for the year ended June 30, 2022



Kenya Regulatory & Non - Commercial (KENYA FILM CLASSIFICATION BOARD)
Annual Reports and Financial Statements for the year ended June 30, 2022

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1. ENTITY INFORMATION AND MANAGEMENT

(a) Background information

Kenya Film Classification Board (KFCB) is a Regulatory State Corporation established under the *Films and Stage Plays Act Cap 222* of the Laws of Kenya to regulate the creation, broadcasting, possession, distribution and exhibition of film in the country with a view to protect children from exposure to harmful content and promote national values as enshrined in Article 10 of the Constitution of Kenya, 2010. The *Kenya Information and Communications Act (KICA)* further empowers the Board to impose age restrictions on all films to be aired by broadcast stations to ensure that content which depicts scenes intended for adult audience is not aired between 5am–10 pm (Watershed Period). The KFCB has headquarters in Nairobi but has regional offices in Mombasa, Nakuru, Eldoret, Nyeri, Embu, Garissa, Kisumu and Kakamega.

(b) Principal Activities

The principal function of the Board is to regulate the creation, broadcasting, distribution, exhibition and possession of film and broadcast content by:

- a) Examining films, TV & Radio Programmes, non-programme matter and posters for purposes of classification.
- b) Imposing age restriction on viewership.
- c) Registering and licensing film agents, local and international filmmakers, distributors and exhibitors.
- d) Giving consumer advise with due regard to the protection of women and children against sexual exploitation or degradation.
- e) Prescribing and developing regulations and guidelines on film and broadcast content in the country.
- f) Regulating and licensing theatres and stage plays as recommended by the Presidential Taskforce on Parastatal Reforms, 2013.
- g) Ensuring that content which depicts, contains scenes or are of the language intended for adult audiences are not aired during the Watershed Period i.e. 5am to 10pm.
- h) Enforcing the programming Code for radio and TV services by ensuring that all programme and non-programme matter namely commercials, infomercials, documentaries, programme promotions, programme listings, community service announcements and station identifications are classified before they air.



Vision

To be a world-class film and broadcast content regulator.

Mission

To safeguard the national values and norms through efficient and effective film and broadcast content regulatory services

Core values

The following are our guiding principles and form the foundation of our culture:

- (i) Professionalism: - Our high level of excellence in delivering results to stakeholders.
- (ii) Accountability: – Our responsibility to stakeholders for action taken.
- (iii) Innovation: – Our commitment to initiative, creativity and continuous improvement aimed at adding value to our operations.
- (iv) Integrity: - Our firm adherence to ethics and fidelity to doing right.
- (v) Team work: - Our willingness to cooperate and work together to achieve the Board's objectives.



KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

(c) Key Management

i. Board of Directors

No	Name	Designation	Date of Appointment
1	Njeri Karago	Chairperson	21 st January, 2022
2	Mr. Christopher Wambua	Ag. Chief Executive Officer	6 th August, 2021
3	Dr. Julius Muia	Principal Secretary, National Treasury	24 th July, 2019
4	Esther Koimett, EBS	Principal Secretary, State Department for Broadcasting & Telecommunication	26 th March, 2018
5	Peter Mogire	Alt. to the Principal Secretary, National Treasury	19 th November, 2019
6	John Ongesa Nyabwari	Alt. to the Principal Secretary, State Department for Broadcasting & Telecommunication	1 st July, 2021
7	Nereah Aluoch Okanga	Independent Director	21 st October, 2019 (2 nd term)
8	Charity Kochalle	Independent Director	21 st October, 2019 (1 st term)
9	Gathoni Kung'u	Independent Director	21 st October, 2019 (2 nd term)
10	June Gachui	Independent Director	26 th October, 2021 (2 nd term)
11	Joyce Wamucii	Independent Director	26 th October, 2021 (2 nd term)
12	Charity Kochalle	Independent Director	21 st October, 2019 (1 st term)
13	Henry Losikiriatum	Independent Director	26 th October, 2021 (1 st term)
14	Nagib Shamsan	Independent Director	26 th October, 2021 (1 st term)
15	Paul Otieno	Independent Director	26 th October, 2021 (1 st term)
16	Norman Magaya*	Independent Director	20 th September, 2018 (1 st term)
17	Rev. Canon David Lebarleiya*	Independent Director	20 th September, 2018 (1 st term)
18	Nehemiah Maina*	Independent Director	20 th September, 2018 (1 st term)

* The Directors served up to 19th September 2021-Term Expiration.

+ The chair of the Board has not attended any meeting since being appointed.



Kenya Regulatory & Non - Commercial (KENYA FILM CLASSIFICATION BOARD)
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KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

ii. Management Team

No	Name	Designation
1	Mr. Christopher Wambua	Ag. Chief Executive Officer and Accounting Officer
2	Paskal Martin Opiyo	Ag. Chief Manager, Corporate Services & Manager Finance and Accounts
3	Joel Wamalwa	Manager, Licensing
4	Nelly Muluka Oluoch	Manager, Corporate Communications Manager
5	Vicky Ocharo	Manager, Human Resource and Administration
6	Francis Nguthu	Principal Internal Auditor
7	Loice Shalakha	Head Legal and Corporate Secretary Services
8	Onesmus Muema	Head of Planning and Research
9	Immaculate Mulaku	Head Supply Chain Management
10	Redempta Amondi	Head of Film Classification
11	Alexander Marcos Masiga	Head of Registration
12	Petronilla Mueni	Head of ICT
13	Emma Irungu	Head of Broadcast Compliance
14	Paul Mbui Ng'ang'a	Head of Film Service

(d) Fiduciary Management

The key management personnel who held office during the Financial Year ended 30th June 2022 and who had direct fiduciary responsibility were:

No	Name	Designation
1	Mr. Christopher Wambua	Ag. Chief Executive Officer and Accounting Officer
2	Paskal Martin Opiyo	Ag. Chief Manager, Corporate Services & Manager Finance and Accounts
3	Joel Wamalwa	Manager, Licensing
4	Nelly Muluka Oluoch	Manager, Corporate Communications Manager
5	Vicky Ocharo	Manager, Human Resource and Administration
6	Francis Nguthu	Principal Internal Auditor
7	Loice Shalakha	Head Legal and Corporate Secretary Services
8	Onesmus Muema	Head of Planning and Research
9	Immaculate Mulaku	Head Supply Chain Management
10	Redempta Amondi	Head of Film Classification
11	Alexander Marcos Masiga	Head of Registration
12	Petronilla Mueni	Head of ICT
13	Emma Irungu	Head of Broadcast Compliance
14	Paul Mbui Ng'ang'a	Head of Film Service



KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

(e) Fiduciary Oversight Arrangements

Board's Composition

The Films and Stage Plays Act Cap 222, Section 11(a) prescribes the composition of the Board as follows: a Chairman appointed by the Cabinet Secretary; the Principal Secretary in the parent Ministry; the Principal Secretary to the National Treasury; the Chief Executive Officer appointed under section 11C; and eight other members appointed by the Cabinet Secretary of the Parent Ministry.

The Board is currently composed of one (1) Non-Executive Chairman, eight (8) independent members, the Chief Executive Officer and two (2) representatives of the Principal Secretary National Treasury and Principal Secretary State Department of Broadcasting and Telecommunication respectively.

The Board of Directors has established four Committees which have specific terms of reference to guide their operations. The Committees which meet on a quarterly basis are as follows:

1. Human Resource and Administration Committee
2. Finance and General-Purpose Committee
3. Technical Development Committee
4. Audit & Risk Management Committee

KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

Report of the Chairperson of Human Resource and Administration



Nagib Shamsan

Mandate

The Committee is responsible for overseeing the implementation of policies affecting staff performance and welfare. It is also responsible for advising and reviewing programmes aimed at addressing succession planning, advising and reviewing the remuneration of staff, reviewing staff performance, appraisal and reward systems. The Committee also continually reviews the organizational structure, core functions and optimum staff establishment of the Board.

Membership

The Committee comprises six (6) members of the Board of Directors with the Head of Human Resource & Administration providing secretariat services. The Committee is authorized by the Board to secure the attendance of external advisers at its meetings, if it considered necessary, and to obtain reliable, up-to-date information about any of its business.

Attendance

The Committee held **Four (4)** meetings during the year as shown below:

N o.	Name	Q1	Q2	Q3	Q4	Total
1	David Lebarleyia-Chair*	1/1	NIL	NIL	NIL	1/1
2	Nagib Shamsan-Chair**	NIL	NIL	2/2	1/1	3/3
3	Mr. Christopher Wambua	1/1	NIL	2/2	1/1	4/4
4	Peter Mogire**	1/1	NIL	NIL	NIL	1/1
5	John Nyabwari	1/1	NIL	2/2	1/1	4/4
6	Joyce Wamucii	1/1	NIL	2/2	1/1	4/4
7	Charity Kochalle	1/1	NIL	2/2	1/1	4/4
8	June Gachui**	NIL	NIL	2/2	1/1	3/3
**Reconstitution of the membership of the Committee as a result of appointment of new members and re-appointment of other members.						
*The members in the Committee served up to 19 th September 2021-Term Expiration						

KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

Report of the Chairperson of Finance and General-Purpose Committee



Joyce Wamucii

Mandate

The Committee is responsible for reviewing the financial and asset management plans of the Board, approving the pre-qualified list of suppliers, annual work plans, procurement plans and budgets, reviewing and approving financial reports of the Board. The Committee is also responsible for the rationalization of the Board's Budget.

Membership

The Committee comprises Seven (7) members of the Board of Directors with the Head of Finance and Accounts providing secretariat services. A representative of the National Treasury must be part of the Committee.

Attendance

The Committee held **Eight (8)** meetings during the year as shown below:

No.	Name	Q1	Q2	Q3	Q4	Total
1	Gathoni Kungu-Chair*	4/4	NIL	2/2	2/2	8/8
2	Mr. Christopher Wambua	1/4	NIL	2/2	2/2	5/8
3	Joyce Wamucii-Chair**	NIL	NIL	2/2	2/2	4/4
4	David Lebarleyia*	3/4	NIL	NIL	NIL	3/4
5	Norman Magaya*	4/4	NIL	NIL	NIL	4/4
6	John Nyabwari	3/4	NIL	2/2	2/2	7/8
7	Charity Kochalle**	4/4	NIL	NIL	NIL	4/4
8	Peter Mogire	3/4	NIL	2/2	2/2	7/8
9	Nagib Shamsan**	NIL	NIL	2/2	2/2	4/4
10	Henry Losikiriatum**	NIL	NIL	2/2	2/2	4/4
**Reconstitution of the membership of the Committee as a result of appointment of new members and re-appointment of other members.						
* The members in the Committee served up to 19 th September 2021-Term Expiration						

KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

Report of the Chairperson of Technical Development Committee



Nereah Okanga

Mandate

The Committee is responsible for reviewing customer service standards, reports and implementation of policies affecting the public, corporate and business strategies of the Board. It is also responsible for reviewing the implementation of programmes, standards and compliance with various international and local legal requirements as well as advising on and initiating necessary legal requirements for purposes of effectiveness and efficiency in the regulatory function.

Membership

The Committee comprises Seven (7) members of the Board of Directors with the Head of the Technical department providing secretariat services. The membership is drawn from members of the Board with expertise in the technical functions.

Attendance

The Committee held **Five (5)** meetings during the year. The Committee comprises of:

N o.	Name	Q1	Q2	Q3	Q4	Total
1	Norman Magaya-Chair*	2/2	NIL	NIL	NIL	2/2
2	Mr. Christopher Wambua	1/2	NIL	2/2	1/1	4/5
3	Nereah Okanga-Chair**	2/2	NIL	2/2	1/1	5/5
4	Gathoni Kungu	2/2	NIL	2/2	1/1	5/5
5	Nehemiah Maina*	2/2	NIL	NIL	NIL	2/2
6	June Gachui**	2/2	NIL	NIL	NIL	2/2
8	Henry Losikiriatum**	NIL	NIL	2/2	1/1	3/3
9	Peter Mogire**	NIL	NIL	2/2	1/1	3/3
10	Paul Otieno**	NIL	NIL	2/2	1/1	3/3
**Reconstitution of the membership of the Committee as a result of appointment of new members and re-appointment of other members.						
* The members in the Committee served up to 19 th September 2021-Term Expiration						

KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

Report of the Chairperson of the Audit & Risk Management Committee



June Gachui

Mandate

The Committee is responsible for establishing and reviewing internal control systems, risk management issues, procedures and programmes being implemented by the Board. It is also responsible for overseeing the internal audit function and external audit as well as reviewing the performance and considers the independence of external auditors and confirms that all regulatory compliance is considered in the preparation of financial statements.

Membership

The Committee comprises five (5) members of the Board of Directors with the Head of the Internal Audit function providing secretariat services. The Chairman of the Committee is an Independent Director, it is also a requirement that at least one member of the Committee holds relevant qualifications in financial management or accounting with experience and knowledge in risk management and should be a member of a professional body with good standing.

Attendance

The Committee held Six (6) meetings during the year as shown below:

N o.	Name	Q1	Q2	Q3	Q4	Total
1	Nehemiah Maina-Chair*	2/2	NIL	NIL	NIL	2/2
3	June Gachui-Chair**	2/2	1/1	1/1	2/2	6/6
4	Joyce Wamucii**	2/2	NIL	NIL	NIL	2/2
5	Nereah Okanga	2/2	1/1	1/1	2/2	6/6
6	Peter Mogire	2/2	1/1	1/1	2/2	6/6
7	John Nyabwari**	NIL	1/1	1/1	2/2	4/4
8	Paul Otieno**	NIL	1/1	1/1	2/2	4/4
**Reconstitution of the membership of the Committee as a result of appointment of new members and re-appointment of other members.						
* The members in the Committee served up to 19 th September 2021-Term Expiration						



KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

(f) Entity Headquarters

P. O Box 44226-00100
Uchumi House, 15th Floor
Aga Khan Walk
Nairobi, KENYA

(g) Entity Contacts

Telephone :(254) 711-222-204, 773-753-355,
020-2250600
E-mail: info@kfcg.go.ke
Website: www.kfcg.go.ke

(h) Entity Bankers

- 1) Kenya Commercial Bank (Principal Banker)
Moi Avenue-Nairobi
P. O Box 30081-00100
Nairobi, Kenya
- 2) Co-operative Bank of Kenya
Parliament Road Branch
P. O Box 5772-00200
Nairobi, Kenya

(i) Independent Auditors

Auditor General
Office of the Auditor General (OAG)
Anniversary Towers, University Way
P.O. Box 30084-00100
Nairobi, Kenya



KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

(j) Principal Legal Adviser

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112-00200

Nairobi, Kenya

2. THE BOARD OF DIRECTORS

Gathoni Kung'u—Independent Director



Ms. Gathoni Kung'u was born on 16th May 1985. She is a sought after media mogul. She flourishes in the media industry and is a Media Consultant. As a multi- media professional with over ten years' experience in media relations and media production, Ms. Kungu is an accomplished TV and Film Producer. She is also a Certified Addiction Counsellor, Health and Wholeness Coach. She is the Director of Training and Development as well as Regional Director of Youth up Global. She Co-hosts Stories of Life and got nominated as one of The Content Creators from Africa by Tech Times Africa. She is an author of two books one is called The Dance of Life and an E-book Your Best Body Starting Now. She holds a Bachelor of Arts Degree in Communications from Daystar University, Nairobi, Kenya. Gathoni has worked on multiple local and international productions with roles ranging from Assistant Producer, Producer, and Guest Producer. As a media mogul and a force to reckon with Gathoni Kungu with a network base across Kenya and internationally runs multiple projects and consultations. Ms. Kungu is also effective in developing relationships and stakeholder management, having acted as a point of contact and representative, both internally and externally, in initiatives aimed at upholding organizational and corporate image, branding and communication activities.

Nereah Aluoch Okanga —Independent Director



Ms. Nereah Aluoch Okanga was born on 7th January 1973. She is an advocate of the High Court of Kenya currently working as the in-house legal counsel for Absa Bank Kenya Plc. She previously offered legal services as a Senior Associate at Anjarwalla & Khanna, Advocates. She obtained an undergraduate degree in International Political Economy in the United States, and did her graduate legal degree from the University of Bristol in the UK. Ms. Okanga has a wealth of experience locally and internationally spanning over 15 (fifteen) years in training and practice. She is well versed in various areas of legal practice including financial and banking law, corporate law, commercial law, land law and conveyancing, civil litigation, mergers and acquisitions, labour law, and the law of succession & employment. Her various professional roles and duties have required her to provide guidance on corporate governance, formulate policy and procedure and develop frameworks for compliance and risk management.

June Gachui —Independent Director



Ms. June Gachui was born on 8th June, 1978. She is the Founder and Principal Consultant at JGIP Consultants as well as an Advocate of the High Court of Kenya specializing in Intellectual Property (IP) and Entertainment Law for over a decade. She is a multi-linguist, singer-songwriter, recording artist, thespian and professional Emcee. As a consultant, she has been involved in offering a wide range of IP and Legal Services, including trainings, client advisory, IP registration and project consulting for both private and public sector clients as well as for creative entrepreneurs across sectors. June has also served as the Kenya Association of Music Producers (KAMP) General Manager, Legal officer at Total Kenya Limited and has vast experience drawn from her time at the World Intellectual Property Organization New York office, Music Copyright Society of Kenya, IKM Advocates, Joan B. Peters TV and Entertainment Law Firm in Australia, just to name a few. MS. Gachui has served as a resource person for Africa's creative industry by running numerous workshops and seminars on matters protection and monetization of the creative arts and lobbying for better legislation and enforcement where infringement of these Intellectual Property Rights occurs. Ms. Gachui also currently serves as the Co-Vice Chair of the Sports Culture and Heritage Sector Board at KEPISA.

Henry Losikiriatum —Independent Director



Mr. Henry Nading Losikiriatum was born on 1st January, 1956. He holds a PhD in leadership (Honoris Causa) from the University of America. He also holds a Diploma in Planning and Management (Project Development) from the Catholic University of Eastern Africa.

Mr. Losikiriatum is currently the chairperson, Parents Teachers Association (PTA), at Churo Boys High School and a Board Member at Churo Girls High School. With a wealth of experience in Community Mobilization and Project Management, Mr. Losikiriatum worked as a Programme Development Coordinator with World Vision Kenya from 1997 to 2003.



Joyce Wamucii Ndumia—Independent Director



Joyce Wamucii was born on 3rd July, 1978. She is an Advocate of the High Court of Kenya and a member of the Law Society of Kenya. She has been practicing law in Nairobi since her admission to the bar in 2004. She has been a partner in Kairu & McCourt Advocates since December 2007. She graduated from University of Nairobi with a Bachelor of Laws and holds a Diploma from the Kenya School of Law, is a Certified Public Secretary - CPS (K) and an accredited Corporate Governance Auditor.

Ms. Wamucii is also a registered Patent Agent, Commissioner for Oaths and Notary Public. She has practiced for seventeen (17) years as an advocate in Nairobi and has acquired extensive experience in preparation of commercial securities and other commercial instruments and documents, Intellectual Property Law, Conveyancing, Banking Law and Company Secretarial.

Nagib Shamsan —Independent Director



Mr. Nagib Shamsan was born on 24th June, 1963. He is a trader and a human rights practitioner based in Mombasa. He is also among the founding Trustees of the Kenya Land Alliance, an organization advocating for Land Reforms in Kenya. He previously worked as a Commissioner at the Wakf Commission of Kenya. Mr. Shamsan is currently the Chairperson of Elimu Sheria and

Ilishe Trust, organizations that are championing social, economic and cultural rights implementation agenda at the Coastal Region.

THE BOARD OF DIRECTORS (Continued)

Paul Otieno —Independent Director



Mr. Paul Otieno was born on 28th October, 1982. He is an independent Photographer, Writer, Creative Director and Commercial Content Creator, based in Nairobi, Kenya.

He has over fourteen (14) years' experience in the Creative Industry, having worked in marketing and communications, radio, experiential agencies as well

as offering creative support to not-for-profit organisations and campaigns. His key competencies include photography, filmmaking and writing/scripting.

Mr. Otieno is among Kenya's best known Food and Product Advertising Photographers, and has worked with leading brands including Intercontinental Hotel, SOS Children's Village, Anglican Church of Kenya, Air Arabia, Safaricom, South Africa Broadcasting Corporation, Visa International, DSTV, Nairobi Commuter Railways, among others.

Besides being a copy writer who has written advertising spots for brands and scripted for stage film, Mr. Otieno has a wealth of experience as a reputable storyteller. He is particularly passionate about filmmaking.

CPA Peter Nyamete Mogire- Alt. Director, PS National Treasury



CPA Peter Nyamete Mogire was born in 1965. He is a qualified Accountant and heads the National Treasury's Accounting Unit-Government Digital Payments (GDP). He is Certified Public Accountant of Kenya-CPA (K) and a member of the Institute of Certified Public Accountant of Kenya- ICPAK.

He has deep knowledge in public sector accounting and finance and has worked in various Government Ministries including the Ministry of Foreign Affairs where he worked at the Kenyan Embassy in Tel Aviv – Israel as a Financial Attaché.

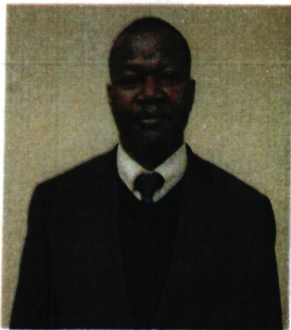


Charity Kochalle-Independent Director



Ms. Charity Kochalle was born on 9th August, 1966. She holds a Diploma in Biblical Studies and Ministry Outreach from the I am Ministries International. She is a former Chairperson of the National Government Affirmative Action Fund (NGAAF) 2017-2018. Ms. Kochalle was the leader of the decoration team at the Glory Christian Church International (GCCCI) 2014 -2016. She is a reputable farmer.

John Ongesa Nyabwari - Alt. Director, PS State Department of Broadcasting and Telecommunication



Mr. John Ongesa Nyabwari was born in 1973. He is the Senior Chief Finance Officer (CFO), State Department of Broadcasting and Telecommunication. He is the representative of Principal Secretary (Ministry of ICT, Innovation & Youth Affairs) in the Kenya Film Classification Board (KFCB). He is a holder of an MBA (Finance) and B. Com (Accounting Option) degree from Kenyatta University. Mr. Nyabwari has also attended courses in Public Financial Management, Leadership and Trainers of Trainers. Before joining the Civil Service in 1997, he served as a Credit Control Assistant with the Nation Newspaper Limited. He has work experience of more than twenty-four (24) years in areas of Audit and Finance in various Government Ministries, Departments and Agencies.

3. MANAGEMENT TEAM

Mr. Christopher Wambua - Masters in International Studies, Post-graduate Dip. (Mass Communication), Post-graduate Dip. (Public Relation), B. ED



Ag. Chief Executive Officer

The Chief Executive Officer is responsible for the day-to-day operations of the Board and ensures that the mission is achieved. Further he is responsible for the execution and communication of the Board's strategies, decisions and policies. He also provides leadership to senior management and staff. He is the accounting and authorised officer of the Board and the link between the Board and the management.

CPA Paskal Martin Opiyo-MBA, BA Hons., CPA (K)



Finance and Accounts Department

Advises the Accounting Officer, Board of Directors, Committees of the Board, Management and other stakeholders on all financial and accounting matters of the Board. Provides strategic direction and oversight to the formulation, interpretation and implementation of financial regulations, procedures and policies to enhance internal controls. In addition, responsible for supervising, training, mentoring and coaching Finance and Accounts Staff. He is also the Ag. Chief Manager, Corporate Services. Responsible for Finance & Accounts Department, ICT Department and Human Resource & Administration Services Department.

Joel Wamalwa – MA (Economic Planning), MAEPM (Environmental Planning and management), BA (Environmental Planning and Management), BA (Arts).



Film Licensing Department

Responsible for ensuring that creation, broadcasting, distribution, exhibition and possession of film and broadcast content is in line with the provisions of Films and Stage plays Act cap 222 and the Kenya Information & Communication Act. Liaising with professional bodies and other stakeholders on matters relating to film and broadcast content regulation.

Nelly Muluka Aluoch- MA Communication Studies, B.Ed. English Literature.



Corporate Communications Department

Responsible for initiating designing, developing reviewing and implementing the Board's communication's strategy geared towards attaining and sustaining a positive public image of the Board. Also responsible for coordinating interactive public functions and events to promote and publicise activities of the Board. Managing customer feedback including compliments suggestions and complaints on service delivery.

Vicky Ocharo – MBA Strategic Mgt & HRM, BCōm (HRM), GHRP, CHRP, Higher Dip-HRM, Dip-Personnel Mgt



Human Resource and Administration Department

Responsible for initiating, formulating and implementing the Board's human resource and administration policies, strategies and procedures. She is responsible for developing and managing the staff welfare schemes and providing advice on human resource management principles with a view to upholding the Board's core values and fulfilment of social responsibilities

Immaculate Mulaku –MBA, B.A (Economics), Dip CIP



Supply Chain Management Department

Responsible for providing oversight in the efficient and effective operations of the supply chain function of the Board. A key aspect of this role is ensuring the Board's planning, buying, and monitoring of procurement; and initiatives which support strategic organizational goals and objectives.



Loice M. Shalakha - LLM, LLB, Post Graduate Diploma in Law, Post Graduate, Diploma in Project Management, Post graduate Certificate in law.



Legal Services and Corporation Secretary

Responsible for providing legal services to ensure that appropriate interpretation of the legal safeguards and the rights of the Board including patents, copyrights and trademarks of the Board. Providing legal advice and assistance on all aspects of government regulation and preparing opinions and legal interpretations on various matters related to the interpretation and review of statutory instruments. Custodian of the company interests in regard to property and indemnity. Providing guidance and support and is secretary to the Board.

Francis Ngala Nguthu –B.COM (Finance), IIA (K)



Internal Audit Department

Reports functionally to the Board and administratively to the Chief Executive Officer. Responsible for reviewing and appraising the soundness and efficiency of all systems of control including financial, operational and internal control systems and procedures.

Onesmus David Muema-B.A Economics & Mathematics



Planning & Research Department

Responsible for coordinating the preparation of annual Ministerial Public Expenditure Review (MPER) and the Medium-Term expenditure framework (MTEF). Collecting, collating, processing and interpreting statistical data for the Board. Coordinating appraisal of development projects undertaken by the Board. Coordinating preparation of progress report on performance contracting.

Redemptah Amondi –MA (Communication) B.A., Dip Film/ Video production Film



Examination & Classification Department

Responsible for developing and prescribing standards for classification of film and broadcast content. Giving consumer advice and imposing age restriction on viewership of film and broadcast content.



Emmah Irungu- MSc (Information Science) B.Tech. IT, H. Dip PSY, Dip IT



Broadcast Compliance Department

Responsible for initiating designing, developing reviewing and implementing the Board's strategy on broadcast content regulation. She is in -charge of monitoring the media content to ensure compliance to the provisions of the Constitution of Kenya, Films & Stage Plays Act Cap 222 and the Kenya Information and Communications Act.

Paul Mbui Ng'ang'a-MSc (Finance), BCom (Finance), CPA (K)



Film Service Department

Responsible for planning, operating and supporting the Board's Sustainance of Infrastructure to support classification and content regulation functions of the Board in line with the Film and Stage Plays Act Cap222 laws of Kenya. He is also responsible for Special Project Management, Quality Assurance and Assessment. Currently, He is leading the Nairobi Film Centre Project.

Alexander Marcos Masiga-MA (Communication), BA (Communication)



Film Registration Department

Responsible for developing and prescribing standards for development and review of Film Licenses guidelines, policies, strategies and programmes. He is in charge of providing advisory on issuing of filming licenses as prescribed in the Film and Stage Plays Act, Cap 222.

Petronilla Mueni -BBIT, Dip Information Science, CSK



Information Communication Technology Department

Responsible for planning, operating and supporting the Board's IT infrastructure, enabling users to carry out their roles; efficiently, effectively, securely and at a minimum cost. Developing and maintaining ICT policies and standards at the Board.



4. CHAIRMAN'S STATEMENT

On behalf of the Board of Directors and Management, it gives me great pleasure to report another year of excellent performance for the period that ended on 30th June, 2022 despite the challenges brought about by the COVID-19 pandemic.

I also take this opportunity to convey heartfelt gratitude to the Board of Directors for their support towards realizing the Board's core mandate as enshrined in the Films and Stage Plays Act, Cap 222 of the Laws of Kenya. Moreover, I sincerely thank the Management and staff of the Board for their innovation, creativity, determination, professionalism and teamwork in executing the Board's mandate, programs and campaigns that saw the Board excel during the period under review.-

It is worth reporting that during the period under review, the Board adopted various strategies among them; Business Process Re-engineering (BPR), collaboration with other public and private sector agencies, to develop and review some of its corporate policies and strategies, among others.

Business Process Re-engineering

To ensure continued service delivery to our diverse stakeholders towards post COVID-19 recovery, the Board implemented innovative strategies and programs to ensure uninterrupted - business continuity. The Board employed the use of Information and Communication Technology (ICTs) in execution of its core mandate, programs and campaigns. Through the Board's Online Licensing System (OLS), filmmakers are empowered and enabled to get their requisite licences (film registration, film examination and classification, distributors and exhibitors license) virtually from anywhere. This catalysed the use of technology to nurture talents for creation, exhibition and distribution of films as well as to advance trade (filming and licensing fees) among our stakeholders. Additionally, during the period under review, most of the Board's operational functions and services were conducted digitally, including the adoption of tele-conferencing that facilitated a wider reach and dissemination of our consumer advisory services.



Development of Institutional policy Guidelines to enhance Service Delivery

During the period under review, the Board developed and reviewed some of its corporate policy documents and Standard Operating Procedures (SOPs) with the aim of enhancing service delivery in line with the Citizens' Service Delivery Charter. Once implemented, the policies will enhance a facilitative regulatory environment that will spur the growth of local Creative Arts industry and which in the long-run will create sustainable green jobs.

The Board also initiated the process of re-defining the role of Film Agents in Kenya. Once this proposal is finalized and implemented, film agents will concentrate solely on provision of international standard services to foreign film and television producers. Local filmmakers will be facilitated to submit their applications for filming licences directly to the Board without going through an agent, provided their businesses are registered. Further, the Board is developing a co-regulation framework for content examination and classification.

Collaboration on Content Harmonization

During the period under review, the Board enhanced its collaboration with African film regulatory organizations, among them the Film and Publication Board (FPB) of South Africa on a harmonized regulation framework for broadcast, Video on Demand (VOD) and Over the Top Content (OTT). The desired framework envisions to control the massive volumes of unfiltered online content that poses potential harm to vulnerable groups such as children across the continent of Africa. It also proposes ways on how to align and synergize content regulation mechanisms continentally.

Board's Development Role

Besides our regulatory role, the Board recognizes the critical contribution of the creative industry towards the attainment of the global Sustainable Development Goals (SDGs), African Union Agenda 2063, Kenya's Vision 2030, among other development blue-prints. During the period under review, the Board in collaboration with other partners endeavoured to implement various initiatives geared towards promoting the growth of the creative sector and empowering local content creators. The initiatives included; the *Digital Employability Program* spearheaded by the UKAID in collaboration with the African Centre for Women in ICT (ACWICT). This program is geared towards empowering young women of ages 18-34 years with Digital Content creation skills and improve their job opportunities in the Digital creation sphere.



In the spirit of forging partnerships and in line with the Sustainable Development Goals (SDGs) No.17, the Board remains committed to embracing local and international partnerships on initiatives that are aimed at empowering local creatives, create a conducive environment for them to thrive and ensure a facilitative audio-visual content regulation.

Tribute

I wish to express my sincere gratitude to our internal and external stakeholders for their support and contribution that saw the Board perform its core regulatory mandate. On behalf of the Board of Directors, I would like to thank the Government of Kenya (GoK), the Ministry of ICT, Innovation and Youth Affairs, fellow Directors, the Ag. Chief Executive Officer and employees of the Board for the support that resulted to successful execution of the Board's strategy and long-term goals while promoting our brand.

With the success and achievements realized during the period under review, I am confident that we are well-positioned to face the future. I have no doubt that the ongoing development of the Third generation of Board's Strategic Plan for the Period 2022-2027 will clearly guide on the strategic execution of our core mandate as we aim for greater heights in the financial year.

Thank you.

June Gachui

Board Session Chair.

5. REPORT FROM THE CHIEF EXECUTIVE OFFICER



The end of the Financial Year (FY) 2021/2022 comes at a point in time when global economies are recovering from the impacts of COVID-19 pandemic. To enhance effective and efficient service delivery, the Board leveraged on technology to build up its technical capacity to realize the annual Performance Contract targets for the period under review.

Consequently, the Board leveraged on opportunities provided by the 4th Industrial Revolution (4IR), which is digitally driven; to develop the Co-regulation Framework. The framework encapsulates a digital model of implementing the Board's regulatory mandate for Over the Top (OTT) digital content. This is a strategic intent to ensure the Board remains agile to harness on the film industry 4.0 capabilities on connectivity to promote creativity and enforce compliance during the creation, possession, distribution and exhibition of film and broadcast content. Accordingly, the Board continued to be vigilant on compliance with the Films and Stage Plays Act, Cap 222 of the Laws of Kenya to ensure that content is appropriately classified and rated for age suitability.

Compliance with the Regulatory Framework

The Board implements five (5) strategic pillars to ensure that compliance standards are adhered to in regulating the creation, broadcasting, possession, distribution and exhibition of film and broadcast content in the country. These pillars include: enhanced compliance with film and broadcast content regulations in the promotion of culture, moral values and national aspirations; empowering consumers with knowledge and skills on consuming film and broadcast content; improving institutional efficiency for quality service delivery; enhancing the brand of the institution; and lastly reviewing the legal framework for regulating film and broadcast content.

During the financial year 2021/2022, 5,180 (104%) licenses were issued to film distributors and exhibitors against a target of 5,000. The number of filming licence to film makers is 839 (98%) against a target 860. In addition, 4,064 (116%) random inspections of video shows and libraries were conducted against a target of 3,520. A total of 199 (199%) film agents were registered against a target of 100. Whereas in the FY 2020/2021, the Board licensed 4,733 (338%) film distributors and exhibitors against a target of 1,400; issued 727 (152%) film licenses to filmmakers against a target of



480; conducted 3,668 (183%) random inspections of video shows and libraries against a target of 2,000; registered 165 (138%) film agents against a target of 120.

In comparison with the FY 2020/2021, the number of licences issued to film distributors and exhibitors increased from 4,733 to 5,180. This represents a nine (9%) percent increase. The number of filming licences increased from 727 to 839 representing fifteen (15%) percent. The random inspection increased from 3,668 to 4,064 representing nine point seven four (9.74%) percent. Further, the number of film agents increased from 165 to 199 representing a twenty-one (21%) percent increase. This rise in performance is attributed to enhanced compliance activities by the Board and the bouncing back of the economy of post Covid -19 pandemic.

Classification Decisions and Broadcast Media Compliance

Section 15 (ii) of the Films and Stage Plays Act provides for the examination and classification of film and broadcast content. Further, the Kenya Information and Communications (Broadcasting) Act of 2009 Regulation 34, empowers KFCB to determine age suitability on broadcast content to ensure adult content is not aired during the Watershed Period (5 am–10 pm). This is by classifying all programme and non-programme matter, namely commercials, infomercials, documentaries, programme promotions, programme listings, community service announcements and station identification using the Board's Film Classification Guidelines.

To enhance compliance in light of the above mandate, (363) feature and short films, (67) television programmes (62) episodes of 7 series and (30) commercials were classified. In this regard, 522 (124%) films were examined and classified during the period under review against a target of 420 films. During this period, Kenya led in the number of films submitted to the Board for classification with (305(59%)), followed by USA at 106(20%) and India at 46(9%) whereas Europe at 25(5%) other African countries at 16(3%) Asia at 8(2%), Israel at 7(1.1%) Iran at 1% (5) and Canada at 2(0.5%) and Mexico at 2(0.5%).

In comparison with the FY 2020/2021, 407 films were examined and classified. The increase of 115 films in 2021/2022 FY was attributed to uplifting of Covid 19 restrictions on public gatherings and closure of cinema theatres.

Of the films classified by the Board, majority 175(33%) were rated GE, followed by 168(32%) rated PG, 143(28%) rated 16-Not suitable for persons under 16 years, whereas 34(6.5 %) were rated 18-Restricted to persons aged 18 years and above and 2(0.5%) were restricted.



Consumer Advice and Awareness

Consumer awareness programmes are a critical strategy for the Board. These programmes ensure that the Board enhances critical skills to the public to be aware of the reasons for the classification of film and broadcast content. In addition, public awareness also ensures that the Board explains to the public its role and mandate as underlined by Section 15(iii) of the Films and Stage Plays Act.

During the FY 2021/2022, two hundred and forty-six 246(308%) consumer awareness sessions were carried out in contrast to 256 (320%) sessions carried out during the FY 2020/2021. The Corporate Communication Department carried out one hundred and fifty (150) sensitization campaigns whereas Licensing Department (96). The Communication Department leveraged on online consumer awareness sessions in collaboration with other Government Agencies, in addition to holding media briefings and stakeholder engagements. The virtual platforms enabled the Board to reach a wider audience both locally and internationally thereby increasing the Board's visibility among the target audience while capitalizing on low-cost high-impact strategy.

Revenue Performance

During the FY 2021/2022, the Board's total income was Ksh574.94 million. This comprised Government grants (GoK grants) of Ksh530 million and internally generated income of Ksh44.94 million. The GoK grants comprise Recurrent grants of Ksh500 million and Development grants of Ksh30 million. The Government grants increased by Kshs1.8 million from Ksh528 million to Ksh530 million compared to the previous FY 2020/2021.

The recurrent grants decreased from Kshs 511.2 million to Kshs 500 million representing a 2% decline. In addition, Development grants increased from Ksh17 million in FY 2020/2021 to Ksh30 million in FY 2021/2022.

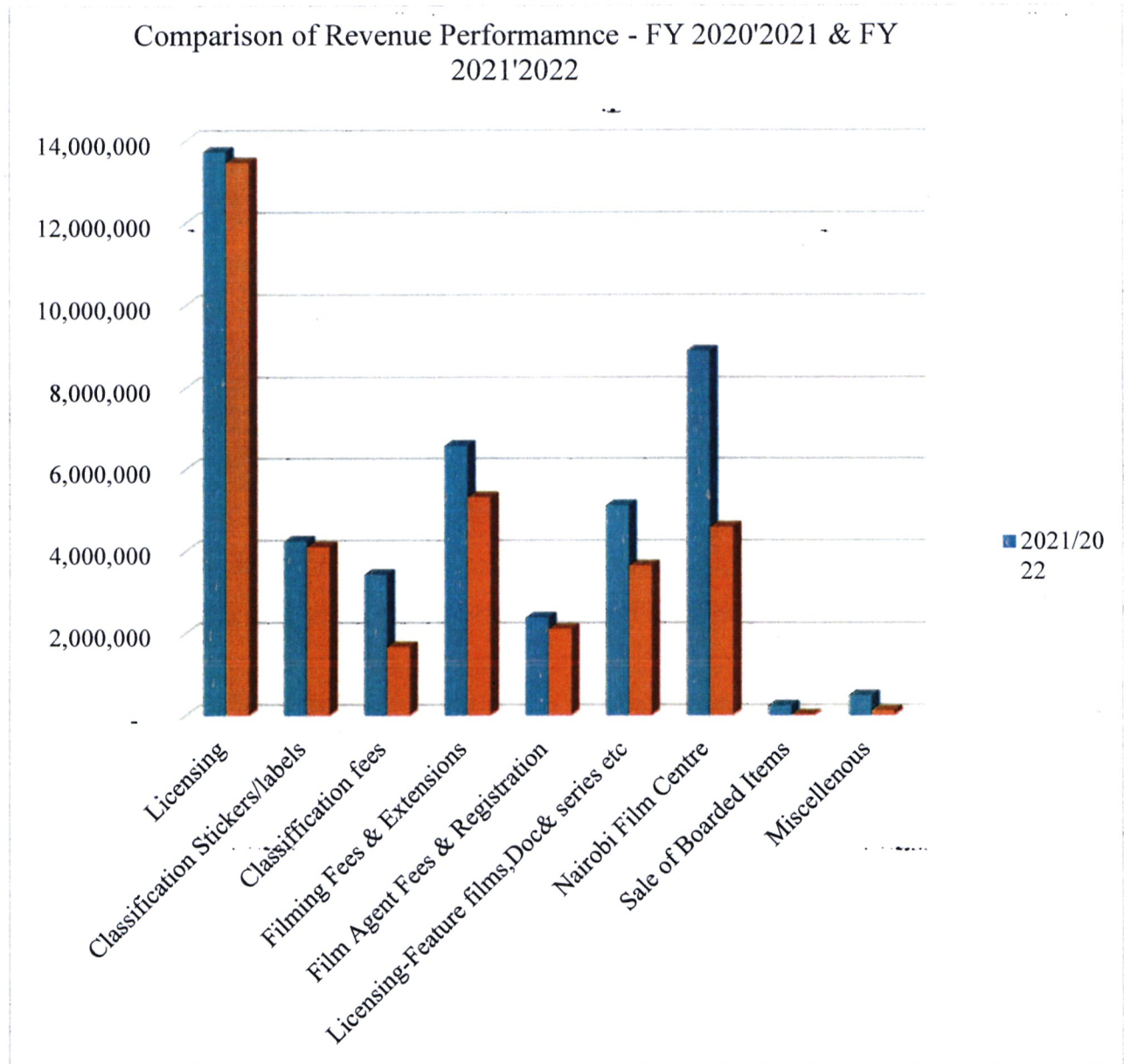
The Board's internally generated revenue, Appropriation-in-Aid (A-I-A), increased by Ksh 10.06 million from Ksh37.48 million to Ksh44.94 million compared to the FY 2020/2021, representing a twenty-nine percent (29%) increase. Revenue from licensing of exhibitors and distributors declined from Ksh. 13.5 million to Kshs. 13.7 million while revenue from sale of classification labels increased from Kshs. 4.08 million to Kshs. 4.22 million. In addition, revenue from classification fees increased from Kshs.1.7 million to Kshs.3.4 million. Further, revenue from filming fees increased from Kshs.5.3 million to Kshs.6.6 million while revenue from film agent fees increased from Kshs.2.1 million to Kshs. 2.4 million. Revenue from Licensing of feature films, documentaries and series also



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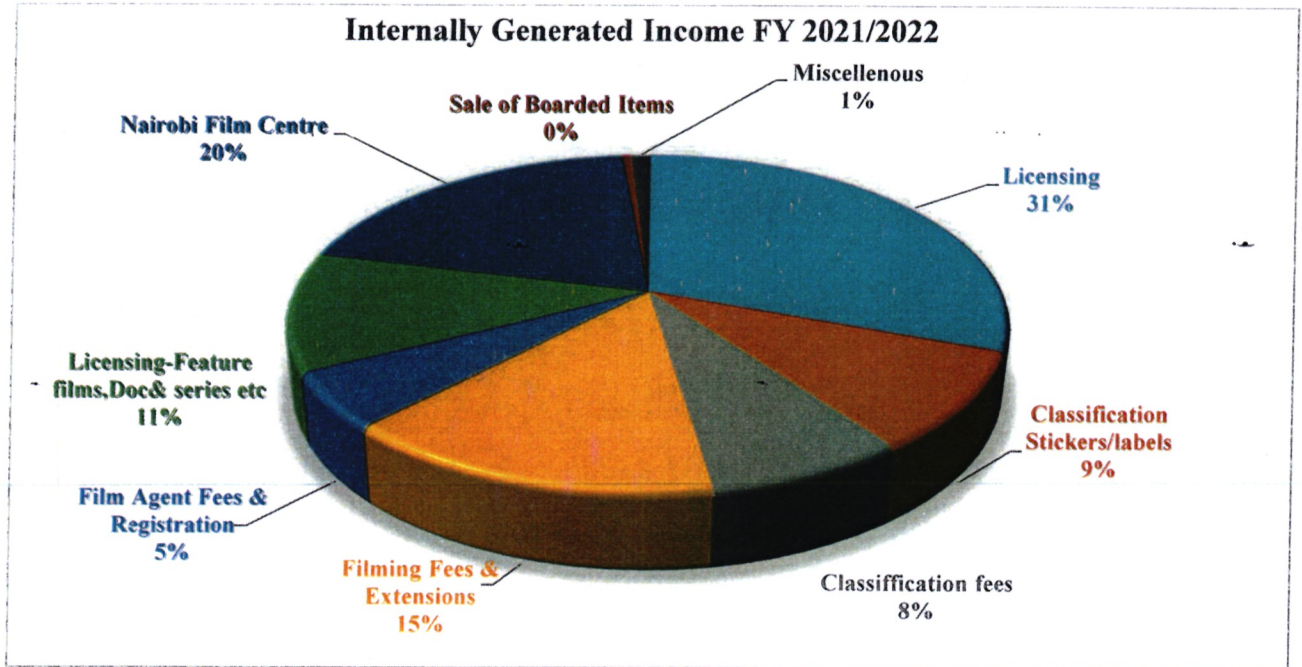
increased from Kshs.3.6 million to Kshs.5.1 million. The revenue from the Nairobi Film Centre during the period increased from Kshs.4.6 million to Kshs.8.9 million.

A summary of the performance of revenue for the FY 2020/21 and FY 2021/22 is shown below:





The Board's internally generated revenue performance for the period is as shown below:

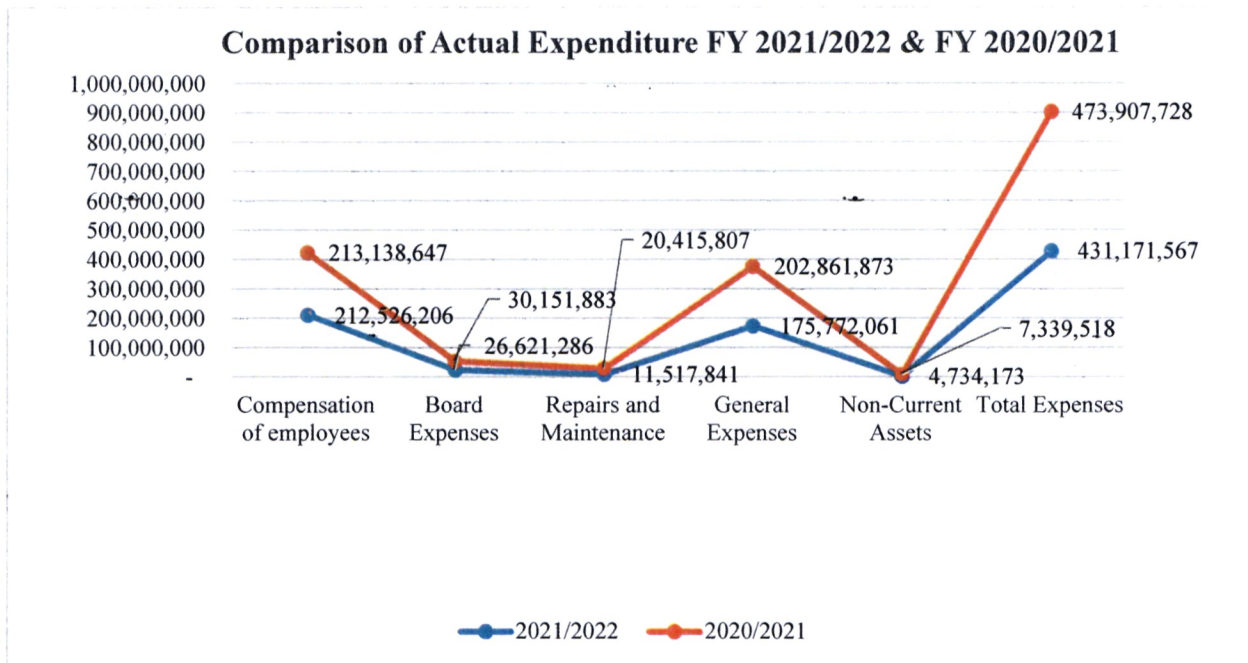


Expenditure Analysis

The Board's total actual Recurrent expenditure was Ksh431.17 million against the planned budget of Ksh546 million. The Board's total actual recurrent expenditure declined from Ksh466.57 million to Ksh431.17 million compared to the previous FY 2020/2021. Furthermore, there was nil Development expenditure against the planned Development budget of Kshs 30 million during the period compared to the actual development expenditure of Ksh7.34 million in FY 2020/2021. The total expenditure for both Recurrent and Development budget stood at Ksh431.71 million against a total actual receipt of Ksh576 million to represent Seventy-Five (75%) percent. In addition, during the FY 2020/2021 the total expenditure for both Recurrent and Development budget stood at Ksh473.91 million against a total actual receipt of Ksh563.08 million to represent Eighty-Four (84%) percent. The difference in absorption of Sixteen percent (16%) is attributed to the receipt of the Supplementary Budget funds in the last month of the period. The funds, however, are being committed to acquisition of the requisite regulatory equipment and systems.



The comparison of the actual expenditure for the FY 2021/2022 and FY 2020/2021 is highlighted below:



Future Outlook

Going forward, the Board will continue to re-engineer its business model to ensure it offers effective and efficient regulatory services.

Strategic Approach

The Board will adopt a combination of operational performance and organizational strategies to respond to the changing regulatory environment for the film and broadcast sector. The board shall develop the third Generation Strategic Plan for FY2022-2027.

Appreciation

I wish to convey my gratitude and appreciation to the Board of Directors for their strategic support and guidance and our Staff for their dedicated service throughout the year.

Thank you.

**Christopher Wambua,
Ag. Chief Executive Officer**



6. REVIEW OF THE BOARD'S PERFORMANCE FOR FY 2021/2022

Section 81 Subsection 2(f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the national government entity's performance against predetermined objectives.

KFCB has five (5) strategic issues and objectives within the current Strategic Plan for the FY 2017-2022 as follows;

1. Weak Legal Framework
2. Low visibility and negative perception by some stakeholders
3. Low level of compliance with film and broadcast regulations
4. Inadequate service delivery to the public
5. Inadequate infrastructure and equipment

To address the above strategic issues, the following strategic objectives are geared towards implementation of the Board's core mandate:

1. To improve the policy, legal and regulatory environment in the film, broadcast sector and performing Arts
2. To enhance visibility and perception among some stakeholders
3. To enhance compliance to film, broadcast content and the performing arts regulations for promotion of national values and aspirations
4. To empower the public with knowledge and skills to make informed choices.
5. To improve institutional efficiency and effectiveness for quality service delivery

KFCB develops its annual work plans based on the above strategic issues and objectives. Assessment of the Board's Performance against its annual work plan is done on quarterly basis. During the period under review, the Board set targets in three (3) broad areas as follows;

1. Financial Stewardship and Discipline
2. Core Mandate
3. Cross - Cutting Issues

The Board achieved its performance targets set for the FY 2021/2022 period for its five (5) strategic pillars, as indicated in the table below;



Annual Performance Review for FY 2021-2022

N	Details		FY 2021-2022	
	Strategic Issue	Strategies	Performance Criteria-Specific Target	Achievement
PART A: FINANCIAL STEWARDSHIP AND DISCIPLINE				
1.	To improve institutional and effectiveness for quality service delivery	Release of Budgetary Allocation to Regional Offices	Disbursement of funds within 5 days upon receipt from exchequer.	Funds were released after three (3) days receipt from exchequer
		Diversify revenue resources base through implementing programmes and projects that will generate revenue e.g., Nairobi Film Centre	Implement Phase one of Sinema Mashinani by Operationalizing the Nairobi Film Centre	
			(i) The Board plans to use its development budget to refurbish, equip the cinema with state-of-the-art equipment.	(i)Purchase of mobile cinema equipment is ongoing. (ii)NFC policy awaiting approval by the Board.
			Project Completion Rate	
		(i)The Board will speed up the rate of completion from 43.25 to 45 % as per the allocated funding of 34 million.	The percentage of completion changed as a result of change in cost of the project. The current completion rate is 23%.	
PART B: CORE MANDATE				
2.	To improve the policy, legal and regulatory environment in the film, broadcast sector and performing Arts	Review the existing policies, legal and regulatory framework to address merging issues.	Review the Regulatory Framework of the Films and Stage Plays Act Cap 222	The Ministry of ICT, Innovation and Youth Affairs established a taskforce that developed: (i) The National Film Policy. (ii)The Film Bill 2020.
		Conduct public awareness on the formulated policy, legal and regulatory framework.		The Policy and Bill were published on the Ministry of ICT, Innovation and Youth Affairs website and in



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N o.	Details		FY 2021-2022											
	Strategic Issue	Strategies	Performance Criteria-Specific Target	Achievement										
				the local newspapers for public participation. The Board is awaiting approval by the Cabinet and subsequent submission to parliament.										
3.	Enhance compliance to film, broadcast content and the performing arts regulations for promotion of national values and aspirations	Timely and efficient rating and classification of film and broadcast content decisions	Examine and Rate Films for Age Appropriateness:											
			(i) Examine and rate Four hundred and twenty (420) films and prepare reports by 30 th June, 2022.	Five hundred and twenty-two (522) films were examined and classified.										
			(ii) Carry out four (4) stakeholder engagement with film related stakeholders by 31 st May, 2022.	Six (6) stakeholder engagements carried out:										
				<table border="1"> <thead> <tr> <th>Date</th> <th>Stakeholder group</th> </tr> </thead> <tbody> <tr> <td>15th June, 2022</td> <td>Stakeholder engagement with the Standard Media Group</td> </tr> <tr> <td>10th June, 2022</td> <td>Stakeholder engagement with Media Max</td> </tr> <tr> <td>27th April, 2022</td> <td>Stakeholder engagement with the Nation Media Group</td> </tr> <tr> <td>1st to 2nd April, 2022</td> <td>Parliamentary committee on ICT and Broadcast</td> </tr> </tbody> </table>	Date	Stakeholder group	15 th June, 2022	Stakeholder engagement with the Standard Media Group	10 th June, 2022	Stakeholder engagement with Media Max	27 th April, 2022	Stakeholder engagement with the Nation Media Group	1 st to 2 nd April, 2022	Parliamentary committee on ICT and Broadcast
Date	Stakeholder group													
15 th June, 2022	Stakeholder engagement with the Standard Media Group													
10 th June, 2022	Stakeholder engagement with Media Max													
27 th April, 2022	Stakeholder engagement with the Nation Media Group													
1 st to 2 nd April, 2022	Parliamentary committee on ICT and Broadcast													



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N	Details		FY 2021-2022		
	Strategic Issue	Strategies	Performance Criteria-Specific Target	Achievement	
o.				30 th March, 2022	Stakeholder engagement with Netflix
				7 th – 10 th September 2021	Collaboration with the Communications Authority of Kenya, the Media Council of Kenya, NACADA, Betting Control & Licensing Board & Kenya Film Commission
			(iii) Carry out eight (8) random inspections in Cinema Theatres and file monthly reports by 30 th June, 2022.		Eight (8) cinema inspections were conducted.
			(iv) Develop and disseminate the new film rating information to the following stakeholders; a) Cinema Theatres b) Broadcast Television c) Independent film producers.		The Board developed the film rating guidelines.
			Prepare and publish one annual film classification report to inform policy and decision making by 30 th June, 2022		The film classification report was developed and awaiting publication.
	Timely issuance of filming licenses, exhibitor, distributors		Enhance Compliance with the Films and Stage Plays Act, Cap 222		



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N o.	Details		FY 2021-2022	
	Strategic Issue	Strategies	Performance Criteria-Specific Target	Achievement
		licenses and registration of filming agents within fifteen (15) minutes of application	(i) Issue 5,000 film regulatory licenses to film exhibitors and distributors by 30 th June,2022	5,180 (104%) film regulatory licenses issued.
			(ii) Carry out 3,520 random inspections and prepare reports on compliance levels with the Films and Stage Plays Act by 30 th June, 2022.	4,064 (116%) random inspections carried out.
			(iii) Register 100 film agents in line with the Cap 222 by 30 th June,2021	199 (199%) film agents registered.
			(iv) Issue 860 Film Licenses to filmmakers by 30 th June,2022	839 (98%) filming licenses issued
			(v) Carry out twelve (12) field inspections in filming locations in the country and file compliance reports by 30 th June,2022	13(108%) field inspections carried out
			(vi) Conduct 80 Consumer Awareness Forums by 30 th June,2022	246 (308%) consumer awareness programs carried out.
			Enhance Compliance of Film and Broadcast Content in Compliance with KICA	
		Enhance compliance through continuous monitoring of broadcast channels including online media to ensure compliance with the regulation of film and broadcast content	(i) Monitor 35 TV channels and 14 Radio stations for compliance to Cap 222 and Kenya Information Communication Act provisions and compile weekly reports.	35 TV stations and 18 radio stations monitored.
			(ii) Monitor at least three (3) online video/film streaming services (YouTube, Showmax, Viusasa, Twitter, Instagram, Facebook, Tiktok and Netflix) for	12 streaming services monitored.



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N o.	Details		FY 2021-2022	
	Strategic Issue	Strategies	Performance Criteria-Specific Target	Achievement
			compliance to Cap 222 and KICA provisions and compile weekly reports.	
		Roll out monitoring initiatives to ensure increased compliance by industry	(iii.) Pursue at least two (2) collaborations with (Ministries, Departments, Counties and Agencies within or outside government) aimed at enhancing compliance to Cap 222 & KICA provisions by 30 th June, 2022.	Six (6) collaborations were pursued with: (i) Google Kenya (ii) Communications Authority of Kenya (iii) Daytona Africa (iv) Kenya Copyright Board (KECOBO) (v) Eveminet Communications (vi) Elimu TV
			(iv) Sensitize at least 50 influencers (musicians, youtubers) on the Board's mandate and their responsibility to media content consumers by 30 th June, 2022.	The target was achieved through KFCB's collaboration with African Centre for Women in ICT (ACWICT) in delivering UKAID funded project called - Enhancing livelihoods for 2832 vulnerable women through digital skilling, development of local relevant digital media content.
			Sensitize at least 50 TV broadcasters/advertisers on the Board's mandate and their responsibility to media content consumers by 30 th June, 2022.	98 broadcasters and advertisers were sensitized in collaboration with the Communications Authority of Kenya, the Media Council of Kenya (MCK), the National Cohesion and Integration Commission (NCIC) and the Independent Electoral



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N o.	Details		FY 2021-2022	
	Strategic Issue	Strategies	Performance Criteria-Specific Target	Achievement
				and Boundaries Commission (IEBC).
4.	To empower the public with knowledge and skills to make informed choices	Empower film content consumers and stakeholders with relevant knowledge and skills through Public Awareness and Media Literacy Programmes	Carry out both internal and external consumer awareness sessions	The Corporate Communication collaboratively with the technical departments conducted consumer awareness sessions through a multi-sector approach.
5.	To enhance visibility and engagement with stakeholders	Position the Board's brand and Entity identity	Carry out internal and external consumer awareness sessions both online and onsite	Internally, the Board published the e-newsletter that is circulated to staff members. In addition to the aforementioned multi-sector approach, the Board, leveraged on online platforms to carry out consumer awareness sessions for wider reach on its regulatory mandate through the social media platforms, e-posters, online chats and webinars.
			Ease of Doing Business	
			Business Process Re-engineering	
		Create an enabling IT environment	Automate issuance of film licenses online to reduce processing time from 3 days to 1 day.	The online licensing system (OLS) is currently operational.
			(i) Document processes/procedures and relevant workflows for all	The Board's processes/procedures were documented.



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N	Details		FY 2021-2022	
	Strategic Issue	Strategies	Performance Criteria-Specific Target	Achievement
0.			services in the Citizens' Service Delivery Charter.	
			(ii) Upload an electronic copy of the Boards' service delivery processes for all documented services.	The OLS system is operational
		Promote Research to support evidence-based decision making	Conduct a Study on Film and Broadcast Content Regulatory Service	
			(i) Conduct an annual study on film & broadcast content regulatory services to inform policy	The consultant was on boarded during the fourth quarter of the period ending 30 th June 2022. The process of data collection will commence during the FY 2022/2023.
	(ii) Implement the recommendations of the report by 30 th June, 2023.	See above		
PART C: CROSS CUTTING ISSUES				
6.	To improve the institutional efficiency and effectiveness for quality service delivery	Build capacity to address customer feedback.	Resolution of Public Complaints	
			(i) Establish public complaints management and access to information infrastructure by 30 th September, 2021	(i) The Committee was established (ii) Online customer feedback form was developed (iii) The Board online chat functionality was developed.
			(ii) Proactively disclose the information as per the CAJ prescribed format by 30 th September, 2021	Information was disclosed in the required format by the end of quarter one; period ending 30 th September 2021.
	(iii) Resolve all public complaints received and	All complaints received were processed by the Committee in		



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N o.	Details		FY 2021-2022		
	Strategic Issue	Strategies	Performance Criteria-Specific Target	Achievement	
			processed by the end of each quarter.	collaboration with all departments.	
			(iv) Process requests for access to information processing by the end of each quarter.	No requests were made during the period under review.	
			(v) Capacity building on CAJ's performance contracting requirements by 30 th June,2022	Training was carried out in during the fourth quarter for some members of the Committee.	
			(vi) Submit quarterly reports to CAJ in the prescribed format	The Board submitted quarterly reports to CAJ as per prescribed format and the Board scored 100% during the period under review.	
			Institutionalize performance contracting and appraisal system	Competence Development	
				(i) Implementation of performance appraisal system.	110 staff were placed on the performance appraisal system
	(ii)Carrying out mid and end year appraisals and prepare reports on the same.	Mid-year appraisal was conducted and a report prepared			
	(iii)Provide documentary evidence on employees' performance appraisal.	The FY 2021/2022 appraisal forms for staff are available.			
		(iv) Undertake Institutional skills gap Analysis	To be undertaken during the 1 st quarter of the FY 2022/2023		
		(v) Carry out staff needs assessment.	To be undertaken during the 1 st quarter of the FY 2022/2023		
	To strengthen human resources /capital	Youth Internships /Industrial Attachments/ Apprenticeships			



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N	Details		FY 2021-2022	
	Strategic Issue	Strategies	Performance Criteria-Specific Target	Achievement
0.			(i) Institution by the Board of a program to give opportunities to 10 attachés.	Three (3) attaches engaged
			(ii) Institution by the Board of program to give opportunities to 5 interns.	Five (5) interns engaged
7.		Improve the work environment	Disability Mainstreaming	
			(i) Appoint a Disability Mainstreaming Champion/Focal Person and develop the Annual work plan to NCPWD by 31 st December 2021.	A focal person was appointed and the Board's Annual Work Plan submitted to NCPWD.
			(ii) Carry out accessibility and usability audit and submit report to NCPWD	Usability audit was carried out.
			(iii) Increase equal and easy access of products and services to NCPWD.	The Board has developed Braille and has institutionalized an inclusive and accessible website for persons with disabilities.
			Prevention of Alcohol and Drug Abuse	
			(i) Development and implementation of ADA workplace prevention policy	Some members were trained, the ADA workplace prevention policy developed.
			(ii) Conduct baseline survey on alcohol and drug abuse among staff (and students in the case of educational and training institutions) and disseminate the findings	The baseline survey was carried out.
			Prevention of HIV Infections	
(i) Allocate resources for implementation of HIV and NCD interventions.	Budgetary allocation to the committee facilitated training of staff members.			



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N o.	Details		FY 2021-2022	
	Strategic Issue	Strategies	Performance Criteria- Specific Target	Achievement
			(ii) Promote attainment of UHC at the workplace through offering services for HIV prevention and wellness promotion for NCDs and mental health for at least 70% of staff.	Services were extended to staff members and the Board scored 87% during the period under review.
			Safety and Security Measures	
			(i) Training 40 staff members on counter terrorism & firefighting skills.	(i) Four (4) officers trained by National Disaster Management Unit (ii) Forty (40) staff were trained on counter terrorism and firefighting skills virtually.
			(ii) Implement the Information Security Management System.	ICT Authority was engaged to begin the documentation process
			Road Safety Mainstreaming	
			(i) Domestic work place policy on road safety anchored on the guidelines provided in the NTSA website (www.ntsago.ke)	The road safety mainstreaming policy was developed, presented to management and submitted to NTSA.
			(ii) Submit quarterly reports to NTSA in prescribed format within 15 days after the end of the quarter.	Quarterly reports were submitted and the Board scored 91% during the period under review.
			Corruption Prevention	
			(i) Undertaking of Corruption Risk Assessment and	The Corruption Risk Assessment and Mitigation Plan was developed.



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N o.	Details		FY 2021-2022	
	Strategic Issue	Strategies	Performance Criteria-Specific Target	Achievement
			Development of Corruption Risk Mitigation Plan	
			(ii)Implement measures from Corruption Risk Mitigation plan as per the implementation matrix	Measures from the corruption risk assessment and mitigation plan implemented.
			(iii)Submit quarterly reports to EACC in the prescribed format.	Quarterly reports were submitted to EACC. The Board during the year scored a 72% compliance rate with set targets for this area



7. CORPORATE GOVERNANCE STATEMENT

Entity governance is the system of rules, practices and processes by which KFCB is directed and controlled. Entity governance essentially involves balancing the interests of the Board’s stakeholders including the Government, management, clients, suppliers, and the community at large. It also provides the framework for attaining the Board’s objectives and encompasses every sphere of management from action plans and internal controls to performance measurement and Entity disclosure.

KFCB is committed to conducting its business and operations with integrity and in accordance with the principles of good Entity governance.

Statement of Compliance

KFCB is committed to the highest ethical standards and embracing global best practice in decision-making structures to ensure compliance with applicable legal principles. The Board’s vision, mission and core values provide the framework through which the Board safeguards the national values and norms through efficient and effective film and broadcast content regulatory services. This is done in line with the provisions of the Constitution of Kenya, Films & Stage Plays Act Cap 222 of the Laws of Kenya and the Kenya Information and Communications Act. In its operations the Board adheres to Employment Act 2007 and Occupational Safety & Health Act 2007 among other legislations. In addition, the Board is in compliance with the governance tenets of the “Code of Governance for Government Owned Entities (Mwongozo Code).”

With regard to procurement, the Board adheres to the Public Procurement & Asset Disposal Act 2015. In addition, during the FY 2021/2022 the following were the top (ten) 10 contracts the Board awarded as shown below:

Rank	Name	Amount
1	Jubilee Health Insurance Ltd	30,952,943
2	Long Rock Tours & Travel Ltd	3,701,520
3	Jepeco Services And Renovators	3,521,982
4	National Oil Corporation	3,050,000
5	Pawa It Solutions Ltd	2,095,350
6	The Heritage Insurance Company Ltd	2,028,537
7	Coretec System And Solutions Ltd	1,778,020
8	Lavington Security Ltd	1,755,000
9	Ps State Department Of Broadcasting & Telecommunication	1,695,328
10	Kikosi Ltd	1,584,134
TOTAL		52,162,814



Board's Composition and Appointment

The Films and Stage Plays Act Cap 222, Section 11(A) prescribes the composition of the Board as follows:

- (i) Chairman appointed by the Cabinet Secretary;
- (ii) Principal Secretary in the parent Ministry;
- (iii) Principal Secretary to the National Treasury;
- (iv) Chief Executive Officer appointed under section 11C; and
- (v) Eight (8) other members appointed by the Cabinet Secretary of the Parent Ministry.

The Board is currently composed of:

- (i) One (1) Non-Executive Chairman,
- (ii) Eight (8) Independent Members, The Chief Executive Officer,
- (iii) One (1) Representative for The PS National Treasury and;
- (iv) One (1) Representative for the PS State Department of Broadcasting and Telecommunication.

Board's Diversity

The Board has following diverse set of skills:

Field of Expertise	Number
Film Production	2
Religion	1
Economics & Finance	2
Business Administration	1
Social Development and Justice	1
Law	3

Separation of Powers of the Chairman and Chief Executive Officer

The separation of the functions of the Chairman and the CEO ensures the independence of the Board and Management. The requisite balance of power, increased accountability, clear definition of responsibilities and improved decision making is attained through this distinction between the non-executive and executive roles.



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Board Meetings

The Board meets at least once per quarter or more often in accordance with requirements of the business.

The Board's Work Plan and Calendar of meetings is prepared at the beginning of the financial year. Adequate notice is given for each Board meeting and the agenda and papers are circulated in good time.

The Board held Seven (7) meetings during the year which were attended as follows:

No.	Full B.O.D. Meeting	Q1	Q2	Q3	Q4	Total
1.	Peter Mogire	4/4	1/1	4/4	3/3	12/12
2.	John Nyabwari	3/4	1/1	4/4	3/3	11/12
3.	June Gachui	4/4	1/1	4/4	3/3	12/12
4.	Joyce Wamucii	4/4	1/1	4/4	3/3	12/12
5.	Nereah Aluoch Okanga	4/4	1/1	4/4	3/3	12/12
6.	Gathoni Kung'u	4/4	1/1	4/4	3/3	12/12
7.	Charity Kochalle	4/4	1/1	4/4	3/3	12/12
8.	Henry Losikiriatum**	NIL	1/1	4/4	3/3	8/8
9	Nagib Shamsan**	NIL	1/1	4/4	3/3	8/8
10	Paul Otieno**	NIL	1/1	4/4	3/3	8/8
11	Norman Magaya*	4/4	NIL	NIL	NIL	4/4
12	Rev. Canon David Lebarleiya*	4/4	NIL	NIL	NIL	4/4
13	Nehemiah Maina*	4/4	NIL	NIL	NIL	4/4
**New Directors were appointed on 26 th October 2021-1 st Term						
*The Directors served until 19 th September 2021-Term Expiration						

Directors' Remuneration

The Directors' remuneration is in line with the guidelines provided in the State Corporations Act and the guidelines provided by the State Corporations Advisory Committee. The Chairman is paid a monthly honorarium of Ksh80, 000, airtime of Ksh5, 000 and a taxable sitting allowance for each meeting attended. The Directors are paid a taxable sitting allowance of Kshs. 20,000 for each meeting attended. The sitting allowance for the current financial year is prescribed in the circular Ref no. OP/CAB.9/21/2A/LII/43 dated 23rd November 2004. Other allowances such as accommodation and travelling are prescribed by circular Ref No. OP/SCAC.9/21.2 VOL.I (164) dated 28th April, 2015. The Chief Executive Officer does not qualify to receive the sitting allowance for any meeting he /she attends.



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The Board Expenses during the period is as shown below:

Description	2021/2022	2020/2021
	Kshs.	Kshs.
Board Members Allowance	11,315,454	15,845,291
Conferences, Committees and Seminars	1,420,700	228,000
Board Members Insurance	849,144	639,396
Honoraria to chairman	60,000	1,200,000
Board Trainings	1,182,000	-
Local Travel & Accommodation	8,561,432	10,600,696
Foreign Travel & Accommodation	3,232,556	-
Total Board Expenses	26,621,286	28,513,383

In addition, included in the Board expenses is the remuneration of the individual directors excluding travelling costs (foreign and local) and training costs as shown below:

Remuneration Cost For Directors For FY 2021/2022				
No.	Name	Sitting Allowance (Inclusive of Tax)	Claim (Mileage)	Total
1	Gathoni Kung'u	960,000	311,348	1,271,348
2	Charity Kochalle	880,000	321,678	1,201,678
3	Nagib Shamsan	580,000	534,593	1,114,593
4	Nereah Okanga	880,000	81,180	961,180
5	Peter N. Mogire	940,000	-	940,000
6	Henry Losikiriutum	560,000	326,270	886,270
7	John Nyabwari	880,000	-	880,000
8	Joyce Wamucii	840,000	-	840,000
9	June Gachui	740,000	-	740,000
10	Paul Otieno	640,000	-	640,000
11	Norman Magaya	320,000	107,920	427,920
12	Nehemiah Maina	280,000	127,441	407,441
13	David Lebarleyia	280,000	70,176	350,176
14	Kennedy Ogolla	100,000	29,036	129,036
15	Michael Njihia	60,000	-	60,000
16	Christopher Ombega	40,000	-	40,000
17	Simon Indimuli	20,000	-	20,000
	TOTAL	9,000,000	1,909,642	10,909,642



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Co-opted Members-Film Examiners

The Films and Stage Plays Act, Cap 222 Section 11(B) provides that the Board may from time to time co-opt such number of persons as it may determine, having regard to number of films requiring examination and classification. Such persons are paid a sitting allowance of Kshs. 1,500 per film classified and a meal allowance of Kshs. 1,000. This is in line with the advisory provided by SRC/TS/15 (77). This expenditure for Film Examiners allowance is as shown below:

Description	2021/2022	2020/2021
	Kshs.	Kshs.
Film Examiners Allowances	2,769,525	1,638,500
Total Expenses for Film Examiners Allowances	2,769,525	1,638,500

Declaration of Interest and Conflict of Interest

The Directors are obligated to fully disclose to the Board any real or potential conflict of interest, which comes to his/her attention, whether direct or indirect. The statutory duty to avoid situations in which they have or may have interests that conflict with those of the Board has been observed by the Board of Directors. The Board maintains a conflict-of-interest register and during the period the declaration of conflict of interest per Quarter is shown in the table below;

No.	Full B.O.D. Meeting	Q1	Q2	Q3	Q4	Total
1	Peter Mogire	X	X	X	X	NIL
2	John Nyabwari	X	X	X	X	NIL
3	June Gachui	X	X	X	X	NIL
4	Joyce Wamucii	X	X	X	X	NIL
5	Nereah Aluoch Okanga	X	X	X	X	NIL
6	Gathoni Kung'u	X	X	X	X	NIL
7	Charity Kochalle	X	X	X	X	NIL
8	Henry Losikiriatum**	X	X	X	X	NIL
9	Nagib Shamsan**	X	X	X	X	NIL
10	Paul Otieno**	X	X	X	X	NIL
11	Norman Magaya*	X	X	X	X	NIL
12	Rev. Canon David Lebarleiya*	X	X	X	X	NIL
13	Nehemiah Maina*	X	X	X	X	NIL
**New Directors were appointed on 26 th October 2021-1 st Term						
*The Directors served until 19 th September 2021-Term Expiration						

Key: X-NO ✓-YES



Board Charter

The Board has an approved Board Charter. The Charter provides details of the Board's composition, size of the Board, the role of the Board, powers of the Board of Directors and their tenure as prescribed in the Films and Stage Plays Act, Cap 222.

Succession Planning

The Board transitioned to a second generation of the Organization Structure in July 2019. To strengthen leadership, the Board plans to develop a succession policy during the FY 2022/2023.

Board Training and Induction

The new directors who joined the Board during the financial year were inducted and trained.

Board of Directors

The members of the Board of Directors are shown on **page ix-xii** and their profiles indicated on **Page xv to page xix**. The Board is chaired by a non-executive Chairman and all the Directors have extensive business and administrative experience in private and public sectors that is applied for the benefit of Kenya Film Classification Board.

The principal responsibility of the Board of Directors is to establish the long-term goals of the Kenya Film Classification Board.

The Board also ensures that effective plans are developed and implemented. Their responsibilities entail:

- i)** Providing the vision, mission, and strategic direction and upholding the core values;
- ii)** Putting in place management structures (organization, systems and human capital) to achieve these goals;
- iii)** Ensuring targets are set and monitoring performance;
- iv)** Guiding the implementation of strategic decisions and actions and advising management as appropriate;
- v)** Reviewing and approving annual budgets;
- vi)** Ensuring management of risk, overseeing the implementation of adequate internal control systems, compliance with relevant laws and regulations, and compliance with accounting and auditing standards.
- vii)** Ensuring the preparation of annual financial statements and reports.



8. MANAGEMENT DISCUSSION AND ANALYSIS

SECTION A

The Entity's operational and financial performance

Financial Results and Review of Operations

Revenue Analysis

During the FY 2021/2022, the Board's total income was Ksh574.94 million. This comprised Government grants (GoK grants) of Ksh530 million and internally generated income of Ksh44.94 million. The GoK grants comprise Recurrent grants of Ksh500 million and Development grants of Ksh30 million. The Government grants increased by Kshs1.8 million from Ksh528 million to Ksh530 million compared to the previous FY 2020/2021.

The recurrent grants decreased from Kshs 511.2 million to Kshs 500 million representing a 2% decline. In addition, Development grants increased from Ksh17 million in FY 2020/2021 to Ksh30 million in FY 2021/2022.

The Board's internally generated revenue, Appropriation-in-Aid (A-I-A), increased by Ksh 10.06 million from Ksh37.48 million to Ksh44.94 million compared to the FY 2020/2021, representing a twenty-nine percent (29%) increase. Revenue from licensing of exhibitors and distributors declined from Ksh. 13.5 million to Kshs. 13.7 million while revenue from sale of classification labels increased from Kshs. 4.08 million to Kshs. 4.22 million. In addition, revenue from classification fees increased from Kshs.1.7 million to Kshs.3.4 million. Further, revenue from filming fees increased from Kshs.5.3 million to Kshs.6.6 million while revenue from film agent fees increased from Kshs.2.1 million to Kshs. 2.4 million. Revenue from Licensing of feature films, documentaries and series also increased from Kshs.3.6 million to Kshs.5.1 million. The revenue from the Nairobi Film Centre during the period increased from Kshs.4.6 million to Kshs.8.9 million.

Expenditure Analysis

The Board's total actual Recurrent expenditure was Ksh431.17 million against the planned budget of Ksh546 million. The Board's total actual Recurrent expenditure declined from Ksh466.57 million to Ksh431.17 million compared to the previous FY 2020/2021. Furthermore, there was nil Development expenditure against the planned Development budget of Kshs 30 million during the period compared to the actual development expenditure of Ksh7.34 million in FY 2020/2021. The total expenditure for both Recurrent and Development budget stood at Ksh431.71 million against a total actual receipt of Ksh576 million to represent Seventy-Five (75%) percent. In addition, during the FY 2020/2021 the total expenditure for both Recurrent and Development budget stood at Ksh473.91 million against a total actual receipt of



Ksh563.08 million to represent Eighty-Four (84%) percent. The difference in absorption of Sixteen percent (16%) is attributed to the receipt of the Supplementary Budget funds in the last month of the period. The funds, however, are being committed to acquisition of the requisite regulatory equipment and systems.

The Board implements five (5) strategic pillars to ensure that compliance standards are adhered to in regulating the creation, broadcasting, possession, distribution and exhibition of film and broadcast content in the country. These pillars include: enhanced compliance with film and broadcast content regulations in the promotion of culture, moral values and national aspirations; empowering consumers with knowledge and skills on consuming film and broadcast content; improving institutional efficiency for quality service delivery; enhancing the brand of the institution; and lastly reviewing the legal framework for regulating film and broadcast content.

Enhancing Compliance

During the financial year 2021/2022, the Board licensed 5,180 (104%) film distributors and exhibitors against a target of 5,000. The Board also issued 839 (98%) filming license to film makers against a target 860. We conducted 4,064 (116%) random inspections of video shows and libraries against a target of 3,520. A total of 199 (199%) film agents were registered against a target of 100. Whereas in the FY 2020/2021, the Board licensed 4,733 (338%) film distributors and exhibitors against a target of 1,400; issued 727 (152%) film licenses to filmmakers against a target of 480; conducted 3,668 (183%) random inspections of video shows and libraries against a target of 2,000; registered 165 (138%) film agents against a target of 120.

In comparison with the FY 2020/2021, the number of licences issued to film distributors and exhibitors increased from 4,733 to 5,180. This represents a nine (9%) percent increase. The number of filming licences increased from 727 to 839 representing a fifteen (15%) percent. The random inspection increased from 3,668 to 4,064 representing a nine point seven four (9.74%) percent. Further, the number of film agents increased from 165 to 199 representing a twenty one (21%) percent increase. This rise in performance is attributed to enhanced compliance activities by the Board and the bouncy back of the economy of post Covid -19 pandemic.

Classification Decisions and Broadcast Content Compliance Monitoring

Section 15 (ii) of the Films and Stage Plays Act provides for the examination and classification of film and broadcast content. Further, the Kenya Information and Communications (Broadcasting)



Act of 2009 Regulation 34, empowers KFCB to determine age suitability on broadcast content to ensure adult content is not aired during the Watershed Period (5 am–10 pm). This is by classifying all programme and non-programme matter, namely commercials, infomercials, documentaries, programme promotions, programme listings, community service announcements and station identification using the Board's Film Classification Guidelines.

To enhance compliance in light of the above mandate, (363) were feature and short films, (67) television programmes (62) episodes of 7 series and (30) commercials were classified. In this regard, 522 (124%) films were examined and classified during the period under review against a target of 420 films. During this period, Kenya led in the number of films submitted to the Board for classification with (305(59%)), followed by USA at 106(20%) and India at 46(9%) whereas Europe at 25(5%) other African countries at 16(3%) Asia at 8(2%), Israel at 7(1.1%) Iran at 1% (5) and Canada at 2(0.5%) and Mexico at 2(0.5%).

In comparison with the FY 2020/2021, 407 films were examined and classified. The increase of 115 films in FY 2021/2022 was attributed to uplifting of Covid 19 restrictions on public gatherings and closure of cinema theatres.

Of the films classified by the Board, majority 175(33%) were rated GE, followed by 168(32%) rated PG, 143(28%) rated 16-Not suitable for persons under 16 years, whereas 34(6.5 %) were rated 18-Restricted to persons aged 18 years and above and 2(0.5%) were restricted.

Consumer Advice and Awareness

Consumer awareness programmes are a critical strategy for the Board. These programmes ensure that the Board enhances critical skills to the public to be aware of the reasons for the classification of film and broadcast content. In addition, public awareness also ensures that we explain to the public the role and mandate of the Board as underlined by Section 15(iii) of the Films and Stage Plays Act.

During the FY 2021/2022, two hundred and forty-six 246(308%) consumer awareness sessions were carried out in contrast to 256 (320%) sessions carried out during the FY 2020/2021. The Corporate Communication Department carried out one hundred and fifty (150) sensitization campaigns whereas Licensing Department carried out (96). The Communication Department



leveraged on online consumer awareness sessions in collaboration with other Government Agencies, in addition to holding media briefings and stakeholder engagements. The virtual platforms enabled the Board to reach a wider audience both locally and internationally thereby increasing the Board's visibility among the target audience while capitalizing on low-cost high-impact strategy.

SECTION B

Entity's compliance with statutory requirements

The Board complies with the Film Stage Plays Act Cap 222 which is the principal law outlining the mandate of the Board. We ensure that other statutory requirements such as remittance of PAYE, NSSF, NHIF and Withholding VAT are met in the time frame required. The Board at the moment is not exposed to any contingent liabilities with probability of causing any outflow of resources to meet the cost of such obligations.

SECTION C

Key projects and investment decisions the entity is planning/implementing

The following is the key project that the Board is investing in:

Acquisition and Refurbishment of a Cinema Theatre: This project is meant to provide the Board with an infrastructure for film and broadcast content classification so that the Board does not heavily depend on private infrastructure when examining and classifying film and broadcast content. The rate of completion is at 23%. The project had received **Kshs30 million** during the FY 2021-2022. These funds already are committed to Cinema Mobile Equipment and Systems at the Nairobi Film Centre at the cost of Kshs96.872. The contract was awarded in the FY 2021/2021 and delivery of the same shall take 52 weeks. It is expected to be delivered on or before 30th August. A detailed expenditure to date of the project is shown in *Appendix II-Projects Implemented by The Entity on pg. 137*.



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SECTION D

The Board has a Risk Management Policy which establishes a risk framework to manage business risks. In addition, the policy has an established a risk register per each Directorate and Department. Furthermore, the major risks facing the institutions are shown below;

Major Risks Facing the Entity

No.	Type of Risk	Risk	Proposed mitigation
1.	Operational and Legal	<p>Inability of the Board in keeping pace with rapid disruption or innovations and/or new technologies that may inhibit Board's ability to regulate the creation, broadcasting, possession, distribution and exhibition of film.</p> <p>Inability of the Board to regulate distribution and exhibition of film and broadcast content online; internet-based applications etc.</p>	<ul style="list-style-type: none"> • The Board to acquire robust systems for regulation by purchasing appropriate media monitoring equipment and technology. • The Board has collaborated with Communication Authority (CA) to use their equipment. A Standard Operating Procedure is being developed to operationalize this collaboration with CA. • The Board has participated in the review of draft Film Policy and Film Bill that will address how this new platform shall be regulated. • The Board has also developed Co-regulation framework to deal with regulation of content online. • Additionally, where necessary the Board seeks court interventions to protect children from exposure to harmful content
2.	Market Risk	Inability of Board to classify film and broadcast content to curb exposure of harmful content to children, leading to	Management is developing co-regulation guidelines that will enhance compliance on content distributed and exhibited online.



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	<p>non-compliance of broadcasting, exhibition and distribution of film and broadcast content.</p> <p>Inability of the Board to address shifting expectations of various stakeholder in the industry.</p>	<p>Management will progressively engage all stakeholders to arrive at a consensus of regulations affecting the industry.</p> <p>Management will keep in view this risk whenever it occurs</p>
3.	<p>Capital and Credit Risks</p> <p>The risk is significantly low for the Board since it does not hold capital share and investments. In addition, the Board does not borrow from the market to finance its operations.</p>	
4.	<p>Liquidity Risk</p> <p>The Board is not exposed to liquidity risk, however, its inability to access sufficient capital/liquidity may restrict growth opportunity when there is a delay in receipt of GoK grants. This may lead to late implementation of programs and strategies by the Board. This risk has materialized during the fourth quarter where disbursements were not only received late but on monthly basis compared to previously on quarterly basis.</p>	<ul style="list-style-type: none"> • Management will engage the parent ministry to negotiate disbursement of allocation on quarterly basis. • In the long-run, the management shall develop a strategy for revenue generation through target programmes and projects.



SECTION E

Material arrears in statutory/financial obligations

There are no major material arrears in pending obligations of the Board. The Board has an outstanding trade payable, employee obligations and other deduction obligation which it is capable to settle as shown below;

Description	FY 2021/2022	FY 2020/2021
Trade payables	1,739,878	7,049,046
Provisions for Audit Fees	807,360	403,680
Refund payables	169,700	89,200
VAT Payable	1,293,741	1,054,837
Employee obligations	3,934,483	3,656,737
Total trade and other payables	7,945,162	12,253,500

SECTION F

The entity's financial probity and serious governance issues

There are no serious financial probity or governance issues reported through any audit.

STRATEGIC DIRECTION

An organization's strategic direction is a combination of its vision, mission, strategies and its core values. Without clarity and specificity (here), organizations will struggle to make strategic decisions, allocate resources effectively, and align their employees' efforts and measure performance and progress against targets. The Board has put in place a Strategic Plan that clearly defines the strategic direction, delineating specific and measurable milestones. This was the final year for implementation of the five (5) year Strategic Plan.

STRATEGIC MODEL

The Board has a strategic model that has been adopted to achieve its Vision and Mission in the last five (5) years. It includes the strategic themes and key objectives that have been identified to address issues and challenges in regulating the film industry. It also enumerates the accompanying strategies to be pursued in this endeavour.



The Board identified five strategic issues, namely:

1. Weak Legal Framework
2. Low visibility and negative perception by some stakeholders
3. Low level of compliance with film and broadcast regulations
4. Inadequate service delivery to the public
5. Inadequate infrastructure and equipment

To address the above strategic issues, the following strategic objectives have been identified:

1. To improve the policy, legal and regulatory environment in the film, broadcast sector and performing Arts
2. To enhance visibility and perception among some stakeholders
3. To enhance compliance to film, broadcast content and the performing arts regulations for promotion of national values and aspirations
4. To empower the public with knowledge and skills to make informed choices.
5. To improve institutional efficiency and effectiveness for quality service delivery

The strategic objectives are measured with the following strategies;

	Strategic Objective	Strategies
1.	To improve the policy, legal and regulatory environment in the film, broadcast sector and performing Arts.	Review the existing policies, legal and regulatory framework to address the emerging issues. Conduct public awareness on the formulated policy, legal and regulatory framework.
2.	To enhance compliance to film, broadcast content and the performing arts regulations for promotion of national values and aspirations.	Develop regulations that promote the formation of film exhibitors and distributors associations. (Provide a platform). Timely and efficient rating and classification of film and broadcast content decisions Timely issuance of filming licences, exhibitor, distributors licences and registration of filming agents within fifteen (15) minutes of application



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	Strategic Objective	Strategies
		Enhance compliance through continuous monitoring of broadcast channels including online media to ensure compliance with the regulation of film and broadcast content Roll out monitoring initiatives to ensure increased compliance by industry
3.	To empower the public with knowledge and skills to make informed choices.	Empower film content consumers and stakeholders with relevant knowledge and skills through Public Awareness and Media Literacy Programmes
4.	To enhance visibility and engagements with stakeholders	Develop a comprehensive communication strategy. Maintain a structured and effective response to stakeholders' enquiries and concerns. Position the Board's brand and Entity identity Build capacity to address customer feedback.
5.	To improve institutional efficiency and effectiveness for quality service delivery	Institutionalize performance contracting and appraisal system Promote research to support evidence-based decision making. To strengthen human resources /capital Improve the work environment Create an enabling IT environment Diversify revenue resources base through implementing programmes and projects that will generate revenue e.g., Nairobi Film Centre



9. ENVIROMENTAL AND SUSTAINABILITY REPORTING

i. Sustainability strategy and profile

The principal mandate of the Kenya Film Classification Board (KFCB) as per the Films and Stage Plays Act Cap. 222 Laws of Kenya is to regulate the creation, broadcasting, possession, distribution and exhibition of film and broadcast content in the country with a view to promote culture, national values and morality as enshrined in Article 10 of the Constitution of Kenya. This is with a view to protect children against exposure to harmful content. The Kenya Information and Communications Act (KICA) further empowers the Board to ensure content that is of adult nature is not broadcast during the Watershed Period (5am- 10pm).

The Board provides the required leadership in designing suitable plans and strategies that contribute to sustainable socio-economic development. The Board undertakes to ensure KFCB has a credible strategic plan and performance contract that factors in Corporate Social Responsibility (CSR). KFCB implements its programs based on the following objectives with a view to safeguard the national values and norms through efficient, effective and professional film and broadcast content regulatory services:

1. To enhance compliance with film, broadcast content and the performing arts regulations for the promotion of culture, national values and aspirations;
2. To empower consumers with knowledge and skills to make informed choices;
3. To improve institutional efficiency and effectiveness for quality service delivery;
4. To enhance visibility and positive organizational image; and
5. To formulate/develop policy, legal and regulatory environment in the film, broadcast sector and performing arts so as to address the emerging technological issues.

KFCB is committed to incorporate best practice in CSR that align with the principles of Corporate Governance across all its programs. As the Film Regulatory Agency in Kenya, domiciled under the Ministry of ICT, Innovation and Youth Affairs, KFCB supports inter-ministerial CSR activities in compliance with all Government directives. These are specifically aligned to promote consumption of local content and carrying out tree planting initiatives. CSR is a key strategy for KFCB to give back to the community and create a platform for engagement with the general public while enhancing the Board's mandate and programs. During the Covid-



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19 season, the Board has been deliberate to ensure that the pandemic does not stifle creativity and developed a post Covid-19 strategy to cushion the Creative Arts industry.

CSR is an existential issue for all stakeholders in the creative economy at the creation, broadcast, possession, distribution and exhibition of film and broadcast content. Given the power of the artistic output on screen, film and television, the Creative Arts industry has a greater role to influence and forge shifts that can propel best practices and thrive our national values and aspirations. KFCB acknowledges that the process of film production and examination and classification can be resource intensive. Therefore, to counter this, it endeavors to create a facilitative regulatory environment with professionals and stakeholders in the Creative Arts industry that is transformative within the society. In addition, during the pandemic, the Board has continued to support its stakeholders by adopting an online licensing system to facilitate effective and efficient service delivery in adherence to Government directives on ease of doing business. Moreover, the Board has leveraged on online platforms to provide consumer awareness.

ii. Environmental performance

As part of the Board's commitment to deliver transformative change and promote the growth of the circular economy, it participates in online webinars from which it can strengthen institutional capacity on emerging trends in CSR and environmental sustainability replicable locally. As a State Corporation, it adheres to Government Directives on CSR reporting. The Directives are documented (Performance Contract) and outlines current practices to inform actionable targets that ought to be adhered to in terms of policy and immediate interventions, implementation indicators in all regional offices and good corporate governance practice which are shared with all our stakeholders. The Board is conscious that film impacts on environmental, social, and cultural systems, thus requiring a holistic approach in incorporating those externalities inherent both locally and internationally. Therefore, it supports the collective social responsibility as it engages stakeholders to explore CSR in the Creative Arts Industry with a goal to identify and contribute to the social economic health of the creative and industry players holistically.



iii. Employee welfare

Kenya Film Classification Board has institutional policies that guide hiring processes which include: The Human Resource Policy and Procedures Manual which align to the Board's Strategic Plan. These provide strategic directions on the various terms of employment: permanent, contract, temporary or casual.

Further, the Board's Career Guideline outlines the roadmap on the employees' career path from entry level. Besides, the Organisational Structure and Staff Establishment guide the Board on the number of staff required per position at KFCB. The recruitment and selection for advertised positions is carried out transparently and competitively.

Notably, the policies are revised after every four (4) years through relevant stakeholders that include the employees, the Board of Directors, parent Ministry and the State Corporation Advisory Committee (SCAC). Further, all staff are placed under a Performance Appraisal System (PAS) where targets are set at the beginning of the year and reviewed mid-year. To support staff during the Covid-19 pandemic, the Board organized a two-day Inter-ministerial Covid-19 vaccination initiative that had staff vaccinated as well as officials from other State Agencies.

iv. Market place practices

To promote responsible competition practice, the Board's procurement process is carried out in-line with existing Procurement Law and guided by values and principles of the Constitution of Kenya (Article 10, 27, 55, 56): it upholds the principles of fairness, equity, accountability and integrity.

Secondly and to promote responsible supply chain and supplier relations, the Board ensures that the supply chain process is transparent and adheres to PPADA 2015 and its attendant regulations hence strengthening the cordial relations with its suppliers. Additionally, supplier contracts are honoured in as far as the Board's obligations are concerned and payments for goods delivered/services rendered made as per the contract except in exceptional circumstances of late disbursements from Exchequer.



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Lastly, to maintain ethical marketing practices, the Board's procurement opportunities are advertised (print media, website and internal notice boards) as they fall due and more suppliers are given opportunities to participate. Further, the Board advertises both in print and broadcast media through the Government Advertising Agency (GAA), in charge of among other things, public sector advertising and managing consolidated Government advertising funds. GAA guarantees fair competition and ethical standards on matters advertising and marketing.

In compliance with the Government Directive on Buy Kenya Build Kenya, the Board complies with the stated guidelines from the Ministry of Industrialization, Trade and Enterprise Development to improve on quality, standards, and ultimately raise competitiveness for locally produced goods and services by ensuring all firms the Board purchases from are locally owned. This is to promote the growth of local manufacturing industries. Consequently, on the Public Sector Promotion of locally manufactured textiles, employees of the Board promote locally manufactured textiles by adopting the norm of wearing locally produced garments weekly on Fridays in adherence to Government Directive.

In realization of the Boards mandate on product stewardship, it remains alive to the fact that film and media content are powerful influencers of behavior and societal values. In order to deepen the understanding of the mandate and the influence of media consumption by the general public, the Board carries out public awareness to enhance consumer consciousness countrywide. In adoption to the new normal, the Board has held numerous online stakeholder engagement sessions that have reached a wider audience through Facebook, Twitter and YouTube. Importantly, film and broadcast content play a significant role in shaping public opinion while imparting knowledge and understanding on societal values and norms. Therefore, classification of film and broadcast content is essential in ensuring that content consumption by the general public is appropriate. The Films and Stage Plays Act Cap. 222 mandates Kenya Film Classification Board to determine age suitability for content meant for public consumption. The classification process is governed by Classification Guidelines developed by the Board taking into consideration trends of the film industry, prevailing social environment and existing legislations.



v. Community Engagements

The Board continuously participates in community engagements to synergize relationships with the general public and its stakeholders in a bid to promote communication, interaction, involvement, and exchange of acceptable ideals. Additionally, enabling regulatory services, we deepened our community engagements through partnerships with stakeholders in the Creative Arts industry.

In support of implementing inter-ministerial programs, the Board participated during the Kenya Ni Mimi Forum, in Narok County an initiative convened by the Ministry of ICT, Innovation and Youth Affairs domiciled within the State Department for Youth Affairs. The Board's participation at the event was to provide its regulatory consumer awareness sessions to the youthful participants who were drawn from the 47 counties in Kenya. Ms. Nadia Abdalla, Chief Administrative Secretary (CAS), Ministry of ICT, Innovation and Youth Affairs, officiated the event and lauded Government agencies and stakeholders in the private sector for supporting the program through the Public, Private, Partnerships multisector approach.

Consequently, collaboratively with the County Government of Uasin-Gishu, the Board through its North Rift Regional Office participated in a clean-up exercise in Eldoret town in commemoration of the World Clean-Up Day 2021. Importantly, through its regional offices the Board participated in various inter-agency activities.

In regards to promoting the local Creative Arts industry, the Board partnered with the State Department of Culture in hosting the 94th Edition of the Kenya Music and Cultural Festival (KM&CF). The Board partnered with the organizers of the event through provision of branded trophies. KFCB's participation in the national fete was hinged on KFCB's **Sinema Mashinani** initiative that aims to identify and nurture talents at the grassroots as well as the Board's commitment to support initiatives tailored towards creating sustainable job opportunities for the youths in the creative sector.

As part of its Corporate Social Responsibility (CSR), the Board participated in a tree planting exercise at the Matuu Level IV Hospital. The tree planting exercise was in realization of the Performance Contracting (PC) target on the implementation of the Presidential Directives,



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besides the attainment of the National Tree Planting Campaign (NTPC) that seeks to achieve 10% tree cover in Kenya by the end of 2022.

Importantly, the Board, formulated strategies among them use of technology and virtual meetings, online engagements with stakeholders in order to realize its Performance Contracting (PC) targets and the overall mandate of the Board in line with the Work Plan. The new strategies were necessitated by the global COVID-19 pandemic that resulted to limited public gatherings.



10. REPORT OF THE DIRECTORS

This report is prepared and aligned with integrated reporting and includes principles of International Public Sector Accounting Standards and takes into account other guidelines published in this regard.

Principal activities

The principal activities of the Board include regulating the creation, broadcasting, possession, distribution and exhibition of films by; Examining every film and every poster submitted under the Act for purposes of classification; Imposing age restrictions on viewership; Giving consumer advice, having regard to the protection of women and children against sexual exploitation or degradation in cinematograph films and on the internet; and licensing and issuing certificates to: film producers, agents, distributors and exhibitors of films.

Results

The results of the entity for the year ended June 30, 2022 are set out on **page 1 to 9**

Directors

The members of the Board of Directors who served during the year are shown on **page xv to xix**

Surplus remission

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund ninety per cent of its surplus funds reported in the audited financial statements after the end of each financial year. The entity did not make any surplus during the year FY 2021/2022 and hence no remittance to the Consolidated Fund

Auditors

The Auditor General is responsible for the statutory audit of the entity in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board

Loice Shalakha

Corporate Secretary

Nairobi



11. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and *section 14 of the State Corporations Act*, require the Directors to prepare financial statements in respect of that entity, which give a true and fair view of the state of affairs of the entity at the end of the financial year/period and the operating results of the entity for that year/period. The Directors are also required to ensure that the entity keeps proper accounting records which disclose with reasonable accuracy the financial position of the entity. The Directors are also responsible for safeguarding the assets of the entity.

The Directors are responsible for the preparation and presentation of the *Kenya Film Classification Board's (KFCB's)* financial statements, which give a true and fair view of the state of affairs of KFCB for and as at the end of the financial year (period) ended on June 30, 2022. These responsibilities include:

- i. Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period
- ii. Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity
- iii. Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud.
- iv. Safeguarding the assets of the Board
- v. Selecting and applying appropriate accounting policies
- vi. Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for KFCB financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and section 14 of the State Corporations Act. The Directors are of the opinion that KFCB's financial statements give a true and fair view of the state of *KFCB's* transactions during the financial year ended June 30, 2022, and of *KFCB's* financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for



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KFCB, which have been relied upon in the preparation of *KFCB's* 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 KFCB will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The KFCB's financial statements were approved by the Board on 30th August 2022 and signed on its behalf by:

June Gachui

Board Session Chair

Christopher Wambua

Accounting Officer/Chief Executive Officer

REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KENYA FILM CLASSIFICATION BOARD FOR THE YEAR ENDED 30 JUNE, 2022

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 Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kenya Film Classification Board set out on pages 1 to 60, which comprise of the statement of financial position as at 30 June, 2022, and the statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and

other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kenya Film Classification Board as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the State Corporations Act, 2012 and the Films and Stage Plays Act, 2012 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Impairment of Inventories

As disclosed in Note 16 to the financial statements, the statement of financial position reflects inventories balance of Kshs.17,491,784. As previously reported, the Board procured six (6) million classification stickers between 30 November, 2010 and 31 January, 2012 at a total cost of Kshs.47,500,000. Examination of stores records revealed 1,954,389 stickers valued at Kshs.17,491,784 which had not been used or issued to the regional offices for over twelve (12) years since they were procured. Although Management acknowledges that the inventories are slow moving and may have become obsolete due to changes in technology, no provision for impairment loss has been made in the financial statements.

In the circumstances, the accuracy and fair presentation of the inventories balance of Kshs.17,491,784 could not be confirmed.

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, 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 Audit Matters

As disclosed under the progress on follow up of auditor recommendations section of the financial statements, the prior year audit issues remained unresolved as at 30 June, 2022. Management did not provide satisfactory reasons for the delay in resolving the issues.

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 matter(s) described in the Basis for Conclusion on Lawfulness and Effectiveness in 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. Obsolete Broadcast Monitoring System

Note 16 to the financial statements reflects plant and equipment cost balance of Kshs.106,254,598 which includes Broadcast Monitoring System acquired at a cost of Kshs.90,287,000 indicated in the asset register to obsolete. In addition, review of committee reports on assets revealed that there was no warranty/guarantee for the equipment and the system was not being maintained and updated to the latest versions. Further, the supplier of the equipment is reported to have stopped supporting the system.

In the circumstances, value for money on the Broadcast Monitoring System acquired at a cost of Kshs.90,287,000 could not be confirmed.

2. Delayed Development, Supply and Installation of an Online Licensing System

Review of the Board's records revealed that the contract agreement for development, supply, and installation of an online licensing system was signed on 08 August, 2016 for a period of 3 months, at a sum of Kshs.11,853,469. However, an audit review in February, 2023 revealed that the development of the system had not been completed six (6) years and seven (7) months after the award. This is despite several extensions and a payment of Kshs.7,112,081 or 60% of the contract sum indicative that the vendor did not have the capacity to develop the system.

In the circumstances, value for money spent on the development, supply and installation of an online licensing system, could not be confirmed.

3. Incomplete Refurbishment and Equipping of a Cinema Theatre

In the year 2016, the Board initiated the project for leasing, refurbishing and equipping of the Nairobi Cinema Theatre (Nairobi Film Centre) at an estimated cost of Kshs.895,127,630. This multi-purpose facility with a high-level films theatre cum conference, and upgraded broadcast content monitoring center was to commence on 1 July, 2016 with expected completion date of 30 June, 2024. However, only payments of Kshs.219,500,000 or 24.5% progress, have been made but the respective interim certificates, site meeting minutes were not provided for audit. In addition, this cost has not been disclosed in the schedule of assets. Further, management discussion and analysis section C of the financial statements reflects additional components of cinema mobile equipment and systems at Nairobi Film Centre at contract sum of Kshs.96,872,000 and duration of fifty-two (52) weeks. However, the expenditure was not included in the Board's approved budget for the year under review.

In the circumstances, the value for money of the expenditure on the acquisition, refurbishment of the cinema theatre could not be ascertained.

The audit was conducted in accordance with ISSAI 4000. The standard requires 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 are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management, and overall governance were not effective.

Basis for Conclusion

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 control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and the Board of Directors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Board's ability to continue to sustain its services, disclosing as applicable and matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Board or to cease operations.

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

In addition to the responsibility for the preparation and presentation of financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance 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 Board's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. 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 and weakness 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 addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, 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 accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1) (a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Board to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Board to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and where applicable, related safeguards.


 CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

11 May, 2023



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13. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022

Revenue from non-Exchange Transactions	NOTES	2021/2022	2020/2021
		Kshs.	Kshs.
Income	6 (a) (b) (c)	574,937,495	563,082,032
Total Revenue		574,937,495	563,082,032
Expenses			
Employee Costs	7	212,526,206	213,138,647
Board Expenses	8	26,621,286	30,151,883
Depreciation and Amortization Expense	9	24,130,941	38,625,531
Repairs and Maintenance	10	11,517,841	20,415,807
General expenses	11	175,772,061	202,861,873
Total Expenses		450,568,335	505,193,742
Surplus/Deficit for the Period		124,369,160	57,888,290

The notes set out on pages 9 to 66 form an integral part of these Financial Statements



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14. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

Description	NOTES	2021/2022	2020/2021
		Kshs.	Kshs.
Assets			
Current Assets			
Cash and Cash Equivalents	12	218,103,682	74,999,954
Prepayments	13	6,705,630	6,705,630
Receivable from Exchange Transactions	14	14,513	16,860
Inventories	15	17,491,784	20,685,575
		242,315,609	102,408,019
Non-Current Assets			
Property, Plant and Equipment	16	65,686,489	84,634,207
Intangible Assets	17	-	449,049
		65,686,489	85,083,256
Total Assets		308,002,098	187,491,276
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions	18	7,945,162	12,253,500
Prepaid Income Liability	19	450,000	
Total Liabilities		8,395,162	12,253,500
Net Assets			
Accumulated Surplus		299,606,937	175,237,776
Total Net assets and Liabilities		308,002,098	187,491,276

The Financial Statements set out on pages 1 to 8 were signed on 30th August 2022 on behalf of the Board of Directors by:

Chief Executive Officer
Christopher Wambua

Manager Finance and Accounts
CPA Paskal Martin Opiyo
ICPAK Member Number: 3989

Board Session Chair,
June Gachui



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15. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2022

	NOTES	Accumulated surplus	Total
Balance as at 30 JUNE 2019		158,096,997	158,096,996
Surplus/(Deficit) for the period		(40,747,511)	(40,747,511)
Transfers to/from accumulated surplus		-	-
Balance as at 30 JUNE 2020		117,349,486	117,349,485
Surplus/(Deficit) for the period		57,888,290	57,888,290
Transfers to/from accumulated surplus		-	-
Balance as at 30 JUNE 2021		175,237,776	175,237,776
Surplus/(Deficit) for the period		124,369,160	124369160.5
Transfers to/from accumulated surplus		-	-
Balance as at 30 JUNE 2022		299,606,937	299,606,936



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16. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022

Description	NOTE	2021/2022	2020/2021
		Kshs.	Kshs.
CASHFLOWS FROM OPERATING ACTIVITIES			
Receipts			
Receipts of GoK Recurrent Grants	6b	500,000,000	511,200,000
Receipts of GoK Development Grants	6b	30,000,000	17,000,000
GOK Grants		530,000,000	528,200,000
Licensing	6c	13,712,500	13,457,992
Classification stickers/Labels	6c	4,220,398	4,083,600
Classification Fees	6c	3,412,978	1,650,813
Sale of Tenders	6c	-	-
Filming Fees & Extension	6c	6,560,000	-
Sale of Boarded Items	6c	217,385	5,308,000
Film Agent Fees & registration	6c	2,364,000	2,088,000
Licensing-Features, short films & doc	6c	5,105,000	3,625,000
Nairobi Film Center-NFC	6c	8,880,000	4,570,000
Other Income	6d	465,234	98,627
Receipts from Internally Generated Revenue		44,937,495	34,882,032
Total Receipts		574,937,495	563,082,032
Payments			
Employee Costs	7	212,526,206	213,138,647
Board Expenses	8	26,621,286	30,151,883
Depreciation and Amortization Expense	9	24,130,941	38,625,531
Repairs and Maintenance	10	11,517,841	20,415,807
General Expenses/Administrative Costs	11	175,772,061	202,861,873
Total Payments		450,568,335	505,193,742
Net surplus from operations		124,369,160	57,888,290
Increase/Decrease in prepayments	13	-	-
Net change in receivables from non-exchange transaction	14	240,151	(282,400)
Increase/Decrease in Stock	15	3,193,791	3,021,864
Adjustment For Depreciation	16,17	24,130,941	38,625,531



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Increase/Decrease in Trade and Other Payables from Exchange Transactions in Payables	18	(4,308,338)	(36,326,785)
Net Cash generated from Operating Activities	25	147,625,705	62,926,501
CASHFLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	16,17	(4,734,173)	(7,339,518)
Net Cash generated from investing activities		(4,734,173)	(7,339,518)
CASHFLOW FROM FINANCING ACTIVITIES			
Net Cash generated from Financing Activities		-	-
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		142,891,532	55,586,983
Increase/(Decrease) Staff Imprest and Other Imprests	14	212,196	342,400
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	12	74,999,954	19,070,571
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	12	218,103,682	74,999,954

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17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2022

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL EXPENDITURE FY 2021-2022											
SNO.	Descriptions	Original Budget 2021/2022	Adjustment 2021/2022	Final Budget 2021/2022	Actual Income 2021/2022	Performance 2021/2022	Original Budget 2021/2022	Adjustment 2021/2022	Final Budget 2021/2022	Actual Expenditure 2021/2022	Performance 2021/2022
	Income	KSHS	KSHS	KSHS	KSHS	KSHS					KSHS
1	Licensing	19,200,000	-	19,200,000	13,712,500	(5,487,500)					
2	Classification Stickers/labels	4,200,000	-	4,200,000	4,220,398	20,398					
3	Classification fees	3,500,000	-	3,500,000	3,412,978	(87,022)					
4	Filming Fees & Extensions	5,600,000	-	5,600,000	6,560,000	960,000					
5	Miscellaneous	-	-	-	465,234	465,234					
6	Boarded Items/Disposal	-	-	-	217,385	217,385					
7	Film Agent Fees & Registration	1,900,000	-	1,900,000	2,364,000	464,000					
8	Licensing-Feature films, Documentaries & series	5,500,000	-	5,500,000	5,105,000	(395,000)					
9	Nairobi Film Centre	6,100,000	-	6,100,000	8,880,000	2,780,000					
10	GoK Recurrent Grants	381,000,000	119,000,000	500,000,000	500,000,000	-					
11	GoK Development Grants	40,000,000	(10,000,000)	30,000,000	30,000,000	-					
	Total Revenue	467,000,000	109,000,000	576,000,000	574,937,495	(1,062,505)					
	Expenses	Original Budget 2021/2022	Adjustment 2021/2022	Final Budget 2021/2022	Actual Expenditure 2021/2022	Performance 2021/2022					
11	Compensation of employees	235,383,528	-	235,383,528	212,526,206	22,857,322					
12	Board Expenses	17,990,000	6,500,000	24,490,000	26,621,286	(2,131,286)					
13	Repairs and Maintenance	11,732,388	(720,855)	11,011,533	11,517,841	(506,308)					
14	General Expenses	161,894,084	9,550,855	171,444,939	175,772,061	(4,327,122)					
15	Transfer to MOSCA	-	-	-	-	-					
16	Non-Current Assets	40,000,000	93,670,000	133,670,000	4,734,173	128,935,827					



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	Total Expenses	467,000,000	109,000,000	576,000,000	431,171,567	144,828,433
	Surplus/Deficit	-	-	-	143,765,928	143,765,928
NOTES TO STATEMENT OF COMPARISON OF BUDGET ON ACTUAL BASIS						
Income (6):						
1	<p>The government grants grew by 0.34% from Kshs.528, 200,000 to Kshs.530, 000,000 during the period. The internally generated income increased by 28.83% from Kshs.34,882,032 to Kshs.44,937,495 compared to the previous Financial Year 2021-2022. The increase is as a result of the uplifting of COVID-19 pandemic restrictions that enabled the Board Licensing and Filming activities both by Local and Foreign Film Makers as well as Filming Agents occasioning a major increase in collection of A-I-A.</p>					
2	<p>Compensation of employees (7): The expenditure in the Financial Year 2021/2022 was within range with an absorption rate of 90% of the allocation. The under absorption is a result of on-going recruitments that had not been completed by the end of the financial year. In addition, there was no expenditure in regard to substantive Chief Executive Officer.</p>					
3	<p>Board Expenses (8): The expenditure had an absorption rate of 109% of the allocation. This represents nine (9) percent over expenditure in the period which is within the recommended below ten percent (10%). The nine percent over expenditure is attributed to Board's committees to confirm minutes of meetings held virtually and also the induction of new members.</p>					
4	<p>Repairs and Maintenance (10): The expenditure had an absorption rate of 105% of the allocation. This represents five (5) percent over expenditure in the period which is within the recommended below ten percent (10%). The five percent over expenditure is attributed to changes in fuel and lubricant oils as the changes in the market.</p>					
5	<p>General Expenses (11): The expenditure had an absorption rate of 103% of the allocation. This represents three (3) percent over expenditure in the period which is within the recommended below ten percent (10%). The three percent over expenditure is as a result of the development of co-regulation framework and public participation forum</p>					
6	<p>Non-Current Assets (16): The expenditure for the FY 2021/2022 was within the budget with a utilization rate of 4%. The low absorption is attributed to receipt of Supplementary funds in the last month of the FY 2021/2022. However, these funds have been committed to acquisition of regulatory tools and equipment for the Board.</p>					

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	Secondly, the increase is a result of development funds available and committed to the ongoing Nairobi Film Centre to acquire Cinemobile Equipment and Systems.
	Adjustments: The Adjustments in the budget during the period are as a result of receipt of additional funding from the Government.
7	Reconciliation of the statement of comparison of budget on actual basis with the statement of financial performance is as follows;
	Surplus /Deficit from the SCBA
	Add: Additional Non-current Assets for the Period
	Less: Depreciation & Amortization
	Surplus as per Statement of financial Performance ended 30th June,2022
	*The cost of acquisition of non-current asset and surplus funds from FY 2021/2022 is not reported in the statement of financial performance hence the reconciliation.
	*Depreciation cost is a non-cash item hence not included in the budget for FY 2021/2022
	*SCBA; Statement of comparison of budget on actual basis



18. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Kenya Film Classification Board is established by and derives its authority and accountability from the Films and Stage Plays Act, Cap 222. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is regulating the creation, broadcasting, possession, distribution and exhibition of films by: Examining every film and every poster submitted under the Act for purposes of classification; Imposing age restrictions on viewership; Giving consumer advice, having regard to the protection of women and children against sexual exploitation or degradation in cinematograph films and on the internet; and licensing and issuing certificates to film producers, agents, distributors and exhibitors of films. In addition, the Kenya Information and Communications Act (KICA) 46 (I) further empowers the Board to impose age restrictions on all films and broadcast content to ensure that content which depicts scenes intended for an adult audience is not aired between 5am – 10pm (Watershed Period).

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 Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the entity's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in **Notes 1-29 on pages 9-67**

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

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, the Films and Stage Plays Act, Cap 222 and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.



3. ADOPTION OF NEW AND REVISED STANDARDS

i. *New and amended standards and interpretations in issue effective in the year ended 30 June 2022.*

IPSASB deferred the application date of standards from 1st January 2022 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2023.

ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022.*

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity’s future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset’s cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <p><i>(No impact on the financial statements. The Board does not deal in this type of financial assets)</i></p>



Standard	Effective date and impact:
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the Entity. (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity’s financial performance, financial position and cash flows. <p><i>(No impact to the Financial statements. The same shall be adopted as they arise)</i></p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p> <p><i>(No impact on the financial statements)</i></p>
<p>Other improvements to IPSAS</p>	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008). • <i>IPSAS 39: Employee Benefits</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS. • IPSAS 29: Financial instruments: Recognition and Measurement Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023. <p><i>(No impact on the financial statements)</i></p>



Standard	Effective date and impact:
IPSAS 43	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>(No impact on the financial statements. We do not deal with leases)</i></p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p>Applicable 1st January 2025</p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>(No impact on the financial statements)</i></p>

i. Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2021/2022.

a) Revenue recognition

i) Revenue from non-exchange transactions

Licensing, Registration and Classification fees

The Board recognizes revenues from licensing fees, sale of classification stickers and classification fees when the event occurs and the asset recognition criteria are met. Other Non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the Board and the fair value of the asset can be measured reliably. Others are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.



NOTES TO THE FINANCIAL STATEMENTS

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Transfers from other Government Entities

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

Rendering of services

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

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

Sale of goods

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



SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Interest income

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

ii) Revenue from exchange transactions

Dividends

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

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

b) Budget information

The original budget for FY 2021-2022 was approved by the National Assembly in April 2021. 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. Accordingly, the entity recorded additional appropriations on the 2022-2023 budget following the governing body's approval.

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.



NOTES TO THE FINANCIAL STATEMENTS

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 on **pages 7-9** of these financial statements.

c) Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the 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. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

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

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

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are



4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Sales Tax

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

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of sales tax included the net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.



d) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 30-year period.

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposals proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

Transfers are made to or from investment property only when there is a change in use.

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 30-year period.

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

Transfers are made to or from investment property only when there is a change in use.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Depreciation is calculated on a straight-line basis annually regardless of the date of purchase and carrying amount written-off after the useful life of the assets. The annual depreciation rates are as follows:

i. Furniture, Fixtures and fittings	12.5%
ii. Plant and Equipment	12.5%
iii. Electronic Data processing equipment	30.0%
iv. Motor Vehicles	25.0%

Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

f) Leases

Finance leases are leases that transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

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

g) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite. Amortisation of intangible assets for the Board is calculated on a straight line at rate of 20%.

h) Research and development costs

The Entity expenses research costs as incurred and development costs on an individual project are recognized as intangible assets when the Entity can demonstrate:

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



NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Research and development costs (Continued)

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

i) Financial instruments

Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

Loans and receivables

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

Held-to-maturity

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



NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets

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

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

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method

Amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.



4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

- Raw materials: purchase cost using the weighted average cost method
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but after initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventory is a composition of Classification stickers/labels which is valued at the lower cost and net realizable value. Inventory was purchased in two folds, the first batch of **four (4) million** stickers was bought at a cost of **Kshs.7.40** and the second batch of **two (2) million** stickers was bought at a cost of **Kshs.8.95**. The usage of the inventory is based on FIFO.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Board.



4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Provisions

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

l) Contingent liabilities

The Entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

m) Contingent assets

The Entity does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements.

Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

n) Nature and purpose of reserves

The Board creates and maintains accumulated surplus funds in terms of specific requirements. GOK Grants related to development expenditure that acquired property, plant & equipment and other assets are presented in the statement of financial position. To this extent, the accumulated surplus funds finances capital assets every year. GOK Grants for recurrent expenditure are dealt with in the income statement in the period in which it was received.



4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o) Changes in Accounting policies and estimates

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

p) Employee benefits

Retirement benefit plans

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

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

q) Foreign currency transactions

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

r) Borrowing costs

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



4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

s) Related parties

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

t) Service concession arrangements

The Entity 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.

u) Cash and cash equivalents

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

v) 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, 2022.

5. Significant Judgments and Sources of Estimation Uncertainty

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

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 consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur (IPSAS 1.140).

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:

1. The condition of the asset based on the assessment of experts employed by the Entity
2. The nature of the asset, its susceptibility and adaptability to changes in technology and processes
3. The nature of the processes in which the asset is deployed
4. Availability of funding to replace the asset
5. Changes in the market in relation to the asset



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 24**.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. REVENUE

6 (a) GRANTS

Description	2021/2022	2020/2021
	Kshs.	Kshs.
Unconditional Grants		
Operational Grant - Recurrent Grants	500,000,000	511,200,000
Other Grants - Development Grants	30,000,000	17,000,000
Total	530,000,000	528,200,000
Conditional Grants		
NILL	-	-
Total Government Grants and Subsidies	530,000,000	528,200,000

6 b) TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income	Amount deferred under deferred income	Amount recognized in capital fund.	Total grant income during the year	2020/2021
	Kshs	Kshs	Kshs	Kshs	Kshs
Ministry of Information, Communication & Technology	530,000,000	-	-	530,000,000	528,200,000
Total	530,000,000	-	-	530,000,000	528,200,000

6 (c) Licensing and Classification Fees

Description	2021/2022	2020/2021
	Kshs	Kshs
Licensing	13,712,500	13,457,992
Classification Stickers/labels	4,220,398	4,083,600
Sale Of Tenders	-	-
Classification fees	3,412,978	1,650,813
Filming Fees & Extensions	6,560,000	5,308,000
Film Agent Fees & Registration	2,364,000	2,088,000
Licensing-Feature films, Doc& series	5,105,000	3,625,000
Nairobi Film Center-NFC	8,880,000	4,570,000
Total	44,254,876	34,783,405



NOTES TO THE FINANCIAL STATEMENTS (Continued)

The reported income is defined under the Films and Stage Plays (cinematographic films) (forms and fees) Regulations Second Schedule provides fees charged on Films & extensions, Film Agents and registration, and licensing. On the other hand, the Films and Stage Plays (film censorship) Regulations provides fees charged on film examination & classification, License fees for video libraries, video shows, theatres and commercials.

6 (d) Other Revenues

6 (d) Other revenue	Kshs	Kshs
	2021/2022	2020/2021
Sale of Boarded Items	217,385	-
Miscellaneous	465,234	98,627
	682,619	98,627
Total Internally generated Income (6c+6d)	44,937,495	34,882,032
Total Revenue(6b+6c+6d)	574,937,495	563,082,032

Other income, includes revenue received from sale of boarded items and income received but cannot be classified as the revenues prescribed under the Films and Stage Plays Act, Cap 222 Laws of Kenya. Total revenue comprises of GOK grants (Recurrent and Development) and internally generated income.

7. EMPLOYEE COST

Employee cost comprises of total cost of benefits conferred to an employee and other employee benefits such as staff medical cover, employer contribution to pension scheme etc. The remuneration of employees is determined as provided for in the Constitution of Kenya; the advice provided to the Board by the Salaries and Remunerations Commission (SRC) and Section 11C and 11D of the Films and Stage Plays Act, Cap 222 on terms of service for the Chief Executive Officer and Staff respectively. Currently Commission has provided the advice vide letter dated 7th December, 2017 Ref no. SRC/TS/JE/SRSC/3/33/4 Vol. VI (34), vide letter dated 24th February, 2018 Ref no. SRC/TS/SRSC/3/33/4 Vol.VI (58) and finally vide letter dated 4th August, 2015 Ref no. SRC/TS/CBT/3/3 Vol. IV (6).



NOTES TO THE FINANCIAL STATEMENTS (Continued)

7(a) Compensation of Employees

Description	2021/2022	2020/2021
	Kshs.	Kshs.
Basic salaries	85,924,504	89,265,096
House Allowance	36,668,000	35,855,500
Commuter Allowance	9,039,000	-8,954,000
Extraneous Duty Allowance	-	-
Leave Allowance	2,403,555	2,189,318
Staff Medical Allowance	30,466,994	26,664,886
Acting Allowance	-	-
Special Duty Allowance	-	-
Employer contribution-Pension	9,326,819	9,252,800
NSSF Employer Contribution	254,600	242,800
Staff Personal Accident Insurance	-	211,850
Transfer Allowance	124,926	-
Responsibility Allowance	4,222,561	138,000
Non-Practicing Allowance	420,000	420,000
Casual Employees cost	-	119,080
Gratuity	1,346,604	2,218,570
Internship Programme	-	-
NITA Training Levy Employer Contribution	-	-
Hardship Allowance	306,000	306,000
Employee costs	180,503,563	175,837,900

7(b) Employee costs-CEO

Description	2021/2022	2020/2021
	Kshs.	Kshs.
Basic salaries	11,856,194	13,390,200
House Allowance	320,000	960,000
Entertainment Allowance	400,000	1,200,000
Leave Allowance	267,444	50,000
Extraneous Duty Allowance	240,000	720,000
NSSF Employer Contribution	800	2,400
Gratuity	3,893,054	-
Total CEO's Remuneration	16,977,492	16,322,600



NOTES TO THE FINANCIAL STATEMENTS (Continued)

7(c) Employee costs-Key Management

Description	2021/2022	2020/2021
	Kshs.	Kshs.
Basic salaries	7,914,438	8,703,233
House Allowance	3,600,000	2,899,355
Commuter Allowance	1,200,000	966,452
Acting Allowance	465,425	310,283
Leave Allowance	185,837	334,502
Gratuity	-	6,225,269
Employer contribution-Pension	229,652	76,551
NSSF Employer Contribution	9,800	9,600
Extraneous Duty Allowance	1,440,000	1,452,903
Total Key Management's Remuneration	15,045,151	20,978,147
Total Employee Costs(a+ b + c)	212,526,206	213,138,647

8 BOARD EXPENSES

Board Expenses is the Directors' Remuneration and any other expenses that are incurred to facilitate the Board of Directors perform their oversight roles. The Directors' remuneration is in line with the guidelines provided in the State Corporations Act and the guidelines provided by the State Corporations Advisory Committee.

The Chairman is paid a monthly honorarium of Kshs. 80,000, monthly airtime of Kshs. 5,000 and a taxable sitting allowance for each meeting attended. The Directors are paid a taxable sitting allowance of Kshs. 20,000 for each meeting attended. The sitting allowance for the current financial year is prescribed in the circular Ref no. OP/CAB.9/21/2A/LII/43 dated 23rd November 2004. Other allowances such as accommodation and travelling are prescribed by circular Ref No. OP/SCAC.9/21.2 VOL.I (164) dated 28th April, 2015. The Chief Executive Officer does not qualify to receive the sitting allowance for any meeting he/she attends.

The Films and Stage Plays Act, Cap 222 Section 11(B) provides that the Board may from time to time co-opt such number of persons as it may determine, having regard to the number of films requiring examination to rate and classify. Such persons are paid a sitting allowance of Kshs. 1,500 per film classified and a meal allowance of Kshs. 1,000 as prescribed by circular Ref: No. MSPS 2/1A Vol XLI/ (52) dated 14th January, 2011. This expenditure forms part of the Board expenses reported as film examiners allowance.



8. Board Expenses

Description	2021/2022	2020/2021
	Kshs.	Kshs.
Board Members Allowance	11,315,454	15,839,035
Conferences, Committees and Seminars	1,420,700	324,000
Board Members Insurance	849,144	442,047
Honoraria to chairman	60,000	1,200,000
Board Trainings	1,182,000	1,039,200
Local Travel & Accommodation	8,561,432	7,555,760
Foreign Travel & Accommodation	3,232,556	677,950
Total Board Expenses	26,621,286	27,077,992

9 DEPRECIATION AND AMORTIZATION EXPENSE

Depreciation is calculated on a straight-line basis annually regardless of the date of purchase and carrying amount written-off after the useful life of the assets. The annual depreciation rates are as follows:

Furniture, Fixtures and Fittings	12.5%
Plant and Equipment	12.5%
Electronic Data Processing Equipment	30.0%
Motor Vehicles	25.0%
Intangible Assets	20.0%

9. Depreciation and amortization

Description	2021/2022	2020/2021
	Kshs.	Kshs.
Property, plant and equipment	23,681,891	31,389,939
Intangible assets	449,049	7,235,593
Total depreciation and amortization	24,130,941	38,625,531



NOTES TO THE FINANCIAL STATEMENTS (Continued)

10 REPAIRS AND MAINTENANCE

Description	2021/2022	2020/2021
	Kshs.	Kshs.
Motor Vehicles	3,180,736	7,315,515
Property & Equipment	2,406,017	277,900
Minor Alterations to Building	126,793	3,571,057
Computer Software and Networks	714,868	39,500
Insurance of Motor Vehicle & plant Equipment	2,816,875	3,559,197
ICT Infrastructure & development	2,272,552	5,652,638
Total repairs and maintenance	11,517,841	20,415,807

11 GENERAL EXPENSES/ADMINISTRATIVE COSTS

Description	2021/2022	2020/2021
	Kshs.	Kshs.
Audit Fees	403,680	403,680
Utilities Supplies & Services	4,802,089	4,545,914
Com Supplies & Services	8,342,848	11,774,608
Local Travelling Accommodation	16,375,722	49,171,346
Foreign Travel	3,661,675	(563,695)
Newspaper and Periodical Subscription	271,260	491,246
Printing Expenses	4,380,031	4,452,355
Advertising	1,882,287	807,572
Trade Shows and Exhibition	149,185	2,004,285
Cleaning Services	3,543,432	2,683,945
Technical Services	20,842,972	-
Rents and Rates	57,256,375	51,878,789
Training & Sensitization Prog. Costs	9,657,497	17,480,674
Bank Charges	516,570	585,496
Regional Offices Expense	15,677,617	12,463,376
Hospitality supplies and service	7,248,346	17,257,007
Internal Audit Services	2,140,508	-
Office & Gen Supplies	4,384,678	15,871,637
Fuel Oil & Lubricants	3,858,000	4,293,200
Other Operating Expenses	10,377,289	7,260,438
Total General expenses	175,772,061	202,861,873



NOTES TO THE FINANCIAL STATEMENTS (Continued)

12 CASH AND CASH EQUIVALENTS

Description	2021/2022	2020/2021
	Kshs	Kshs
Recurrent account	122,004,466	6,139,823
Development account	95,444,286	68,419,957
Others(cash in hand)	58,734	56,174
Other(cash Imprests and advances)	596,196	384,000
Total cash and cash equivalents	218,103,682	74,999,954



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12 (a). DETAILED ANALYSIS OF THE CASH AND CASH EQUIVALENTS			
Description	Account number	2021/2022 Kshs	2020/2021 Kshs
Financial institution			
a) Recurrent account			
Co-operative Bank of Kenya	01141198827700	11,137,812	3,030,456
Co-operative Bank of Kenya-Mombasa	01141198827702		446
Co-operative Bank of Kenya-Garissa	01141376392400		80
Co-operative Bank of Kenya-Embu	01141198827704		25
Co-operative Bank of Kenya-Eldoret	01141198827705		80
Co-operative Bank of Kenya-Kisumu	01141198827706		130
Co-operative Bank of Kenya-Nyeri	01141198827707		-
Co-operative Bank of Kenya-Kakamega	01141198827708		250
Co-operative Bank of Kenya-Nakuru	01141198827709		-
KCB-Recurrent	1256853542	110,691,033	3,025,984
KCB-MOMBASA REGION	1256854425	660	18,877
KCB-GARISSA REGION	1256854816	89	842
KCB-EMBU REGION	1256855146	540	122
KCB-NYERI REGION	1256855405	390	630
KCB-ELDORET REGION	1256855588	169,828	50,952
KCB-KISUMU REGION	1256855774	1,851	10,056
KCB-NAKURU REGION	1256856320	538	418
KCB-KAKAMEGA REGION	1256856584	1,726	476
Sub- total		122,004,467	6,139,823
b) Development account			
Co-Operative Bank	01141198827701	78,756	78,756
KCB-Development	1256853917	95,365,530	68,341,201

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Sub- total		95,444,286	68,419,957
c) Others(specify)			
Cash In Hand-HQRS		21,334	53,124
Petty Cash-HQRS			-
Cash in Hand-Mombasa			-
Cash In Hand-Garissa		37,400	200
Cash in Hand-Embu			-
Cash In hand-Eldoret			1,600
Cash In Hand-Kisumu			-
Cash In Hand-Nyeri			1,250
Cash In Hand-Kakamega			-
Cash In Hand-Nakuru			
Cash in Transit			-
Mpesa			-
Sub- total		58,734	56,174
Cash imprests and advances		596,196	384,000
Sub- total		596,196	384,000
Grand total		218,103,683	74,999,955



NOTES TO THE FINANCIAL STATEMENTS (Continued)

13 PREPAYMENTS

Prepayments consists of rent deposit paid as a result of renting a new office space in Mombasa Regional Office, Nairobi Film Centre and 14th Floor as follows:

13 (a) Prepayments

Description	2021/2022	2020/2021
	Kshs.	Kshs.
Rent deposits	6,705,630	6,705,630
Total Prepayments	6,705,630	6,705,630.00

13 (b) Prepayments

Description	Amount(Kshs)
Mombasa regional office	582,945
Nairobi Film Centre	5,590,500
14 th Floor (Headquarters)	532,185
Total	6,705,630

14 RECEIVABLES AND OTHER DEBTORS

Description	2021/2022	2020/2021
	Kshs.	Kshs.
Salary advances	14,513	76,861
Total Receivable from Exchange Transactions	14,513	76,861

15 INVENTORIES

Inventory is a composition of Classification Stickers/Labels is valued at the lower cost and net realizable value. Inventory was purchased in two folds, the first batch of four million stickers (4) was bought at a cost of Kshs.7.40 and the second batch of two million stickers (2) was bought at a cost of Kshs.8.95. The usage of the inventory is based on FIFO.

15. (a) Classification Stickers Inventory

Description	2021/2022	2020/2021
	Kshs.	Kshs.
Classification Stickers	17,491,784	20,685,575
Total Inventories	17,491,784	20,685,575



15. (b) Cost of Goods Sold

Description	2021/2022	2020/2021
	Kshs.	Kshs.
Cost of Printing Classification Stickers	3,193,791	3,021,864
Total Cost of Goods Sold	3,193,791	3,021,864

A summary of the cost of goods sold for the previous period up to date is as shown below;

<i>A</i>	<i>B</i>	<i>C</i>	<i>D</i>	<i>E</i>	<i>F</i>
<i>FY/PERIOD</i>	<i>OPENING BALANCE (Kshs.)</i>	<i>CLOSING BALANCE (Kshs.)</i>	<i>PURCHASE COST OF STICKERS SOLD (Kshs.) [B-C]</i>	<i>COST PER STICKER (Kshs.)</i>	<i>AMOUNT REALISED (Kshs.) [D/E*10]</i>
<i>FY 2011/2012</i>	47,500,000	47,228,797	271,203	7.4	366,491
<i>FY 2012/2013</i>	47,228,797	45,522,772	1,706,025	7.4	2,305,439
<i>FY 2013/2014</i>	45,522,772	43,589,478	1,933,294	7.4	2,612,560
<i>FY 2014/2015</i>	43,589,478	40,271,762	3,317,716	7.4	4,483,400
<i>FY 2015/2016</i>	40,271,762	36,788,567	3,483,195	7.4	4,707,020
<i>FY 2016/2017</i>	36,788,567	32,807,737	3,980,830	7.4	5,379,500
<i>FY 2017/2018</i>	32,807,737	29,570,607	3,237,130	7.4	4,374,500
<i>FY 2018/2019</i>	29,570,607	26,444,847	3,125,760	7.4	4,224,000
<i>FY 2019/2020</i>	26,444,847	23,707,439	2,737,408	7.4	3,699,200
<i>FY 2020/2021</i>	23,707,439	20,685,575	3,021,864	7.4	4,083,600
<i>FY 2021/2022</i>	20,685,575	17,900,000	2,785,575	7.4	3,764,291
<i>FY 2021/2022</i>	17,900,000	17,491,784	408,216	8.95	456,107
TOTAL					40,456,108

Cost of Goods Sold = 2,785,575 + 408,216 = 3,193,791

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16 PROPERTY, PLANT AND EQUIPMENT

Description	Motor Vehicle		Plant and Equipment		Data Processing Equipment		Furniture, Fixtures & Fittings		Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	
Cost									
At 30 June 2020	78,053,380	-	95,772,407	72,613,673	138,669,582			385,109,043	
Additions	-	7,256,018	-	-	83,500			7,339,518	
At 30 June 2021	78,053,380		103,028,425	72,613,673	138,753,082			392,448,561	
Additions	-	3,226,173		1,508,000	-			4,734,173	
At 30 June 2022	78,053,380		106,254,598	74,121,673	138,753,082			397,182,734	
Depreciation and impairment									
At 30 June 2020	(74,597,136)		(69,114,317)	(61,080,003)	(71,632,957)			(276,424,415)	
Depreciation	(3,091,424)		(7,540,140)	(6,477,158)	(14,281,217)			(31,389,939)	
At 30 June 2021	(77,688,560)		(76,654,458)	(67,557,160)	(85,914,174)			(307,814,354)	
Depreciation	(364,824)		(6,449,832)	(4,354,992)	(12,512,243)			(23,681,891)	
At 30 June 2022	(78,053,384)		(83,104,290)	(71,912,152)	(98,426,417)			(331,496,245)	
Net book values									
At 30 June 2022	(4)		23,150,309	2,209,521	40,326,665			65,686,489	
At 30 June 2021	364,818		26,373,968	5,056,513	52,838,908			84,634,207	
At 30 June 2020	3,456,242		26,658,090	11,533,670	67,036,625			108,684,628	



NOTES TO THE FINANCIAL STATEMENTS (Continued)

17 INTANGIBLE ASSETS

17.Intangible Assets-Software

Description	Kshs.
Cost	
At 30 June 2020	66,991,532
Additions—internal development	-
At 30 June 2021	66,991,532
Additions—internal development	-
At 30 June 2022	66,991,532
Amortization and impairment	
At 30 June 2020	(59,306,890)
Amortization	(7,235,593)
Impairment loss	-
At 30 June 2021	(66,542,483)
Amortization	(449,049)
Impairment loss	-
At 30 June 2022	(66,991,532)
Net book values	
At 30 June 2022	(0)
At 30 June 2021	449,049
At 30 June 2020	7,684,642

18 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

18.Trade and other payables from exchange transactions		
Description	2021/2022	2020/2021
	Kshs.	Kshs.
Trade payables	1,739,878	7,049,046
Provisions for Audit Fees	807,360	403,680
Refund payables	169,700	89,200
VAT Payable	1,293,741	1,054,837
Employee obligations	3,934,483	3,656,737
Total trade and other payables	7,945,162	12,253,500



NOTES TO THE FINANCIAL STATEMENTS (Continued)

19. Prepaid Income Liability

Description	2021/2022	2020/2021
	Kshs.	Kshs.
Prepaid Income Liability	450,000	-
Total trade and other payables	450,000	-

20 TRANSACTIONS WITH RELATED PARTIES

Nature of related party relationships

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

Government of Kenya

The Government of Kenya is the principal shareholder of the entity, holding 100% of the entity'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 National Government
- ii) The Parent Ministry
- iii) Employees
- iv) Board of directors

20. Related Parties		
Description	2021/2022	2020/2021
	Kshs	Kshs
Transactions with related parties		
a) Grants from the Government		
Grants from National Government	530,000,000	528,200,000
Total	530,000,000	528,200,000
b) Expenses incurred on behalf of related party		
Payments of salaries and wages for 110 employees	212,526,206	213,138,647
Payments for goods and services	175,772,061	194,933,190
Total	388,298,267	408,071,837
c) Key management compensation		
Board of Directors Expenses	26,621,286	30,751,883
Compensation to the CEO	16,977,492	16,322,600
Compensation to key management	15,045,151	20,978,147
Total	58,643,929	68,052,630



21 FINANCIAL RISK MANAGEMENT

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

(i) Credit risk

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

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the 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 entity’s maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2022				
Receivables from exchange transactions	384,000	16,860	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	74,559,780	74,559,780	-	-
Total	74,943,780	74,576,640	-	-
At 30 June 2021				
Receivables from exchange transactions	596,196	596,196	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	217,448,752	217,448,752	-	-
Total	218,044,948	218,044,948	-	-



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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 entity has significant concentration of credit risk on amounts due from staff salary advances.

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.

(ii) Liquidity risk management

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

The table below represents cash flows payable by the 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 2022				
Trade payables	1,739,878	1,293,741		3,033,619
Current portion of borrowings	-	-	-	-
Provisions for Audit Fees	403,680	403,680	-	807,360
Deferred income		169,700	-	169,700
Employee benefit obligation	-	3,934,483	-	3,934,483
Total	2,143,558	5,801,604	-	7,945,162
At 30 June 2021				
Trade payables	5,148,850	2,543,735	411,298	8,103,883
Current portion of borrowings	-	-	-	-
Provisions for Audit Fees		403,680		403,680
Deferred income	-	89,200	-	89,200
Employee benefit obligation	-	3,656,737	-	3,656,737
Total	5,148,850	6,693,352	411,298.00	12,253,500



(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 Board's Finance and Accounts Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies.

There has been no change to the Entity's exposure to market risks or the manner in which it manages and measures the risk.

a) Foreign currency risk

The Entity 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;

Description	Ksh	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2022			
Financial assets(investments, cash ,debtors)	Nil	Nil	Nil
Liabilities			
Trade and other payables	Nil	Nil	Nil
Borrowings	Nil	Nil	Nil
Net foreign currency asset/(liability)	Nil	Nil	Nil



The Entity 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.

a) Foreign currency sensitivity analysis

The following table demonstrates the effect on the organization’s statement of comprehensive income on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

Description	Change in	Effect on Profit	Effect on
	currency rate	before tax	equity
	Kshs	Kshs	Kshs
2022			
Euro	10%	-	-
USD	10%	-	-
2021			
Euro	10%	-	-
USD	10%	-	-

b) Interest rate risk

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

Management of interest rate risk

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

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:

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

22 SEGMENT INFORMATION

22	Segment Information	
	The Board has nine (9) regional offices namely Nairobi, Mombasa, Nakuru, Eldoret, Kisumu, Kakamega, Nyeri, Embu and Garissa. The following is the cost of operating the regional offices during the FY 2021/2022. The cost is reported under the general expenses/administration costs for the FY 2021/2022.	
	Description	Amount
1	Regional Office Administrative Expenses	2,009,867
2	Inspections, Enforcement & Security	2,214,200
3	Travelling Costs	9,799,850
4	Consumer Awareness – Regional Office	1,653,700
	Total	15,677,617

23 CAPITAL COMMITMENTS

Description	2021/2022	2020/2021
	Kshs	Kshs
Authorized for	-	-
Authorized and contracted for	-	7,339,518
Total	-	7,339,518



24 EMPLOYEE BENEFIT OBLIGATIONS

The Entity operates a Defined Contribution Scheme for all full-time employees from October 1, 2015. The scheme is based on **12.5 percent** for employer contribution and **7.5 percentage** employee contribution based on the basic salary of an employee on a monthly basis. The scheme administrator is ***Britam Kenya***.

The organization 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 and is currently at ***Kshs.200 per employee per month***. All the obligation are up to date as at ***30th June 2022***



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25 CASH GENERATED FROM OPERATIONS

Description	NOTE	2021/2022	2020/2021
		Kshs.	Kshs.
CASHFLOWS FROM OPERATING ACTIVITIES			
Receipts			
Receipts of GoK Recurrent Grants	6b	500,000,000	511,200,000
Receipts of GoK Development Grants	6b	30,000,000	17,000,000
GOK Grants		530,000,000	528,200,000
Licensing	6c	13,712,500	13,457,992
Classification stickers/Labels	6c	4,220,398	4,083,600
Classification Fees	6c	3,412,978	1,650,813
Sale of Tenders	6c	-	-
Filming Fees & Extension	6c	6,560,000	-
Sale of Boarded Items	6c	217,385	5,308,000
Film Agent Fees & registration	6c	2,364,000	2,088,000
Licensing-Features, short films & doc	6c	5,105,000	3,625,000
Nairobi Film Center-NFC	6c	8,880,000	4,570,000
Other Income	6d	465,234	98,627
Receipts from Internally Generated Revenue		44,937,495	34,882,032
Total Receipts		574,937,495	563,082,032
Payments			
Employee Costs	7	212,526,206	213,138,647
Board Expenses	8	26,621,286	30,151,883
Depreciation and Amortization Expense	9	24,130,941	38,625,531
Repairs and Maintenance	10	11,517,841	20,415,807
General Expenses/Administrative Costs	11	175,772,061	202,861,873
Total Payments		450,568,335	505,193,742
Net surplus from operations		124,369,160	57,888,290
Increase/Decrease in prepayments	13	-	-
Net change in receivables from non-exchange transaction	15	240,151	-282,400
Increase/Decrease in Stock	16	3,193,791	3,021,864
Adjustment For Depreciation	17,18	24,130,941	38,625,531
Increase/Decrease in Trade and Other Payables from Exchange Transactions in Payables	19	(4,308,338)	(36,326,785)
Net Cash generated from Operating Activities	24	147,625,705	62,926,501



26 Events after the Reporting Period

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

27 ULTIMATE AND HOLDING ENTITY

The entity is a State Corporation/ or a Semi- Autonomous Government Agency under the **Ministry of ICT, Innovation and Youth Affairs**. Its ultimate parent is the Government of Kenya.

28 CURRENCY

The financial statements are presented in Kenya Shillings (Kshs).

29 APPENDICES

APPENDIX I: Implementation Status of Auditor-General's Recommendations

The following is the summary of issues raised by the External Auditor, and Management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved:



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<p>Revenue Audit Financial Statements for the year ended 30 June 2015</p>	<p>Revenue The draft report of the Auditor General for the financial statements also indicates that the amount of Kshs. 34,369,752 highlighted as other payments were not analyzed or supported by any verifiable documents. Under the circumstances, the propriety of the Kshs. 34,369,752.00 expenditures could not be confirmed. There was a shortfall in the revenue by Kshs. 1,373,894 which mainly occurred in Government Grants where the Board had budgeted for Kshs. 87,654,600 but received Kshs. 78,967,767.00 resulting in shortfall of Kshs. 8,686,833.00 or 9.91% which was also a reduction of 55.41% from Kshs. 177,116,488 in 2013/2014. The shortfall was attributed to non-allocation of development funds during the financial year under review.</p>	<p>Revenue The Board received grants totaling Kshs 78,967,767.00 from the Ministry of Sports Culture and the Arts and this decrease was occasioned by two factors; 1.Non-Allocation of development funds 2.Non-receipt of all the recurrent funds from the Ministry</p>	<p>RESOLVED</p>	



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REFERENCE NO. ON THE EXTERNAL AUDIT REPORT	ISSUE/OBSERVATIONS FROM AUDITOR	MANAGEMENT COMMENTS	(RESOLVED/NOT RESOLVED)	TIME FRAME:
	<p>Over Expenditure</p> <p>A comparison between the approved Budget and the Actual expenditure reflected in the statement of financial performance revealed that the Board spent in excess of the voted provision. The Board had budgeted to spend Kshs. 52,772,769 on Goods and Services but spent Kshs. 64,342,378 resulting in an over expenditure of Kshs. 11,569,609 or by 21.92%. Likewise, the Board has budgeted to spend Kshs. 22,035,000 on other payments but spent Kshs. 34,369,752.00 resulting to over expenditure of Kshs. 12,334,752 or by 55.98%.</p>	<p>Over Expenditure:</p> <p>There was over-expenditure on goods and services and likewise on other payments as reported. However, this was occasioned by the fact that during the year, the Board anticipated to absorb Civil Servants from the Ministry of Sports, Culture and the Arts and therefore, the budgets allocated for the personnel emoluments. However, this did not take place since the Board of Directors were inaugurated in the financial year under review and in this respect formed a Human Resource Committee which was tasked with the responsibility of ensuring that the process was undertaken within the government laws and regulations. As a result, the amount of Kshs. 51,555,569 which was budgeted for only Kshs.23, 209,957 was required and the rest, Kshs.28, 345,611 was available to be spent on the above-mentioned votes. This amount of Kshs. 34,369,752.00 as indicated in the draft report of the Auditor General on the Financial Statements for the Year ended 30 June, 2015 is composed of various votes.</p>	<p align="center"><i>RESOLVED</i></p>	
KFCB/375/2016-2016	Bulk Purchase of Classification Stickers	Bulk Purchase of Classification Stickers	NOT RESOLVED	The matter

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REFERENCE NO. ON THE EXTERNAL AUDIT REPORT	ISSUE/OBSERVATIONS FROM AUDITOR	MANAGEMENT COMMENTS	(RESOLVED/NOT RESOLVED)	TIME FRAME:
(14) Audit Financial Statements for the year ended 30 June 2016	<p>Examination of stores records maintained at the Board's Uchumi House Stores disclosed that six (6) million Classification Stickers were procured at cost of Kshs.47, 500,000 between 30 November 2010 and January 2012 at Kshs.7.40 and Kshs 8.95 each respectively. Review of the Board of Survey Report as at 30 June 2016 together with the Stores Ledger and Stock Control Card revealed a balance of 4,552,509 stickers worth Kshs 36,788,567 which had not been used or issued to their regional officers across the country in the last five (5) years an indication that the stickers were slow moving items. Although the management has confirmed that the inventory is slow moving and is becoming obsolete with changes in technology, no justification has been provided for purchase of stickers in bulk without proper planning and consideration of emerging technology is likely to turn the stickers into dead-stock. In view of the foregoing, the propriety of the bulk purchase of Kshs.47, 500,000 could not be confirmed.</p>	<p>It is true that the financial statements availed for audit revealed that Inventory was purchased in two folds, the first batch of four million stickers (4) was bought at a cost of Kshs.7.40 each and the second batch of two million stickers (2) was bought at a cost of Kshs.8.95 each. The usage of the inventory is based on FIFO. It is also true that the current inventories which relates to classification stickers of Kshs.36, 788,567.00 has over five years in the stores and the rate at which these classification stickers are being demanded or sold to the market is very slow due to the change in technology. However, for the last six years the Board has collected Kshs.22, 067,600.</p>		<p>awaiting Parliamentary Investment Committee Decision</p>



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REFERENCE NO. ON THE EXTERNAL AUDIT REPORT	ISSUE/OBSERVATIONS FROM AUDITOR	MANAGEMENT COMMENTS	(RESOLVED/NOT RESOLVED)	TIME FRAME:
<p>Audit Financial Statements for the year ended 30 June 2017</p>	<p>1. Outstanding Trade and Other Payables Statement of financial position reflects trade and other payables balance of Kshs. 15,862,618 as at 30 June 2017 out of which an amount of Kshs. 1,177,077 has been outstanding since 2015/2016 financial year. No reasons have been given for failure to settle the long outstanding payables.</p> <p>2. Bulk Purchase of Classification Stickers As previously reported, six million classification stickers were between 30 November 2010 and January 2012 procured at a total cost of Kshs 47,500,000. However, 4,014,559 stickers worth Kshs.32,807,737 had not been used or issued to the regional offices across the country in the last six years an indication that the stickers were slow moving. No justification has been provided for purchase of stickers in bulk without proper planning and consideration of emerging technology which is likely to turn the stickers into dead stock. In view of the foregoing, it has not been possible to confirm that value for money</p>	<p>1. Outstanding Trade and Other Payables It is true the statement of financial position reflects trade and other payables balance of Kshs. 15,862,618 as at 30 June, 2017. However, the report highlights an amount of Kshs 1,177,077.00 which has been outstanding since 2015/2016 financial year.</p> <p>2. Bulk Purchase of Classification Stickers It is true that the financial statements availed for audit revealed that Inventory was purchased in two folds, the first batch of four million stickers (4) was bought at a cost of Kshs.7.40 per sticker and the second batch of two million stickers (2) was bought at a cost of Kshs.8.95 per sticker. The usage of the inventory is based on FIFO. It is also true that the current inventories which relates to classification stickers of Kshs.32,807,737 has over five years in the stores and the rate at which these classification stickers are being demanded or sold to the market is very slow due to the change in technology. The value of inventory MAY not be realizable due to change of technology. The Board has been faced with various</p>	<p align="center">RESOLVED</p>	<p>The matter awaiting Parliamentary Investment Committee Decision</p>



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	<p>was obtained from bulk purchase of stickers worth Kshs.47,500,000 as at 30 June 2017.</p>	<p>challenges that have led to the low intake of the classification labels such as new methods of exhibition and distribution due to change in technology such as the internet and flash disks. However, this notwithstanding the Board has in the last 5 years been able to raise Kshs. 146,922,640.00 from the sale of the classification stickers. Section 17 of the Films & Stage plays Act Cap 222 clearly states the various ratings that the Board will assign a film after it has been examined and classified so as to ensure that the consumers of the content are aware of the classification rating assigned for it.</p>		
<p>Audit Financial Statements for the year ended 30 June 2018</p>	<p>Bulk Purchase of Classification Stickers As previously reported, six million Classification Stickers were procured between 30 November 2010 and January 2012 at a total cost of Kshs. 47,500,000. Examination of stores records maintained at the Board's Uchumi House Stores disclosed that Classification Stickers worth Kshs 29,570,607 which had not been used or issued to their regional offices across the country in the last five (5) years an indication that the stickers were slow moving items.</p>	<p>Bulk Purchase of Classification Stickers It is true that the financial statements availed for audit revealed that Inventory was purchased in two folds, the first batch of four million stickers (4) was bought at a cost of Kshs.7.40 each and the second batch of two million stickers (2) was bought at a cost of Kshs.8.95 each. The usage of the inventory is based on FIFO. It is also true that the current inventories which relates to classification stickers of Kshs.29, 570,607.00 has over six (6) years in the stores and the rate at which these classification stickers are being demanded or sold to the market is very slow</p>	<p>NOT RESOLVED</p>	<p>The matter awaiting Parliamentary Investment Committee Decision</p>



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REFERENCE NO. ON THE EXTERNAL AUDIT REPORT	ISSUE/OBSERVATIONS FROM AUDITOR	MANAGEMENT COMMENTS	(RESOLVED/NOT RESOLVED)	TIME FRAME:
	<p>Although the Management has confirmed that the inventory is a slow moving an is becoming obsolete with changes in technology, no justification has been provided for purchase of stickers in bulk without proper planning and consideration of emerging technology which is likely to turn the stickers into deadstock. In view of the foregoing, it has not been possible to confirm that the Board obtained value for money from the bulk purchases of the stickers.</p>	<p>due to the change in technology. However, over the last six (6) years the Board has collected revenue of Kshs.26, 442,100 from the stickers which is more than half the cost of printing classification stickers.</p>		
<p>Audit Financial Statements for the year ended 30 June 2019</p>	<p>Bulk Purchase of Classification Stickers-Impairment of Inventories The statement of financial position reflects inventory of Kshs.29,570,607. As previously reported, six million Classification Stickers were procured between 30 November 2010 and January 2012 at a total cost of Kshs.47,500,000. Examination of stores records maintained at the Board's Uchumi House Stores disclosed that 2,784,789 stickers worth Kshs.29,570,607 had not been used or issued to the Regional Offices across the country. Although the</p>	<p>Bulk Purchase of Classification Stickers-Impairment of Inventories It is true that the Financial Statements reflect a balance of Kshs.26, 444,847.00 that relates to Classification Stickers and these were purchased in two folds; the First Batch of four million stickers (4) was bought each at a cost of Kshs.7.40 and the Second Batch of two million stickers (2) was bought each at a cost of Kshs.8.95. The sales/disposal of the inventory is based on FIFO, and the current balance reflects usage and sale of the Classification Stickers over an eight (8) year period that they have been in the</p>	NOT RESOLVED	The matter awaiting Parliamentary Investment Committee Decision

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REFERE NCE NO. ON THE EXTERN AL AUDIT REPORT	ISSUE/OBSERVATIONS FROM AUDITOR	MANAGEMENT COMMENTS	(RESOLVED/NO T RESOLVED)	TIME FRAME:
	<p>Management has confirmed that the inventory is slow moving and may have become obsolete due to changes in technology, no provision for impairment loss has been made in the financial statements. Consequently, the accuracy and fair statement of inventory as at 30 June, 2019 could not be confirmed.</p>	<p>stores. The rate at which these Classification Stickers are being demanded for and or sold in the market is based on the number of films sold as well as the number of video shops in operation. The Board would however like to report that over the last eight (8) years, it has continued to sell and receive revenue totalling Kshs.28, 452,910.00 (2018/2019 FY Kshs.4, 224,000.00) from these Classification Stickers.</p> <p>The revenue collected so far is 60% of the initial cost of the Classification Stickers and the Board forecasts that the inventory will continue to move and generate income and therefore loss on account of obsolescence will not occur. The stickers are currently being retailed each at Kshs. 10.</p>		
<p>Audit Financial Statements for the year ended 30 June 2020</p>	<p>Impairment of Inventories The statement of financial position reflects inventory of Kshs.26, 444,847. As previously reported, six million Classification Stickers were procured between 30 November 2010 and January 2012 at a total cost of Kshs.47, 500,000. Examination of stores records maintained at the Board's Uchumi House Stores</p>	<p>Impairment of Inventories It is true that the Financial Statements reflect a balance of Kshs.23, 707,439.00 that relates to Classification Stickers and these were purchased in two folds; the First Batch of four million stickers (4) was bought each at a cost of Kshs.7.40 and the Second Batch of two million stickers (2) was bought each at a cost of Kshs.8.95.</p>	<p>NOT RESOLVED</p>	<p>The matter awaiting Parliamentary Investment</p>



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REFERE NCE NO. ON THE EXTERN AL AUDIT REPORT	ISSUE/OBSERVATIONS FROM AUDITOR	MANAGEMENT COMMENTS	(RESOLVED/NO T RESOLVED)	TIME FRAME:
	<p>disclosed that 2,784,789 stickers worth Kshs.26,444,847 had not been used or issued to the Regional Offices across the country. Although the Management has confirmed that the inventory is slow moving and may have become obsolete due to changes in technology, no provision for impairment loss has been made in the financial statements. Consequently, the accuracy and fair statement of inventory as at 30 June, 2020 could not be confirmed.</p>	<p>The sale of the inventory is based on FIFO, and the current balance reflects usage and sale of the Classification Stickers over a nine (9) year period that they have been in the stores. The rate at which these Classification Stickers are being demanded for and or sold in the market is based on the number of films sold as well as the number of video library shops in operation. In the last nine (9) years, the Board has received revenue totalling Thirty-Two Million One Hundred and Fifty-Two Thousand One Hundred and Ten (Kshs.32,152,110.00) and in FY 2019/2020 Three Million Six Hundred and Ninety-Nine Thousand Two Hundred (Kshs. 3,699,200.00) from these Classification Stickers The revenue collected so far is 68% of the initial cost of printing the Classification Stickers and the Board forecasts that the inventory will continue to move and generate income despite the fact that changes in technological advances may cause the stickers to be obsolete.</p> <p>In addition, to pre-empt the possibility of the stickers becoming obsolete, the Board will write to the Cabinet Secretary, National Treasury for authority to write-off the stock from the</p>		Committee Decision

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REFERENCE NO. ON THE EXTERNAL AUDIT REPORT	ISSUE/OBSERVATIONS FROM AUDITOR	MANAGEMENT COMMENTS	(RESOLVED/NOT RESOLVED)	TIME FRAME:
		Statement of Financial Position. In which case, the Board will then utilize the Classification Stickers as material for information, education and communication (IEC) during public awareness campaigns, ensuring that the Board will get value from the stickers.		
Audit Financial Statements for the year ended 30 June 2020 Audit Financial Statements for the year ended 30 June 2021	Employee Costs-Chief Executive Salary The statement of financial performance and as disclosed under Note 7 of the financial statements reflect employee costs amounting to Kshs.208, 831,909. This include Kshs 13,390,200 paid to the Chief Executive Officer as a basic salary during the year. At a meeting held on 31 January, 2019, the Board resolved to review the salary of the Chief Executive Officer from Kshs.348, 840 to Kshs.1, 115,850 per month back dated to November, 2018. As at 30 June 2020, the Board had cumulatively paid Kshs.15,340,200 made of Kshs.9,204,120 and Kshs.6,136,080 paid in the financial years 2019/2020 and 2018/2019 respectively. The payment was made without the	Employee Costs-Chief Executive Salary The Board in reviewing the basic salary of the Chief Executive Officer (CEO) did so as per the Films and Stage Plays Act 222 Section 11C (1) (See Appendix 3). In addition, the review was based on the following; i. Performance of the CEO for the last three years since his first appointment, ii. Ability of the Board to pay, and iii. Desire for the Board to retain the services of the CEO on attractive terms and conditions commensurate with his performance. In addition, the payments are no longer made by the Board.	RESOLVED	



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REFERENCE NO. ON THE EXTERNAL AUDIT REPORT	ISSUE/OBSERVATIONS FROM AUDITOR	MANAGEMENT COMMENTS	(RESOLVED/NOT RESOLVED)	TIME FRAME:
	<p>approval and advisory of the Salaries and Remuneration Commission. Consequently, the validity of the expenditure Kshs.9, 204,120 included in the employee costs for the year ended 30 June, 2020 could not be confirmed.</p>			
	<p>Impairment of Inventories As disclosed in Note 16 to the financial statements, the statement of financial position reflects inventory of Kshs.20, 685, 575. As previously reported, six million Classification Stickers were procured between 30 November 2010 and January 2012 at a total cost of Kshs.47, 500,000. Examination of stores records maintained at the Board's Uchumi House Stores disclosed that 2,376,429 stickers worth Kshs.20, 685,575 had not been used or issued to the Regional Offices across the country for over (11) years since they were procured. Although the Management has confirmed that the inventory is slow moving and may have become obsolete due to changes in technology, no provision for impairment loss has been made in the</p>	<p>Impairment of Inventories The management applies IPSAS 12 in classification of inventories held by the Board in the stores. Based on this, IPSAS 26 exempts the Board from providing for impairment loss on inventory. The standard states that "An entity that prepares and presents financial statements under the accrual basis of accounting shall apply this Standard in accounting for the impairment of cash-generating assets, except for:- Inventories IPSAS 12, "Inventories")</p>	<p>NOT RESOLVED</p>	<p>The matter awaiting Parliamentary Investment Committee Decision</p>



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REFERENCE NO. ON THE EXTERNAL AUDIT REPORT	ISSUE/OBSERVATIONS FROM AUDITOR	MANAGEMENT COMMENTS	(RESOLVED/NOT RESOLVED)	TIME FRAME:
	financial statements. In the circumstances, the accuracy and fair presentation of the inventories as at 30 June, 2021 could not be confirmed.			



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Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.

June Gachui

Board Session Chair

Christopher Wambua

Accounting Officer/Chief Executive Officer



APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

Project	Total project Cost	Total expended to date	Completion % to date	Budget FY 2021/22	Actual	Sources
Acquisition and Refurbishment of a Cinema Theatre	895,127,630	219,500,000	23%	30,000,000	-	GOK GRANTS
Total	895,127,630	219,500,000		30,000,000	-	



APPENDIX III: INTER-ENTITY TRANSFERS

ENTITY NAME:		KENYA FILM CLASSIFICATION BOARD	
Break down of Transfers from the State Department of Broadcasting and Telecommunication			
FY 2021/2022	Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
Recurrent Grants			
	24.08.2021	31,750,000	FY 2020/2022
	07.09.21	31,750,000	FY 2020/2022
	29.09.21	31,750,000	FY 2020/2022
	02.11.21	31,750,000	FY 2020/2022
	26.11.21	31,750,000	FY 2020/2022
	24.12.21	31,750,000	FY 2020/2022
	03.02.22	31,750,000	FY 2020/2022
	25.02.22	31,750,000	FY 2020/2022
	31.03.22	31,750,000	FY 2020/2022
	28.04.22	71,416,666	FY 2020/2022
	03.06.22	71,416,667	FY 2020/2022
	24.06.22	71,416,667	FY 2020/2022
		Sub-Total	500,000,000
FY 2020/2022	Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
Development Grants			
	24.08.21	10,000,000	FY 2020/2022
	20.12.21	10,000,000	FY 2020/2022
	21.06.22	10,000,000	FY 2020/2022
		Sub-Total	30,000,000
	Total	530,000,000	

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


Manager Finance & Accounts
Kenya Film Classification Board

Head of Accounting Unit
**State Department of Broadcasting &
Telecommunication**

APPENDIX IV: RECORDING OF 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 KSH	Where Recorded/recognized					Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	
State Department of Broadcasting and Telecommunication	24.08.2021	Recurrent	31,750,000	31,750,000	-	-	-	-	31,750,000
State Department of Broadcasting and Telecommunication	24.08.21	Development	10,000,000	10,000,000	-	-	-	-	10,000,000
State Department of Broadcasting and Telecommunication	07.09.21	Recurrent	31,750,000	31,750,000	-	-	-	-	31,750,000
State Department of Broadcasting and Telecommunication	29.09.21	Recurrent	31,750,000	31,750,000	-	-	-	-	31,750,000
State Department of Broadcasting and Telecommunication	02.11.21	Recurrent	31,750,000	31,750,000	-	-	-	-	31,750,000
State Department of Broadcasting and Telecommunication	26.11.21	Recurrent	31,750,000	31,750,000	-	-	-	-	31,750,000



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Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/ Development/Others	Total Amount KSH	Where Recorded/recognized						Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific		
State Department of Broadcasting and Telecommunication	20.12.21	Development	10,000,000	10,000,000	-	-	-	-	-	10,000,000
State Department of Broadcasting and Telecommunication	24.12.21	Recurrent	31,750,000	31,750,000	-	-	-	-	-	31,750,000
State Department of Broadcasting and Telecommunication	03.02.22	Recurrent	31,750,000	31,750,000	-	-	-	-	-	31,750,000
State Department of Broadcasting and Telecommunication	25.02.22	Recurrent	31,750,000	31,750,000	-	-	-	-	-	31,750,000
State Department of Broadcasting and Telecommunication	31.03.22	Recurrent	31,750,000	31,750,000	-	-	-	-	-	31,750,000
State Department of Broadcasting and Telecommunication	28.04.22	Recurrent	71,416,666	71,416,666	-	-	-	-	-	71,416,666
State Department of Broadcasting and Telecommunication	03.06.22	Recurrent	71,416,667	71,416,667	-	-	-	-	-	71,416,667

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Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/ Development/Others	Total Amount KSH	Where Recorded/recognized					Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	
State Department of Broadcasting and Telecommunication	21.06.22	Development	10,000,000	10,000,000	-	-	-	-	10,000,000
State Department of Broadcasting and Telecommunication	24.06.22	Recurrent	71,416,667	71,416,667	-	-	-	-	71,416,667
Total			530,000,000	530,000,000	-	-	-	-	530,000,000



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