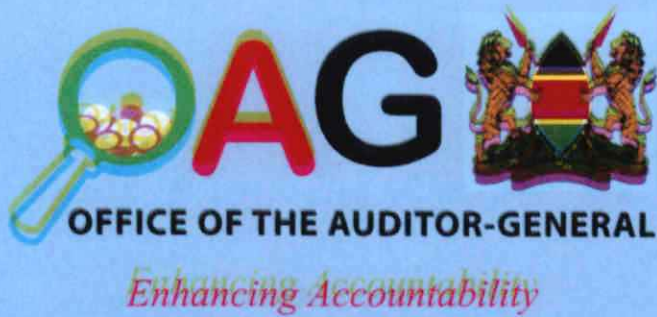


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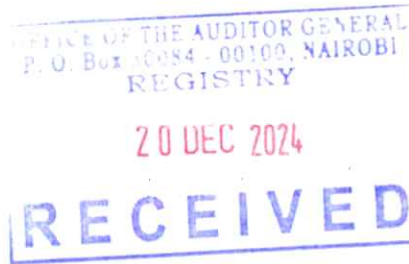
KENYA FILM COMMISSION

FOR THE YEAR ENDED

30 JUNE, 2024

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE:	06 MAR 2025
TABLED BY:	Hen. Naom Wago, MP Deputy Majority Party MP
CLERK AT THE TABLE:	A. Shituko

~~Wednesday~~ Thursday



Film Kenya...Capture Africa!

KENYA FILM COMMISSION

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2024

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

**Kenya Film Commission
Annual Report and Financial Statements for the year ended June 30, 2024.**

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1. Acronyms and Definition of Key Terms

A: Acronyms

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

B: Definition of Key Terms

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

Comparative Year- Means the prior period.

The Commission – Kenya Film Commission

2. Key Entity Information and Management

a) Background information

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

b) Principal Activities

The mandate of the Kenya Film Commission is to;

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

The Commission's Vision:

"Kenya a global hub for film production "

The Mission statement:

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

Core Objectives

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

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

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

c) Key Management

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

- (a) Board of Directors
- (b) The Chief Executive Officer
- (c) The Management

d) Fiduciary Management

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

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

Those who exited the Commission within the financial year are; -

1. Letitia Ouko – October 2023
2. Joshua Achiya Akwara – December 2023
3. Josyline Kanake – February 2024

e) Fiduciary Oversight Arrangements

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

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

f) Kenya Film Commission Headquarters

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

g) Kenya Film Commission Contacts

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

h) Entity Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
NAIROBI, KENYA
2. Other Banks
Kenya Commercial Bank
P.O Box 14959 - 00800
Sarit Centre Branch
Nairobi.

i) Independent Auditors

Auditor General
Office of the Auditor General
Anniversary Towers, University Way



**Kenya Film Commission
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P.O. Box 30084
GPO 00100
Nairobi, Kenya



j) Principal Legal Advisor

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

3. Board of Directors

<p>1.</p>		<p>Date of Birth: 1st January 1977 Designation: Independent Director Term: Appointed on 16th June 2023</p> <p>Dr. Hillary Shitambasi Mulama, PhD; is an educator, trainer & researcher in applied linguistics based at Kenyatta University. He is also a conference interpreter and documents translator with a working experience on a wide range of issues of national, regional and global interest. He is a passionate longtime mentor to young people on academic, social & faith matters.</p> <p>He is committed to rigour, excellence and accountability in my quest to make a difference in society.</p>
<p>2.</p>		<p>Date of Birth: 18th September 1977 Designation: Independent Director Term: Appointed on 1st September 2023 Chairperson: Strategy, Planning and Technical Board Committee</p> <p>Dr. Lucia Nzoongo is a Bachelor’s Degree holder in Commerce with a Diploma in Business Management, both from the University of Nairobi. Also holds an Honorary Doctorate Degree of Breakthrough International Bible University. She is a practicing consultant in Business and investments. She is a renowned motivational speaker and is well articulated in the corridors of networking, negotiation and governance.</p> <p>Dr. Nzoongo, a minister of the Word of God and a community mobilizer is a member of the Association of Pentecostal and Evangelical Clergy of Kenya (Apeck) and the Managing Director of Ronshir Holding Limited for the last twenty years. She has served the Government of Kenya as a Director with the National Authority for the Campaign Against Alcohol and Drug Abuse (NACADA).</p>

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<p>3.</p>		<p>Date of Birth: 15th March 1980 Designation: Independent Director Term: Appointed on 9th June 2023 Chairperson: Human Resources and administration</p> <p>Ms. Ilhaam A. Taisr has over 14 years of experience serving in various capacities in leading transport and logistics management businesses. She is a community leader and has served Mombasa County in various capacities.</p> <p>She is passionate about the youth and disadvantaged groups. She has supported various youth football teams by providing training kits and has been on the forefront on the fight against the drugs abuse menace in the coastal region.</p>
<p>4.</p>		<p>Date of Birth: 1st April 1987 Designation: Independent Director Term: Appointed on 16th June 2023 Chairperson: Board Audit Risk and Compliance Committee</p> <p>Ms. Catherine Githogori is an advocate of the High Court of Kenya with a career spanning over a decade. She holds a Bachelor of Laws Degree from Kampala International University and a Post Graduate Diploma from Kenya School of Law. Ms. Mumbi is currently the Managing Partner at MUMBI WEKESA AND MARANGA ADVOCATES a boutique law firm in Nairobi. Throughout her career Ms. Mumbi has demonstrated versatility and expertise across a broad spectrum of legal areas including but not limited to Civil litigation, Commercial Law, Aviation Law, Intellectual Property Law and Human Rights. She is an active member of the Law Society of Kenya. Advocate Mumbi's impressive legal career, coupled with her active involvement in legal community and the arts, showcases her commitment to both professional excellence and cultural enrichment.</p>




**Kenya Film Commission
Annual Report and Financial Statements for the year ended June 30, 2024.**

5.		<p>Date of Birth: 2nd February 1982 Designation: Independent Director Term: Appointed on 9th June 2023 Chairperson: Finance and Supply Chain Board Committee</p> <p>Rev. Naomi Gechemba is a graduate with a Master’s Degree in Biblical Theology from Pan-Africa Christian University. She is a two-time recipient of the Canadian ETF Scholarship from the Pentecostal Assemblies of Canada (PAOC). She is a Bible and Theology Lecturer at Nairobi Pentecostal Bible College where she was instrumental in translating two foreign languages Hebrew and Greek to students. Rev. Gechemba is the CEO and philanthropist of Food Bank Africa Kenya, a non- Governmental Organisation.</p>
6.		<p>Date of Birth: 1970 Designation: Representative, National Treasury</p> <p>Mr. Peter Njoroge is the director of planning at the National Treasury. He holds a Master of Science Degree in Development Planning from the Technical University of Dortmund (Germany) and Masters of Science Degree Strategic Management from Moi University. Njoroge has over 27 years in sectoral and development planning, finance and budgeting, both at the national treasury and county levels.</p>
7.		<p>Date of Birth: 17th October 1964 Designation: Representative, State Department for Youth Affairs and Creative Economy</p> <p>Mr. Vincent Onyango is the Ag. director of film services at the State Department of Youth Affairs and Creative Economy. He holds a Bachelor’s Degree in Mass Communication, Diploma in Film Production and Senior Management course. Mr. Onyango has over 33 years’ experience in film production and dissemination.</p>

**Kenya Film Commission
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<p>8.</p>		<p>Chief Executive Officer.</p> <p>Timothy Odhiambo Owase - MCIM, (Chartered Marketer), member of Public Relations Society of Kenya (PRSK), Association of Film Commissioners International (AFCI).</p> <p>He is a marketing and communication professional committed to investing in people, communities and businesses in transforming the society for a sustainable socio-economic development. His academic credentials include Masters in Development and Corporate Communications (MA) from Daystar University, BBA (Marketing) from Kenya Methodist University.</p> <p>Post Graduate Diploma in Marketing from the Chartered Institute of Marketing, Diploma in Marketing from London Chamber of Commerce and Industry (LCCI), Diploma in Business Management from Kenya Institute of Management, Certificate in Monitoring and Evaluation.</p>
<p>9.</p>		<p>Corporation Secretary and Director Legal Services.</p> <p>Audrey Cheruto - Certified Secretary (CS-K), a member of the Trustee Development Program Kenya by College of Insurance, Membership Law Society of Kenya (LSK), East Africa Law Society (EALS) and Institute of Certified Secretaries of Kenya (ICS).</p> <p>Ms. Cheruto ensures that the Commission stays in compliance with the statutory and compliance requirements; ensure that the Board of Directors operates within the ambit of the Law.</p> <p>She holds a Master's degree in Business Management (Strategic Management) from Kenyatta University, Bachelor of Laws Degree from the Moi University, and Postgraduate Diploma in Law from the Kenya School of Law.</p>

4. Key Management Team




<p>1.</p>		<p>Chief Executive Officer. Timothy Odhiambo Owase - MCIM, (Chartered Marketer), member of Public Relations Society of Kenya (PRSK), Association of Film Commissioners International (AFCI). Mr. Owase is a marketing and communication professional committed to investing in people, communities and businesses in transforming the society for a sustainable socio-economic development.</p> <p>His academic credentials include Masters in Development and Corporate Communications (MA) from Daystar University, BBA (Marketing) from Kenya Methodist University. Post Graduate Diploma in Marketing from the Chartered Institute of Marketing, Diploma in Marketing from London Chamber of Commerce and Industry (LCCI), Diploma in Business Management from Kenya Institute of Management, Certificate in Monitoring and Evaluation, among other qualifications.</p>
<p>2.</p>		<p>Corporation Secretary and Director Legal Services. Audrey Cheruto - Certified Secretary (CS-K), a member of the Trustee Development Program Kenya by College of Insurance, Membership Law society of Kenya (LSK), East Africa Law Society (EALS) and Institute of Certified Secretaries of Kenya (ICS).</p> <p>Ms. Cheruto ensures that the Commission stays in compliance with the statutory and compliance requirements; ensure that the Board of Directors operates within the ambit of the Law. She holds a Master's degree in Business Management (Strategic Management) from Kenyatta University, Bachelor of Laws Degree from the Moi University, and Postgraduate Diploma in Law from the Kenya School of Law.</p>
<p>3.</p>		<p>Director Strategy and Planning. CS Joshua Achiya Akwara is the Director, Strategy and Planning at the Kenya Film Commission. He is responsible for overseeing Strategic Planning, Performance contracting, corporate work Planning, Risk Management and Quality Assurance.</p> <p>Mr. Akwara is a Certified Secretary and a member of the Institute of Certified Secretaries. He holds a Master of Business Administration majoring in Strategic Management</p>



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Annual Report and Financial Statements for the year ended June 30, 2024.**

		<p>from the University of Nairobi and a Bachelor of Business Administration from Maseno University.</p> <p>He is an Accredited Governance Ethics and Risk Compliance (GERC) Expert as well as a Strategic Leadership Development Program graduate from the Kenya School of Government.</p>
4.		<p>Manager, Corporate Communication Letitia Ywaya Ouko - Member of the Public Relations Society of Kenya (PRSK) and the Chartered Institute of Public Relations (United Kingdom).</p> <p>Ms. Ouko leads the development and implementation of the commission's internal and external communication strategies to ensure that unified, consistent, and positive messages define and promote the commission's identity and mission.</p> <p>She holds a Master of Arts Degree in Communication from the University of Nairobi, Bachelor of Arts in Sociology and Political Science from the Catholic University of Eastern Africa and a Professional Diploma in Public Relations from the Chartered Institute of Public Relations (United Kingdom).</p>
5.		<p>Manager Finance and Accounts. CPA, Elias Kiprono Cheptoo – Member of the Institute of Certified Public Accountants of Kenya (ICPAK).</p> <p>Oversees prudent management of the Commission's financial resources by ensuring compliance with the PFM act (2012). He holds MBA (Finance) from Maseno University, Bachelor of Business Administration (Accounting & Finance). He has attended many Management Courses in the career of Corporate Governance, Risk Management, Strategic Planning and Financial Management.</p>
6.		<p>Manager, Internal Audit Harriet Nkatha Ngeera - Member of Institute of Certified Public Accountants of Kenya (ICPAK); Institute of Certified Public secretaries of Kenya (ICPSK); Institute of Credit Management ICM (Kenya); Institute of Internal Auditors (IIA)-Kenya chapter; Association of Women Accounts of Kenya (AWAK) and Institute of Directors (IoD)-Kenya.</p> <p>Ms. Nkatha is responsible for formulating and coordinating the implementation of internal audit strategies and plans, setting up and implementing systems in accordance with auditing standards, monitoring and reporting on the Commission's overall risk profile among other roles.</p>

		<p>She holds a Masters’ Degree in Finance from Jomo Kenyatta University of Agriculture & Technology (JKUAT) and Bachelor’s Degree from Kenya Methodist University.</p>
<p>7.</p>		<p>Manager Liaison Services</p> <p>Christine Ochula - A full member of the Kenya Union of Journalists.</p> <p>Ms. Ochula provides liaison services to filmmakers/producers with County Government and Government agencies; Establishing and maintaining strong relationships with film facilities; Liaise with film producers to identify suitable filming locations including the distributions of films locally and internationally; Mapping out Kenya’s key locations for the local and international film locations market, among other roles.</p> <p>She holds a Masters in Project Planning and Management at Kampala International University, a Bachelor’s degree in Mass Communication at Makerere University and has further undergone training in Television and Film Production from Media Development in Africa and Communication from Daystar University.</p>
<p>8.</p>		<p>Manager Strategy and Planning</p> <p>Dr. Moses O. Owino, Ph.D.</p> <p>Dr. Owino leads the Strategy, Planning, monitoring and evaluation functions at the Commission.</p> <p>He holds a Business Management, Strategic Management option Ph.D. degree from Rongo University, Master of Business Administration, Strategic Management option; Bachelor of Agribusiness Management (1st Class honors) conferred on him at Kisii and Egerton Universities.</p>
<p>9.</p>		<p>Manager Human Resource</p> <p>Joseline Kanana Kanake – A full member of the Institute of Human Resource Management (IHRM).</p> <p>She holds a Master’s in Business Administration (specialized in HRM and Strategic Management) from the University of Nairobi, a Bachelor’s degree in Commerce (Business Administration and Management and Marketing) from Daystar University. She has a certificate in Strategic Management and Leadership from the Kenya Institute Management, a higher diploma in Psychological Counselling from the Kenya Institute of Professional Counselling.</p>

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10.		<p>Manager Supply chain Mohamed Abdirahman Farah - Member in good standing of CIPS and Kenya Institute of Supplies Management (KISM).</p> <p>He holds Master's in Business Administration (specialization in Procurement and Supplies Management), a Bachelor's degree in Business and Commerce (specialization in Procurement), Diploma in Procurement (CIPS) and currently pursuing a Bachelor's degree in Law (LL. B) at the University of Nairobi.</p>
11.		<p>Ag. Senior ICT Officer Mr. Michael Yegon - A Cisco Certified Network Associate Responsible for providing professional, technical and operational support for Systems, Infrastructure and ICT services including acquisition, development, management and other ICT resource decisions across the departments.</p> <p>He has a Computer Science degree from Kabarak University and is with over 5 years of experience in software development, web development, system administration, and IT support in the private and public sectors.</p>
12.		<p>Ag. Marketing Manager Ms. Grace Njeri Kago - A member of the Kenya Library association.</p> <p>She currently is in charge of the marketing directorate where she is responsible for the design, promotion and marketing of the local film industry towards positioning Kenya as a preferred filming destination globally.</p> <p>She holds a Master of Information Science degree from Kenyatta University and a Bachelor of Information Science from Kenyatta University.</p>

<p>13.</p>		<p>Catherine Gitahi, Ag. Corporate Communication Manager</p> <p>Catherine is an integrated marketing communication specialist with a background in journalism & community work and a bias towards implementing issue campaigns and advocacy with many years of experience and networks in East Africa. As a journalist, she worked in the mainstream media for 4 years where she initiated a column on health and investigative journalism with one of the most sought-after weekender pull out (The Profile & Big Issue) in the Standard Newspaper of the Standard Media Group, the second ranking media house in Kenya.</p> <p>In the last 11 years, she has played a key role setting up communication departments across various institutions. She has executed strategic brand PR and development at Agency level – Ayton Young and Rubicam Group as Account Manager for various local firms and multinationals. Progressively, Catherine has executed advocacy and development work while establishing a background in grant management for tobacco control. Catherine sat in the founding Advisory Board of Ladima Foundation that aims in contributing to correcting the major imbalances within the film industry.</p> <p>She is a graduate of the University of Nairobi, Kenya Institute of Management, Kenyatta University and several professional qualifications in the line of communication for development, marketing and advocacy.</p>
<p>14.</p>		<p>Ann Gicheha, Ag. Manager Human Resource in charge of all general activities in the human resource department, which cover recruitment, induction, employee welfare and safety, statutory compliance, employee engagement activities and proper record keeping.</p> <p>She is a CHRP K finalists, holds a Master’s of Science degree in Human Resource Management, a higher Diploma in Human Resource Management, a Bachelor of Business Administration and Management (HR Option), a Senior Management Course.</p> <p>Ms. Gicheha is a full member of the Institute of Human Resource Management (IHRM) with a valid practicing license in Human Resource with 10 years relevant work experience.</p>

5. Chairman's Statement



It is with great pleasure that I present the Kenya Film Commission's (KFC) Annual Report for 2023–2024. This year marked significant changes in the composition of our Board, through which we gained valuable new perspectives, a diverse range of skills, and extensive experience.

In our commitment to establishing Kenya as a premier global film hub, the Commission, in partnership with the Ministry and various stakeholders, undertook substantial legal and regulatory reforms. The Board's focus remained on strategic matters, working closely with senior management to implement best practices that drive the Commission's development, meet our goals, and ensure satisfactory

performance for both internal and external stakeholders.

The Board oversaw the creation of the Commission's 4th Strategic Plan, which will guide our activities from 2023 to 2027. This plan focuses on increasing film production's contribution to the Bottom-Up Economic Transformation Agenda (BETA) and the Government's Digital Superhighway and Creative Economy pillar. Through strategic partnerships with public agencies and the private sector, KFC has outlined its commitment to advancing the creative economy by boosting film production, distribution, and supply, fostering innovation, optimizing resource allocation, and creating a favorable environment for both domestic and foreign investments.

To support the industry's compliance with the 40% local content requirement stipulated by the Kenya Information and Communication Act of 2013, KFC launched initiatives aimed at promoting Kenya as a center of excellence in film production. This included collaboration with film professionals, international film commissions, government agencies, private organizations, and professional bodies.

During the review period, the Commission prioritized establishing internal policies for improved controls, compliance, consistency, quality service, and accountability. These measures are designed to strengthen the film industry throughout all stages of production, ensuring Kenya's prominence on the global film stage.

In the period under review, Kenya Film Commission launched the first ever Film Industry Satellite Account (FISA), that brought together film industry experts, government policy makers and donor organizations to establish the film industry's direct contribution to GDP. The Film Industry Satellite Account is a collaborative effort of the Kenya Film Commission, the Kenya National Bureau of Statistics (KNBS) and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ). The full report can be found [FISA Report corrections part.indd \(kenyafilmcommission.go.ke\)](#)

KFC undertook a feasibility study on the establishment of the National Film Fund. The Commission is mandate under the Kenya Film Commission Order to set up a film fund, in line with the feasibility study KFC plans to present the same to the Ministry for approval and regulatory development.

The Commission executed the Kalasha International Film and TV Market, Festival, and Awards held from **March 27th to 30th, 2024**, with a resounding success. The event attracted 69 exhibitors and registered 2,165 participants, including international filmmakers from countries such as Uganda,

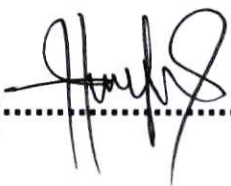
Kenya Film Commission

Annual Report and Financial Statements for the year ended June 30, 2024.

South Africa, Rwanda, and Germany. The market also hosted premieres of notable films, including "Otis Janam," "Real Housewives of Nairobi," and "Zari," collectively drawing 452 viewers.

The Ministry of Youth Affairs, Creative Economy and Sports in immense pride and honor launched the African Audio-visual and Cinema Commission (AACC), that is now hosted at the Kenya Film Commission. This marked a significant stride in showcasing Africa's diverse narratives globally through the dynamic realms of audio-visual and cinema. We hope that all AU member states will swiftly ratify the AACC statute, which serves as our blueprint for fostering the creative economy in the creative industry.

I extend my gratitude to our strategic partners and stakeholders for their trust and collaboration in advancing the local film industry. We are committed to delivering exceptional services to both local and international filmmakers. To the management and staff, your unwavering dedication has kept KFC relevant and provided entertainment to audiences worldwide. I also appreciate my fellow Directors for their essential contributions to the Commission's growth and financial stability, which positively impact the economy. Lastly, I acknowledge the invaluable support from the Ministry of Youth Affairs, Creative Economy, and Sports, and we look forward to your continued support as we pursue our growth strategy and broaden our mandate.

Ag. Chairperson.....

Date.....18/12/2024

6. Report of the Chief Executive Officer



I am pleased to present the Kenya Film Commission (KFC) Annual Report and the Financial Statements for the financial year ended June 30th 2024.

The year 2023/2024 was an eventful chapter for the Kenya Film Commission, marked by significant strides, overcoming challenges and setting our sights on new horizons. The scale and nature of the unprecedented growth in film and television production growth presents a major opportunity for Kenya and the region to service demand by investing in production capability and capacity.

The Commission as a key enabler towards spurring the creative sector in line with the Government's Bottom-Up Economic Transformation Agenda (BETA), undertook various programmes including capacity development for the film industry, audience development, promotion and marketing of the film industry, the film empowerment programme, industry infrastructure development, film archiving and production and liaison services. The Commission is honored to host the temporary secretariat of the African Audio-Visual and Cinema Commission (AACC). This will emphasize on the importance cross-continental learning within our industry. Embracing diverse perspectives and approaches not only will this enhance individual skill sets but also foster collaboration and mutual learning, drive progress and excellence.

Kenya Film Commission continues to make investments towards the attainment of its goal to become the global hub for film production, serving not only the country and the East African region but also the wider Sub-Saharan Africa. Our efforts towards building a vibrant local film industry have begun bearing fruit with an increase in local films being shot in the country, during the year under review reflecting our financial strength and strategic competitiveness. At the Commission, we are taking bold and deliberate actions for the well-being of our staff and the sustainability of our business.

The Commission increased the amount of local content produced by supporting the development and production of 22 projects through the film empowerment programme to a tune of **Kshs. 39,615,265.00**. The funding categories included development, production, marketing, distribution, and emerging filmmakers. In recognizing the importance of film festivals in validating and growing the film industry, the Commission supported 14 festivals across eight counties. These included KEFIS, FilmAid Kenya Film Festival, KISFF, KUPAA, and more. We also organized the Reel County Film Festival, "My County My Story," selecting 12 films from eight counties.

Actively, the Commission pursued its mandate to build networks and forge business partnerships with key film stakeholders. A notable highlight was our participation in the Durban FilmMart from **July 20th to 25th, 2023**. This prestigious event, known for its focus on advancing the African Film Industry, provided a strategic platform for local filmmakers to engage with the international film community within a professionally managed cultural environment.

Kenya Film Commission

Annual Report and Financial Statements for the year ended June 30, 2024.

KFC commitment to supporting local filmmakers extended to assisting prominent talents in showcasing their work internationally. Furthermore, 13 filmmakers were funded through the Sports and Arts Fund to participate in the Movies that Matter Festival in the Netherlands from March 22nd to 30th, 2024.

In celebration of the 60th anniversary of diplomatic ties between Kenya and China, the China Film Administration and Guangdong Province visited Kenya from August 13th to 15th, 2023. The Commission played a pivotal role in facilitating engagements, including production house visits, roundtable discussions, and film screenings. On August 14th, 2023, a Memorandum of Understanding was signed between the Chinese Film Administration and the Ministry of Youth Affairs, The Arts, and Sports at Two Rivers. This milestone was followed by the inauguration of the China-Kenya Film Festival at Century Cinemax-Two Rivers, which showcased the rich talent and creativity of both Chinese and Kenyan cinema while fostering cultural exchange.

The Kalasha International Film and TV Market, Festival, and Awards held from March 27th to 30th, 2024, was a resounding success. The event attracted 69 exhibitors and registered 2,165 participants, including international filmmakers from countries such as Uganda, South Africa, Rwanda, and Germany. The festival featured screenings at Anga Cinema and Goethe Institute, with 558 attendees enjoying films from Kenya, South Africa, Iran, and China. The market also hosted premieres of notable films, including "Otis Janam," "Real Housewives of Nairobi," and "Zari,"

The Kalasha Awards received 225 film submissions, with the jury evaluating entries in both technical and non-technical categories. Public voting, conducted in partnership with StarTimes, drew 195,680 voters. The awards ceremony, held on March 30th, 2024, honored 39 winners, each receiving Ksh. 200,000, and was graced by Hon. Ababu Namwamba, EGH, Cabinet Secretary for Youth Affairs, Creative Economy, and Sports.

In an effort to democratize filmmaking and address climate change, the Commission held "My Kenya My Story" mobile phone film competition on June 29th, 2024. The competition's theme, "Climate Change: Lights, Camera, Planet," encouraged storytellers to use their platforms for advocacy. Four winners were recognized, with Calvin Ayula's "What If" receiving Ksh. 200,000 as the top prize. Through these initiatives, the Commission has significantly contributed to the growth and visibility of the Kenyan film industry, both locally and internationally, while fostering cultural exchange and innovation.

We recognize that our employees are the most valuable resource in the company. Our employees have continued to demonstrate culture of innovation, ethics, and integrity which has created unparalleled value for our stakeholders. The collective energy, character, determination, and unity of purpose ensured that we continued posting positive results. I could not be proud of our employees' efforts towards creation of a vibrant film industry. During the year, we continued to add talent to strengthen our organization with a focus on our core business areas of operations.

I am honoured to lead a great organization that is changing lives of many Kenyans, our day-to-day dealings, our Nation and the Africa at large. I take this opportunity to express my sincere appreciation to the Government of the Republic of Kenya, the Kenya Film Commission Board of Directors, the KFC

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family and all stakeholders for the support provided in growing the film business and look forward to our collective effort to create a lasting impact.



.....
Timothy Owase
Chief Executive Officer

Date. 18/12/2024

7. Statement of Performance against Predetermined Objectives for FY 2023/2024

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

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

The Commission develops its annual work plans based on the above 4 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Commission achieved its performance targets set for the FY 2023/2024 period for its 4 strategic pillars, as indicated in the diagram below:

Strategy	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1: Promotion and Marketing.	Improve awareness and uptake of local film assets.	Local film industry showcased in international and local film festivals, markets and awards	Market and showcase the local film industry in international and local film festivals and Markets.	<p>In the financial year 2023/2024, the Commission organised; Kalasha International film and TV awards and market, Reel County Film festival (My county my story film festival), My Kenya my Story festival (mobile phone film competition).</p> <p>14 festivals across eight counties were supported. These included KEFIS, FilmAid Kenya Film Festival, KISFF, KUPAA, and more. We also organized the Reel County Film Festival, "My County My Story," selecting 12 films from eight counties.</p> <p>The Commission facilitated the selection and submission of a Kenyan production "Mvera" for the 96th Oscars awards.</p>

		% Increase in the uptake of local content	Organise regional film screenings	In the Financial Year 2023/2024 the Commission organized and participated in various film screenings.the Commission conducted 11 regional screenings where 12 films were screened to over 2,342 people in various counties.
		No of youths trained on film production	Organised film production workshops and master classes to train the youth in VFX and creative industry incentivization training	7 workshops conducted across counties (Kiambu, Nyeri, Kisii, Alego-Siaya, Kericho, Mombasa, and Kibra-Nairobi) training 809 youths in basic filmmaking skills. Training was provided in partnership with Kenya Film School. Trained 86 filmmakers through masterclasses, including VFX training in partnership with the Under Our Skin Film Festival and creative industry incentivization training during the Kalasha International Film Festival.
Pillar 2: Film Industry Development	Skills Development	No. of film productions supported.	Execute the Film Empowerment programme.	The Commission initiated the 3 rd cycle of its Film Empowerment Programme where a total of 22 projects in the FY 2023/2024 received funding Ksh 39,615,265.00
	Infrastructure development.	No. of industry-based researches done.	Conduct baseline industry survey	The Commission collaborated with Kenya National Bureau of statistics to develop the Film Industry Satellite Account (FISA) that will establish the economic contribution of the Kenyan film industry to the GDP. Thus, the country will be able to quantify the revenue generated through local film and filming activities.
	Develop a comprehensive in-house process for continuous capturing and	No. of culture change programmes undertaken	Establish an incentive program for reward and recognition	The Commission staff had talks on Fridays, where different topics were touched on. This depended on requests that the staff had.

	dissemination of industry data			
Pillar 3: Sector Governance	<p>Launch a culture change programme</p> <p>Enhance performance of the Commission</p>	<p>No. of programmes developed through partnerships with the counties</p> <p>Forge bilateral agreements with development partners in areas of mutual interest i.e., skills, research and technology transfer</p>	<p>Seek joint industry programmes with Counties to develop film and TV industry at the County level</p> <p>The Commission entered into collaboration with over 11 public and private institutions with an aim of growing the local film industry. In this, the Commission partnered with GIZ, Kenya Film School, Multichoice talent Factory, KNBS, ADA Animation, IWL, NITA, AACC and KNQA, Netflix</p>	<p>One Film hub fully established through partnership with the Uriri in Migori County</p> <p>These partnerships facilitated and, supported the Commission's programs in areas of capacity development, research and film distribution.</p>
Pillar 4: Institutional Strengthening	Develop a comprehensive in-house process for continuous capturing and dissemination of industry data	No. of culture change programmes undertaken	Establish an incentive program for reward and recognition	The Commission staff had talks on Fridays, where different topics were touched on. This depended on requests that the staff had.

8. Corporate Governance Statement

Introduction

Good corporate governance is a key factor in achieving effective leadership and sustainable corporate behaviour. This means ensuring that there is an effective framework of internal practices, policies, systems and controls which clearly define levels of accountability and authority for decision-making within a culture of openness, ethics and values.

The Commission places a strong importance in maintaining a sound control environment and applying the highest standards in all its areas of activities.

The Board membership appointments

The Board membership is outlined in Kenya Film Commission Legal Notice 147 of 2015 Section 6 (1) as comprising of nine (9) Directors. The Chairperson and members of the Board other than the Chief Executive Officer hold office for a term of three years and are eligible for re-appointment for one further term of three years.

During the period, the Chairperson was not appointed. The Board comprised of eight directors, from different professional backgrounds, representing Kenya's diverse communities and affording adequate representation for men and women.

Role and Responsibilities of the Board

The Board provides leadership, oversight and stewardship of the Commission. The Board has delegated authorities to four Board committees (Board Audit, Risk and Compliance Committee, Board Human Resources and Administration Committee and the Board Finance and Supply Chain Committee and Strategy Planning & Technical Board Committee) to assist the Board in delivering its responsibilities and ensuring that there is appropriate independent oversight of internal control and risk.

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

The Board Work Plan

The Board prepares a Workplan for each financial year which is aligned to the Commission's strategic goals outlining key activities for consideration during Board and Committees' meetings. The agenda and papers for the meetings are circulated in time to allow for adequate preparations and for effective participation during meetings.

Summary of Board Meeting Attendance

The Board is required to meet at least once every quarter depending on the needs of the business of the Commission. During the year ended 30th June, 2024 the Board and Board Committees member attendance and the number of meetings held in the year were as follows:

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Full Board Meeting				
Name of Director	19.10.23	31.10.23	29.01.24	07.05.24
Hillary Mulama	✓	✓	✓	✓
Peter Njoroge	✓	✓	✓	✓
Lucia Nzoongo	✓	✓	✓	✓
Naomi Gechemba	✓	✓	✓	✓
Ilhaam Taisr	✓	✓	✓	✓
Catherine Githogori	✓	✓	✓	✓
Vincent Onyango	✓	✓	✓	✓

Summary of Committee Meetings attended

Name of Director	SPT	Hr & Admn	Finance & Supply Chain	Audit & Risk
Lucia Nzoongo	3	7	Not a member	Not a member
Naomi Gechemba	3	Not a member	5	Not a member
Hillary Mulama	3	Not a member	Not a member	3
Vincent Onyango	3	Not a member	5	Not a member
Ilhaam Taisr	Not a member	7	Not a member	3
Catherine Githogori	Not a member	5	Not a member	3
Peter Njoroge	Not a member	7	5	2

Board Performance

During the year under review, the Board evaluation score for the FY 23/24 was 4.4625 out of 5 equivalent to 89.25 percent.

Board Charter

The Commission has an approved Charter developed in accordance with the Mwongozo code of code of governance for State Corporations ("Mwongozo") and is complementary to the Board requirements captured in all applicable laws and regulations.

Succession Plan

The Commission endeavours to ensure that the terms of the members of the Board are staggered to ensure a smooth transition when terms of service come to an end at any one particular time.

Induction and Training

The Board Directors on 2nd October to 5th October 2023 were taken through a comprehensive board induction programme . Further, as part of the induction programme Directors attended the Mwongozo Induction Training held on 13th to 15th June 2024. In the year under review, the Board

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was also trained on Corporate Governance and leadership from March 18th- 22nd 2024 in Kisumu on Risk and audit from March 11th- 15th 2024 in Naivasha and E-Board from May 2nd - 4th 2024 in Naivasha.



*Standing L-R: Mr. Peter Njoroge, Dr. Lucia K. Nzoongo, Ms. Catherine M.Githogori, Mr. Vincent Onyango.
Seated L-R: Ms. Naomi Gechemba, Ms. Ilhaam A. Taisr, Mr. Timothy Owase, Dr. Hillary Mulama.*

Conflict of Interest

The commission has a register of conflict where every director discloses promptly an interest or duty that may create (directly or indirectly) a conflict with the commissioner's duties. The declaration of conflict interest is also recorded in the minutes.

Board Remuneration

The Board other than the Chief Executive, are entitled to a sitting allowance, lunch allowance or other remunerations from for attending duly convened and constituted meetings. The payable allowances are as guided by the relevant government authorities.

Ethics and Code of conduct

The Commission has an approved Code of Conduct and Ethics that establishes standards of ethical conduct and behaviour for Board. No unethical issues were noted or reported during the financial year.

Governance audit.

The Commission has an internal audit mechanism and matrix to track the implementation of the Commission's governance framework. The Board of Directors oversees accountability and audit function, through its Audit, Risk & Compliance Committee. There were no governance issues that were noted or reported.

9. Management Discussion and Analysis

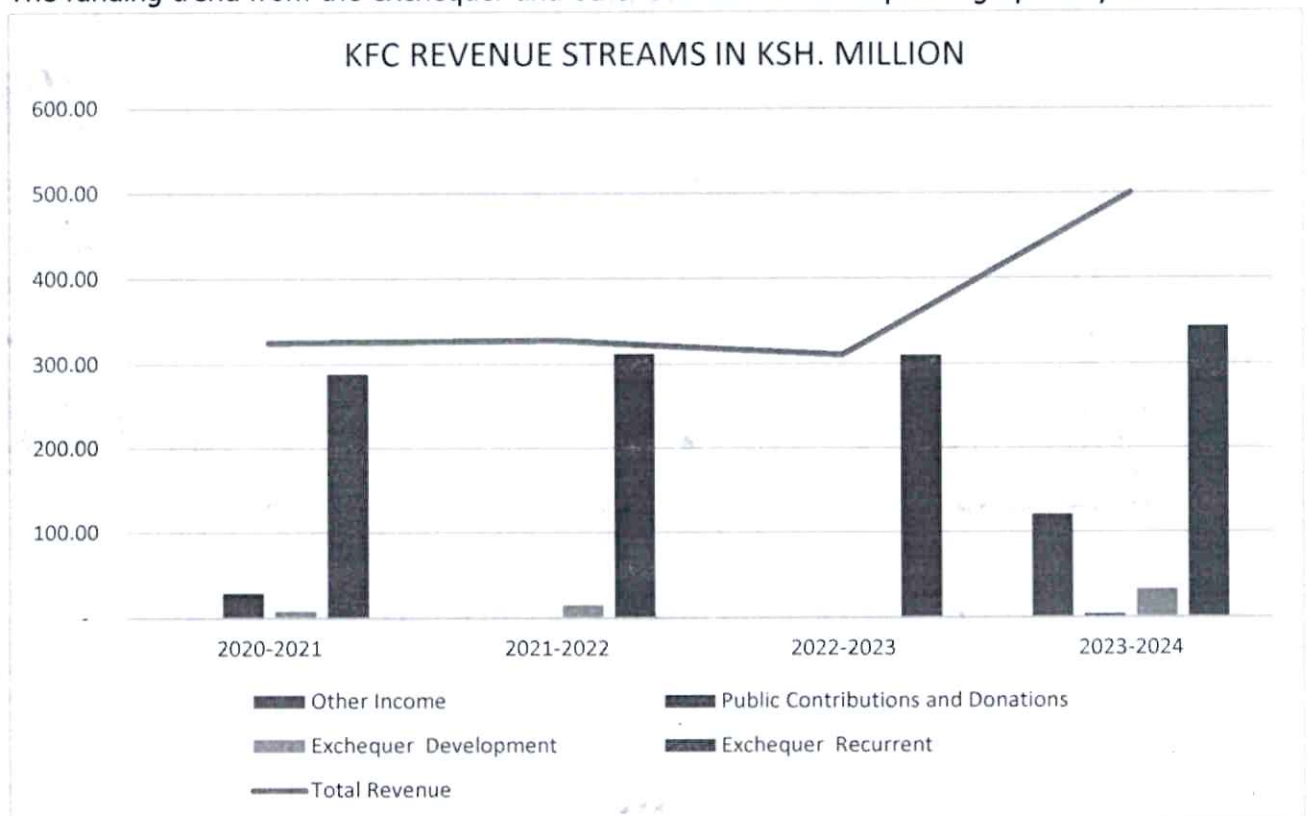
The management is upbeat to report on the operational and financial performance of the organization during the period FY 2023/2024.

Financial Performance

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

Revenue Type (Kshs. Million)	2020-2021	2021-2022	2022-2023	2023-2024
Other Income	519,800	81,885	152,500	120,760,492
Public Contributions and Donations	28,837,400	324,380	-	3,374,838
Exchequer Development	7,500,000	15,000,000	-	32,250,000
Exchequer Recurrent	287,960,000	312,000,000	309,899,999	313,439,600
Total Revenue (Kshs)	324,817,200	327,406,265	310,052,499	469,824,930

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

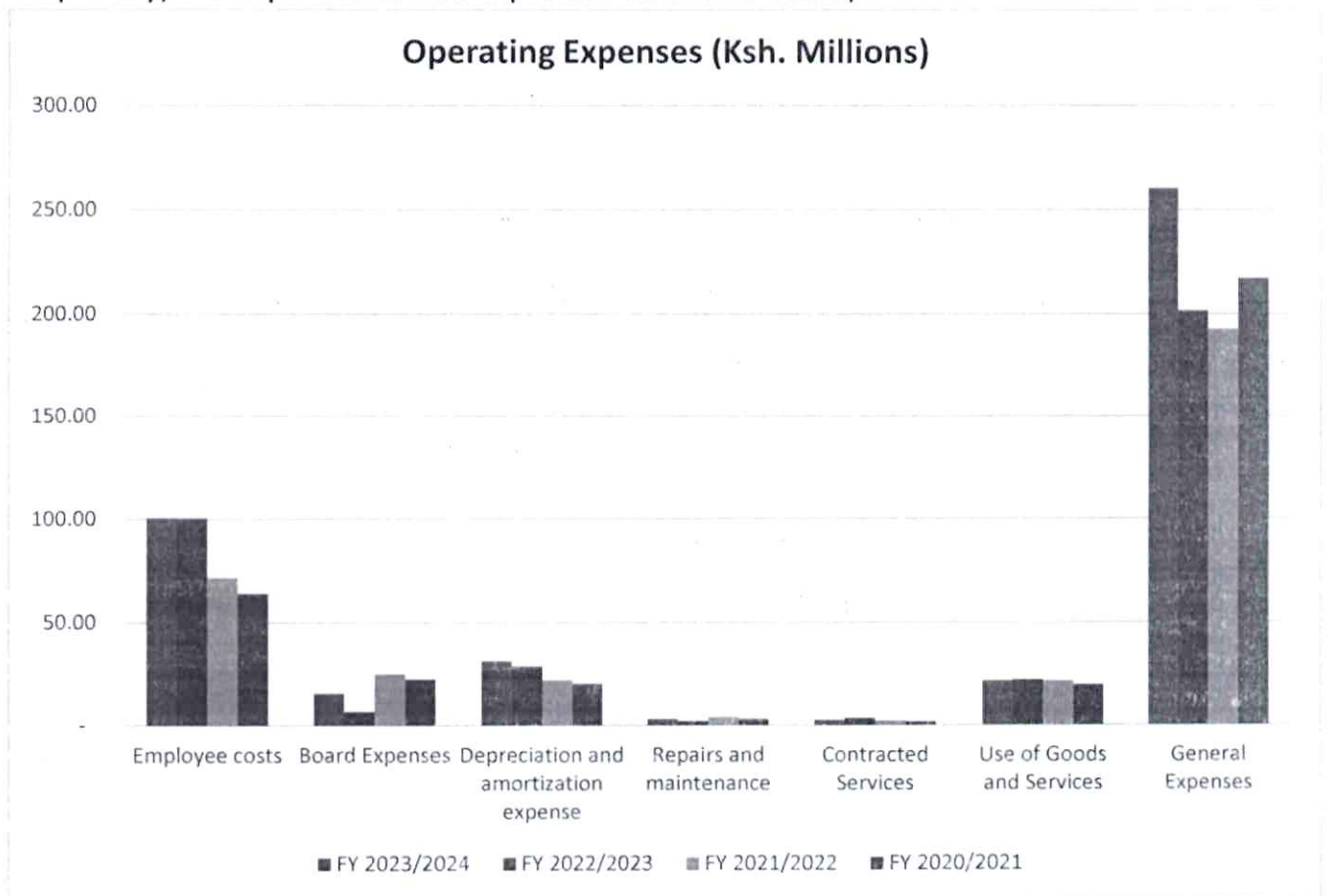


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The operating expense across the last 4 years is as shown below:

Operating Expenses	FY 2023/2024	FY 2022/2023	FY 2021/2022	FY2020/2021
Employee costs	100,422,506	100,264,304	71,629,089	64,041,150
Board Expenses	15,427,472	6,595,181	24,921,206	22,566,404
Depreciation and amortization expense	31,318,560	28,664,955	21,995,843	20,243,986
Repairs and maintenance	3,047,074	2,037,702	3,867,594	3,079,214
Contracted Services	2,424,694	3,386,249	1,923,540	1,739,215
Use of Goods and Services	21,633,607	22,043,367	21,494,485	19,758,541
General Expenses	260,050,430	201,427,464	192,425,293	216,786,279

Graphically, the expenses can be expressed as shown below;

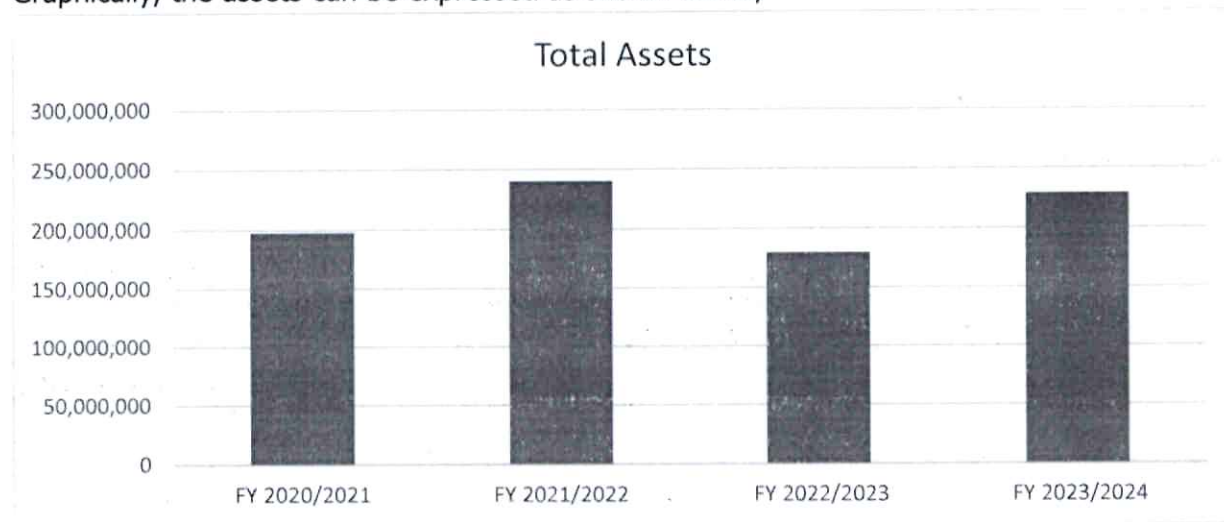


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The total assets over the years have not grown significantly due to budgetary constraints. The table below depicts the asset levels over the years.

	FY 2020/2021	FY 2021/2022	FY 2022/2023	FY 2023/2024
Total Assets	197,612,166	239,915,695	179,497,134	228,308,686

Graphically, the assets can be expressed as shown below;



Non-Financial Performance

The year 2023-2024, The Commission made significant strides in fostering connections, enhancing the film industry, and promoting Kenyan cinema on the global stage. Here’s a look at our key achievements:

Strengthening International Ties and Industry Presence

The Commission actively pursued its mandate to build networks and forge business partnerships with key film stakeholders. A notable highlight was our participation in the Durban FilmMart from **July 20th to 25th, 2023**. This prestigious event, known for its focus on advancing the African Film Industry, provided a strategic platform for local filmmakers to engage with the international film community within a professionally managed cultural environment.

Supporting Local Talent at International Festivals

KFC commitment to supporting local filmmakers extended to assisting prominent talents in showcasing their work internationally. The Commission facilitated return air tickets for Mr. Arnold Mwanjila and Mary Wanjiku to present their project at the Famework Cape Town International Animation Film Festival from **September 4th to 6th 2023**. Additionally, Mr. Karanja Ngendo's project, "Unspoken," received support for its nomination in the People’s Choice Awards at the Black Star International Film Festival in Accra, Ghana, from **September 18th to 24th, 2023**. Furthermore, 13 filmmakers were funded through the Sports and Arts Fund to participate in the Movies that Matter Festival in the Netherlands from **March 22nd to 30th, 2024**.

Enhancing Cultural Exchange with China

In celebration of the 60th anniversary of diplomatic ties between Kenya and China, the China Film Administration and Guangdong Province visited Kenya from **August 13th to 15th, 2023**. The Commission played a pivotal role in facilitating engagements, including production house visits, roundtable discussions, and film screenings. On **August 14th, 2023**, a Memorandum of Understanding was signed between the Chinese

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Film Administration and the Ministry of Youth Affairs, The Arts, and Sports at Two Rivers. This milestone was followed by the inauguration of the China-Kenya Film Festival at Century Cinemax-Two Rivers, which showcased the rich talent and creativity of both Chinese and Kenyan cinema while fostering cultural exchange.

International Recognition and Film Awards

The Commission's selection of "*Mvera*" to represent Kenya in the Best International Feature Film category for the Oscars marked a significant achievement. With a call for submissions from **July 26th to September 13th, 2023**, three entries were reviewed: "*Shimoni*" by Wangechi Ngugi, "*Mvera*" by AR Films, and "*Unheard Voices*" by William Okoth. "*Mvera*," a film rooted in the Giriama community's history and current socio-economic challenges, was evaluated by the Oscars selection committee on September 14th and 15th, 2023.

Kalasha International Film and TV Market, Festival, and Awards

The Kalasha International Film and TV Market, Festival, and Awards held from **March 27th to 30th, 2024**, was a resounding success. The event attracted 69 exhibitors and registered 2,165 participants, including international filmmakers from countries such as Uganda, South Africa, Rwanda, and Germany. The festival featured screenings at Anga Cinema and Goethe Institute, with 558 attendees enjoying films from Kenya, South Africa, Iran, and China. The market also hosted premieres of notable films, including "Otis Janam," "Real Housewives of Nairobi," and "Zari," collectively drawing 452 viewers.

The Kalasha Awards received 225 film submissions, with the jury evaluating entries in both technical and non-technical categories. Public voting, conducted in partnership with StarTimes, drew 195,680 voters. The awards ceremony, held on March 30th, 2024, honored 39 winners, each receiving **Ksh. 200,000**, and was graced by Hon. Ababu Namwamba, EGH, Cabinet Secretary for Youth Affairs, Creative Economy, and Sports.

Promoting Local Film Festivals

Recognizing the importance of film festivals in validating and growing the film industry, the Commission supported 14 festivals across eight counties. These included KEFIS, FilmAid Kenya Film Festival, KISFF, KUPAA, and more. We also organized the Reel County Film Festival, "My County My Story," selecting 12 films from eight counties.

Expanding Screenings and Audience Engagement

To foster a robust screen-going culture, KFC conducted 11 regional screenings for the Reel County Film Festival films, reaching over 2,342 participants across various counties. Additionally, the Commission supported eight film premieres, attracting over 3,469 viewers to local cinemas.

Supporting Innovation through Mobile Filmmaking

In an effort to democratize filmmaking and address climate change, the Commission held "My Kenya My Story" mobile phone film competition on **June 29th, 2024**. The competition's theme, "Climate Change: Lights, Camera, Planet," encouraged storytellers to use their platforms for advocacy. Four winners were recognized, with Calvin Ayula's "What If" receiving Ksh 200,000 as the top prize.

Through these initiatives, the Commission has significantly contributed to the growth and visibility of the Kenyan film industry, both locally and internationally, while fostering cultural exchange and innovation.

Liaison Support

During the fiscal year 2023/24, the Commission effectively managed approximately 100 requests from industry stakeholders. KFC support ranged from facilitating visa applications, special pass permits, and film licenses to

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providing access to locations, technical guidance, and letters of recommendation. This assistance underscores our commitment to streamlining processes and supporting the industry's needs.

3rd International Conference on Information and Knowledge Management

The Commission partnered with the Technical University of Kenya for the 3rd International Conference on Information and Knowledge Management, held from **October 2nd to 6th, 2023**, at Sarova Stanley Hotel, Nairobi. The conference theme, "Attaining Sustainable Development Goals Through Indigenous Knowledge," was addressed through:

- **Panel Discussion (October 4, 2023):** A facilitated discussion on "Film as Intellectual Property and Tool for Preservation of Culture," featuring three experts in film, theatre, and copyright.
- **Film Dinner Night (October 5, 2023):** An event themed "Sustaining Traditions," showcasing films related to indigenous knowledge and heritage, encouraging discussions on accurate representation and preservation.

Government Film Procedures

To enhance service delivery for film industry stakeholders, the Commission organized a three-day workshop from February **13th to 15th, 2024**, at Seo Hotel, Machakos County. The workshop focused on streamlining film-related services offered by government agencies and resulted in the development of a comprehensive handbook on government film procedures. Participating organizations included:

- Kenya Police Service
- Kenya Wildlife Services
- Kenya Civil Aviation Authority
- Kenya Film Classification Board
- Kenya Revenue Authority
- Producers Guild of Kenya
- Kenya Film and TV Professionals Associations

Partnership with Kenya Investment Authority

The Commission collaborated with Kenya Investment Authority to enhance the competitiveness and attractiveness of Kenya for film investments. Highlights include:

- **Film Investment Development Workshop** (7th to 9th November 2023, Naivasha): Reviewed proposed film incentives, amendments to the Investments Promotion Act, and the film investment certificate process. A partnership agreement is pending signature.

Film Industry Research on Governance Issues

The Commission Initiated research on governance issues in the film industry, including the development of research tools and data collection through questionnaires and focus group discussions. Research conducted during the Kalasha International Film Festival and in 8 active filming counties.

KFC developed guidelines for coordination and certification frameworks, which are awaiting approval and regulation development.

Film Capacity Building Workshops

Conducted 7 workshops across counties (Kiambu, Nyeri, Kisii, Alego-Siaya, Kericho, Mombasa, and Kibra-Nairobi) training 809 youths in basic filmmaking skills. Training was provided in partnership with Kenya Film School.

Masterclasses

Trained 86 filmmakers through masterclasses, including VFX training in partnership with the Under Our Skin Film Festival and creative industry incentivization training during the Kalasha International Film Festival.

Bursaries and Scholarships

Awarded 9 bursaries and scholarships in cinematic arts, disbursing Ksh. 1,000,000 to beneficiaries in private and public institutions.

Training Needs Analysis

Conducted a Training Needs Analysis using questionnaires and focus group discussions at the Kalasha International Film Festival and in 8 active filming counties.

Film Empowerment Programme

Executed the third cycle of the Film Empowerment Programme in collaboration with GIZ, awarding **Ksh 39,615,265.00** to 22 projects. Funding categories included development, production, marketing, distribution, and emerging filmmakers.

10. Environmental and Sustainability Reporting

i) Sustainability strategy and profile

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

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

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

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

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

Product stewardship- outline efforts to safeguard consumer rights and interests

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

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

ii) Environmental performance

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

Employee welfare-Human Resource

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

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

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

iii) Responsible Supply chain and supplier relations

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

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

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

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

iv) Corporate Social Responsibility / Community Engagements

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

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

11. Report of the Directors

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

i) Principal activities

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

ii) Results

The results of the Commission for the year ended June 30, 2024, are set out on page 1-46.

iii) Directors

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

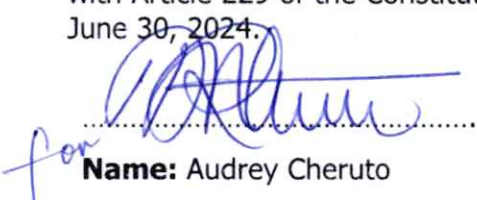
iv) Surplus remission

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

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

v) Auditors

The Auditor General is responsible for the statutory audit of Kenya Film Commission in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 for the period ended June 30, 2024.


.....
Name: Audrey Cheruto

Corporation Secretary.

12. Statement of Directors Responsibilities

Section 81 of the Public Finance Management Act, 2012 and (section 14 of the State Corporations Act) require the Board of Directors to prepare financial statements in respect of KFC, which give a true and fair view of the state of affairs of the Commission at the end of the financial year/period and the operating results of the Commission for that year/period. The Directors are also required to ensure that the Commission keeps proper accounting records which disclose with reasonable accuracy the financial position. The Directors are also responsible for safeguarding the assets of the Commission. The Directors are responsible for the preparation and presentation of the Commission's financial statements which give a true and fair view of the state of affairs of the Commission for and as at the end of the financial year (period) ended on June 30, 2024. This responsibility includes:

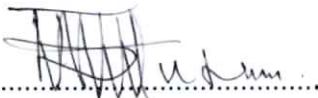
- i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- ii) Maintaining proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the Commission;
- iii) Designing, implementing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

The Directors accept responsibility for the Commission's financial statements which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the State Corporations Act. The Directors are of the opinion that the Commission's financial statements give a true and fair view of the state of KFC's transactions during the financial year ended June 30, 2023, and of the Commission's financial position as at that date. The Directors further confirms the completeness of the accounting records maintained for the Commission, which have been relied upon in the preparation of the Commission's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Board of Directors to indicate that the Commission will not remain a going concern for at least the next twelve months from the date of this statement.

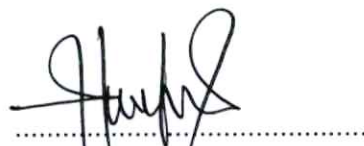
Approval of the financial statements

The Kenya Film Commission financial statements were approved by the Board on 18/12/24
2024 and signed on its behalf by:


.....

Name: Timothy Owase

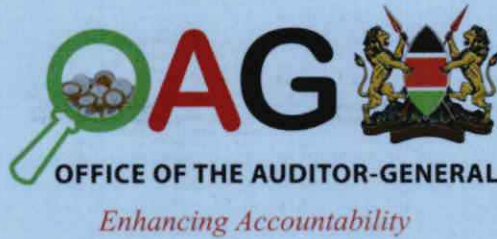
Accounting Officer


.....

Name:

Board chairperson

REPUBLIC OF KENYA



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

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

REPORT OF THE AUDITOR-GENERAL ON KENYA FILM COMMISSION FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kenya Film Commission set out on pages 1 to 42, which comprise of the statement of financial position as at 30 June, 2024, and the statement of financial performance, statement of changes in net

assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Kenya Film Commission as at 30 June, 2024 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 State Corporations Act, 2021 and the Public Finance Management Act, 2012.

Basis for Opinion

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects budgeted expenditure and actual on comparable basis of Kshs.503,097,900 and Kshs.438,649,439 respectively resulting in a budget under-expenditure of Kshs.64,448,461 or 13% of the budget.

In the circumstances, the under-absorption affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous years, several issues were raised under the Report on Financial Statements, Other Matter and Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, the matters have remained unresolved.

Other Information

The Management are responsible for the other information set out on page iv to xxxix which comprise of Key Entity Information and Management, Statement of Performance Against Predetermined Objectives for the year, Management Discussion Analysis, Environmental and Sustainability Reporting and Statement of Directors Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

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

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

Conclusion

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

Basis for Conclusion

Understaffing of the Commission

Review of the approved staff establishment revealed the Commission was authorized to have an establishment of ninety (90) officers. However, human resource records indicated the Commission had only forty-six (46) officers resulting in a variance of forty-four (44) officers. Further, it was noted that the approved establishment for technical department was 56 officers but in post were only 14 officers leading to a variance of 42 compared to Corporate service department which had an approved establishment of 34 and had in post of 26 and a variance of 8. Key to note is that the technical department which is supposed to be offering the core service/business for KFC was the most severely under established.

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

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

Those charged with governance are responsible for overseeing the Commission's financial reporting process, reviewing the effectiveness of how Management monitors

compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

24 December, 2024

Kenya Film Commission
Annual Report and Financial Statements
for the year ended June 30, 2024.

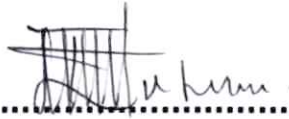
**14 Statement of Financial Performance for the year ended 30 June
2024**

	Notes	2023-2024	2022-2023
		Kshs	Kshs
Revenue from non-exchange transactions			
GOK-Grants and Revenue	6	415,200,092	309,899,999
Public contributions and donations	7	442,750	-
		415,642,842	309,899,999
Revenue from exchange transactions			
Other income	8	53,579,896	-
		469,222,738	309,899,999
Expenses			
Employee costs	9	100,422,506	100,264,304
Board Expenses	10	15,427,472	6,595,181
Depreciation and amortization expense	11	26,557,131	28,664,955
Repairs and maintenance	12	3,047,074	2,037,702
Contracted services	13	2,424,694	3,386,249
Use of goods and services	14	21,633,607	22,043,367
General Expenses	15	257,489,695	201,310,207
Total expenses		427,002,179	364,301,964
Other gains/(losses)			
Gain/Loss on sale of assets		-	-
Gain/Loss on foreign exchange transactions		-	-
Surplus/ (deficit) before tax		42,220,559	(54,401,965)
Taxation			
Surplus/(deficit) for the period/year		42,220,559	(54,401,965)
Remission to National Treasury			
Net Surplus for the year		-	-
Attributable to:			
Surplus/(deficit) attributable to minority interest		-	-
Surplus attributable to owners of the controlling Entity		-	-
		42,220,559	(54,401,965)

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

**Kenya Film Commission
Annual Report and Financial Statements
for the year ended June 30, 2024.**

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



Name: Timothy Owase
Chief Executive Officer

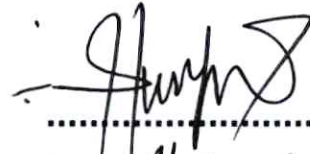
Date 18/12/24



Name: Elias K. Cheptoo
Head of Finance

ICPAK M/No: 13172

Date 18/12/2024



Name: HILLARY S. MWANZA
Board chairperson

Date

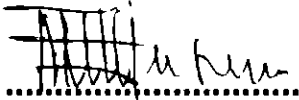
Kenya Film Commission
Annual Report and Financial Statements
for the year ended June 30, 2024.

15 Statement of Financial Position as at 30 June 2024

	Notes	2023-2024	2022-2023
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash equivalents	16	149,028,381	117,963,233
Receivables from Exchange Transactions	17	923,838	561,500
Prepayments	18	3,768,916	3,768,916
Inventories	19	2,191,539	1,520,734
Total Current Assets		155,912,674	123,814,383
Non-Current Assets			
Property, Plant and Equipment	20	73,837,425	36,658,209
Intangible Assets	21 (a+b)	11,892,986	19,024,542
Total Non- Current Assets		85,730,411	55,682,751
Total Assets (A)		241,643,084	179,497,134
Liabilities			
Current Liabilities			
Trade and Other Payables	22(i)	53,999,179	26,323,919
Current Provision	22 (i)	7,047,165	3,764,680
Employee Benefit Obligation	22(iii)	9,988,564	15,774,859
Differed Income (GIZ)	23	23,991	51,671,799
Total Current Liabilities (B)		71,058,899	97,535,256
Net assets (A-B)		170,584,186	81,961,878
Represented By:			
Accumulated Surplus	24	71,839,118	20,375,611
Revaluation Reserve		18,400,360	-
Capital Reserve	25	80,344,708	61,586,267
Total Net Assets		170,584,186	81,961,878

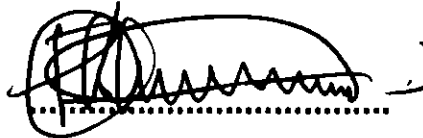
**Kenya Film Commission
Annual Report and Financial Statements
for the year ended June 30, 2024.**

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



**Name: Timothy Owase
Chief Executive Officer**

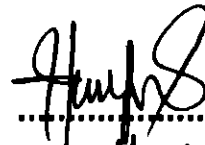
Date 18/12/24.



**Name: Elias K. Cheptoo
Head of Finance**

ICPAK MNO: 13172

Date: 18/12/2024



**Name Hillary S. MULAMA
Board Chairperson**

Date

16. Statement of Changes in Net Assets for the year ended 30 June 2024

	Accumulated Surplus	Revaluation Reserve	Capital Fund	Total
	Kshs	Kshs	Kshs	Kshs
As at 1 July 2023	20,375,611	-	61,586,267	81,961,878
Additions	-	-	32,250,000	32,250,000
Transfer to assets	-	-	(13,491,559)	(13,491,559)
Surplus for the period - Revenue	42,220,559	-	-	42,220,559
Revaluation surplus	-	18,400,360	-	18,400,360
Kalasha Market Debtors	(403,000)	-	-	(403,000)
Ganane Supplies Limited- Partitioning Wing	1,807,418	-	-	1,807,418
Greentide Africa LTD- Partitioning of Uriri	7,838,530	-	-	7,838,530
Balance as at 30 June 2024	71,839,118	18,400,360	80,344,708	170,584,186
Balance As at 1 July 2022	49,760,748	-	61,586,267	111,347,015
Additions	-	-	-	-
Surplus for the period	(54,401,965)	-	-	(54,401,965)
Prior Year Adjustments	25,016,828	-	-	25,016,828
Balance as at 30 June 2023	20,375,611	-	61,586,267	81,961,878

Note:

The capital funds relate to capital reserve, development money unutilized as well as location mapping capitalised

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

	Notes	2023-2024	2022-2023
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
GoK Grant – Revenue		414,837,754	309,899,999
Public contributions and donations		442,750	-
Other income		1,932,088	152,500
Total receipts		417,212,592	310,052,499
Payments			
Compensation of employees		(91,157,729)	(96,186,165)
Use of Goods and services		(21,388,997)	(22,043,367)
Board Expenses		(15,427,472)	(6,595,181)
Repairs and Maintenance		(3,047,074)	(2,037,702)
Contracted Services		(2,424,694)	(3,386,249)
General Expenses		(246,746,627)	(211,682,669)
Total payments		(380,192,594)	(341,931,332)
Net cash flows from/(used in) operating		37,019,998	(31,878,833)
Cash flows from investing activities			
Purchase of PPE and Intangible assets		(38,204,430)	(15,190,523)
Net cash flows from / (used in) investing activities		(38,204,430)	(15,190,523)
Cash flows from financing activities			
GOK Development Grants Received		32,250,000	-
Development Partners Grant (GIZ)		-	-
Net cash flows from financing Activities		32,250,000	-
Net increase/(decrease) in cash & Cash		31,065,568	(47,069,356)
Cash & Cash equivalents as at 1 July		117,962,813	165,032,589
Cash & Cash equivalents as at 30 June		149,028,381	117,963,233

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

Kenya Film Commission
Annual Reports and Financial Statements
for the year ended June 30, 2024

18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2024

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% age of Utilisation
	2023/2024	2023/2024	2023/2024	2023/2024	2023/2024	
	Kshs	Kshs	Kshs	Kshs	Kshs	
GoK Grants-	348,439,600		348,439,600	343,439,600	(5,000,000)	98.6%
GoK Grants-	32,250,000	-	32,250,000	32,250,000	-	100.0%
Other Incomes	122,408,300	-	122,408,300	125,783,138	(3,374,838)	102.8%
Total income	503,097,900	-	503,097,900	501,472,738	1,625,162	99.7%
Expenses						
Employee costs	109,180,000	-	109,180,000	100,422,506	8,757,494	92.0%
Board Expenses	16,845,480	-	16,845,480	15,427,472	1,418,008	91.6%
Use of goods	23,860,952	-	23,860,952	21,633,607	2,227,345	90.7%
Repairs and	2,990,000	-	2,990,000	3,047,074	(57,074)	101.9%
General	287,977,038		287,977,038	257,489,695	30,487,34	89.4%
Contracted	4,040,000	-	4,040,000	2,424,694	1,615,306	60.0%
Capital Expenditure	58,204,430	-	58,204,430	38,204,430	20,000,000	65.6%
Total Expenditure	503,097,900	-	503,097,900	438,649,439	59,448,421	88.1%
Surplus for the	-	-	-	62,823,259		

Notes

- a) Reconciliation of the actual amounts in the statement of comparison of budget and actual amounts against the statement of financial performance

		Amount (Kshs)
Surplus/Deficit as per Statement of Financial Performance		42,220,559
Add Back:		
Depreciation charge for the Year	26,557,131	
Development money Received	32,250,000	58,807,131
		101,027,689
Less:		
Capital Expenditure		38,204,430
Surplus/Deficit as per Statement of Comparison of Budget and Actual Amounts		62,823,259

- b) The approved budget is Kshs 565,433,096 while the statement of comparison of budget and actual amounts is Kshs. 503,097,900. Kshs. 5,000,000 was a budget cut while ksh. 67,335,196 was roll over from the FY 2022/23

19. Notes to the Financial Statements

1. General Information

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

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

2. Statement of Compliance and Basis of Preparation

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

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

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

Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

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

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023: 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 the commission’s future cash flows. 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>KFC does not deal in Financial Instruments and thus not affected by this standard. This is however noted and will be applied accordingly when need arises in future.</i></p>
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023 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>KFC does not deal in social benefits and thus not affected by this standard. This is however noted and will be applied accordingly when need arises in future.</i></p>

Kenya Film Commission
Annual Reports and Financial Statements
for the year ended June 30, 2024

<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>This is well noted and will be applied accordingly when need arises in future.</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> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>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> <p><i>This is well noted and will be applied accordingly when need arises in future</i></p>
<p>IPSAS 43</p>	<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 cashflows of an Entity.</p> <p>The new standard requires entities to recognize, measure and present information on right of use assets and lease liabilities.</p> <p><i>This is well noted and will be applied accordingly when need arises in future</i></p>

**Kenya Film Commission
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IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</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>This is well noted and will be applied accordingly when need arises in future</i></p>
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ii. Early adoption of standards

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

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

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

Transfers from other government entities

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

Rendering of services

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

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

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when

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the amount of revenue can be measured reliably, and it is probable that the economic benefits or service potential associated with the transaction will flow to the Commission.

Interest income

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

ii) Revenue from exchange transactions

Dividends

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

Rental income

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

k) Budget information

The original budget for FY 2023-2024 was approved by the National Assembly. Subsequent revisions or additional appropriations made to the approved budget should be in accordance with specific approvals from the appropriate authorities (BOD). The additional appropriations are added to the original budget by the Commission upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Commission had not received the Supplementary 2 estimates allocation of Kshs.15m by 30th June 2024.

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

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

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

c) Taxes

Current income tax

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

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in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

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

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

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

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

Sales tax

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

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

d) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment

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

e) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

f) Leases

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

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

g) Intangible assets

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

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

h) Research and development costs

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

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

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

i) Financial instruments

a) Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Held-to-maturity.

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

Impairment of financial assets

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

- i) The debtors or an Entity of debtors are experiencing significant financial difficulty.
- ii) Default or delinquency in interest or principal payments
- iii) The probability that debtors will enter bankruptcy or other financial reorganization.

- iv) Observable data indicates a measurable decrease in estimated future cash flows (e.g., changes in arrears or economic conditions that correlate with defaults)

b) Financial liabilities

Initial recognition and measurement

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

Loans and borrowing

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

j) Inventories

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

- h) Raw materials: purchase cost using the weighted average cost method.
- ii) Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

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

k) Provisions

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

l) Contingent liabilities

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

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

m) Contingent assets

The Commission does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Commission in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

n) Nature and purpose of reserves

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

o) Changes in accounting policies and estimates

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

p) Employee benefits

Retirement benefit plans

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

q) Foreign currency transactions

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

r) Borrowing costs

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

s) Related parties

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

t) Service concession arrangements

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

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

u) Cash and cash equivalents

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

v) Comparative figures

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

w) Subsequent events

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

**5. Significant Judgments and Sources of Estimation
Uncertainty**

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

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Commission based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about

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future developments may change due to market changes or circumstances arising beyond the control of the Commission. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual value

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

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

Provisions

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

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

6. Transfers from Other Government entities

Description	2023-2024	2022-2023
	KShs	KShs
Unconditional Grants		
Recurrent Grants - GoK	343,439,600	309,899,999
Recurrent Grants-Sports, Arts and Social Development	70,760,492	-
Recurrent Grants-Communications Authority	1,000,000	-
Total Unconditional Grants	415,200,092	309,899,999
Conditional Grants		
Other Organizational Grants	-	-
Total Government Grants and Subsidies	415,200,092	309,899,999

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

Name of The Entity Sending the Grant	Amount recognized to Statement of	Amount deferred under deferred	Amount recognised in capital fund.	Total transfers 2023-24	Prior year 2022-23

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	Financial performance	income KShs			
	KShs		KShs	KShs	KShs
Ministry of Youth Affairs, Creative Economy, Sports and Arts	343,439,600	-	-	343,439,600	309,899,999
Total	343,439,600	-	-	343,439,600	309,899,999

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

7. Public Contributions and Donations

Description	2023-2024	2022-2023
	Kshs	Kshs
Recurrent Grants- Kwa Zulu Natal- South Africa	442,750	-
Israel Embassy/ CAK for Film empowerment	-	324,380
Totals	442,750	324,380
Reconciliation Of Public Contributions and		
Balance Unspent at Beginning of The Year	-	-
Current Year Receipts	442,750	324,380
Conditions Met - Transferred to Revenue	442,750	324,380
Conditions To Be Met - Remain Liabilities	-	-

8. Other Income

Description	2023-2024	2022-2023
	Kshs	Kshs
HomeBoyz-Kalasha market registration	1,284,384	152,500
Deferred Income from locations Mapping/GIZ	51,647,808	25,249,235
APA- WIBA	647,704	-
Total other income	53,579,896	25,401,735

9. Employee Costs

Description	2023-2024	2022-2023
	Kshs	Kshs
Salaries and wages	53,241,169	53,942,606
Employer contribution to pension schemes	2,688,356	3,678,422

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Housing benefits and allowances	18,041,917	16,968,500
Gratuity	7,047,165	7,519,453
Other employee related costs *	19,403,900	18,155,323
Employee costs	100,422,506	100,264,304

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

10. Board Expenses

Description	2023-2024	2022-2023
	Kshs	Kshs
Chairman/Directors' Honoraria	-	50,604
Sitting Allowances	6,924,500	2,916,300
Medical Insurance	262,751	390,055
Induction and Training	1,306,000	1,400,150
Travel and Accommodation	6,683,443	1,608,072
Other Board Expenses	250,778	230,000
Total	15,427,472	6,595,181

11. Depreciation and Amortization

Description	2023-2024	2022-2023
	Kshs	Kshs
Property, Plant and Equipment	19,425,574	20,511,580
Intangible Assets	7,131,556	19,024,542
Total Depreciation	26,557,131	39,536,122

12. Repairs and Maintenance

Description	2023-2024	2022-2023
	Kshs	Kshs
Equipment and Machinery/Office Repairs and Maintenance	247,103	566,924
Vehicles	2,642,271	1,423,278
Computers and Accessories/ ICT Annual Maintenance	157,700	47,500
Total Repairs and Maintenance	3,047,074	2,037,702

13. Contracted Services

Description	2023-2024	2022-2023
	Kshs	Kshs
Security services	600,000	600,000
Property and equipment insurance	674,394	1,093,619
Assets verification/Tagging	1,150,300	1,692,630
Total Contracted Services	2,424,694	3,386,249

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14. Use of Goods and Services

Description	2023-2024	2022-2023
	Kshs	Kshs
Internet Services	1,182,752	1,851,397
Telephone services	27,251	21,681
Electricity	1,228,828	1,227,697
Rent	19,194,775	18,942,591
Total use of goods and services	21,633,607	22,043,367

15. General Expenses

Description	2023-2024	2022-2023
	Kshs	Kshs
Film research and development	3,473,045	4,349,400
Film incentive	2,640,551	1,401,650
Advocacy	3,302,395	3,090,494
Public Affairs/Sponsorships	1,855,810	1,776,560
Audience development school outreach	2,137,385	2,581,960
Screen culture development	13,741,070	4,900,970
Kalasha International Film TV Awards/market	46,460,613	38,080,958
Film hub	2,288,500	1,118,340
Production & Liaison Services	2,207,997	2,907,810
Certification & Accreditation	-	2,672,380
Mobile film competition	4,863,580	2,450,725
My county my story	1,773,725	3,283,091
International festivals	10,806,952	3,428,832
Kalasha writers hub/residency	156,869	2,111,048
Capacity development workshop	6,284,696	4,275,656
Scholarships& bursaries	1,000,000	800,000
Film industry empowerment programme (KFC)	-	1,955,174
Film industry empowerment programme (GIZ Grant)	44,202,714	25,249,235
E-Film Shop	949,040	-
Film Marketing	4,715,245	2,302,970
Film Archiving	1,823,486	-
Corporate communication	1,758,406	892,822
Thematic Advertising Campaigns	950,111	-
Branding	15,000	1,852,997
CSR and investors relations	144,000	-

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Description	2023-2024	2022-2023
Stakeholder engagement	953,653	616,225
Staff team building	3,986,535	-
Software annual licenses renewal	1,532,462	3,406,072
Group media cover	12,216,793	10,733,837
Staff training and development	6,737,254	4,803,081
Club membership	55,000	51,360
Cleaning service	797,290	709,480
Travelling and accommodation-local	15,947,964	13,362,194
Supplies Registration	-	2,916,015
GIMIS	-	1,288,730
Internal Audit	2,904,805	1,873,816
Africa Audiovisual Sinema Commission (AACC)	15,418,952	-
Legal	6,669,360	1,634,088
Courier and postage services	334,835	387,170
General office supplies	2,473,793	1,873,410
Corporate entertainment	812,730	708,226
Staff welfare	5,547,155	6,225,456
Advertising and Publicity	205,045	8,540,370
Computer Software/Hardwares	514,500	-
Bluesky	2,470,775	-
Knowledge Management	1,724,470	-
Fuel and lubricants	4,757,203	3,316,199
Audit fee	290,000	290,000
Publications, subscriptions and newspapers	196,275	171,550
Professional subscriptions	263,209	525,354
PC, strategic plan, ISO,M&E	12,057,047	14,589,814
Bank charges	393,511	347,512
Refurbishment	-	11,138,036
Ultramodern cinema theatre	677,890	436,400
Total General Expenses	257,489,695	201,427,464

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16. **Cash and Cash Equivalents**

Description	2023-2024	2022-2023
	Kshs	Kshs
KFC Current Account	109,667,572	66,288,418
Current Account-AACC	39,331,569	-
Current Account-Donor Funds (GIZ)	23,991	51,671,799
Cash-on-hand	5,249	3,016
Total Cash and Cash Equivalents	149,028,381	117,963,233

(a) **Detailed Analysis of the Cash and Cash Equivalents**

Financial Institution	Account	2023-2024	2022-2023
		Kshs	Kshs
a) Current Account			
KFC Current Account	1106760018	109,667,572	66,288,418
KFC Current Account-Donor Funds (GIZ)	1312243031	23,991	51,671,799
Current Account-AACC	1316044718	39,331,569	-
Sub- Total		149,023,132	117,960,217
b) On - Call Deposits			
		-	-
Sub- Total		-	-
c) Fixed Deposits Account			
-	-	-	-
Sub- Total	-	-	-
d) Staff Car Loan/ Mortgage			
-	-	-	-
Sub- Total	-	-	-
e) Others			
Cash In Hand	-	5,249	3,016
Mobile Money Accounts/ Mpesa	-	-	-
Sub- Total	-	5,249	3,016
Grand Total	-	149,028,381	117,963,233

17. **Receivables from Exchange Transactions**

(a) **Receivables from Exchange Transactions (Current)**

Description	2023-2024	2022-2023
	Kshs	Kshs
Receivables		
Salary Advances-Staff debtors	825,562	158,500
Total Current Receivables	825,562	158,500

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These debts relate to salary advances to staff that were outstanding as at June 30, 2024

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

Description	2023-2024	2022-2023
	Kshs	Kshs
Total receivables		
Kalasha Market -Debtors	-	403,000
KENATCO Taxis Ltd	98,276	-
Total receivables	-	403,000
Current portion transferred to current receivables	-	-
Total non-current receivables	98,276	403,000
Total receivables (a+b)	923,838	561,500

(c) Ageing analysis for Receivables from exchange transactions

Description	2023-2024		2022-2023	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	923,838	100%	158,500	28.23%
Between 1- 2 years	-	-	-	-
Between 2-3 years	-	-	-	-
Over 3 years	-	-	403,000	71.77%
Total (a+b)	923,838	100%	561,500	100.00%

18. Prepayment

Description	2023-2024	2022-2023
	Kshs	Kshs
Rent Deposit	1,931,982	1,931,982
KRA Advance Payment	1,836,934	1,836,934
Total	3,768,916	3,768,916

19. Inventories

Description	2023-2024	2022-2023
	Kshs	Kshs
Consumable stores	2,191,539	1,520,734
Total	2,191,539	1,520,734

Inventories at the lower of cost and net realizable

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Notes to the Financial Statements (Continued)

20. Property, Plant and Equipment

	Office Equipment	Computers	Motor Vehicles	Furniture and Fittings	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs
	12.50%	30%	25%	12.50%	
1st July 2022	27,038,647	31,025,727	15,327,257	6,619,360	80,010,991
Additions	4,442,873	0	10,289,600	296,300	15,028,773
Depreciation	3,935,190	9,307,718	6,404,214	864,458	20,511,580
Acc Depreciation	11,066,250	28,939,299	15,874,903	2,501,103	58,381,554
30th June 2023 (NBV)	20,415,270	2,086,428	9,741,954	4,414,558	36,658,209
1st July 2023	20,415,270	2,086,428	9,741,954	4,414,558	36,658,209
Revaluation gain/ loss	(11,265,715)	14,712,112	13,284,426	1,669,537	18,400,360
Addition	8,883,480	11,140,900	0	18,180,050	38,204,430
Sub total	18,033,035	27,939,440	23,026,380	24,264,145	93,262,999
Disposal					
Depreciation for the Year	2,254,129	8,381,832	5,756,595	3,033,018	19,425,574
30th June 2024 (NBV)	15,778,905	19,557,608	17,269,785	21,231,126	73,837,425

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Notes to the Financial Statements (Continued)

21. Intangible Assets

(a) Soft wares

Description	2023-2024	2022-2023
	Kshs	Kshs
Cost		
As at Begging of FY	13,236,000	13,236,000
Additions	-	-
Transfer/Adjustment		-
As at End of FY	13,236,000	13,236,000
Amortization and impairment		
As at Begging of FY	8,696,052	6,750,360
		-
Amortization Charge	2,608,816	1,945,692
As at End of FY	11,304,868	8,696,052
Net Book Values		
As at End of FY	1,931,868	4,539,948

(b) Development Expenditure-Location Mapping

Description	2023-2024	2022-2023
	Kshs	Kshs
Cost		
As at Begging of FY	29,560,396	29,560,396
Additions	-	-
Transfer/Adjustment		
As at End of FY	29,560,396	29,560,396
Amortization and impairment		
As at Begging of FY	15,075,802	8,868,119
Transfer/Adjustment		
Amortization Charge	4,522,741	6,207,683
As at End of FY	19,598,543	15,075,802
(a+b)		
Amortization and impairment on Intangible Assets	7,131,556	8,153,375
Net Book Values	11,892,986	19,024,542

22. Trade and Other Payables

Description	2023-2024	2022-2023
	Kshs	Kshs
Trade payables	53,999,179	26,323,919

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Provisions	7,047,165	3,764,680
Current benefit obligation	9,988,564	15,774,859
Total trade and other payables	71,034,908	45,863,458

23. Deferred Income

Description	2023-2024	2022-2023
	Kshs	Kshs
Differed Income (GIZ)	51,671,799	51,671,799
Expenditure for the year	(51,647,808)	-
Total Deferred Income	23,991	51,671,799

These funds are from GIZ meant for film empowerment programme.

The deferred income movement is as follows:

	National government	International funders	Public contributions and donations	Total
	Kshs	Kshs	Kshs	Kshs
Balance Brought	-	51,671,799	-	51,671,799
Additions	-	-	-	-
Transfers To	-	-	-	(51,647,808)
Balance Carried	-	23,991	-	23,991

24. Accumulated Surplus and Reserves

	2023-2024	2022-2023
	Kshs	Kshs
Accumulated Surplus b/f	20,375,701	49,760,838
Surplus for the Year	42,220,559	(54,401,965)
Prior year Adjustment	-	25,016,828
Kalasha Market Debtors adjusted	(403,000)	-
Ganane Supplies Limited- Partitioning	1,807,418	-
Greentide Africa LTD- Partitioning of	7,838,530	-
Balance c/f as at 30 June 2024	71,839,118	20,375,701

25. Capital Funds

	2023-2024	2022-2023
	Kshs	Kshs
Capital Fund b/f	61,586,267	61,586,267
Additions	32,250,000	-
Transfer to assets	(8,730,130)	-
Total	85,106,137	61,586,267

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26. Cash Generated from Operations

	2023-2024	2022-2023
	Kshs	Kshs
Surplus for the year before tax	42,220,559	(29,117,487)
Adjusted for:		
Depreciation	26,557,131	28,664,955
Audit Fees	290,000	290,000
Working capital adjustments:		
Increase in Receivables from exchange transactions	(362,338)	233,616
Increase in Prepayment	-	-
Decrease in Inventory	(670,805)	(551,088)
Increase in Employee Obligations	(5,786,295)	1,167,773
Decrease in payables	(27,675,260)	(7,317,367)
Increase in Other Payables	2,447,007	(25,249,236)
Net cash flows from operating activities	37,019,998	(31,878,833)

27. Financial Risk Management

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

i) Credit risk

The Entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Entity's management based on prior experience and their assessment of the current economic environment.

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Financial Risk Management

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

	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
As at 30 June 2024				
Receivables from exchange	923,838	923,838	-	-
Bank balances	149,028,381	149,028,381	-	-
Total	149,952,219	149,952,219	-	-
As at 30 June 2023				
Receivables from exchange	561,500	158,500	403,000	-
Bank balances	117,963,233	117,963,233	-	-
Total	118,524,733	181,121,733	403,000	-

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

ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Entity's directors, who have built an appropriate liquidity risk management framework for the management of the Entity's short, medium and long-term funding and liquidity management requirements. The Entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows. The table below represents cash flows payable by the Entity under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

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	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
As at 30 June 2024				
Trade payables	-	49,578,178	4,421,000	53,999,178
Provisions	-	290,000	6,757,165	7,047,165
Deferred income	-		23,991	23,991
Employee benefit obligation	-		9,988,564	9,988,564
Total	-	49,868,178	20,990,720	70,858,898
As at 30 June 2023				
Trade payables	-	14,524,870	11,531,399	26,056,269
Provisions	-	290,000	3,474,680	3,764,680
Deferred income	-	-	51,671,799	51,671,799
Employee benefit obligation	-	-	15,774,859	15,774,859
Total	-	14,814,870	82,742,737	97,267,607

iii) Market risk

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

a) Foreign currency risk

The Commission has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The Commission manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

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

b) Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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

Fair value of financial assets and liabilities

a) Financial instruments measured at fair value.

Determination of fair value and fair values hierarchy

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

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

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

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

recorded at fair value by level of the fair value	2023-2024	2022-2023
	Kshs	Kshs
Retained Earnings/ Accumulated Surplus	71,839,118	20,643,261
Capital Reserve/ Fund	80,344,708	61,586,267
Revaluation Reserve	18,400,360	-
Total funds	170,584,186	82,229,528
Total Borrowings	-	-
Less: Cash and Bank Balances	(149,028,381)	(117,963,233)
Net Debt/ (Excess Cash and Cash Equivalents)	21,555,805	(35,733,705)
Gearing	12.64%	(43.45%)

28. Related Party Disclosures

Nature of related party relationships

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

Government of Kenya

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

Other related parties include:

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

	2023-2024	2022-2023
	Kshs	Kshs
Transactions with related parties		
a) Sales to related parties		
Sales of goods	-	-
Sales of services	-	-
Total	-	-
b) Grants /transfers from the government		

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Grants from national govt	343,439,600	309,899,999
Grants from county government	-	-

	2023-2024	2022-2023
	Kshs	Kshs
Donations in kind	-	-
Total	343,439,600	309,899,999
c) Expenses incurred on behalf of related party		
Payments of salaries and wages	-	-
Payments for goods and services	-	-
Total	-	-
d) Key management compensation		
Directors' emoluments	15,427,472	6,595,181
Compensation to key management	11,534,700	15,734,700
Total	26,962,172	22,329,881

29. Capital Commitments

Capital Commitments	2023-2024	2022-2023
	Kshs	Kshs
Authorised for Nyeri Ultra-Modern Cinema Theatre	-	-
	-	-
Total	-	-

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

30. Events after the Reporting Period

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

31. Ultimate And Holding Entity

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

32. Currency

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

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20. Appendices

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

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

Ref No.	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
	<p>Unexplained Prior Year Adjustment The statement of changes in net assets reflects a prior year adjustment balance of Kshs.2,284,685 which was not supported with any relevant journal vouchers or documents.</p>	The supportive and the relevant journal vouchers will be provided.	Not resolved	By 30th June 2023
	<p>Budgetary Control Performance The Commission spent Kshs. 322,571,739 against a Kshs. 400,917,020 approved budgets, resulting in an under expenditure of Kshs. 78,345,281 or 19% of the budget. There was no justification provided for the underperformance. The intended activities were hampered by the underperformance, which may have had a detrimental effect on how well the general public was served</p>	Management has noted and appreciates the recommendations. The Commission expended KSHs.377, 698,021 against an approved budget of KSHs 400,917,020 resulting to an under-expenditure of KSHs.23, 218,998 or 6% of the budget. This was occasioned by Covid 19 pandemic that resulted to restrictions in the country in line with ministry of Health guidelines hence low operations and low budgetary absorption	Not resolved	By 30th June 2023
	<p>Expenditure on Film Industry Empowerment Programme The statement of financial performance shows expenditure totaling Kshs. 216,786,279 for general</p>	The Commission established a film empowerment program to provide film and video related funding in the development (of feature films documentaries and TV Concepts), and production of feature films and documentaries and	Not resolved	By 30th June 2023

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	<p>expenses, which includes Kshs. 52,141,925 spent on the Film Industry Empowerment Programme, as indicated in Note 15 to the financial statements. However, a review of the records indicated a figure of Kshs. 15,343,000 that was not supported by payment vouchers, invoices, procurement records, or local purchase orders. The accuracy and completeness of the expenditure of Kshs. 52,141,925 on the film industry empowerment programme could not be confirmed.</p>	<p>marketing and distribution. The aim was to increase the number of quality local films made in in Kenya.</p> <p>The supporting documents for the same is provided as an annexure (EVIDENCE 4.8 (b)) - Blue box file as submitted earlier.</p>		
	<p>Unsupported Expenditure on Film Marketing Events – Local and International Kalasha International Film & TV Awards/ market</p> <p>The total sum given to Kalasha award winners was Kshs. 5,000,000 but the rationale for the amounts awarded to the winners of the various categories was not made available for audit review. The accuracy and completeness of the expenditure of Kshs.5,000,000 could not be confirmed.</p>	<p>The Kalasha awards event was held on 12th December 2020 at the Sarit Centre Nairobi. There were 31 categories with 31 winners i.e., a winner per category. From these 31 winners, 30 were paid Ksh. 100,000 each hence the total of Ksh. 3,000,000 as budgeted. The award winners in various categories are provided in the enclosed 10th edition Kalasha international Film and TV awards report (pg 11 & 12) 19th December 2020. In addition, this categories are a practice borrowed from the Oscars and other Film awards around the world.</p> <p>The Kalasha Market event was held on 5th to 7th May 2021 at the Sarit Centre,</p>	<p>Not resolved</p>	<p>By 30th June 2023</p>

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		<p>the Jury declared four winners in four categories of the Pitching competition. Each was paid Ksh. 500,000, hence total amount paid was Ksh. 2,000,000 as budgeted. The details of the winners are contained in the</p> <p>Pitching competition 2021 report (pg 13) dated 7th May 2021. (EVIDENCE 4.7 as earlier shared (b</p>		
	<p>Expenditure on Capacity Development Programmes</p> <p>According to Note 15 of the financial statements, the Commission spent Kshs. 216,786,279 on general expenses, which included kshs. 12,560,000 on content acquisition. Out of this amount, a total of kshs 540,000 was paid to the nine (9) members of the Content Acquisition Committee, Appointment letters for eight (8) members, the attendance register and meeting minutes, or the rate of payment per member were not provided for audit review. Further, payments for content acquisition for four (4) production companies for acquisition of a series at Kshs.2,730,000 per series totalling Kshs.10,920,000 were not supported by any</p>	<p>The selection from industry was based on the nature of the tasks that were before the Committee, hence the focus on those with knowledge and expertise in distribution of film. The eight members appointment letters is hereby enclosed (EVIDENCE A). The minutes of the committee dated 14th August 2020 and a report dated October 2020 have been enclosed (EVIDENCE B). The basis for determining the payment rate of</p> <p>Kshs.60,000 is as per The Presidency, Ministry of devolution and Planning Circular dated 2nd August 2013 on payment of Taskforce allowance Ref No. MSPS.2/1A VOL.XLVIII/(119). Each member was paid Ksh. 4,000 per day for fourteen days in line with section (i) of the circular attached as an annexure (EVIDENCE 4.12 (a1) as earlier shared. And also in annexure</p>	<p>Not resolved</p>	<p>By 30th June 2023</p>

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

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	<p>Management has not provided an explanation for the Policy's noncompliance. In the circumstances, Management was in breach of the law.</p>	<p>was corrected as per attached payslips in the subsequent months (APPENDIX IV submitted earlier)</p> <p>Mr. Bernard Kibe did not comply with 1/3 rule but in the subsequent months the error was corrected as per attached payroll for the month of February and March 2021 (APPENDIX IV submitted earlier)</p> <p>Mr. Alex Mulwa did not comply with the 1/3 rule since the officer was exiting the Commission in the month of June 2021 as per attached letter and there was need to deduct the amount owed to the Commission. APPENDIX IV and V submitted earlier)</p>		
		<p>Management notes the audit observations together with the recommendations provided thereof. Further, Management notes and confirms the following; -</p> <p>(i) That budgetary for barcoded asset tagging shall be provided for in the first quarter of financial year 2022/2023.</p> <p>(ii) That for ease of identification, management shall undertake temporary manual tagging for the assets and update the register by 14th March, 2022.</p>	<p>Not resolved</p>	<p>By 30th June 2023</p>

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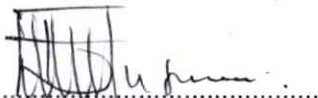
	<p>Unbalanced Budget Issue / Observations from Auditor The Statement of comparison of budget and actual amount reflects final budgeted revenue balance of Kshs.324,817,200 and budgeted expenditure of Kshs.400,917,020 resulting into a budget deficit of Kshs.76,099,820 contrary Regulation 33 (e) of the Public Finance Management (National Government) Regulations, 2015 which provides that the total budget revenue shall cover the total budget expenditure. In the circumstances, Management was in breach of the law.</p>	<p>Management has noted and appreciates the comments recommendations. The Commission operated a balance budget as per the signed budget for the FY 2021. Besides the amounts received from the exchequer and sponsors of Ksh. 324, 817,200, the commission had roll over from the FY 2019/20 as follows and as per the signed budget; Recurrent Ksh. 84,135,741 Development Ksh. 7,843,020 Stimulus Package 8,500,000 These funds had been accounted for in the FY 2019/20 statement of comparison of budget and actual amount effective resulting into what appears as " a budget deficit" though purely for accounting purpose.</p>	Not resolved	By 30th June 2023
	<p>Unsupported property, plant and equipment. The statement of financial position reflects property ,plant and equipment balance of Kshs.36,658,209 which has disclosed in note 20 to the financial statements includes two vehicles net book values balance of kshs.9,741,954. The balance includes vehicles valued at Kshs.8,225,550 at cost</p>	<p>Management has noted and appreciates the recommendations. The Commission during the FY 2022/2023 engaged a consultant to revalue the all Commissions assets and recommend others for disposal. Subsequently the asset register was fully updated. The Commission also sort Approval from the National Treasury through the Parent Ministry on disposal of assets vide ref. no. which is yet to be responded to.</p>	Not resolved	By 30th June 2025

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	<p>which have been grounded since October 2022. Further the assets register has not been updated to include the depreciation charge for the year, accumulated depreciation and the resulting net book value for all the assets. In the circumstances, the accuracy and completeness of the property, plant and equipment balance of Kshs.36,658,209 could not be confirmed.</p>			
Reference No.				Timeframe:
	<p>Long outstanding Receivables from Exchange transactions; The statement of financial position reflects receivables from exchange transactions balance of Kshs.561,500 as disclosed in note 17 to the financial statements. The balance includes receivables amounting to Kshs.403,000 which has been outstanding for over 3 years. In addition, the supporting claims and the breakdown of the amount was not provided for audit. In the circumstances, the accuracy, completeness and</p>	<p>Management has noted and appreciates the recommendations. The Commission made adjustments of the financial statements under IPSAS 3 : Accounting policies, changes in accounting estimates and prior period errors. This is an adjustment of the carrying amount of an asset or liability or the amount of the periodic consumption of an asset that results from the assessment of the present status of and expected future benefits and obligations associated with assets and liabilities. Retrospective restatement is correcting the recognition, measurement and disclosure of amounts of elements of financial statements as if a prior error had never occurred.</p>	Not resolved	By June 30, 2025.

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	recoverability of the balance of Kshs.561,500 could not be confirmed.	The restatement were made through journal entries of the outstanding amount of Kshs.403,000		
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Timothy Owase
Chief Executive Officer
Kenya film commission
Date

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Appendix II: Projects implemented by Kenya Film Commission

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

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

Status of Projects completion

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

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Appendix IV: Transfers from Other Government Entities

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - KES	Statement of Financial Performance	Where Recorded/recognized				Total Transfers during the Year
					Capital Fund	Deferred Income	Receivables	Others - must be specific	
Ministry of Youth Affairs, Sports and The Arts	10.08.2023	Recurrent	78,359,900	78,359,900	-	-	-	-	78,359,900
Ministry of Youth Affairs, Sports and The Arts	31.10.2023	Recurrent	78,109,900	78,109,900	-	-	-	-	78,109,900
Ministry of Youth Affairs, Sports and The Arts	05.12.2023	Development	12,250,000	-	-	12,250,000	-	-	12,250,000
Sports, Arts and Social Development Fund	13.12.2023	Recurrent	5,900,000	5,900,000	-	-	-	-	5,900,000
Ministry of Youth Affairs, Sports and The Arts	14.02.2024	Recurrent	78,609,900	78,609,900	-	-	-	-	78,609,900
APA- WIBA	15.02.2024	Recurrent	647,704	647,704	-	-	-	-	647,704
Sports, Arts and Social Development Fund	26.03.2024	Development	20,000,000	-	-	20,000,000	-	-	20,000,000
Sports, Arts and Social Development Fund	28.03.2024	Recurrent	30,000,000	30,000,000	-	-	-	-	30,000,000
Sports, Arts and Social Development Fund	22.03.2024	Recurrent	8,960,492	8,960,492	-	-	-	-	8,960,492

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Kwa Zulu Natal- South Africa	04.04.2024	Recurrent	442,75	442,750	-	-	-	-	442,750
Communications Authority of Kenya	30.04.2024	Recurrent	1,000,000	1,000,000	-	-	-	-	1,000,000
Sports, Arts and Social Development Fund	08.05.2024	Recurrent	40,000,000	40,000,000	-	-	-	-	40,000,000
Sports, Arts and Social Development Fund	08.05.2024	Recurrent	10,000,000	10,000,000	-	-	-	-	10,000,000
Ministry of Youth Affairs, Sports and The Arts	09.05.2024	Recurrent	78,359,900	78,359,900	-	-	-	-	78,359,900
Sports, Arts and Social Development Fund	12.06.2024	Recurrent	5,900,000	5,900,000	-	-	-	-	5,900,000
Home Boyz	19.06.2024	Recurrent	1,284,384	1,284,384	-	-	-	-	1,284,384
Total			449,824,930	417,574,930		32,250,000			449,824,930

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Appendix V- Inter-Entity Confirmation Letter

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

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

Confirmation of amounts received by KFC as at 30 th June 2024							
Reference Number	Date Disbursed	Amounts Disbursed by KFC (Kshs) as at 30th June 2024				Amount Received by [beneficiary Entity] (Kshs) as at 30 th June 2024 (E)	Differences (Kshs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
	10.08.2023	78,359,900	-	-	78,359,900	78,359,900	-
	31.10.2023	78,109,900	-	-	78,109,900	78,109,900	-
	05.12.2023	-	12,250,000	-	12,250,000	12,250,000	-
	14.02.2024	78,609,900	-	-	78,609,900	78,609,900	-
	26.03.2024	-	20,000,000	-	20,000,000	20,000,000	-
	28.03.2024	30,000,000	-	-	30,000,000	20,000,000	-

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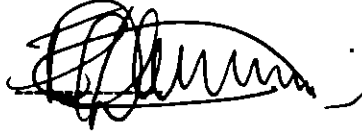
	09.05.2024	78,359,900	-	-	78,359,900	78,359,900	-
	08.07.2024	12,000,000			12,000,000	12,000,000	-
	08.07.2024	3,000,000			3,000,000	3,000,000	-
Total		358,439,600	32,250,000	-	390,689,600	390,689,600	-

Note. Ksh. 15,000,000 received on 8/07/204 will be recognized as revenue for the FY 2024/25

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

Finance and Accounts Manager
Kenya Film Commission

Sign



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

Sign-----

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[Insert your Letterhead]

(b) CEO

Sports, Arts and Social Development Fund

NAIROBI

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

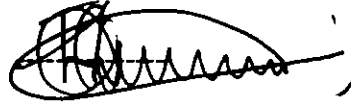
Confirmation of amounts received by KFC as at 30th June 2024							
Reference Number	Date Disbursed	Amounts Disbursed by KFC (Kshs) as at 30th June 2024				Amount Received by [beneficiary Entity] (Kshs) as at 30th June 2024 (E)	Differences (Kshs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
	13.12.2023	5,900,000	-	-	5,900,000	5,900,000	-
	22.03.2024	8,960,492	-	-	8,960,492	8,960,492	-
	08.05.2024	40,000,000	-	-	40,000,000	40,000,000	-
	08.05.2024	10,000,000	-	-	10,000,000	10,000,000	-
	12.06.2024	5,900,000	-	-	5,900,000	5,900,000	-
Total		70,760,492	-	-	70,760,492	70,760,492	-

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

Finance and Accounts Manager
Kenya Film Commission

Sign



Head of Accounting Unit
Sports, Arts and Social Development Fund

Sign-----

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Appendix VI: Reporting of Climate Relevant Expenditures

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

(Indicate actual name of the entity)

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Appendix VII: Reporting on Disaster Management Expenditure

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