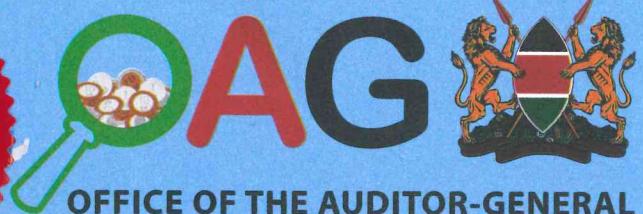
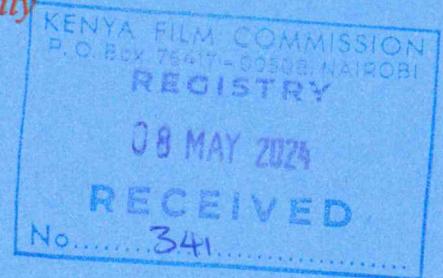


REPUBLIC OF KENYA



Enhancing Accountability



REPORT

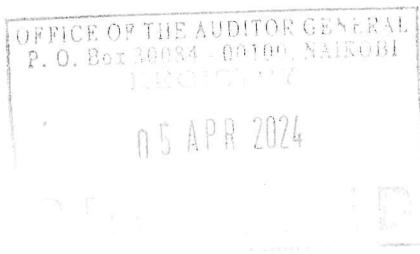
OF

THE AUDITOR-GENERAL

ON

KENYA FILM COMMISSION

FOR THE YEAR ENDED
30 JUNE, 2023



Fiba Kenya...Capture Africa!

KENYA FILM COMMISSION

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2023

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

(Leave this page blank)

**Kenya Film Commission
Annual Report and Financial Statements for the year ended June 30, 2023.**

Table of Contents.....	Page
1. Acronyms, Abbreviations and Glossary of Terms.....	ii
2. Key Entity Information and Management.....	iiii
3. Board of Directors.....	vi
4. Key Management Team.....	ix
5. Chairperson's Statement	xiii
6. Report of the Chief Executive Officer	xv
8. Corporate Governance Statement	xxiv
9. Management Discussion and Analysis.....	xxxi
10. Environmental and Sustainability Reporting.....	xxxvii
11. Report of the Directors	xli
12. Statement of Directors Responsibilities.....	xlii
13. Report of the Independent Auditor for the Financial Statements of Kenya Film Commission xliii	
14. Statement of Financial Performance for the year ended 30 June 2023.....	1
15. Statement of Financial Position as at 30 June 2023	3
16. Statement of Changes in Net Assets for the year ended 30 June 2023	5
17. Statement of Cash Flows for the year ended 30 June 2023.....	6
18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2023..	7
19. Notes to the Financial Statements	9
30. Appendices	37

1. Acronyms, Abbreviations and Glossary of Terms

A: Acronyms and Abbreviations

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

B: Glossary of Terms

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

Comparative Year- Means the prior period.

The Commission – Kenya Film Commission

2. Key Entity Information and Management

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.

a) 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%

Kenya Film Commission**Annual Report and Financial Statements for the year ended June 30, 2023.****a) The Commission's key stakeholders who are also its main customers are;**

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

b) 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

c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2023 and who had direct fiduciary responsibility were:

(a) Fiduciary Oversight Arrangements

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 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	Farah Mohamed
12.	Ag. Marketing Manager	Grace Kago
13.	Ag. Senior ICT Officer	Michael Yegon

d) 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:

Kenya Film Commission**Annual Report and Financial Statements for the year ended June 30, 2023.**

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

e) Kenya Film Commission Headquarters

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

f) 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

g) Entity Bankers**Kenya Commercial Bank**

P.O Box 14959 - 00800
Sarit Centre Branch
Nairobi.

h) Independent Auditors

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

i) Principal Legal Advisor

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

**Kenya Film Commission
Annual Report and Financial Statements for the year ended June 30, 2023.**

3. Board of Directors



Mr. Ernest Kerich – Ag. Chairperson

(Date of Birth 7th July 1959)

Mr. Kerich has over 38 years' experience in Public Service, starting with the Presidential Press Services and then the Department of Film Services. He was immediate former Director Department of Film Services in the Ministry of ICT.

He holds a Diploma in Cinematography and Certificates in Strategic Leadership Development, Corporate Governance, Financial Management, Film Governance and Society and in Total Quality Management.



Ms. Sarah Migwi - Member

(Date of Birth 14th July 1978)

Ms. Migwi is the Founder and Managing Director of Protel Studios, a TV content production company with offices in Kenya, Uganda and Nigeria. She worked as a Producer for Nation TV.

Sarah has engaged in offering bespoke production solutions for advertising campaigns, documentaries, programmes and events. She is a graduate of the Stanford Institute for Innovation in Developing Economies SEED program, Strathmore Business School and United States International University – Africa.



Mr. Aasif Karim -Member

(Date of Birth 15th December 1963)

Mr. Karim is the Chairman of Safinaz Foundation as well as Founder and Festival Director of the Kenya International Sports Film Festival (KISFF). He is dedicated to this festival that showcases the synergy that exists between Sports, which unifies society, and Film which inspires society.

Additionally, he provided radio and TV commentary for International Cricket Tournaments as well as written commentary on the Kenyan sports scene.

His Academic Qualification is BBA Insurance. Aasif is a Fellow Arbitrator and Accredited Mediator by the Kenyan Judiciary for Family and Commercial Disputes.



Ms. Eunice Wangeci Macharia – Member

(Date of Birth 1968)

Ms. Macharia is a self-trained film producer with over ten years in the industry creating content for the local TV stations and online markets, has produced over forty (40) titles worth over 5000 hours. She is the Founder and Managing Director of Kollywood (K) Movies founded in 2009 and formally registered in 2010 with its offices in Nyeri County.

She has a background in Accounts having ACNC1 & 2. She has a Certificate in Guidance and Counselling currently pursuing Diploma in Counselling Psychology with Amani Counselling Centre. She is a trained and Practicing Mediator. She is the founder and president of The Kagure Foundation an NGO that supports Autistic persons with diapers. She is one of the founder members of Frak (CMO). She has a great passion in the film industry, strongly and proudly championing for the economic growth of the film industry through Distribution.

Mr. Gideon Ole Saruni - Member

(Date of Birth 1959)

Mr. Saruni has over 30 years' experience in both private and public sector, among them former local authorities and County Governments.

He holds a Diploma in Business Studies and Degree in Bachelor of Business Administration. He also holds Certificates in CPA section three, Strategic Leadership. Development, Performance Management and Local Government Leadership and Management.



Mr. Peter Njoroge -Alternate Director, representing the Cabinet Secretary, National Treasury

(Date of Birth 27th September 1970)

Mr. Njoroge is a director of planning at the National Treasury. He holds a Master of Science Degree in Development Planning form the Technical University of Dortmund (Germany), 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.

Kenya Film Commission

Annual Report and Financial Statements for the year ended June 30, 2023.



The late Mr. Kibaara Kaugi - Alternate Director, representing the Principal Secretary, Ministry of ICT, Innovation and Youth Affairs (*Date of Birth 23rd October 1968*)

The Late Mr. Kaugi was the Director Kenya Film School. He was a Filmmaker with more than 25 years in the Film Industry. He held a BA (Hons,) from the University of Nairobi and a Diploma in Film Production/Directing, from the Kenya Institute of Mass Communication.



Chief Executive Officer.

Timothy Odhiambo Owase - MCIM, (Chartered Marketer), member of Public Relations Society of Kenya (PRSK), Association of Film Commissioners International (AFCI).

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. 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.



Corporation Secretary and Director Legal Services.

Audrey Cheruto - Certified Secretary (CS-K), a member of the Trustee Development Program Kenya by College of Insurance, Membership Law Society of Kenya (LSK), East Africa Law Society (EALS) and Institute of Certified Secretaries of Kenya (ICS).

Ms. Cheruto ensures that the Commission stays in compliance with the statutory and compliance requirements; ensure that the Board of Directors operates within the ambit of the Law.

She holds a Master's degree in Business Management (Strategic Management) from Kenyatta University, Bachelor of Laws Degree from the Moi University, and Postgraduate Diploma in Law from the Kenya School of Law.

4. Key Management Team



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.

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.

Corporation Secretary and Director Legal Services.



Audrey Cheruto - Certified Secretary (CS-K), a member of the Trustee Development Program Kenya by College of Insurance, Membership Law society of Kenya (LSK), East Africa Law Society (EALS) and Institute of Certified Secretaries of Kenya (ICS).

Ms. Cheruto ensures that the Commission stays in compliance with the statutory and compliance requirements; ensure that the Board of Directors operates within the ambit of the Law. She holds a Master's degree in Business Management (Strategic Management) from Kenyatta University, Bachelor of Laws Degree from the Moi University, and Postgraduate Diploma in Law from the Kenya School of Law.

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.

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 from the University of Nairobi and a Bachelor of Business Administration from Maseno University. 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.

Kenya Film Commission

Annual Report and Financial Statements for the year ended June 30, 2023.



Manager, Corporate Communication

Letitia Ywaya Ouko - Member of the Public Relations Society of Kenya (PRSK) and the Chartered Institute of Public Relations (United Kingdom).

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.

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).



Manager Finance and Accounts.

CPA, Elias Kiprono Cheptoo – Member of the Institute of Certified Public Accountants of Kenya (ICPAK).

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.



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.

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.

She holds a Masters' Degree in Finance from Jomo Kenyatta University of Agriculture & Technology (JKUAT) and Bachelor's Degree from Kenya Methodist University.

Manager Liaison Services**Christine Ochula - A full member of the Kenya Union of Journalists.**

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.

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.

Manager Strategy and Planning**Dr. Moses O. Owino, Ph.D.**

Dr. Owino leads the Strategy, Planning, monitoring and evaluation functions at the Commission.



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.

Manager Human Resource**Joseline Kanana Kanake – A full member of the Institute of Human Resource Management (IHRM).**

Ms. Kanake ensures that all employment practices, compensation, employee benefits, and human resources programs are within established standards, procedures, guidelines, and policies of KFC and local labour laws. She also ensures contact with the labour industry, other organizations and government departments to keep abreast and updated on developments that are relevant to the human resources process in KFC.

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.

Kenya Film Commission

Annual Report and Financial Statements for the year ended June 30, 2023.



Manager Supply chain

Mohamed Abdirahman Farah - Member in good standing of CIPS and Kenya Institute of Supplies Management (KISM).

Assist the Commission to achieve its strategic goals through implementation of efficient and effective systems of acquisition of goods, works and services, as well as disposal of assets.

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.



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.

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.



Ag. Marketing Manager

Ms. Grace Njeri Kago - A member of the Kenya Library association.

She has worked at the Commission for the last 10 years. She is responsible for the overall coordination of the preservation and exhibition of Kenyan films and other film industry related historical documents in the film industry.

In addition, 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.

She holds a Master of Information Science degree from Kenyatta University and a Bachelor of Information Science from Kenyatta University. She is passionate in this industry and ensures to promote a Kenya where everyone is watching Kenyan content.

5. Chairperson's Statement



On behalf of the KFC Board of Directors, I am pleased to present to you the Annual Report and Financial Statements of the Kenya Film Commission for the Fiscal Year ended 30th June 2023.

The Board is fully committed to ensuring that KFC fulfils its mission of developing a vibrant and sustainable local film industry and market Kenya as a preferred filming destination for wealth and job creation.

In line with this mandate, KFC created programs aimed at supporting the industry in attaining the 40% local content required by regulation as per the Kenya Information and Communication Act 2013, and continued to market Kenya as a

centre of excellence in film production. This involved working with film professionals, film Commissions around the globe, Government agencies, private organizations, professional bodies and associations in the film industry.

During the period under review, the Commission embarked on ensuring that several policies were put in place for internal controls, maintaining compliance, consistency, better quality services and accountability of our services at the Kenya Film Commission. This will ensure that the film industry remains steadfast in all stages of film production. The goal is to ensure the Kenyan flag flies high on the global film stage.

I would also like to note that, Kenya's film industry is on track in getting global recognition. There were concerns by scholars as to why the film industry had stagnated in Kenya, while it flourished in other African countries such as Nigeria and South Africa. This despite the fact that Kenya was among the first countries in Africa where films were shot on a regular basis. The narrative has completely changed. The Kenya's film industry is growing at a commendable pace.

To address these concerns, the Commission invested heavily in technology through its e-Film shop, and has also formed strategic partnerships with African Audio-Visual and Cinema Commission (AACC) whose main mandate is to develop and strengthen the African audio-visual and cinema industry; encourage the establishment of appropriate structures at the national, regional and continental levels to strengthen cooperation between African States in the area of audio-visual and cinema and through the use of audio-visual and cinematic expressions promote creativity, innovation, integration, solidarity, respect of values, mutual understanding, foster peace and promote a positive image of Africa. This is geared towards promotion and growth of the sector.

During the year under review local films such as Terastorm, Safari and Bangarang received international recognition and creators competed with big names on the global film stage. The recent signing of the co-production treaty between Kenya and South Africa is expected to significantly benefit the industry allowing for access to the financial and human resources of the production companies in both countries while being able to share the financial benefits in each of the home countries and an increased potential viewership through distribution. We look forward to future Bilateral film production collaborations between Kenya – France, Kenya – China and many more.

Kenya Film Commission

Annual Report and Financial Statements for the year ended June 30, 2023.

This will be aimed at increasing cooperation between various countries and in certain areas for the vast-growing film industry.

The Commission awarded 9 beneficiaries in the bursaries and scholarships programme to advance their skills in cinematic art. In collaboration with GIZ, the Commission conducted an Animation bootcamp at Dedan Kimathi University of Technology, Nyeri County and undertook a Distribution masterclass for 29 trainees from across the country. All this was done to improve the skills of the Kenyan film industry,

I take this opportunity to thank our esteemed stakeholders for choosing our services to better the local film industry. We remain committed to fulfilling our mandate, which is to provide the Kenyan economy with the most efficient, reliable and professional filmmakers both locally and internationally.

To Management and Staff, I commend you all for your tireless efforts and commitment to the attainment of KFC's set targets and goals. We work in a challenging environment, and in a highly demanding industry, and your dedication and commitment to playing your individual roles has not only enabled the organization to remain relevant, but also ensured that the country, region and the world have been entertained.

I am indebted to my fellow Directors on the Board in a very special way. You have contributed immensely to ensuring the growth and sustainability of the Commission as a financially strong and responsible organization that makes a positive and significant contribution to the economy. I am truly honored to serve alongside you as we strive to redefine the role played by KFC as a pacesetter for filmmaking in the country.

Finally, I would like to recognize the policy guidance and support accorded to the Commission by the Ministry of Youth Affairs, Sports and the Arts. We continue to look forward to your support as we diversify our mandate line with our growth strategy.

Njoroge

(E. G. HEMBRY, KFC)

Chairperson

Date..... 04th April 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 2023.

It is my pleasure to present to you the Kenya Film Commission Annual Financial Statements for the year ended 30th June 2023. Once again, the Commission has registered another year of incredible performance in line with her long-standing corporate history. 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.

During the year under review, the Commission experienced some tremendous growth in film and television production. This came about by the strategies that were put in place to support and promote the creatives in the film industry not forgetting the partnerships with various organizations including Netflix, Royal Tulip, Anga Cinemas, Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), County Governments.

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 also developed the Kenya Film Industry Coordination and Certification Framework and a model code of conduct for the industry to improve the credibility and professionalism of the practitioners of the Kenya Film Industry.

The Commission increased the amount of local content produced by supporting the development and production of 22 projects through the film empowerment programme. To ensure that Kenyans are watching local content, and embrace a screen going culture, the Commission conducted film outdoor screenings in 11 counties. The screen culture development programme enabled the Commission reach out to areas with limited access to local cinema theatres including Laikipia, Trans Nzoia, Kakamega, Kisii, Nyeri, Marsabit, Machakos and Vihiga counties. For three days, the Commission engaged local and international professionals from the Audio-Visual and Film industry at the 6th edition of Kalasha International Film and TV market from 29th to 31st March 2023 at the Kenyatta International Convention Centre (KICC). The Commission feted 39 filmmakers during the 12th edition of Kalasha International Film and TV Awards on 3rd December 2022 at Safari Park Hotel. The above programs enhanced growth in the film industry.

Film festivals also play a big role in the validation of the art of filmmaking and the growth of the industry in general. This forms the core purpose of the Commission in promoting a vibrant film

Kenya Film Commission**Annual Report and Financial Statements for the year ended June 30, 2023.**

industry. The Commission is determined to work towards ensuring the growth of the film industry for sustainable wealth and job creation and is looking forward to working together with other stakeholders to support this nascent industry. The Commission supported 7 local film festivals in Nairobi, Nakuru, Siaya, Kitui and Uasin Gishu Counties.

The organization recognized the role stakeholders play in the attainment of its strategy put in place mechanisms for their active engagement. This helped the organization to leverage on stakeholder perspectives and insights to create a win-win situation. We proactively mapped out our various stakeholders with the aim of understanding and effectively managing their expectations. This is in recognition of the fact that harmonious relationships lead to business success and sustainability.

Operationally, the Commission engaged casuals, attaches and interns from public service and internal interns which acted as a stop gap measures for variance in terms of staff establishment. Further, the Commission staff were trained in different fields like Supervisory Skills Development and CPD's.

Despite the above achievements during the financial year, the Commission have had several challenges which if addressed, will improve the performance to greater level for the coming years. Understaffing has been a major challenge in implementation of the Commission's programmes. Currently, the Commission has 44 staff members against the staff establishment of 90.

The Commission was affected by budget austerity measures effected last financial year 2022/2023. Some of the committed programmes on the performance contract and annual workplan 2022/2023 were not undertaken following austerity measures. The Board of Directors terms expired in October 2022 and by the end of the financial year, the Commission had not been allocated a new board. Since then, the board is yet to be nominated.

In addition, the executive order No. 1 of 2022, placing the Commission in the Ministry of Youth Affairs, the Arts and Sports from the Ministry of ICT slowed down the smooth operation of the Commission for some time before complete realignment.

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 prouder 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 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.....4/4/24.....

7. Statement of Performance against Predetermined Objectives for FY 2022/2023

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

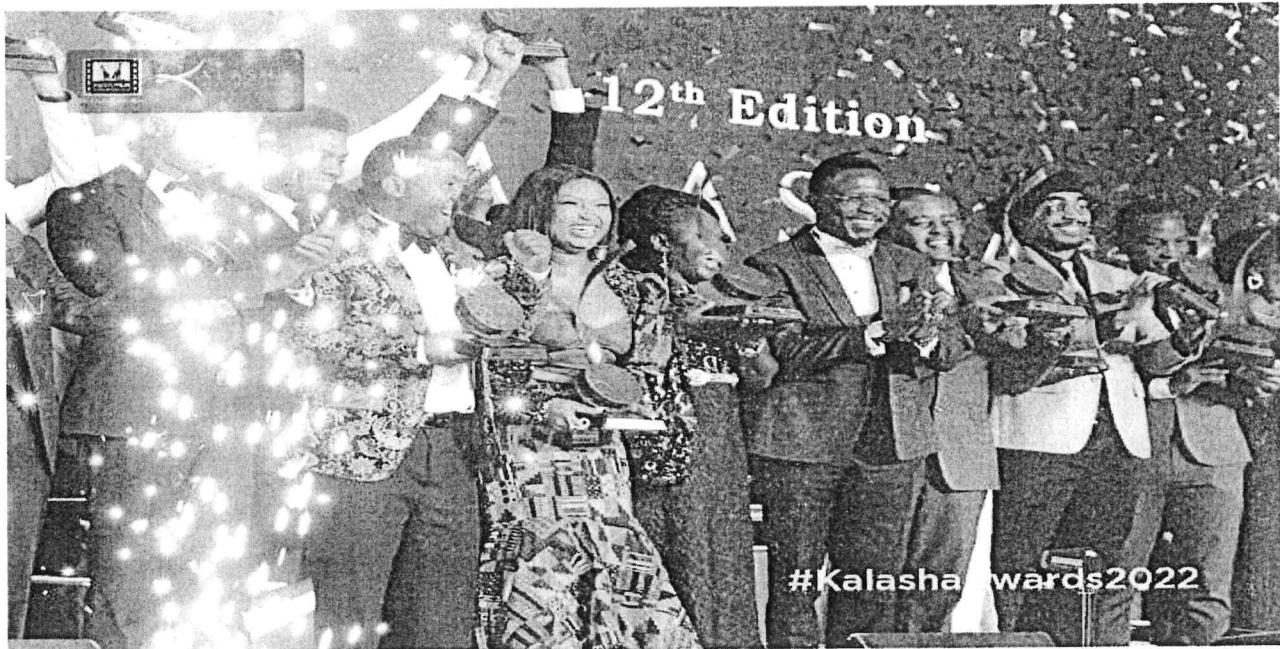
The Commission develops its annual work plans based on the above 4 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Commission achieved its performance targets set for the FY 2022/2023 period for its 4 strategic pillars, as indicated in the diagram below:

Strategy	Objective	Key Indicators	Performance	Activities	Achievements
Pillar 1: Promotion and Marketing.	Improve awareness and uptake of local film assets.	Local film 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.	In the financial year 2022/2023, the Commission organised; 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).	The Commission facilitated the selection and submission of a Kenyan production "Terastorm" for the 95 th Oscars awards.

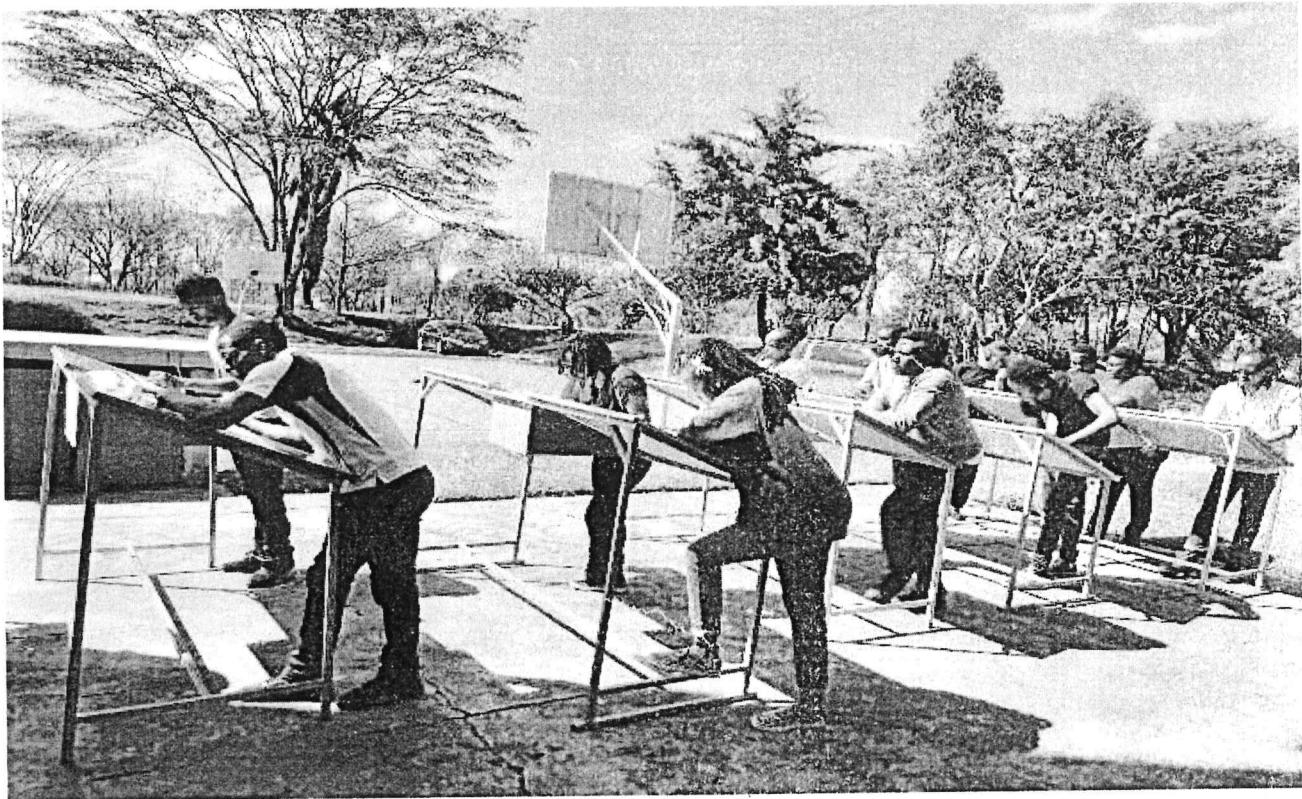
	% Increase in the uptake of local content	Organise regional film screenings	In the Financial Year 2022/2023 the Commission organized and participated in various film screenings. the Commission conducted 12 regional screenings where 72 films were screened to over 1822 people in Nairobi, Laikipia, Nakuru, Trans Nzoia, Kakamega, Kisii, Nyeri, Marsabit, Mombasa, Machakos and Vihiga counties.
	No of youths trained on film production	Organised film production workshops to train the youth in Marketing, Production, Cinematography, Copyright, Intellectual Property Rights and Financing filmmakers.	The Commission conducted two Workshops at Youth Empowerment Centre, Trans Nzoia County where 40 youths were trained and also at Mutembe Friends Church, Mbale town Kakamega County where 60 youths were trained.
			Two capacity building workshops were successfully conducted in Likuyani, Kakamega County and Nyandarua County. 61 and 53 participants respectfully graduated after attaining the basic filmmaking skills in pre-production, production and post-production during the
Pillar 2: Film Industry Development	Skills Development	No. of film productions supported.	Execute the Film Empowerment programme.
	Infrastructure	No. of industry-based researches done.	Conduct baseline industry survey

development	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
			<p>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.</p> <p>The Commission staff had talks on Fridays, where different topics were touched on. This depended on requests that the staff had.</p>
Pillar 3: Sector Governance		Launch a culture change programme	<p>Seek joint industry programmes with Counties to develop film and TV industry at the County level</p> <p>Forge bilateral agreements with development partners in areas of mutual interest i.e., skills, research and technology transfer</p> <p>Enhance performance of the Commission</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</p>

		Animation, MWL, NITA, AACC and KNQA, Netflix	
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



Kalasha winners during the 12th Edition Kalasha International Film and Television Awards at Safari Park.



Animation bootcamp

Kenya Film Commission
Annual Report and Financial Statements for the year ended June 30, 2023.

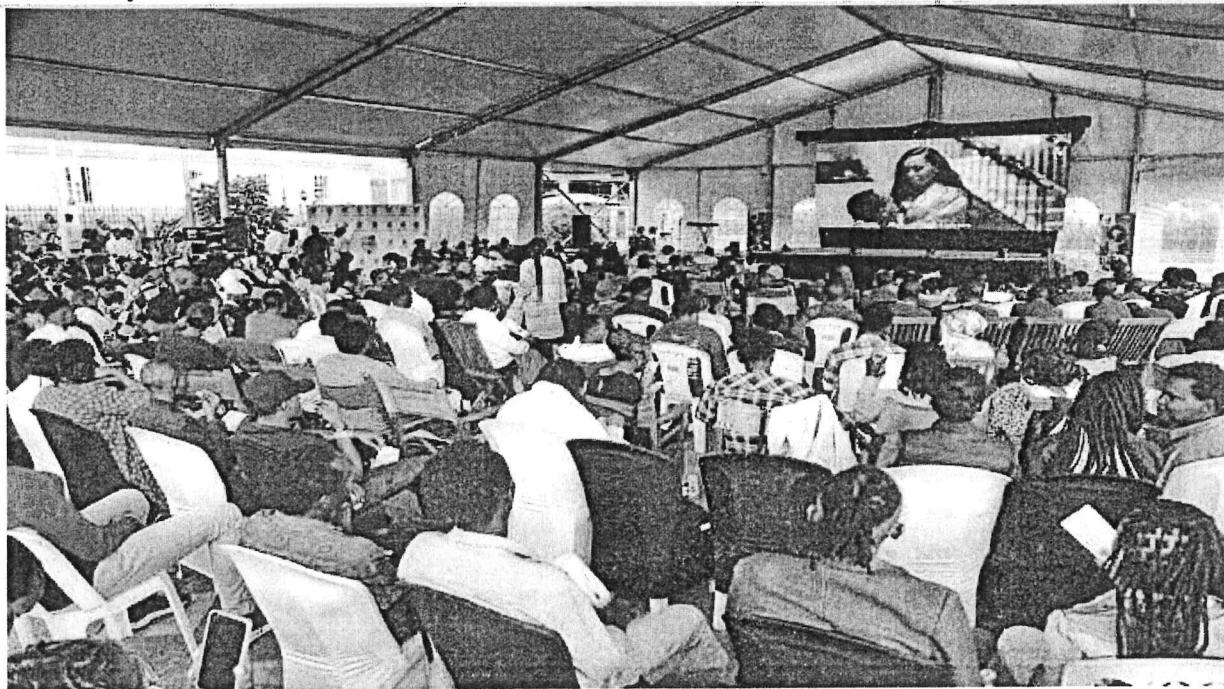


Capacity Building programme



School Outreach program

Kenya Film Commission
Annual Report and Financial Statements for the year ended June 30, 2023.



Film Screening during the reel county film festival "My County My Story"



6th Edition Kalasha International Film and TV Market at the KICC

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.

Role and Responsibilities of the Board

The Board provides leadership, oversight and stewardship of the Commission. The Board is responsible for:

- Establishing the strategic plan and guiding its implementation
- Ensuring appropriate management structures and policies are in place
- Approving performance targets including budgets and monitoring their achievements
- Ensuring preparation and presentation of annual financial statements in accordance with International Financial Reporting Standards and disclosures of other relevant information
- Identifying and mitigating risks and overseeing the implementation of governance process that promote compliance with legislation, professional standards and the best corporate governance practises promulgated by relevant authorities.

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.

Summary of Board Meeting Attendance

The Board and its committees hold meetings on a quarterly basis as scheduled but special meetings maybe called when it is deemed necessary to do so. The Board's agenda and work plan are prepared early in the year and adequate notice, agenda and Board papers are circulated on the E-Board platform within the stipulated timeline.

**Kenya Film Commission
Annual Report and Financial Statements for the year ended June 30, 2023.**

A summary of Board meetings and attendance is as shown below;

Full Board Meeting			
Name of Director	29.07.22	29.08.22	19.10.23
Ernest Kerich	✓	✓	✓
Peter Njoroge	✓	✓	✓
Kibaara Kaugi	✓	✓	✓
Aasif Karim	✓	✓	✓
Gideon Ole Saruni	✓	✓	✓
Sarah Migwi	✓	✓	✓
Eunice Macharia	✓	✓	✓

Special Full Board	
Name of Director	29.09.22
Ernest Kerich	✓
Peter Njoroge	✓
Kibaara Kaugi	✓
Aasif Karim	✓
Gideon Ole Saruni	✓
Sarah Migwi	X
Eunice Macharia	✓

Board Evaluation For Fy 2021/2022		
Name of Director	12.07.22	12.07.22
Ernest Kerich	✓	✓
Peter Njoroge	✓	✓
Kibaara Kaugi	✓	✓
Aasif Karim	✓	✓
Gideon Ole Saruni	✓	✓
Sarah Migwi	✓	✓
Eunice Macharia	✓	✓

Kenya Film Commission
Annual Report and Financial Statements for the year ended June 30, 2023.

Strategy & Planning Committee			
Name of Director	13.07.22	7.10.22	11.10.22
Gideon Ole Saruni	✓	✓	✓
Peter Njoroge	✓	✓	✓
Kibaara Kaugi	✓	✓	✓
Sarah Migwi	✓	✓	✓

Human Resource & Admin Board Committee			
Name of Director	14.07.22	23.08.22	11.10.22
Aasif Karim	✓	✓	✓
Ernest Kerich	✓	✓	✓
Eunice Macharia	✓	✓	✓
Peter Njoroge	✓	✓	✓

Finance, Supply Chain & Ict Board Committee			
Name of Director	12.07.22	26.09.22	12.10.22
Ernest K. Kerich	✓	✓	✓
Peter Njoroge	✓	✓	✓
Kibaara Kaugi	✓	✓	✓
Eunice Macharia	✓	✓	✓

Audit, Risk & Compliance Board Committee			
Name of Director	15.07.22	13.10.22	
Sarah Migwi	✓	✓	
Gideon Ole Saruni	✓	✓	
Aasif Karim	✓	✓	
Peter Njoroge	✓	X	

Kenya Film Commission

Annual Report and Financial Statements for the year ended June 30, 2023.

BoD & Mgt Retreat On Review Of Policies	29.08.22	30.08.22	31.08.22
Name of Director			
Ernest Kerich	✓	✓	✓
Peter Njoroge	✓	✓	✓
Kibaara Kaugi	✓	✓	✓
Aasif Karim	✓	✓	✓
Gideon Ole Saruni	✓	✓	✓
Sarah Migwi	✓	✓	✓
Eunice Macharia	✓	✓	✓

Interview For Marketing Manager	Dates
Name Of Director	
Full Board	1.07.22
Ernest Kerich	✓
Peter Njoroge	✓
Kibaara Kaugi	✓
Aasif Karim	✓
Gideon Ole Saruni	✓
Sarah Migwi	✓
Eunice Macharia	✓

Consultative Meeting	Dates
Name Of Director	
	27.09.22
Ernest Kerich	✓
Kibaara Kaugi	✓

Kalasha Dry Run/Kalasha Awards Gala	Dates
Name of Director	
	2.12.22
Peter Njoroge	✓
Kibaara Kaugi	✓

The meetings resulted in a number of achievements that include the following;

1. Approval of Annual Budget and Procurement Plan FY 2022/2023
2. Approval of 16 corporate policies

Kenya Film Commission

Annual Report and Financial Statements for the year ended June 30, 2023.

Board Performance

The Commission, in compliance with Mwongozo code of Governance conducts an annual Board Evaluation through the State Corporations Advisory Committee (SCAC). During the year under review no Board evaluation was conducted as the term of Board had ended.

Board Charter

The Charter is critical to the Commission's governance framework and offers guidance on effective operation of the Board. The Commission has an approved Charter developed in accordance with the Mwongozo code of governance for State Corporations ("Mwongozo") and is complementary to the Board requirements captured in all applicable laws and regulations. The Board Charter explicitly defines the composition, role, scope, mandate, Board members selection, requirements and the duties of Board members.

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 as indicated below;

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

The Chairperson and members of the Board other than the Chief Executive Officer hold office for a term of three years and are eligible for re-appointment for one further term of three years.

The Board membership removal

The Kenya Film Commission Legal Notice 147 of 2015 Section 8 (3) states that the Chairperson or any member of the Board may-

- a) At any time resign from office by a notice in writing addressed to the President and Cabinet Secretary; respectively
- b) Be removed from office if the Chairperson or a member of the Board:
 - a. Has been absent, from three consecutive meetings of the Board without the permission of the Chairperson;
 - b. Is convicted of an offence and sentenced to imprisonment for a term exceeding six months or to a fine exceeding two hundred thousand Kenya shillings;
 - c. Is incapacitated by prolonged physical or mental illness; or iv. Conducts himself or herself in a manner considered by the Cabinet Secretary to be inconsistent with membership of the Board.

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.

Kenya Film Commission

Annual Report and Financial Statements for the year ended June 30, 2023.

Induction and Training

Each year the Board of Directors prepare a training calendar where specific training needs are identified and scheduled. The trainings focus on leadership, risk management, governance, finance and other relevant areas.

In the year under review, the Board was trained on leadership from 6th - 8th September 2022 in Mombasa. No new director was appointed hence no induction was undertaken.



The Commission Board of Directors at the Public Financial Management Training at KSG

Conflict of Interest

The Board has in place a policy of requiring Directors to make full disclosure of any matters in which they may have a personal interest that may result in a conflict of interest when acting in their capacity as Directors. The commission has a register of conflict where every director discloses to the Commission 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 from time to time and are as shown in the table below;

**Kenya Film Commission
Annual Report and Financial Statements for the year ended June 30, 2023.**

No.	Item	Rates (Ksh)
1.	Chairman honoraria	80,000 p.m
2.	Chairman Airtime & Internet	7,000 p.m
3.	Sitting allowance	20,000
4.	Lunch allowance	2,000
5.	AA Mileage	Sh58 per kilometre for 1500cc to 1800cc vehicle

Ethics and Code of conduct

The Commission has demonstrated commitment to implement the Leadership & Integrity Act, 2012 and Members of the Board have conducted themselves professionally in both official and personal spaces. No unethical issues were noted or reported during the financial year.

Governance audit.

The commission did not carry out governance audit during the financial year. There were no governance issues that were noted or reported.

9. Management Discussion and Analysis

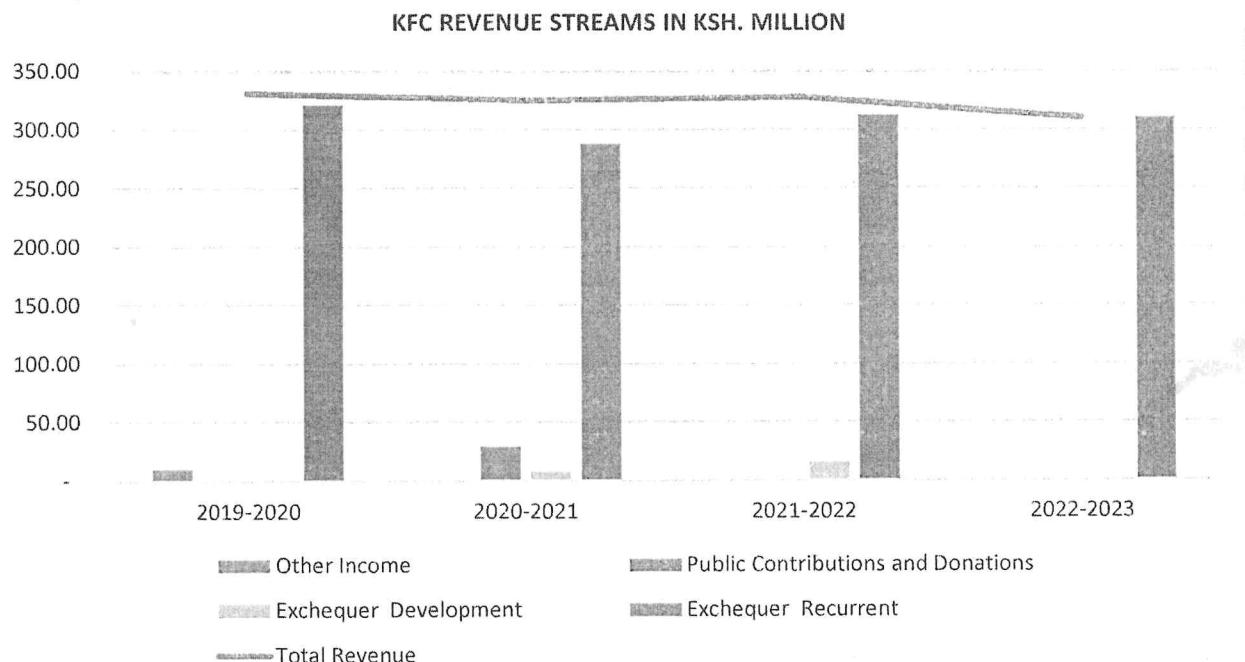
The management is upbeat to report on the operational and financial performance of the organization during the period FY 2022/2023.

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)	2019-2020	2020-2021	2021-2022	2022-2023
Other Income	10,005,000	519,800	81,885	152,500
Public Contributions and Donations	-	28,837,400	324,380	-
Exchequer Development	-	7,500,000	15,000,000	-
Exchequer Recurrent	320,960,000	287,960,000	312,000,000	309,899,999
Total Revenue (Kshs)	330,965,000	324,817,200	327,406,265	310,052,499

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

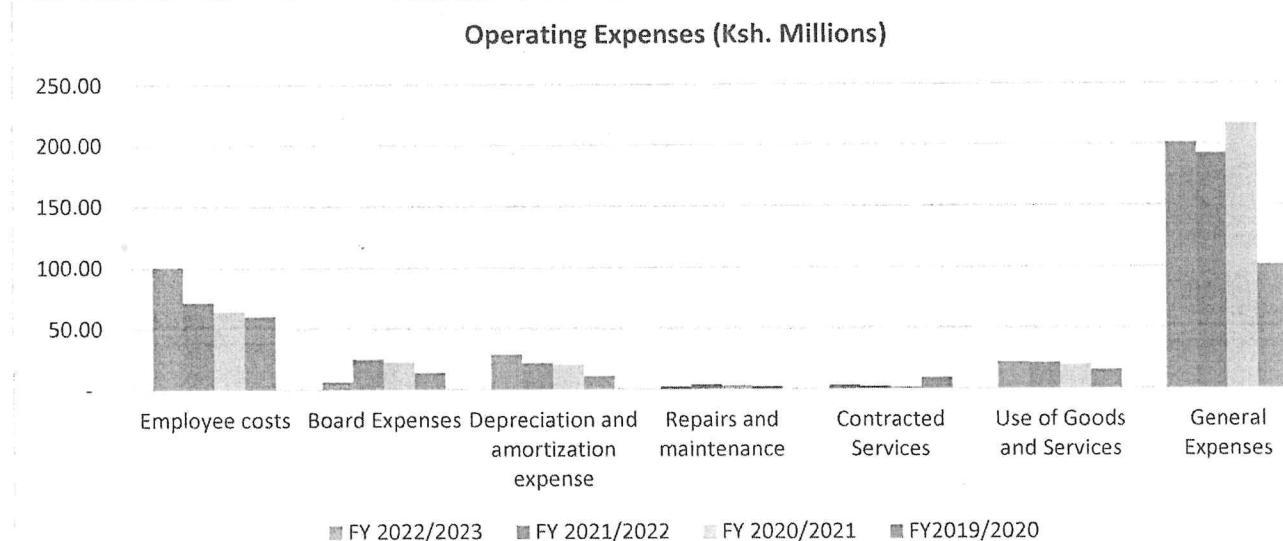


Kenya Film Commission
Annual Report and Financial Statements for the year ended June 30, 2023.

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

Operating Expenses	FY 2022/2023	FY 2021/2022	FY 2020/2021	FY2019/2020
Employee costs	100,264,304	71,629,089	64,041,150	60,318,477
Board Expenses	6,595,181	24,921,206	22,566,404	13,882,670
Depreciation and amortization expense	28,664,955	21,995,843	20,243,986	11,348,934
Repairs and maintenance	2,037,702	3,867,594	3,079,214	2,116,826
Contracted Services	3,386,249	1,923,540	1,739,215	9,317,571
Use of Goods and Services	22,043,367	21,494,485	19,758,541	15,335,120
General Expenses	201,427,464	192,425,293	216,786,279	101,372,205

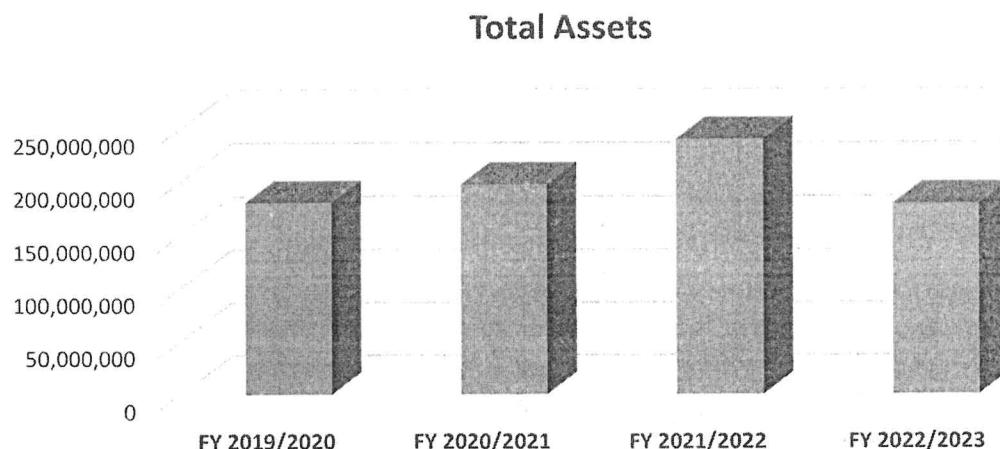
Graphically, the expenses can be expressed as shown below;



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

	FY 2019/2020	FY 2020/2021	FY 2021/2022	FY 2022/2023
Total Assets	180,726,968	197,612,166	239,915,695	179,497,134

Graphically, the assets can be expressed as shown below;



None Financial Performance

In line with its mandate, KFC has created programs aimed at supporting the industry in attaining the 40% local content quota required by regulation as per the Kenya Information and Communication Act 2013 and continued to market Kenya as a global hub for 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.

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 also developed the Kenya Film Industry Coordination and Certification Framework and a model code of conduct for the industry to improve the credibility and professionalism of the practitioners of the Kenya Film Industry.

A key component in the promotion of a vibrant film industry is the establishment of a screen culture through a steady growth of an audience base. To increase the number of Kenyans watching local content, the Commission's audience development programme is driven by activities that have screen culture as their primary focus. During the financial year 2022/2023, the Commission conducted 12 regional screenings where 72 films were screened to over 1822 people in Nairobi, Laikipia, Nakuru, Trans Nzoia, Kakamega, Kisii, Nyeri, Marsabit, Mombasa, Machakos and Vihiga counties.

Film festivals also play a big role in the validation of the art of filmmaking and the growth of the industry in general. This forms the core purpose of the Commission in promoting a vibrant film industry. The Commission is determined to work towards ensuring the growth of the film industry

Kenya Film Commission**Annual Report and Financial Statements for the year ended June 30, 2023.**

for sustainable wealth and job creation and is looking forward to working together with other stakeholders to support this nascent industry.

The Commission through the Marketing Directorate supported 7 local film festivals in Nairobi, Nakuru, Siaya, Kitui and Uasin Gishu Counties. The Commission supported and participated in the following local film festivals; 3rd edition of Kenya Film Summit- 21st to 23rd September 2022; 5th edition of Kenya International Sports Film Festival- 27th to 30th October 2022; 7th edition of Lake International Pan-Africa Film Festival 2022 - 2nd to 5th November 2022; 4th edition of KUPAA National Drama, Music and Film Festival - 4th to 13th November 2022; the 95th edition of the Kenya Music and Cultural Festival (1st – 7th December 2022; 2nd edition of Deaf film Kenya Festival, 2022 - 5th to 6th December 2022; 5th edition of Eldoret Film Festival (10th December 2022); Kitale Film Week and the 4th edition of WIFA took place on 8th March 2023 at the Kenya Cultural Centre.

To facilitate growth of the film industry, the Commission marketed the Kenya Film Industry at 3 international film festivals including Fame week Africa- trade event held at the Cape Town International Convention Centre (CTICC-2) from 24 – 26 August 2022; Emmy Awards- through supporting Mr. Paul Ogola, a Kenyan award-winning actor who was selected as juror for the 2022 International Emmy Awards and Berlin International Film Festival (Berlinale)- 5 staff members from the Commission and 4 Kenyan filmmakers (selected from the winners of the 12th edition of Kalasha International Film and TV awards) participated.

In a bid to promote the film industry across the 47 counties of Kenya, the Kenya Film Commission established the Reel County Film Festival dubbed "My County My Story" which provides a platform for local filmmakers to come together, share knowledge and capacities to make a stronger impact on cultural, social and economic development of audio-visual products in the counties. The Commission received 87 submissions from 26 counties including; Nairobi, Mombasa, Kiambu, Kajiado, Nakuru, Nyeri, Kisumu, Kisii, Machakos, Kilifi, Nyandarua, Narok, Kwale, Muranga, Kirinyaga, Tharaka-Nithi, Embu, Laikipia, Kakamega, Turkana, Meru, Kitui, Garissa, Uasin Gishu, Homabay and Bomet. The Jury reviewed the submissions \and selected 17 films from 10 counties including Click Click Bang- Nairobi, Medicine man- Embu, Mukami- Tharaka Nithi, Chinga- Kiambu, The Pink Champions- Mombasa, Tabaka Gem- Kisii, Donji Donji- Nairobi, Ask Dr. Pamoja- Kajiado, Kito and Chacha- Nairobi Jarr- Garissa, Father and Son- Kiambu, Tembe- Kisumu, Kuhu and Babu- Nairobi, Owned- Nyeri, The Last Supper- Nairobi, Fast Lane- Kiambu and Christmas Love- Nairobi. The selected films were screened in 8 regions in collaboration with Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ).

The Commission undertook the My Kenya My Story mobile phone film Competition. A call for filmmakers to submit their entries under the theme "Promoting Peace, Tolerance and Conflict Resolution" ran from 10th April to 12th May 2023. From the call, we received a total of 117 submissions. The submissions were submitted to the Jury who selected 13 films to proceed to the next level of public voting. Public voting process. The Public Voting process for My Kenya My Story Mobile Phone Film Competition closed on 2nd June 2023 attracting a total of 3,892 votes. The jury score comprised of 80% and 20% public voting of the total score. The winners for the 6th Edition of My Kenya My Story mobile phone Film competition were feted during the Gala ceremony held on 9th June 2023 at the Anga Cinema, CBD. The winner "The Epiphany" by Scholastica Thitai was awarded Ksh 200,000, the first runners up "Post Ndogo" by Irene Wairimu Githinji awarded Ksh 150,000, the 2nd runners up "The Concord" by Brian Nabiswa awarded Ksh 100,000 and the Jury mention "Olive Branch" by Maureen Muriithi awarded Ksh 50,000.

Kenya Film Commission**Annual Report and Financial Statements for the year ended June 30, 2023.**

The Kenya Film Commission through the school outreach program establishes film clubs in schools. The Film clubs are a great opportunity for students to watch local films together and discuss them with other film lovers their age. This will create interest of watching local productions from an early age. During the financial year 2022/2023. The Commission through the marketing directorate undertook the school outreach programme in 17 schools and reached out to 1,295 students in Kericho, Nyandarua, Nairobi, Kwale, Mombasa, Kirinyaga and Nandi counties. The schools were engaged in various activities including; Launch of a film club: 17 schools enrolling 941 students; Training on basic film production: 3 schools imparting film production skills to 176 students; Film screening.

Kenya Film Commission successfully conducted two Capacity building workshops in Homabay County and Isiolo County with a total of 165 participants respectfully graduating. In the year under review, the Commission also conducted two Film Workshops at Youth Empowerment Centre, Trans Nzoia County where 40 youths were trained and also at Mutembe Friends Church, Mbale town Kakamega County where 60 youths were trained. Other two Capacity building workshops were successfully conducted in Likuyani, Kakamega County and Nyandarua County. 61 and 53 participants respectfully graduated after attaining the basic filmmaking skills in pre-production, production and post-production.

The Commission undertook a Distribution masterclass in partnership with GIZ with 29 trainees from across the country benefiting from the workshop and awarded 9 beneficiaries in the bursaries and scholarships programme to advance their skills in cinematic arts in March,2023.

The Commission consolidate comments gathered from the various stakeholder engagements and developed the following documents:

1. Develop a final draft of the Coordination and Certification Framework
2. Coordination and Certification Guidelines
3. Model Code of Conduct for the Film Industry

The 12th edition of Kalasha International Film and TV Awards took place within the second quarter of the financial year 2022/2023 on 3rd December 2022 at Safari Park Hotel, Jambo Ball room. A total of 217 submissions was received, 1204 entries in the different categories. This is an increase from last year which saw the Commission receive 149 films in 706 categories. 39 winners were feted during the awards gala on 3rd December 2022.

The Commission increased the amount of local content produced by supporting the development and production of 22 projects through the film empowerment programme.

**Kenya Film Commission
Annual Report and Financial Statements for the year ended June 30, 2023.**



Participants from Nyandarua County after a successful 6-day training in cinematic arts.

10. Environmental and Sustainability Reporting

i) Sustainability strategy and profile

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

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

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

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

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

Legislation and related guidelines are being clearly instituted without limitations or unrealistic expectations on the practitioner. Other critical areas of legislation is relevance to film projects i.e., taxation, company and employment law, visas and customs, Intellectual Property (IP) and related rights, and classification.

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

Product stewardship- outline efforts to safeguard consumer rights and interests

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

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

ii) Environmental performance

The Commission recognizes the need to 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.

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

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

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

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

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

The Commission recognize and commit itself to the achievement of the highest standards of health and safety in the workplace, and the elimination or minimization of health and safety hazards and risks that may affect its employees. In this regard, implement policies and programmes that assure

their protection from such hazards and disasters. This is well captured in in Human Resource Policy and Procedures Manual which is in compliance with the provision of Occupational Safety and Health Act, 2007 and other Labour Laws.

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

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

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

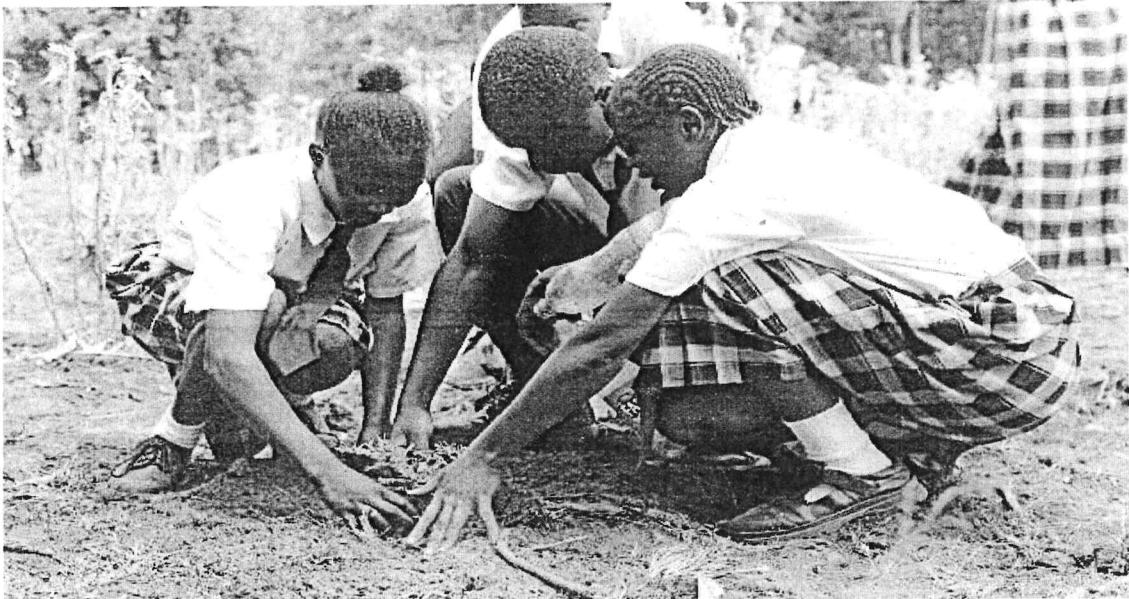
The Commission carried out a tree planting exercise in pursuit of implementing a presidential directive on tree planting to restore forest cover by 10 per cent. Staff of the commission together with students and teachers from Nyamathi Secondary School planted a thousand trees on 16th March 2023 and whose seedlings were 80 per cent indigenous.

A ministerial tree planting/ wellness day aimed at promoting environmental conservation, community involvement as well as promoting wellness at the workplace was undertaken on 19th June 2023 at the Moi international stadium, Kasarani led by the Ministry of Youth Affairs, the Arts and Sports. The Cabinet Secretary led the team to a tree planting exercise dubbed Sports for climate change where

Kenya Film Commission

Annual Report and Financial Statements for the year ended June 30, 2023.

over 7000 trees were planted in Kasarani stadium, an activity aimed at mitigating the ravaging effects of climate change.



Commission staff together with students and teachers from Nyamathi Secondary School

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

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

Kenya Film Commission

Annual Report and Financial Statements for the year ended June 30, 2023.

11. Report of the Directors

The Directors submit their report together with the audited financial statements for the year ended June 30, 2023, which show the state of the Kenya Film Commission affairs.

i) Principal activities

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

ii) Results

The results of the Commission for the year ended June 30, 2023, 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 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 2022/23 were rolled over to the FY 2023/24.

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, 2023.



Name *ANDREW CHERUTO*
Corporation Secretary.

Kenya Film Commission

Annual Report and Financial Statements for the year ended June 30, 2023.

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, 2023. 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 _____
2023 and signed on its behalf by:

.....

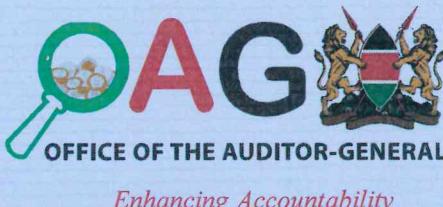

Name Naomi Gechemis
Chairperson of the Board

.....


Name Timothy Oklase
Accounting Officer

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: 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, 2023

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kenya Film Commission set out on pages 1 to 40, which comprise of the statement of financial position as at 30 June, 2023 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, except for the effect of the matters described in the Basis for Qualified Opinion Section of my report, the financial statements present fairly, in all material respects, the financial position of the Kenya Film Commission as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Accrual Basis) and comply with State Corporations Act, 2021 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment balance of Kshs.36,658,209 which as disclosed in Note 20 to the financial statements includes motor vehicles net book values balance of Kshs.9,741,954. The balance includes two (2) vehicles valued at Kshs.8,225,550 at cost which have been grounded since October 2022. Further, the assets register has not been updated to include the depreciation charge for each 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.

2. 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 three (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 recoverability of the balance of Kshs.561,500 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.442,729,293 and Kshs.310,052,499,

respectively, resulting to an underfunding of Kshs.132,676,794 or 30% of the budget. Similarly, the Commission expended Kshs.350,783,039 against an approved budget of Kshs.442,729,293 resulting to an under-expenditure of Kshs.91,946,254 or 21% of the budget.

The underfunding and underperformance 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 year, several paragraphs were raised. However, Management has not resolved all the prior year matters as prescribed in the reporting requirements set by the Public Sector Accounting Standards Board.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution and 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 the International Standards for Supreme Audit Institutions (ISSAI) 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements 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, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs) 2315 and 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 to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Commission or to cease operations.

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

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

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

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect

a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to continue to sustain services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related

disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Commission to cease to continue to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Commission to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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



FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

18 April, 2024

Kenya Film Commission
Annual Report and Financial Statements
for the year ended June 30, 2023.

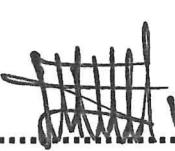
14 Statement of Financial Performance for the year ended 30 June 2023

	Notes	2022-2023	2021-2022
		Kshs	Kshs
Revenue from non-exchange transactions			
GOK-Grants and Revenue	6	309,899,999	312,000,00
Public contributions and donations	7	-	324,380
		309,899,999	312,324,380
Revenue from exchange transactions			
Other income	8	-	81,885
Total revenue		309,899,999	312,406,265
Expenses			
Employee costs	9	100,264,304	71,629,089
Board Expenses	10	6,595,181	24,922,174
Depreciation and amortization expense	11	28,664,955	21,995,842
Repairs and maintenance	12	2,037,702	3,942,459
Contracted services	13	3,386,249	1,923,540
Use of goods and services	14	22,043,367	21,484,059
General Expenses	15	201,310,207	192,555,347
Total expenses		364,301,964	338,452,510
Other gains/(losses)			
Gain/Loss on sale of assets		-	-
Gain/Loss on foreign exchange transactions		-	-
Deficit for the year		(54,401,965)	(26,046,245)
Taxation			
Surplus/(deficit) for the period/year		(54,401,965)	(26,046,245)
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		-	-
		(54,401,965)	(26,046,245)

**Kenya Film Commission
Annual Report and Financial Statements
for the year ended June 30, 2023.**

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

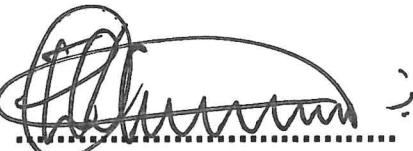
The Financial Statements set out on pages 1 to 8 were signed on behalf of the Board of Directors by:



.....
.....

**Name: Timothy Owase
Accounting Officer**

Date 4/4/24



.....

**Name: Elias K. Cheptoo
Head of Finance
ICPAK M/No: 13172**

Date 4/4/2024



.....

**Name: Njoroge Gathembe
Chairman of the Board**

Date

Kenya Film Commission
Annual Report and Financial Statements
for the year ended June 30, 2023.

15 Statement of Financial Position as at 30 June 2023

	Notes	2022-2023	2021-2022
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash equivalents	16	117,963,233	165,063,084
Receivables from Exchange Transactions	17	561,500	753,666
Prepayments	18	3,768,916	3,768,916
Inventories	19	1,520,734	949,646
Total Current Assets		123,814,383	170,535,312
Non-Current Assets			
Property, Plant and Equipment	20	36,658,209	42,141,015
Intangible Assets	21 (b+c)	19,024,542	27,177,917
Total Non- Current Assets		55,682,751	69,318,933
Total Assets		179,497,134	239,915,695
Liabilities			
Current Liabilities			
Trade and Other Payables	22(i)	26,323,919	33,373,635
Current Provision	22 (i)	3,764,680	6,577,200
Employee Benefit Obligation	22(iii)	15,774,859	11,696,721
Differed Income (GIZ)	23	51,671,799	76,921,034
Total Current Liabilities		97,535,256	128,568,590
Non-Current Liabilities			
Total Non- Current Liabilities			
Total Liabilities		97,535,606	128,568,591
Net Assets			
Accumulated surplus	24	20,375,611	49,760,838
Capital Reserve	25	61,586,267	61,586,267
Total Net Assets		81,961,878	111,347,105

**Kenya Film Commission
Annual Report and Financial Statements
for the year ended June 30, 2023.**

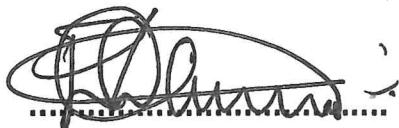
	Notes	2022-2023	2021-2022
		Kshs	Kshs
Total Net Assets and Liabilities		179,497,134	239,915,695

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



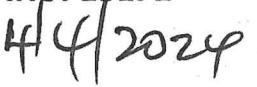
Name: Timothy Owase
Accounting Officer

Date



Name: Elias K. Cheptoo
Head of Finance
ICPAK MNO: 13172

Date



.....

Name Naomi Gachagua
Chairman of the Board

Date

16. Statement of Changes in Net Assets for the year ended 30 June 2023

	Accumulated Surplus	Revaluation Reserve	Capital Fund	Deferred Income	Total
	Kshs	Kshs	Kshs	Kshs	Kshs
As at 1 July 2022	49,760,748	-	61,586,267	-	111,347,015
Additions	-	-	-	-	-
Deficit for the period	(54,401,965)	-	-	-	(29,117,487)
Prior Year Adjustments	25,016,828				
Balance as at 30 June 2023	20,375,611	-	61,586,267	-	82,229,528
 Balance As at 1 July 2021	 105,172,019	-	 17,025,871	-	 -
Additions	-	-	15,000,000	-	15,000,000
Deficit for the period	(25,850,875)	-	-	-	(25,850,875)
Prior Year Adjustments	(29,560,396)	-	29,560,396	-	-
Balance as at 30 June 2022	49,760,748	-	61,586,267	-	 -

Note:

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

**Kenya Film Commission
Annual Report and Financial Statements
for the year ended June 30, 2023.**

17. Statement of Cash Flows for the year ended 30 June 2023

	Notes	2022-2023	2021-2022
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
GoK Grant - Revenue		309,899,999	312,000,000
Public contributions and donations		-	324,380
Other income		152,500	81,885
Total receipts		310,052,499	312,406,265
Payments			
Compensation of employees		(96,186,165)	(66,350,395)
Use of Goods and services		(22,043,367)	(21,494,485)
Board Expenses		(6,595,181)	(24,921,206)
Repairs and Maintenance		(2,037,702)	(3,867,594)
Contracted Services		(3,386,249)	(1,923,540)
General Expenses		(211,682,669)	(222,762,578)
Total payments		(341,931,332)	(341,319,798)
Net cash flows from/(used in) operating		(31,878,833)	(28,913,533)
Cash flows from investing activities			
Purchase of PPE and Intangible assets		(15,190,523)	(4,684,117)
Net cash flows from / (used in) investing activities		(15,190,523)	(4,684,117)
Cash flows from financing activities			
GOK Development Grants Received		-	15,000,000
Development Partners Grant (GIZ)		-	76,921,034
Net cash flows from financing Activities		-	91,921,034
Net increase/(decrease) in cash & Cash		(47,069,356)	58,323,384
Cash & Cash equivalents as at 1 July		165,032,589	106,709,205
Cash & Cash equivalents as at 30 June		117,963,233	165,032,589

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

18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2023

	Original budget	Adjustments	Final budget	Actual on comparable basis		Performance difference	% age of Utilisation
				2022/2023	2022/2023		
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs		
GoK Grants-	442,729,293		442,729,293	309,899,999		(132,829,294)	70.0%
Other Incomes	-	-	-	152,500		(152,500)	0.0%
Total income	442,729,293		442,729,293	310,052,499		132,676,794	70.0%
Employee costs	106,000,000	-	106,000,000	100,264,304		5,735,696	94.6%
Board Expenses	6,554,189	-	6,554,189	6,595,181		(40,992)	100.6%
Use of goods and	21,800,000	-	21,800,000	22,043,367		(243,367)	101.1%
Repairs and	2,873,259	-	2,873,259	2,037,702		835,557	70.9%
General	285,873,072	-	285,873,072	201,427,464		84,445,608	70.5%
Contracted	4,600,000	-	4,600,000	3,386,249		1,213,751	73.6%
Capital	15,028,773	-	15,028,773	15,028,773		0	100.0%
Total	442,729,293		442,729,293	350,783,039		91,946,254	79.2%
Surplus for the	-	-	-	(40,730,540)		40,730,540	-

Notes

a) Reconciliation of the actual amounts in the statement of comparison of budget and actual amounts against the actuals as per the statement of financial performance

	Amount (Kshs)
Deficit as per Statement of Comparison of budget and Actual Amounts	(40,730,540)
Add: Capital Expenditure-Assets Acquired	15,028,773
Deferred Income from Locations Mapping/GIZ	25,249,235
Less: Depreciation and Amortization	(28,664,955)
Deficit as per Statement of Financial Performance	(29,117,487)

- b) The deficit for the period between the final budget and actual expenditure amounting to Kshs. (132,829,294) relate to the amount of roll over from the FY 2021/2022 that was utilized during the FY 2021/2022
- c) Repairs and Maintenance was under-utilized by an amount of Kshs. 835,557 due to grounding of motor vehicles that require disposal instead of repairs due to constant breakdown
- d) Contracted Services was under-utilized by an amount of Kshs. 1,213,751 due to the Asset tagging, identification and classification was done towards the end of the financial and had not been completed fully to allow a retreat for staff sensitization on the asset register administration
- e) General Expenses was under-utilized by an amount of Kshs. 84,445,608 due to some activities, that could not be completed by end of the FY such as film empowerment, AACC among others.

**Kenya Film Commission
Annual Reports and Financial Statements
for the year ended June 30, 2023**

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.

Kenya Film Commission
Annual Reports and Financial Statements
for the year ended June 30, 2023

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 2023.

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of 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>
IPSAS 42: Social Benefits	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none">(a) The nature of such social benefits provided by the Entity.(b) The key features of the operation of those social benefit schemes; and(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows. <p><i>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, 2023

Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<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>
Other improvements to IPSAS	<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>
IPSAS 43	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and 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
Annual Reports and Financial Statements
for the year ended June 30, 2023**

IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>This is well noted and will be applied accordingly when need arises in future</i></p>
--	--

ii. Early adoption of standards

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

Kenya Film Commission
Annual Reports and Financial Statements
for the year ended June 30, 2023

Notes to the financial statements (continued)

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

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

Transfers from other government entities

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

Rendering of services

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

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

Sale of goods

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

Interest income

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

ii) Revenue from exchange transactions

Dividends

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

Rental income

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

b) Budget information

The original budget for FY 2022-2023 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 did record the additional appropriations of Ksh. 76m from GIZ on the 2022-2023 budget since the necessary approvals received before 30th June 2023.

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

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

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

c) Taxes

Current income tax

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

Deferred tax

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

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

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

Kenya Film Commission
Annual Reports and Financial Statements
for the year ended June 30, 2023

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

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

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

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

Sales tax

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

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

d) Investment property

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

e) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Entity recognizes such parts as individual assets with specific useful lives and

**Kenya Film Commission
Annual Reports and Financial Statements
for the year ended June 30, 2023**

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

f) Leases

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

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

g) Intangible assets

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

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

h) Research and development costs

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

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

**Kenya Film Commission
Annual Reports and Financial Statements
for the year ended June 30, 2023**

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.

**Kenya Film Commission
Annual Reports and Financial Statements
for the year ended June 30, 2023**

j) Inventories

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

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

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

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

k) Provisions

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

l) Contingent liabilities

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

The Commission has been sued by Alex Kathyindi Mulwa - at the Employment and Labour Relations Court seeking general damages for unfair termination, salary in lieu of notice, unpaid leave, house allowance, 12 months' salary compensation for unfair termination, costs and interest of the suit. This may result into indeterminate payments as the court may deem fit.

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

**Kenya Film Commission
Annual Reports and Financial Statements
for the year ended June 30, 2023**

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.

**Kenya Film Commission
Annual Reports and Financial Statements
for the year ended June 30, 2023**

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, 2023.

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

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

Estimates and assumptions

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

Useful lives and residual value

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

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

Provisions

Provisions were raised and management determined

an estimate based on the

information available.

**Kenya Film Commission
Annual Reports and Financial Statements
for the year ended June 30, 2023**

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	2022-2023	2021-2022
	KShs	KShs
Unconditional Grants		
Recurrent Grants - Revenue	309,899,999	312,000,000
Total Unconditional Grants	309,899,999	312,000,000
Conditional Grants		
Other Organizational Grants	-	-
Total Government Grants and Subsidies	309,899,999	312,000,000

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

Name of The Entity Sending the Grant	Amount recognized to Statement of Financial performance KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund. KShs	Total transfers 2022-23	Prior year 2021-2022
				KShs	KShs
Ministry of ICT	309,899,999	-	-	309,899,999	327,000,000
Total	309,899,999	-	-	309,899,999	327,000,000

All the amount recorded above as having been received from the Ministry of ICT and 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 ICT as per appendix III

Notes to the Financial Statements (Continued)

7. Public Contributions and Donations

Description	2022-2023	2021-2022
	Kshs	Kshs
Israel Embassy/ CAK for Film empowerment	-	324,380
Israel Embassy	-	324,380
Reconciliation Of Public Contributions and		
Balance Unspent at Beginning of The Year	-	-
Current Year Receipts	-	324,380
Conditions Met - Transferred to Revenue	-	324,380

**Kenya Film Commission
Annual Reports and Financial Statements
for the year ended June 30, 2023**

Description	2022-2023	2021-2022
	Kshs	Kshs
Conditions To Be Met - Remain Liabilities	-	-

8. Other Income

Description	2022-2023	2021-2022
	Kshs	Kshs
Delegates fee at Kalasha Market*	152,500	81,885
Deferred Income from locations Mapping/GIZ	25,249,235	-
Total other income	25,401,735	81,885

9. Employee Costs

Description	2022-2023	2021-2022
	Kshs	Kshs
Salaries and wages	53,942,606	53,562,178
Employer contribution to pension schemes	3,678,422	1,013,847
Housing benefits and allowances	16,968,500	11,774,370
Gratuity	7,519,453	5,278,694
Other employee related costs *	18,155,323	-
Employee costs	100,264,304	71,629,089

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

10. Board Expenses

Description	2022-2023	2021-2022
	Kshs	Kshs
Chairman/Directors' Honoraria	50,604	879,400
Sitting Allowances	2,916,300	9,214,000
Medical Insurance	390,055	466,015
Induction and Training	1,400,150	5,931,185
Travel and Accommodation	1,608,072	8,112,049
Other Board Expenses	230,000	318,557
Total	6,595,181	24,921,206

11. Depreciation and Amortization

Description	2022-2023	2021-2022
	Kshs	Kshs
Property, Plant and Equipment	20,511,580	10,348,164

**Kenya Film Commission
Annual Reports and Financial Statements
for the year ended June 30, 2023**

Intangible Assets	8,153,375	11,647,679
Total Depreciation	28,664,955	21,995,843

12. Repairs and Maintenance

Description	2022-2023	2021-2022
	Kshs	Kshs
Equipment and Machinery/Office Repairs and Maintenance	566,924	373,939
Vehicles	1,423,278	1,236,454
Computers and Accessories/ ICT Annual Maintenance	47,500	2,257,201
Total Repairs and Maintenance	2,037,702	3,867,594

13. Contracted Services

Description	2022-2023	2021-2022
	Kshs	Kshs
Security services	600,000	-
Property and equipment insurance	1,093,619	600,000
Assets Tagging	1,692,630	
Advertising	-	1,323,540
Total Contracted Services	3,386,249	1,923,540

14. Use of Goods and Services

Description	2022-2023	2021-2022
	Kshs	Kshs
Internet Services	1,851,397	1,483,080
Telephone services	21,681	58,647
Electricity	1,227,697	1,114,104
Rent	18,942,591	18,838,654
Total use of goods and services	22,043,367	21,494,485

15. General Expenses

Description	2022-2023	2021-2022
	Kshs	Kshs
Film research and development	4,349,400	22,704,415
Film incentive/guideline and policy	1,401,650	1,951,550
Advocacy	3,090,494	2,013,540
Public Affairs/Sponsorships	1,776,560	1,285,750
Audience development school outreach	2,581,960	2,745,325
Screen culture development	4,900,970	5,068,030
Kalasha International Film TV Awards/market	38,080,958	46,560,250

Kenya Film Commission
Annual Reports and Financial Statements
for the year ended June 30, 2023

Description	2022-2023	2021-2022
Film hub	1,118,340	2,900,115
Production & Liaison Services	2,907,810	253,640
Certification & Accreditation	2,672,380	945,775
Mobile film competition	2,450,725	2,983,785
My county my story	3,283,091	4,056,980
International festivals	3,428,832	2,724,441
Kalasha writer's hub/residency	2,111,048	5,738,938
Capacity development workshop	4,275,656	4,093,997
Training programme on transcription, dubbing	-	4,679,900
Scholarships& bursaries	800,000	560,000
Film industry empowerment programme	1,955,174	981,119
Film industry empowerment programme (GIZ Grant)	25,249,235	-
Film Marketing	2,302,970	-
E Film Shop	-	1,199,750
Corporate communication	892,822	4,335,860
Thematic Advertising Campaigns	-	3,154,800
Branding	1,852,997	2,480,439
CSR and investors relations	-	2,825,290
Stakeholder engagement	616,225	1,901,605
Staff team building	-	3,793,535
Software annual licenses renewal	3,406,072	674,400
Group media cover	10,733,837	10,019,768
Staff training and development	4,803,081	8,045,363
Club membership	51,360	620,000
Cleaning service	709,480	656,659
Travelling and accommodation-local	13,362,194	20,045,253
Supplies Registration	2,916,015	-
GIMIS	1,288,730	-
Internal Audit	1,873,816	-
Legal	1,634,088	-
Courier and postage services	387,170	138,004
General office supplies	1,873,410	2,189,701
Corporate entertainment	708,226	1,560,703
Staff welfare	6,108,199	6,440,074
Job Evaluation	8,540,370	-
Computer Software/Hardware's	-	580,940

**Kenya Film Commission
Annual Reports and Financial Statements
for the year ended June 30, 2023**

Description	2022-2023	2021-2022
Fuel and lubricants	3,316,199	2,023,440
Audit fee	290,000	290,000
Publications, subscriptions and newspapers	171,550	168,310
Professional subscriptions	525,354	351,717
PC, strategic plan, ISO, M&E	14,589,814	6,195,927
Bank charges	347,512	375,105
Refurbishment	11,138,036	-
Locations Mapping	436,400	111,100
Total General Expenses	201,310,207	192,425,293

16. Cash and Cash Equivalents

Description	2022-2023	2021-2022
	Kshs	Kshs
KFC Current Account	66,288,418	165,032,589
Current Account-Donor Funds	51,671,799	-
Cash-on-hand	3,016	30,495
Total Cash and Cash Equivalents	117,963,233	165,063,084

(a) Detailed Analysis of the Cash and Cash Equivalents

		2022-2023	2021-2022
Financial Institution	Account	Kshs	Kshs
a) Current Account			
KFC	1106760018	66,288,418	165,032,589
KFC -Donor Funds	1312243031	51,671,799	-
KFC (AACC)	1316047180	0	-
Sub- Total		117,960,217	165,032,589
b) On - Call Deposits			
		-	-
Sub- Total		-	-
c) Fixed Deposits Account			
-	-	-	-
Sub- Total	-	-	-
d) Staff Car Loan/			
-	-	-	-
Sub- Total	-	-	-
e) Others			
Cash In Hand	-	3,016	30,495
Mobile Money Accounts/	-	-	-

**Kenya Film Commission
Annual Reports and Financial Statements
for the year ended June 30, 2023**

Sub- Total	-	3,016	30,495
Grand Total	-	117,963,233	165,063,084

17. Receivables from Exchange Transactions

(a) Receivables from Exchange Transactions (Current)

Description	2022-2023	2021-2022
	Kshs	Kshs
Receivables		
Salary Advances-Staff debtors	158,500	392,117
Total Current Receivables	158,500	392,117

These debts relate to salary advances to staff that were outstanding as at June 30, 2023

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

Description	2022-2023	2021-2022
	Kshs	Kshs
Total receivables		
Kalasha Market -Debtors	403,000	403,000
Total receivables	403,000	403,000
Current portion transferred to current receivables	-	-
Total non-current receivables	403,000	403,000
Total receivables (a+b)	561,500	795,117

(c) Ageing analysis for Receivables from exchange transactions

Description	2022-2023		2021-2022	
	Kshs	% of the total	Kshs	% of the total
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	158,500	28%	392,117	49%
Between 1- 2 years	-	-	-	-
Between 2-3 years	-	-	-	-
Over 3 years	403,000	72%	403,000	51%
Total (a+b)	561,500	100%	795,117	100%

18. Prepayment

Description	2022-2023	2021-2022
	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

**Kenya Film Commission
Annual Reports and Financial Statements
for the year ended June 30, 2023**

19. Inventories

Description	2022-2023	2021-2022
	Kshs	Kshs
Consumable stores	1,520,734	949,646
Total inventories at the lower of cost and net realizable	1,520,734	949,646

Kenya Film Commission
 Annual Reports and Financial Statements
 for the year ended June 30, 2023

Notes to the Financial Statements (Continued)

20. Property, Plant and Equipment

	Plant and Equipment	Computers	Motor Vehicles	Furniture and Fittings	Capital Work in progress	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
	12.50%	30%	25%	12.50%		
As at 1st July 2021	27,038,647	28,349,727	15,037,000	5,033,500.0	-	75,458,874
Additions	-	2,808,000	290,257	1,585,860		4,684,117
Disposals	-	(132,000)	-	-		(132,000)
As At 30th June 2022	27,038,647	31,025,727		6,619,360	-	80,010,991
Additions	4,442,873	-	10,289,600	296,300		15,028,773
Disposals	-	-	-	-		-
Transfer/Adjustments	-	-	-	-		-
As At 30th June 2023	31,481,520		25,616,857	6,915,660	-	95,039,764
Depreciation And Impairment						
At 1st July 2021	4,287,119	14,891,671	7,518,500	924,829	-	27,622,119
Depreciation	2,843,941	4,840,217	1,952,189	711,816		10,348,163
Disposals	-	(100,307)	-	-		(100,307)
As At 30 June 2022	7,131,060			1,636,645	-	37,869,975
Depreciation charge	3,935,190	9,307,718	6,404,214	864,458		20,511,580
As At 30th June 2023	11,066,250	28,939,299	15,874,903	2,501,103		58,381,554
Net Book Values						-
As At 30th June 2022	19,907,587	11,394,146		4,982,715	-	42,141,015
As At 30th June 2023	20,415,270	2,086,428	9,741,954	4,414,558	-	36,658,209

**Kenya Film Commission
Annual Reports and Financial Statements
for the year ended June 30, 2023**

Notes to the Financial Statements (Continued)

21. Intangible Assets

(a) Soft wares

Description	2022-2023	2021-2022
	Kshs	Kshs
Cost		
As at Beginning of FY	13,236,000	13,236,000
Additions	-	-
As at End of FY	13,236,000	13,236,000
Amortization and impairment		
As at Begging of FY	6,750,360	3,970,800
Amortization Charge	1,945,692	2,779,560
As at End of FY	8,696,052	6,750,360
Net book values		
As at End of FY	4,539,948	6,485,640

(b) Development Expenditure-Location Mapping

Description	2022-2023	2021-2022
	Kshs	Kshs
Cost		
As at beginning of FY	29,560,396	29,560,396
Additions	-	-
As at End of FY	29,560,396	29,560,396
Amortization and impairment		
As at Beginning of FY	8,868,119	-
Amortization Charge	6,207,683	8,868,119
As at End of FY	15,075,802	8,868,119
Net book values		
As at End of FY	14,484,594	20,692,277

22. Trade and Other Payables

Description	2022-2023	2021-2022
	Kshs	Kshs
Trade payables	26,323,919	33,373,635
Provisions	3,764,680	6,577,200
Current benefit obligation	15,774,859	11,696,721
Total trade and other payables	45,863,458	51,647,556

**Kenya Film Commission
Annual Reports and Financial Statements
for the year ended June 30, 2023**

23. Deferred Income

Description	2022-2023	2021-2022
	Kshs	Kshs
Donor Grant (GIZ)	51,671,799	76,921,034
Total Deferred Income	51,671,799	76,921,034

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	-	76,921,034	-	76,921,034
Additions	-	-	-	-
Transfers To Income	-	(25,249,725)	-	(25,249,725)
Balance Carried	-	51,671,799	-	51,671,799

24. Accumulated Surplus and Reserves

	2022-2023	2021-2022
	Kshs	Kshs
Accumulated Surplus	49,760,838	105,172,019
Surplus for the Year	(54,401,965)	(25,850,785)
Prior year Adjustments	25,016,828	(29,560,396)
Accumulated Surplus Balance Carried	20,375, 611	49,760,838

25. Capital Funds

	2022-2023	2021-2022
	Kshs	Kshs
Capital Fund b/f	61,586,267	17,025,871
Additions	-	15,000,000
Prior year Adjustments	-	29,560,396
Total	61,586,267	61,586,267

26. Cash Generated from Operations

	2022-2023	2021-2022
	Kshs	Kshs
Surplus for the year before tax	(54,401,965)	(25,850,785)
Adjusted for:		
Depreciation	28,664,955	21,995,843
Audit Fees	290,000	290,000

Kenya Film Commission
Annual Reports and Financial Statements
for the year ended June 30, 2023

	2022-2023	2021-2022
	Kshs	Kshs
Working capital adjustments:		
Increase in Receivables from exchange transactions	192,167	(39,283)
Increase in Prepayment	-	(1,836,934)
Decrease in Inventory	(551,088)	583,150
Increase in Employee Obligations	4,078,138	1,312,050
Decrease in payables	(7,049,717)	(30,785,969)
Decrease in Current Provision	(3,101, 323)	5,418,397
Net cash flows from operating activities	(31,878,833)	(28,913,533)

27. Financial Risk Management

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

i) Credit risk

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

Financial Risk Management

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

**Kenya Film Commission
Annual Reports and Financial Statements
for the year ended June 30, 2023**

	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
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	-
As at 30 June 2022				
Receivables from exchange	795,117	392,117	403,000	-
Bank balances	165,063,084	165,063,084	-	-
Total	165,858,201	165,455,201	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.

Kenya Film Commission
Annual Reports and Financial Statements
for the year ended June 30, 2023

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
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
As at 30 June 2022				
Trade payables	33,373,635	-	-	33,373,635
Provisions	-	-	6,577,200	6,577,200
Deferred income	-	-	76,921,034	76,921,034
Employee benefit obligation	-	-	11,696,721	11,696,721
Total	33,373,636		95,194,955	128,568,590

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.

**Kenya Film Commission
Annual Reports and Financial Statements
for the year ended June 30, 2023**

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

**Kenya Film Commission
Annual Reports and Financial Statements
for the year ended June 30, 2023**

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	2022-2023	2021-2022
	Kshs	Kshs
Retained Earnings/ Accumulated Surplus	20,643,261	49,760,838
Capital Reserve/ Fund	61,586,267	61,586,267
Total funds	82,229,528	111,347,105
Total Borrowings	-	-
Less: Cash and Bank Balances	(117,963,233)	(165,063,084)
Net Debt/ (Excess Cash and Cash Equivalents)	(35,733,705)	(53,715,979)
Gearing	(43.45%)	(48.24%)

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

	2022-2023	2021-2022
	Kshs	Kshs
Transactions with related parties		
a) Sales to related parties		
Sales of goods	-	-
Sales of services	-	-
Total	-	-
b) Grants /transfers from the government		

**Kenya Film Commission
Annual Reports and Financial Statements
for the year ended June 30, 2023**

Grants from national govt	309,899,999	327,000,000
Grants from county government	-	-

	2022-2023	2021-2022
	Kshs	Kshs
Donations in kind	-	-
Total	309,899,999	327,000,000
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	6,595,181	24,922,174
Compensation to key management	15,734,700	11,007,840
Total	22,329,881	35,930,014

29. Capital Commitments

Capital Commitments	2022-2023	2021-2022
	Kshs	Kshs
Authorised for Nyeri Ultra-Modern Cinema Theatre	14,796,643	-
	-	-
Total	14,796,643	-

(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.

**Kenya Film Commission
Annual Reports and Financial Statements
for the year ended June 30, 2023**

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:
1	Unsupported Expenditure The statement of financial performance reflects general expenses totalling to Kshs. 192,425,293 as disclosed in Note 15 to the financial statements. The expenditure includes an amount of Kshs.11,932,958 on various expenditure items that were not adequately supported with requisite documents such, as ETR cash receipts, motor vehicle work tickets, signed attendance register, invitation letters, request for quotations and counter receipt vouchers. In the circumstances, the property and completeness of the expenditure of Kshs. 11,932,958 could not be confirmed.	Management has noted and appreciates the findings. All the payment vouchers that relate to the expenditure of Ksh. 36,095,168 are available for your examination as per the attached ledgers. Refer to File No 01	Not resolved	By 30 th June 2024

**Kenya Film Commission
Annual Reports and Financial Statements
for the year ended June 30, 2023**

2	Budgetary Control and Performance The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs. 327,324,380 and Kshs. 327,406,265 resulting to an excess revenue of Kshs. 81,885. Further, the Commission spent Kshs. 346,003,915 against an approved budget of Kshs. 383,134,619, resulting in an under-expenditure of Kshs. 37,130,704 or (10%) of the budget. In the circumstances, the under-expenditure implies that some of the planned activities were not implemented which could impact negatively on the overall Commission's goals and objectives.		Not resolved	By 30 th June 2024
2.1	Other Matter Budgetary Control and Performance The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs. 327,324,380 and kshs.	Management has noted and appreciates the findings. The budget performance and reconciliation had been explained in the Amended Annual Report and Financial Statement page 5-6.	Not resolved	By 30th June 2024

Kenya Film Commission
Annual Reports and Financial Statements
for the year ended June 30, 2023

	327,406,265 resulting to an excess revenue of Kshs. 81,885. Further, the Commission spent Kshs. 346,003,915 against an approved budget of Kshs. 383,134,619, resulting in an under – expenditure of Kshs. 37,130,704 or (10%) of the budget. In the circumstances, the under-expenditure implies that some of the planned activities were not implemented which could impact negatively on the overall Commission's goals and objectives.			
Reference No.	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
	<p>Unresolved Prior Year Matters</p> <p>As disclosed under follow-up on auditor's recommendations on prior year audit issues, various prior year audit issues remained unresolved as at 30 June, 2022.</p> <p>Management has not provided reasons for the delay in resolving</p>	<p>Management has noted and appreciates the findings.</p> <p>The Commission has committed to resolve the issues by the end of the financial year 2022/23. We are preparing to resolve the issues with the Parliament Accounts Committee (PAC) once we are invited for the same with the guidance of the Office of the Auditor General.</p>		

**Kenya Film Commission
Annual Reports and Financial Statements
for the year ended June 30, 2023**

	the prior year audit issues			
2.2	<p>Unbalanced Budget</p> <p>The statement of Comparison of budget and actual amount reflects budgeted revenue and expenditure of kshs.327,324,380 and Kshs.383,134,619 respectively resulting to unbalanced budget In the circumstances, Management was in breach of the Public Finance Management Act 2012.</p>	<p>Management has noted and appreciates the findings. The budget performance and reconciliation had been explained in the Amended Annual Report and Financial Statement page 5-6.</p>	Not resolved	By 30 th June 2024


Timothy Owase
Chief Executive Officer
Kenya film commission
Date

Kenya Film Commission
Annual Reports and Financial Statements
for the year ended June 30, 2023

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	Do nor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/ No)	Consolidated in these financial statements. (Yes/No)
Strengthening of Film Industry in Kenya	81291614	GIZ	January - September 2023	85M	YES	YES
				85M		

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	110M	60M	54.54	15M	15M	GoK
		110M	60M	54.54	15M	15M	

Kenya Film Commission
 Annual Reports and Financial Statements
 for the year ended June 30, 2023

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	Where Recorded/recognized				Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	
Ministry of ICT	02.08.2022	Recurrent	26,000,000	26,000,000	-	-	-	26,000,000
Ministry of ICT	05.09.2022	Recurrent	26,000,000	26,000,000	-	-	-	26,000,000
Ministry of ICT	06.10.2022	Recurrent	26,000,000	26,000,000	-	-	-	26,000,000
Ministry of ICT	01.11.2022	Recurrent	78,000,000	78,000,000	-	-	-	78,000,000
Ministry of ICT	06.02.2023	Recurrent	78,000,000	78,000,000	-	-	-	78,000,000
Ministry of Youth Affairs, Sports and The Arts	04.05.2023	Recurrent	25,300,000	25,300,000	-	-	-	25,300,000
Ministry of Youth Affairs, Sports and The Arts	09.06.2023	Recurrent	25,300,000	25,300,000	-	-	-	25,300,000
Ministry of Youth Affairs, Sports and The Arts	30.06.2023	Recurrent	25,299,999	25,299,999	-	-	-	25,299,999
Total			309,899,999	309,899,999	-	-	-	309,899,999

**Kenya Film Commission
Annual Reports and Financial Statements
for the year ended June 30, 2023**

Appendix V- Inter-Entity Confirmation Letter

(a) Principal Secretary
Ministry of ICT, Innovations and Youth Affairs
State Department for Broadcasting and Telecommunications

KFCC wishes to confirm the amounts disbursed to us as at 30th June 2023 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 KFCC as at 30th June 2023

Reference Number	Date Disbursed	Recurrent Disbursed (A)	Development (B)	Amounts Disbursed by KFCC (Kshs) as at 30th June 2023		Amount Received by [beneficiary Entity] (Kshs) as at 30 th June 2023 (E)	Differences (Kshs) (F)=(D-E)
				Inter-Ministerial (C)	Total (D)=(A+B+C)		
02.08.2022	26,000,000			-	26,000,000	26,000,000	-
05.09.2022	26,000,000			-	26,000,000	26,000,000	-
06.10.2022	26,000,000			-	26,000,000	26,000,000	-
01.11.2022	78,000,000			-	78,000,000	78,000,000	-
Total	-	156,000,000		-	156,000,000	156,000,000	-

Kenya Film Commission
 Annual Reports and Financial Statements
 for the year ended June 30, 2023

[Insert your Letterhead]

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

KFC wishes to confirm the amounts disbursed to us as at 30th June 2023 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 2023					
Reference Number	Date Disbursed	Amounts Disbursed by KFC (Kshs) as at 30th June 2023			Amount Received by [Beneficiary Entity] (Kshs) as at 30 th June 2023 (E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	
					Differences (Kshs) (F)=(D-E)
06.02.2023	78,000,000	-	-	78,000,000	78,000,000
04.05.2023	25,300,000	-	-	25,300,000	25,300,000
09.06.2023	25,300,000	-	-	25,300,000	25,300,000
30.06.2023	25,299,999	-	-	25,299,999	25,299,999
Total	-	153,899,999	-	-	153,899,999

Kenya Film Commission
Annual Reports and Financial Statements
for the year ended June 30, 2023

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