


REPUBLIC OF KENYA



Enhancing Accountability

REPORT

	
THE NATIONAL ASSEMBLY	
PAPERS L AID	
DATE: 11 AUG 2021	DAY: Wed
FILED BY: Hon. E. Wangwe	
CLERK-AT-THE-TABLE: Mainah W.	

THE AUDITOR-GENERAL

ON

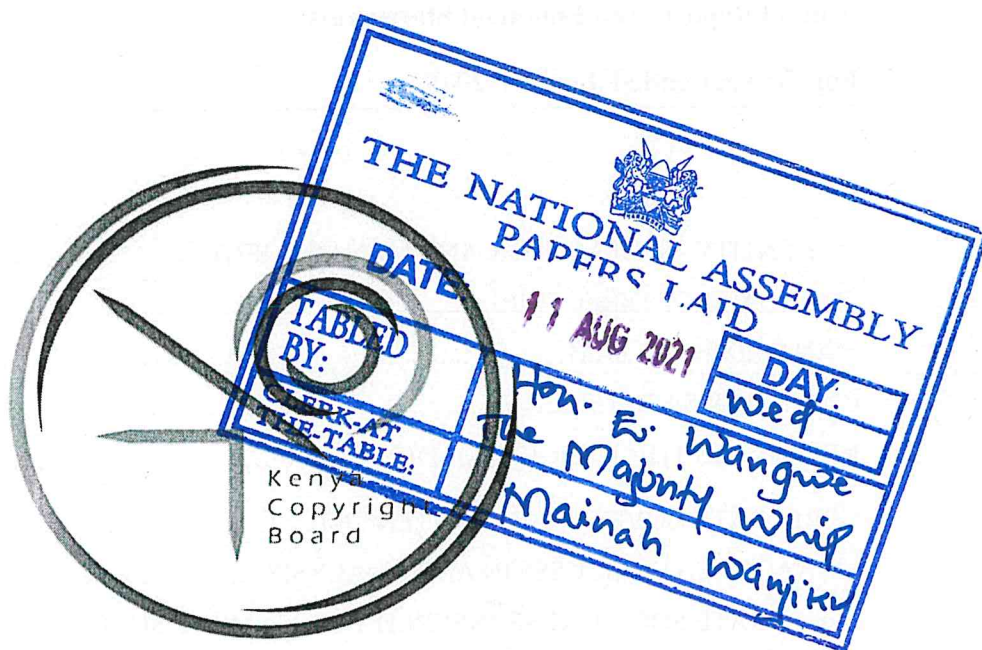
KENYA COPYRIGHT BOARD

**FOR THE YEAR ENDED
30 JUNE, 2019**



Handwritten text, likely a signature or date, appearing as a faint stamp or scribble in the upper left quadrant of the page.





KENYA COPYRIGHT BOARD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDING

JUNE 30, 2019

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

KENYA COPYRIGHT BOARD

Annual Reports and Financial Statements

For the year ended June 30, 2019

KEY ENTITY INFORMATION AND MANAGEMENT	ii
THE BOARD OF DIRECTORS.....	vii
MANAGEMENT TEAM.....	xvi
CHAIRMAN'S STATEMENT.....	xix
REPORT OF THE EXECUTIVE DIRECTOR.....	xx
CORPORATE GOVERNANCE STATEMENT.....	xxi
MANAGEMENT DISCUSSION AND ANALYSIS	xxii
CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY	xxix
REPORT OF THE DIRECTORS	xxx
STATEMENT OF DIRECTORS' RESPONSIBILITIES.....	xxxi
STATEMENT OF FINANCIAL PERFORMANCE	1
STATEMENT OF FINANCIAL POSITION	2
STATEMENT OF CHANGES IN NET ASSETS.....	3
STATEMENT OF CASH FLOWS.....	4
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS	5
NOTES TO THE FINANCIAL STATEMENTS	8
APPENDIX 1: EXPLANATION OF KEY VARIANCE IN THE STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS	31
APPENDIX 11: INTER-ENTITY TRANSFERS CONFIRMATION LETTER.....	34

KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The Kenya Copyright Board (KECOBO) is established under section 3 of the Copyright Act, CAP 130 of the laws of Kenya. Its mandate is the overall administration and enforcement of copyright and related rights in Kenya.

(b) Principal Activities

KECOBO's mission is to sustainably advance the growth of creative industries through effective administration and enforcement of copyright and related rights for socio-economic development in Kenya. The principle activities are to;

- Direct, co-ordinate and oversee the implementation of laws and international treaties and conventions to which Kenya is a party and which relate to copyright and other rights recognized by the Act and ensure the observance thereof;
- License and supervise the activities of Collective Management Organizations (CMOs) as provided for under the Act;
- Devise promotion, introduction and training programs on copyright and related rights, to which end it may co-ordinate its work with national or international organizations concerned with the same subject matter;
- Organize the legislation on copyright and related rights and propose other arrangements that will ensure its constant improvement and continuing effectiveness;
- Enlighten and inform the public on matters relating to copyright and related rights;
- Maintain an effective data bank on authors and their works; and
- Administer all matters of copyright and related rights in Kenya as provided for under the Act and to deal with ancillary matters connected with its functions under the Act.

In addition, the Protection of Traditional Knowledge and Cultural Expressions Act, 2016, under Section 5(a) mandates the Board to establish and maintain a National repository of traditional knowledge and cultural expressions of communities in Kenya.

(c) Key Management

The Board's day-to-day management is under the following key organs:

- Executive Director;
- Chief Legal Counsel;
- Deputy Chief Legal Counsel;
- Finance Manager;
- Senior Human Resource Officer;
- Senior Public Communication Officer;
- Information Communication Technology Officer;

KENYA COPYRIGHT BOARD

Annual Reports and Financial Statements

For the year ended June 30, 2019

- Supply Chain Officer;
- Copyright Inspector; and
- Internal Auditor.

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2019 and who had direct fiduciary responsibility were:

No.	Designation	Name
1	Executive Director	Edward Sigei
2	Chief Legal Counsel	George Nyakweba
4	Finance Manager	Frederick Mutuku
5	Senior Human Resource	Ketty Arucy
6	Senior Public Communications Officer	Cyrus Kinyungu
7	ICT Officer	George Njoroge
8	Supply Chain Officer	John Karuri
9	Deputy Chief Legal Counsel	Sharon M. Chahale
10	Copyright Inspector	Mutegi Rinkanya
11	Internal Auditor	Elijah Mwangi

(e) Fiduciary Oversight Arrangements

Finance and Audit committees of KECOBO

The Board of KECOBO has established the two oversight bodies as required by the State Corporations Act. Section 9 of the State Corporations Act Cap 446 Laws of Kenya states as follows:-

Committees

A state corporation may establish committees consisting of members of the Board to deal with such matters as the Board may specify and notice of establishment of any committee in accordance with this section whether established before or after the commencement of this Act shall be served on the State Corporations Advisory Committee.

This provision is further reinforced by section 15, on financial accountability of the Board;

Accountability

The Committees of the Board

(1). A Board shall be responsible for the proper management of the affairs of a state corporation and shall be accountable for the moneys, the financial business and the management of a state corporation.

(2). The chief executive of a state corporation may be summoned by the Public Investments Committee to answer on behalf of the Board any question arising from a report, including a special report, of the Controller and Auditor-General concerning the state corporation.

Consequently, the State Corporations Advisory Committee (SCAC) issued guidelines for the formation of the Committees of which the Finance and the Audit Committees are mandatory.

i. The Audit Committee

The Audit Committee constitutes five members for the financial year 2018/2019. The committee was chaired by Mr. David Muriithi. He is a qualified auditor with vast experience from reputable international audit firms and is an expert on creative entrepreneurship.

The other members of the committee included, Dr. Donald Otoyoy, Ms. Trushna Patel, Dr. Isaac Rutenberg, and Prof. Rodah Birech and Mr. Edward Wamweya

The committee has a charter setting out its responsibilities. Some of the duties include oversight over financial statements and financial reporting; general compliance generally and internal control and risk management. The Executive Director is not a member of this committee as per common practice. The committee, like all other committees, plays an advisory role.

ii. The Finance Committee

There were five members of this committee during the 2018/2019 Financial Year. The Committee was chaired by Mr. Kennedy Kachwanya. He is a qualified accountant and a financial analyst. He is also an experienced digital marketing and social media expert.

The other members of the committee are Mr David Waweru, Ms. Catherine Ngengi, Mr. Stanley Cheruiyot and Ms. Belinda Kiilu. The Executive Director is a member of this committee.

The committee oversees the budgeting function of the Board, reviews progressive reports on the expenditure of the Board and makes recommendations to the Board on issues relating to procurement. The committee also ensures overall sound financial reporting before approval of the entire Board.

iii. The Legal and Technical Affairs Committee

The membership of the Board of the Legal and Technical Affairs Committee comprises five Non-Executive Directors. The committee is mandated to review The Copyright Act when the need arises. It is also

KENYA COPYRIGHT BOARD

Annual Reports and Financial Statements

For the year ended June 30, 2019

mandated with the responsibility of ensuring the Collective Management Organizations (CMOs) adhere to the law and makes recommendations on the renewal of their licences.

Members of the committee for the period under review were:-

1. Dr. Isaac Michael Rutenberg
2. Ms. Belinda Kiilu
3. Mr. P.D Gwaro Ogaro
4. Ms. Sylvia Gichia
5. Mr. Kennedy Kachwanya
6. Prof. Rhoda Birech
7. Desmond Katana, HSC
8. Dr. Donald Otoyo
9. Mr. Peter Mwangi

iii. The Business Development and Communication Committee

There were six members of this committee during the 2018/2019 Financial Year. The Committee was chaired by Mr. David Waweru and other members of the committee included Dr. Donald Otoyo Mr. David Kimotho, Mr. Edward Wamweya and Ms. Silvia Gichia

iv. The Human Resource Committee

There were five members of the committee during the 2018/2019 Financial Year. The committee was chaired by Ms. Catherine Ngengi and other members included Mr. Desmond Katana HSC, Mr. P.D. Gwaro Ogaro, Mr. David Kimotho and Mr Peter Mwangi.

Frequency of meetings

All committees meet at least four times in a year. However, the number of meetings may exceed this as per the requirements of the Board. All committees also maintain records of their deliberations diligently as required by law.

The Board of Directors of Kenya Copyright Board has therefore met its legal and regulatory requirements as far as fiduciary oversight arrangements are concerned

KENYA COPYRIGHT BOARD

Annual Reports and Financial Statements

For the year ended June 30, 2019

(a) Board Headquarters

P.O. Box 34670-00100
NHIF Building
Ragati Road/ Ngong Road
Nairobi, KENYA

(b) Board Contacts

Telephone: (254) 20 2533869/59
E-mail: info@copyright.go.ke
Website: www.copyright.go.ke

(c) Board Bankers

Kenya Commercial Bank
Kenyatta Avenue
A/C No.1104002450
Kipande House

(d) Independent Auditors

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

(f) Principal Legal Adviser




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

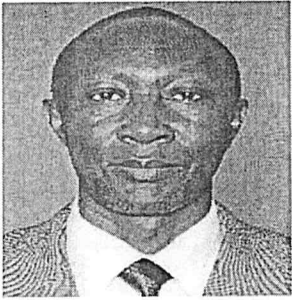

KENYA COPYRIGHT BOARD

Annual Reports and Financial Statements

For the year ended June 30, 2019

THE BOARD OF DIRECTORS


 <p>Mr. Joseph Mutuma Mathiu Chairman, 2019 (One month)</p> <p>PROFESSIONAL BACKGROUND: JOURNALISM/ EDITOR</p>	<p>EDUCATION & PROFESSIONAL QUALIFICATIONS:</p> <p>Master of Arts (University of Leeds)</p> <p>Post Graduate Diploma in Mass Communications (UON)</p> <p>MEMBERSHIP</p> <p>Kenya Editors Guild</p> <p>Media Council of Kenya</p> <p>CURRENT POSITION</p> <p>GROUP EDITORIAL DIRECTOR NATION MEDIA GROUP</p>
 <p>Dr. Donald Otoy Ondieki Director representing PS, Ministry of National Heritage and Culture.</p> <p>PROFESSION:</p> <p>Performing Artist Music Educator, Researcher and Music Industry specialist.</p>	<p>EDUCATION & PROFESSIONAL QUALIFICATIONS:</p> <p>Doctor of Philosophy Degree (Performance and Education), Kenyatta University. (2005 – 2010)</p> <p>CURRENT POSITION</p> <p>2016 to Date Director, Permanent Presidential Music Commission Ministry of Sports, Culture and The Arts</p>
	<p>ACADEMIC AND PROFESSIONAL QUALIFICATIONS:</p> <p>MBA (Business), Distinction</p> <p>Curtin Graduate School of Business, Curtin University, Perth, Australia</p> <p>Managing Director, Word Alive Publishers Uganda Limited</p>



<p>PROFESSION:</p> <p>Publisher & CEO, Word Alive Publishers Limited</p> <p>Managing Director, Word Alive Publishers Uganda Limited (2009 – 2011)</p> <p>Founder, Word Alive Publishers UK Limited</p> <p>ACADEMIC QUALIFICATIONS:</p> <p>MBA (Business), Distinction</p> <p>Curtin Graduate School of Business, Curtin University, Perth, Australia</p>	<p>Managing Director, Word Alive Publishers Uganda Limited</p> <p>(2009 – 2011): Founder, Word Alive Publishers UK Limited</p> <p>1999– 2005: Founder & Managing Director, Impact Media Limited</p> <p>1995– 1999: Publishing Manager, International Bible Society – Africa</p> <p>1991– 1995: Science Editor, University of Nairobi Press</p>
 <p><u>Mr. Gwaro Ogaro,</u></p> <p>Date of Birth 29th December, 1962</p> <p>Director representing PS, Ministry of Information and Communications.</p> <p>PROFESSION:</p> <p>Acting Director of Information</p> <p>PROFESSIONAL AND ACADEMIC QUALIFICATIONS:</p> <p>Master of Arts in Communication Studies.</p>	<p>KEY QUALIFICATIONS:</p> <p>POSTGRADUATE:</p> <p>University of Nairobi (2008): Master of Arts in Communication Studies.</p> <p>UNDERGRADUATE:</p> <p>University of Nairobi (1988): B.A. Honours Degree in Sociology and Linguistics</p> <p>WORK EXPERIENCE:</p> <ul style="list-style-type: none"> Information officer for Kenya News Agency and Rural Press in various districts in the country Editor of Regional Publications and National Editorial Desk in the Ministry of Information and Communications Head of Communications in the Ministry of East African Community and National Police Service (NPS)
	<p>KEY QUALIFICATIONS:</p> <p>2010-2012: University of Nairobi Master of Business Administration-Finance</p>

KENYA COPYRIGHT BOARD

Annual Reports and Financial Statements

For the year ended June 30, 2019



<p>CPA, FA. Edward K. Wamweya</p> <p>Date of Birth 2nd April, 1984</p> <p>Director representing PS, National Treasury.</p> <p>KEY PROFESSION: Accountant and Finance Professional</p>	<p>2005-2008: Kenyatta University Bachelor of Commerce (Finance option) 2nd class honors upper division</p> <p>2006-2008: Certified Public Accountant (CPA- K)</p> <p>2010-2012: Certified Investment and Financial Analyst (CIFA- K)</p> <p>WORK EXPERIENCE:</p> <p><i>2014 to Date: Senior Investment Officer</i></p> <p><i>National Treasury -Headquarters</i></p> <p><i>2009 to 2014: Senior Accountant</i></p> <p><i>Matungulu District Treasury</i></p> <p><i>2013 - Secretary -Supervisory Committee</i></p> <p><i>Kamuthi SACCO Society LTD</i></p>
 <p>Mr. David Muriithi,</p>	<p>WORK EXPERIENCE</p> <p>Managing Trustee</p> <p>2003 – Present Music Sans Frontieres (www.muzikiafrica.org)</p> <p>2003 – Present</p>
<p>Date of Birth 16th May, 1969</p> <p>Director-Copyright Expert</p> <p>Managing Trustee/Managing Director</p> <p>Creative Enterprise Centre</p> <p>KEY PROFESSION: Auditor</p>	<p>Amalgamated Properties Ltd. (Real Estate Development)</p> <p>Managing Director</p> <p>Finance Director</p> <p>Amalgamated Properties Ltd. (Real Estate Development)</p>
<p>ACADEMIC QUALIFICATIONS:</p> <p>Bachelor of Arts in Economics (Honors Degree – Accounting & Finance Option), University of Manchester, England</p>	<p>1999 – 2003</p> <p>Senior Auditor</p> <p>Ernst & Young Certified Public Accountants, Nairobi 1991 – 1995</p> <p>Auditor</p>

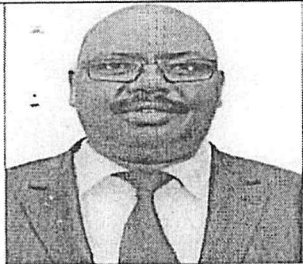

	<p>Ernst & Young Certified Public Accountants, London 1988 – 1991</p> <p>Proprietor</p> <p>F / X Promotions, Manchester, England (Event and Talent Management)</p>
 <p>Rhoda Jerop Birech (Ph.D)</p> <p>Date of Birth 13th October, 1969</p> <p>Director representing public Universities</p> <p>Senior Lecturer</p> <p>Egerton University</p> <p>KEY PROFESSION: Lecturer</p> <p>ACADEMIC AND PROFESSIONAL QUALIFICATIONS:</p> <p>Ph.D.), (BOKU) Vienna, Austria. MPhil (Moi University), Bsc. (Egerton), Diploma (Egerton). <i>1997-2000:</i></p>	<p>KEY QUALIFICATIONS:</p> <p>Ph.D. (<i>Doctor rerum naturalium technicarum</i>), University of Natural Resources and Applied Life Sciences (BOKU) Vienna, Austria</p> <p>WORK EXPERIENCE:</p> <p><i>Post-doctorate student at the (BOKU) Vienna, Austria.</i></p> <p>Liaison Officer</p> <p>University-Industry December 2012 to date</p> <p>Visiting Professor</p> <p>BOKU University from May to June 2011</p> <p>Senior-Lecturer</p> <p>Egerton University since August 2010-to-date</p>
 <p>Mr. Desmond Katana Harrison</p> <p>Date of Birth 18th October, 1958</p> <p>Director representing Musicians union</p>	<p>WORK EXPERIENCE:</p> <p>Ambassador of Peace for the National Cohesion and Integration Commission. May 2011</p> <p>Presenter</p> <p>BBC Fast Track travel programme for the British Broadcasting Corporation TV from Mombasa. 2010</p> <p>Member</p>

KENYA COPYRIGHT BOARD

Annual Reports and Financial Statements

For the year ended June 30, 2019


<p>Secretary General</p> <p>Musicians Union</p> <p>KEY PROFESSION: Sound Engineer/Musicians</p> <p>PROFESSIONAL AND ACADEMIC QUALIFICATIONS:</p> <p>Certificate in Corporate Governance, Certificate in French, Certificate in audio sound engineering from Gateway School of Music – London</p>	<p>Permanent Presidential Music Commission's team 2009</p> <p>Committee member and adjudicator, "Najivunia kuwa Mkenya" campaign by the office of the Government spokesman, Dr. Alfred Mutua. 2008</p> <p>Committee member and co - composer of the Vision 2030 theme song for the Ministry of Finance.</p> <p>Chairman of the committee of the on ongoing music project; Spotlight on Kenyan Music 2006</p> <p>Sound Engineer/ instrumentalist/ music producer at the Mushrooms Sound Lab. 1990 2004</p>
 <p>Ms. Belinda Mumbua Kiilu</p> <p>Date of Birth 15th May, 1981</p> <p>Director representing the attorney general.</p> <p>Senior State Counsel.</p>	<p>KEY QUALIFICATION:</p> <p>Postgraduate Diploma in Law-Kenya School of Law, Advocate of the High Court of Kenya</p> <p>WORK EXPERIENCE:</p> <p>Senior State Counsel</p> <p>Treaties and Agreement Department & Personal Legal Assistant to the Hon. Attorney General Office of The Attorney General And Department Of Justice May 2014 to date</p> <p>State Counsel 1 & Personal Legal Assistant to the Hon. Attorney General January 2012- May 2014</p>
<p>KEY PROFESSION: Lawyer /Advocate</p> <p>ACADEMIC QUALIFICATIONS:</p> <p>Postgraduate Diploma in Law-Kenya School of Law, B.sc Kenyatta University (Hons) LL.B (UON)</p>	<p>—</p>
 <p>Mrs. Trushna Buddhdev Patel</p>	<p>KEY QUALIFICATIONS:</p> <p>March 1999 : Marketing Society of Kenya, Nairobi, Kenya</p> <p>Media Training Seminar</p> <p>December 1996: The University of Manchester, U.K.</p>

<p>Date of Birth 15th April, 1976</p> <p>Director representing producers and distributors of audio visual works.</p> <p>KEY PROFESSION:</p> <p>Crimson Multimedia Ltd – Managing Director</p> <p>ACADEMIC QUALIFICATIONS</p> <p>Association of Business Executives (A.B.E.)</p>	<p>Bachelor of Business Administration (B.B.A.) 1994 – 1996 : Oshwal College, Nairobi, Kenya</p> <p>Association of Business Executives (A.B.E.)</p> <p>WORK EXPERIENCE</p> <p>May 2011 – to date Crimson Multimedia Ltd – Managing Director</p> <p>Suite 25, East Wing, 4th Floor, The Green House, Ngong Road</p> <p>May 2005 – April 2011 Pan African Film Distributors (East & West Africa) Ltd NuMetro Film Distribution (Africa) Ltd/Nu Metro (Kenya) Ltd</p>
 <p>Mr. Stanley Cheruiyot</p> <p>Date of Birth 1st January, 1964</p> <p>DIRECTOR</p> <p>Altenate to Inspector General of Police</p> <p>Profession: Enforcement Officer</p> <p>Academic and Professional Qualifications:</p> <p>March 2007 - March, 2009: Msc. Security & Risk Management (University of Leicester UK)</p> <p>2003 Diploma in Law (Kenya School of Law)</p>	<p>KEY QUALIFICATIONS:</p> <p>National Police Service Headquarters</p> <p>Director Legal Affairs – NPS (September, 2015 to-date)</p> <p>Legal Advisor and Crime Affairs Reader.</p> <p>Analyzing Criminal Cases</p> <p>Sensitizing Criminal Cases on Emerging</p> <p>Topical Issues including newly enacted laws</p> <p>Liaison Officer between the AG and the Police</p>
	<p>KEY QUALIFICATIONS:</p> <p>Director/Marketing Consultant</p> <p>GENERAL MANAGER Apr 2011 – Oct 2011 Wavumunno Broadcasting Service (WBS TV), Kampala, Uganda</p>

KENYA COPYRIGHT BOARD

Annual Reports and Financial Statements

For the year ended June 30, 2019

<p>Mr. David N. Kimotho</p> <p>Date of Birth 20th June, 1961</p> <p>DIRECTOR</p> <p>Media Owners Association Representative</p> <p>Academic and Professional Qualifications:</p> <p>Certificate, Marketing (1993)</p> <p>Marketing Society of Kenya, Nairobi, Kenya</p> <p>Diploma, Marketing (1988)</p> <p>London Chamber of Commerce and Industry, Nairobi, Kenya</p> <p>Bachelor of Arts, Administration (1986)</p> <p>University of Nairobi, Nairobi, Kenya</p>	<p>GROUP HEAD OF SALES, DIRECT GOVERNMENT & ASSOCIATED BUSINESS</p> <p>Mar 2010 – Dec 2010</p> <p>Mediamax Network Limited (K24TV, Kameme FM, People Daily), Nairobi, Kenya</p> <p>[Legacy Regional Reach</p>
	<p>PROFESSIONAL</p> <p>QUALIFICATIONS:</p> <ul style="list-style-type: none"> • Qualified Accountant • Financial Analyst
<p><u>Mr. Kennedy Kachwanya</u></p> <p>Date of Birth 25th January, 1982</p> <p>Director representing publishers, authors and writers' associations.</p> <p>PROFESSION: Accountant</p> <p>ACADEMIC QUALIFICATIONS:</p> <p>Bachelor of Commerce Degree (Finance Option) at University of Nairobi, 2006.</p> <p>Diploma in Computer Science and Technology from Starehe Technical Training Institute from January 2001 to December 2002</p>	<p>WORK EXPERIENCE.</p> <p>Current Chairman and Founder of Bloggers Association of Kenya (BAKE) and CEO of BAKE Kenya Limited</p> <p>Market research and Lead Blogger for Kachwnay.com from December 2009 to date</p>

**Isaac Michael Rutenberg, PHD, JD**Date of Birth 13th December, 1977

Director representing software associations

PROFESSION: Patent Attorney/Researcher**ACADEMIC QUALIFICATIONS**

Ph.D., Chemistry, California Institute of Technology (California, 2005), J.D., Santa Clara University School of Law (California, 2011)

B.S., Chemistry, Colorado School of Mines (Colorado, 2000)

B.S., Mathematics/Computer Science, Colorado School of Mines (Colorado, 2000)

KEY QUALIFICATIONS

Patent Attorney, Understanding of intellectual property laws and regulations for various countries and regions

Knowledge of issues relevant to for-profit, not-for-profit, and government bodies, covering patents, trademarks, copyrights, trade secrets, and other forms of intellectual property

Agent/Representative for over 50 issued US and foreign patents.

WORK EXPERIENCE

- **Lecturer**, Strathmore Law School, Strathmore University, Nairobi Kenya (2012-present)
- **Director**, Center for Intellectual Property and Information Technology Law (CIPIT) at Strathmore Law School, Nairobi, Kenya (2012-present)
- **Consultant**, Kamau-Rutenberg Consulting, Nairobi, Kenya (2012-present)
- **Patent Attorney**, Science and Technology Law Group, Sunnyvale, CA (2012-present)

**Mrs. Catherine Wangui Ngengi**

Director-Copyright Expert

FOUNDER/ DIRECTOR

Kazamoyo Films

KEY PROFESSION:

- Film Producer

ACADEMIC QUALIFICATIONS:

- Bachelor of Science in Accounting and Finance, Indiana University, USA.

WORK EXPERIENCE:**KAZAMOYO FILMS:**

- Producer/Director of Films, Documentaries/Advertisements/Tv & Radio Programs & Music Composition

UNDP:

- Accountant UNDP Accounts Department
- Producer/Director of UNDP Documentary/Tv & Radio Series entitled "Investing in People" Aired on KCB Tv & Radio

GITHONGO & COMPANY (AUDIT FIRM):

- Auditor

KENYA RAILWAYS:



- Producer/Director of Short Documentary ofher Majesty Queen Elizabeth II Train Journey from Nairobi to Thika.

BAT:



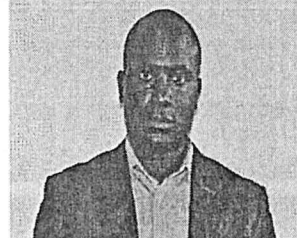

KENYA COPYRIGHT BOARD

Annual Reports and Financial Statements

For the year ended June 30, 2019

<p>CERTIFICATE KIMC/FORD FOUNDATION:</p> <ul style="list-style-type: none"> Film Production <p>CERTIFICATE:</p> <ul style="list-style-type: none"> Certified Internal Auditor 	<p>AMP-SONIC Limited Producer for BAT Company Documentary</p>
 <p>Sylvia N. Gichia Date of Birth 20th February, 1973 Director-Copyright Expert FOUNDER/ DIRECTOR Kenya Art Fair KEY PROFESSION:</p> <ul style="list-style-type: none"> Arts Management Consultant/ Photography <p>ACADEMIC QUALIFICATIONS:</p>	<p>WORK EXPERIENCE:</p> <p>Chief Executive Officer</p> <ul style="list-style-type: none"> CEO The Shopping Centres Association of Kenya - Currently <p>Managing Director</p> <ul style="list-style-type: none"> Kuona Trust, Centre for Visual Arts, Nairobi, Kenya Feb. 2012- till recently <p>Chief Information Officer – Bureau Chief</p> <ul style="list-style-type: none"> Visual Eyes Productions, Nairobi, Kenya
<p>Washington DC Degree in Professional photography, MBA Marketing Bachelor of International Business, Marketing</p>	
 <p>Edward Sigei LLM, LLB, LSK Key Profession: ADVOCATE</p>	<p>Executive Director Overall Administration of Kenya Copyright Board and Secretary to the Board of Directors</p>




MANAGEMENT TEAM

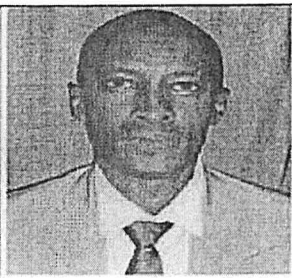

 <p>1. Edward Sigei LLM, LLB, LSK Key Profession: ADVOCATE</p>	<p>Executive Director</p> <p>Overall Administration of Kenya Copyright Board and Secretary to the Board of Directors</p>
 <p>2. George Nyakweba LLM, LLB, LSK</p>	<p>Chief Legal Counsel</p> <p>Legal Professional</p>
 <p>3. Elijah Mwangi BBM, CPA(K), ICPAK</p>	<p>Head of Internal Audit</p> <p>Internal Audit and ISO Quality Management</p>
	<p>Deputy Chief Legal Counsel</p> <p>Legal Professional</p>

KENYA COPYRIGHT BOARD

Annual Reports and Financial Statements

For the year ended June 30, 2019

4.Sharon M. Chahale MIP, LLB, LSK	
 5.Frederick Mutuku MBA, BCom, CPA (K), ICPAK	Head of Finance Finance and Accounts Management
 6.Cyrus Kinyungu M.A Arts (Communications), B.ED.	Head of Public Communications Public awareness and publicity
 7.Ketty Aruey B.A, HND, HRM, AKIM	Head of HRM & Administration: Human Resource matters, policies, surveys training and other administrative Matters

 <p>8. John Karuri MSC in Procurement and Logistics BBA.</p>	<p>Head of Supply Chain Management:</p> <p>Management of office supplies and stock taking.</p>
 <p>9. George Njoroge BSC (Computer Science & Engineering)</p>	<p>Head of ICT</p> <p>In charge of ICT infrastructure and Integrated Enterprise information systems</p>

KENYA COPYRIGHT BOARD

Annual Reports and Financial Statements

For the year ended June 30, 2019

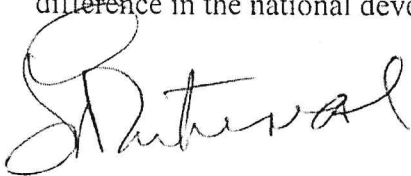
CHAIRMAN'S STATEMENT

The Kenya Copyright Board received consistent though limited funding during the period under audit. In a bid to improve the financial position of the entity the Board prepared its five-year Strategic Plan and a Resource Mobilization Strategy that will run from 2017-2022. The implementation of both strategies will be subject to funding.

The Board has highly trained professionals managing all of its eight departments supporting the Executive Director in executing the organisations mandate. At the same time, KECOBO Board managed to stem the high staff turnover experienced in the last few years at the organisation. However the full implementation of approved HR policies shall go a long way in raising the morale of the KECOBO staff.

The Board through its full sittings and committees continues to play its oversight roles robustly. This has seen the Board obtain clean audits reports in the recent past.

The foundation laid by the previous Board of Directors leaves the organisation as a going concern and in a good position to expand and grow. There is no doubt that the organisation can make a difference in the national development agenda.



Chairman of the Board

Date.....29/7/20

KENYA COPYRIGHT BOARD

Annual Reports and Financial Statements

For the year ended June 30, 2019

REPORT OF THE EXECUTIVE DIRECTOR

Background

The Kenya Copyright Board recognizes the significant contribution that the creative industry can make towards the achievement of Vision 2030 and remains ready to play its facilitative role effectively. In that regard KECOBO continues to build its capacity to discharge the mandate set out under section 5 of the Copyright Act and improves the legislative environment for Copyright-based industry to thrive.

Achievements

This year KECOBO faced significant cash flow challenges due to austerity measures being implemented by the Government of Kenya.

Even then the execution of its mandate continued apace. The outreach program led by the legal, enforcement and public communications department continued with 700 individuals from Universities, publics, artists and other organizations being reached. A total of 1072 policemen were trained in 26 police Stations during the period.

A number of training opportunities were made available for Legal and KECOBO Inspectors. The inspectorate team investigated and filed 41 cases, with 5 being finalized.

KECOBO in collaboration with Kenya Film Classification Board (KFCB) trained CMO senior managers and Board of Directors numbering 63 people.

In June, KECOBO hosted three continental meetings in conjunction with the World Intellectual Property Organization (WIPO) that brought over 300 delegates to Nairobi for five days.

Conclusion

With its Strategic plan now ready, competent staff in all departments and sustained funding, KECOBO shall continue to build its capacity to discharge its mandate in line with the Vision 2030 and Big Four Agenda.

CORPORATE GOVERNANCE STATEMENT

Corporate Governance is defined as the systems by which organisations are directed and controlled. This remains a Board priority, as directors are increasingly required to demonstrate and report to the public through quarterly reports submitted to the Solicitor General with a set to the Principal Secretary of the National Treasury.

The Board of Directors is responsible for the governance of the Board and is committed to ensuring that its business and operations are conducted with integrity and furthermore comply with the law, generally accepted principles and best practises of corporate governance and business ethics.

BOARD OF DIRECTORS

The Board fulfils its fiduciary obligation to the public by maintaining control over the strategic, financial, operational and compliance issues of the Board. Whilst the Board provides direction and guidance on strategic and general policy matters and remains responsible for establishing and maintaining overall internal controls over financial, operational and compliance issues, it has delegated authority to the Executive Director to conduct the day-to-day business of the Board.

The Board meets at least once every quarter and has a formal schedule of matters reserved for it. The directors are given appropriate and timely information to enable them maintain full and effective control over strategic, financial, operational and compliance issues.

At the end of each financial year the Board reviews itself, Board committees and the Executive Director against targets agreed at the beginning of the year.

NOTE- THE TERM OF THE LAST BOARD LAPSED AT 31ST OCTOBER 2018. KECOBO OPERATED WITHOUT A BOARD FOR THE REST OF THE YEAR.

BOARD COMMITTEES

The Board had created the following principal committees which met regularly under well-defined terms of reference set by the Board:

MANAGEMENT DISCUSSION AND ANALYSIS

SECTION A

KECOBO'S OPERATIONAL AND FINANCIAL PERFORMANCE

The Kenya Copyright Board (KECOBO) is established under Section 3 of the copyright Act, 2001(Cap 130). Its mandate is the overall administration and enforcement of copyright and related rights in Kenya.

KECOBO has carried out its core activities with zeal and passion for the past part of the year under review. The legal and enforcement departments have continued to carry out the mandate of the Board effectively and efficiently despite the limited resources. Infringement of copyrights is a major problem in Kenya and huge resources are needed to drastically reduce the menace. However, the resources received by the board are not sufficient to effectively deliver.

The potential of the creative industry is huge and a great asset to the economy of our country. The Board continues to create awareness and enforce copyright within the Financial, Physical, and Human capital resources however limited.

During the financial year, KECOBO attended six public events for the purpose of raising awareness: Legal awareness week; Pwani Innovation week; Nairobi International Book Fair; Ongea 4th East Africa Music Summit; Public Service Week and held two Copyright Clinics in Kwale and Mombasa. KECOBO hosted two public participation events, one for tariffs and the other for licensing of Collecting Societies. At the same time, KECOBO distributed over **15, 000 copies** of Guide to Copyright in Kenya ; KECOBO Service Charter ;Comics ;Copyright News Magazine; Copyright and the Audio-visual industry in Kenya; Kenya Copyright Board Strategic Plan and Copyright and the Music Industry in Kenya during training and other events attended by the Board

Kenya Copyright Board hosted World Intellectual Property Organization (WIPO) Conference in the second week of June 2019. The Conference was graced by over 300 delegates from Africa, Asia, American and WIPO Staff. The thematic areas for the conference were regional seminar of Heads of Copyright offices from African Countries including Arab Countries, standing committee on Copyright and related rights (SCCR) Regional seminar on exceptions and limitations and

KENYA COPYRIGHT BOARD

Annual Reports and Financial Statements

For the year ended June 30, 2019

Committee on development of intellectual property seminar for LDC's on Access to Public Sector information. The conferences was a great success.

Meanwhile Kenya is fast-tracking the ratification of the WIPO Internet Treaties and the Beijing Treaty. A draft national IP Policy is being reviewed and is expected to be approved soon.

During the year under review copyright registration has continued to attract more rights holder's and the future is definitely bright. A total of 1,613 were received and processed during the year under review.

KECOBO is funded by the Government of Kenya to the major extend. This reliance on the government has seen the Board stagnation in growth. The funding received is usually insufficient to fully support the mandate of the Board.

Since inception KECOBO has continued to receive a lean one-line-budget. It is from this amount where both capital projects and recurrent expenditure is met. The situation has worsened in recent past after austerity measures taken by treasury. KECOBO had its Budget cut by a whopping Ksh. 12million, from an allocation of about Ksh.133 million down to Ksh. 121 million.

SECTION B

Entity's compliance with statutory requirements

The Board continues to comply with all statutory requirements. The Board does not have any major non-compliance to report.

SECTION C

Key projects and investment decisions the entity is planning/implementing

Two years ago, KECOBO began the process of acquiring an Enterprise Resource Planning (ERP) System. The implementation of ERP will see the Board improve its service delivery. The envisaged ERP will be able to afford our clients both copyright registration online and submission of complaints on line. It will also go a long way in automating the Board processes and procedures and therefore enhancing accountability and transparency. The implementation was delayed owing to high staff turnover and poor conceptualization on the side of the Consultant and capacity constraints on side of KECOBO.

The Board is mainly funded by the National Treasury and it receives a one-line Budget. It is from the government grant that the ERP is financed from.

SECTION D

Major risks facing the entity

The Board activities expose it to a variety of financial risks, including credit risk, and liquidity risk. The Board's overall risk management programme focuses on the unpredictability of the economy and seeks to minimise potential adverse effects on its financial performance.

The Board regularly reviews its risk management policies and systems to reflect changes in markets and emerging best practices. Risk management is carried out by the management under the supervision the Board of Directors.

The board provides policies for overall risk management, as well as policies covering specific areas such as liquidity risk and credit risk.

Budget allocated to KECOBO for the current financial year is Kshs. 122,500,000.00 and revenue expected from internally generated revenue is about 3 million. Personnel emoluments for the year is projected to be kshs. 90,000,000. This leaves the Board with bear minimum for operations. This scenario poses a huge risk and therefore the need to address it. The table below shows KECOBO's revenue and corresponding expenditure for periods from 2016/2017 to 2018/2019 and Budget for period 2019/2020. The Payroll Expenditure is increasing as the revenue declines.

KENYA COPYRIGHT BOARD**Annual Reports and Financial Statements****For the year ended June 30, 2019**

ITEM	2016/2017 Actual	2017/2018 Actual	2018/2019 Actual	2019/2020 Budget
Revenue Reserve	23,657,025	21,690,726	9,426,944	5,151,245
A.I.A	12,079,645	4,091,804.50	3,917,228	3,000,000
GOK Grant	131,000,000	132,000,000	121,580,000	122,500,000
T. Revenue	<u>166,736,670</u>	<u>157,794,530.5</u>	<u>134,924,172</u>	<u>130,651,245</u>
T. Expenditure	<u>146,529,494</u>	<u>149,578,758</u>	<u>147,531,568</u>	<u>130,651,245</u>
T. PE Cost	61,467,123	72,371,669	84,067,693	90,430,000
PE/Total Exp.	42%	48%	57%	69%

The PE cost above is net of staff medical cover

(a) Credit Risk Management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial; loss to the Board.

Credit risk arises from bank balances, trade receivables and amounts due from related parties. Individual risk limits are set based on internal or external limits set by the Board.

Classification of credit risk bearing assets

The table below Represents Board's maximum exposure to credit risk as at 30th June 2019

At 30th June 2019

PARTICULARS		FULLY PERFORMING	PAST DUE	IMPAIRED	TOTAL
Bank balances		5,151,245			5,151,245
		5,151,245			5,151,245

Bank balances include cash and deposits held with banks. Bank balances are not restricted to any use by the client. The Boards trade receivables are minimal. The Bank balance is held at Kenya Commercial Bank, Kipande House Branch

(b) Liquidity Risk

Liquidity risk is the risk that the Board will not be able to meet its financial obligations when they fall due. The Board's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or at risk of damaging the Board's reputation.

The board ensures that it has sufficient cash on demand to meet expected operational expenses; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted. All liquidity policies and procedures are subject to review and approval by the Board of Directors.

KENYA COPYRIGHT BOARD

Annual Reports and Financial Statements

For the year ended June 30, 2019

The table below provides a contractual maturity analysis of the Board's financial liabilities:

DETAILS	1- 6 Months Shs	6- 12 Months Shs	1- 5 Years Shs	TOTAL Shs
At 30 June 2019(trade payables)	7,731,977			7,731,977
At 30 June 2018(Trade Payables)	6,433,200			6,433,200

(c) Market risk

The board has put in place an internal audit function to assist it in assessing the risk faced by the entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

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

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

a) Foreign currency risk

The Board has no transactional currency exposures.

b) Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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

SECTION E

Material arrears in statutory/financial obligations

The Board did not have any loan defaults or loans for that matter. It did not have any outstanding staff & pension obligations or even nonpayment of dividends. The Board endeavors to settle financial obligation arising from procurement process within the shortest time possible. Otherwise, the Board does not have any outstanding bills relating to previous financial periods:

SECTION F

The entity's financial probity and serious governance issues

The term of the Board expired in October 2018. The chair to the Board was appointed in May 2019. The rest of the members are yet to be appointed as at the close of the Financial year.

**CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY
REPORTING**

At Kenya Copyright Board (KECOBO) we understand that we have a responsibility to our society and we have made Corporate Social Responsibility (CSR) an integral part of our culture. To underline our deep commitment to making a difference in people's lives, we are guided by an existing CSR policy. The Board commits a small budgetary allocation each year to CSR initiatives. The Board's CSR effort focuses on many key areas and tries to touch the needy in the society.

In June the Kenya Copyright Board CSR led by Disability Mainstreaming Committees paid a visit to a UMBRELLA Children's Home. The Board donated items to the home students which included food, clothes, shoes and a

KENYA COPYRIGHT BOARD

Annual Reports and Financial Statements

For the year ended June 30, 2019

REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2019 which show the state of the Board's affairs.

Results

The results of the entity for the year ended June 30, 2019 are set out on page 1.

Directors

The members of the Board of Directors who served during the year are shown on page vi. KECOBO did not have a chairperson. A new chairman was appointed with effect from May 2019. The rest of the Board members were yet to be appointed by date of this statements

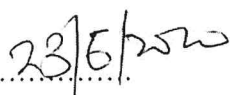
Auditors

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

By Order of the Board

Edward Sigei


.....
Executive Director

Date.....

KENYA COPYRIGHT BOARD

Annual Reports and Financial Statements

For the year ended June 30, 2019

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

The Directors are responsible for the preparation and presentation of the Board's financial statements, which give a true and fair view of the state of affairs of the Board for and as at the end of the financial year ended on June 30, 2019. 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 Board; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Board; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Board'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 Reporting Standards (IPSAS), and in the manner required by the PFM Act and the State Corporations Act. The Directors are of the opinion that the Board's financial statements give a true and fair view of the state of Board's transactions during the financial year ended June 30, 2019, and of the Board's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Board, which have been relied upon in the preparation of the Board's financial statements as well as the adequacy of the systems of internal financial control.

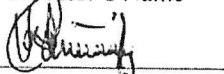
Nothing has come to the attention of the Directors to indicate that the Board will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Board's financial statements were approved by the Board on 20th September 2019 and signed on its behalf by:

Edward Wamwaya

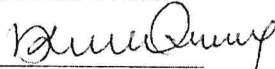
Director's Name



Director's Signature

David Wamere

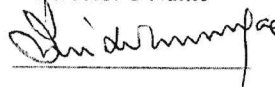
Director's Name



Director's Signature

P. D. Gwario Ogara

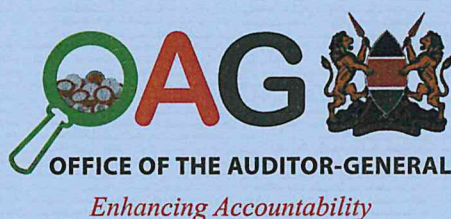
Director's Name



Director's Signature

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 COPYRIGHT BOARD FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kenya Copyright Board set out on pages 1 to 30, which comprise the statement of financial position as at 30 June, 2019, and the statement of financial performance, statement of changes in net assets, statement of cash flows, 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 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 Copyright Board as at 30 June, 2019, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Copyright Act, 2001 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1.0 Financial Performance

As reflected in the statement of financial performance, the Board reported a deficit of Kshs.22,034,340 (2018: Kshs.7,768,155) resulting in depletion of accumulated reserves from Kshs.45,197,339 as at 30 June, 2018 to Kshs.23,075,999 as at 30 June, 2019. If strategies are not put in place to address the deficit trend, the Board is likely to face financial difficulties in the future.

2.0 Transfers from Government Entities

As disclosed in Note 3 to the financial statements, the statement of financial performance reflects an amount of Kshs.121,580,000 under transfer from Government representing receipts from the State Law Office and Department of Justice. However, records maintained at the State Law Office and Department of Justice indicated that a total of Kshs.124,580,000 was transferred to the Board during the year under review. The resultant difference of Kshs.3,000,000 has not been reconciled or explained.

In the circumstances, the accuracy of transfers from other Government entities of Kshs.121,580,000 could not be confirmed.

3.0 Cash and Cash Equivalents

The statement of financial position reflects cash and cash equivalents balance of Kshs.5,151,247. However, the current account bank reconciliation statement for June 2019 reflected receipts in bank statement not in cashbook totalling to Kshs.7,009, payments in bank statement not in cashbook totalling to Kshs.21,564 and receipts in cashbook not in bank statement totalling to Kshs.33,745 whose clearance status as at the time of the audit in March, 2020 was not disclosed.

In the circumstances, the accuracy, validity and completeness of cash and cash equivalents balance of Kshs.5,151,247 as at 30 June, 2019 could not be confirmed.

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

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

Various prior year audit issues remained unresolved as at 30 June, 2020. Management has not provided reasons for the delay in resolving the prior year audit issues. Further, the unresolved prior year issues are not disclosed under the progress on follow up of auditor's recommendations section of the financial statements as required 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, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance

about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

Lack of Board of Directors

Section 6(1) of the Copyright Act, 2001 provides the composition of the Board. However, and as disclosed in the Corporate Governance Statement at Page xxi of the Annual Report, the term of the entire Board lapsed on 31 October, 2018. Except for the Chairman who was appointed on 3 May, 2019, the rest of the Board members had not been appointed as at the time of audit in September, 2019. The Copyright Board, therefore, operated without a Board of Directors for nine (9) months during the financial year.

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

Responsibilities of Management and 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 control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and governance.

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

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

In addition to the responsibility for the preparation and presentation of 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 financial reporting process, reviewing the effectiveness of how the entity monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

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

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


Nancy Gathungu
AUDITOR-GENERAL

Nairobi

22 July, 2021

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2019

	Note	2018-2019	2017-2018
		Kshs	Ksh.
Revenue from non-exchange transactions			
Transfer from Government	3	121,580,000	132,012,000
		121,580,000	132,012,000
Revenue from exchange transactions			
Other incomes	4	3,917,228	4,091,805
		3,917,228	4,091,805
Total revenue		125,497,228	136,103,805
Expenses			
Employee costs	5	93,942,847	85,585,130
Directors' Remuneration	6	3,612,338	5,861,948
Depreciation and amortization expense	7	16,097,549	13,238,637
Repairs and maintenance	8	1,839,503	1,909,066
Contracted services	9	2,845,564	2,260,766
General expenses	10	29,193,767	35,016,413
Total expenses		147,531,568	143,871,960
Surplus /Deficit for the period		(22,034,340)	(7,768,155)

The notes set out on pages 11 to 18 form an integral part of the Financial Statements

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

Assets		2018-2019	2017-2018
Current assets		Kshs	Kshs
Cash and cash equivalents	11	5,151,247	9,414,736
Receivables from non-exchange transactions	12	7,408,397	9,126,462
Inventories	13	9,431,798	9,454,321
		<u>21,991,442</u>	<u>27,995,519</u>
Non-current assets			
Property, plant and equipment	14	5,646,038	14,897,934
Intangible assets	15	6,607,510	12,174,100
		<u>12,253,548</u>	<u>27,072,034</u>
Total assets		<u>34,244,990</u>	<u>55,067,553</u>
Liabilities			
Current liabilities			
Trade Payables	16	7,731,977	6,433,200
Non-current liabilities			
Long Term Liabilities			
Total liabilities		<u>7,731,977</u>	<u>6,433,200</u>
Net assets			
Reserves		3,437,014	3,437,014
Accumulated surplus		23,075,999	45,197,339
Total reserves		<u>26,513,013</u>	<u>48,634,353</u>
Total Asset and Reserves		<u>34,244,990</u>	<u>55,067,553</u>

The Financial Statements set out on pages 1 to 4 were signed on behalf of the Board of Directors by:

Executive Director

Name: Edward SigerSignature: [Signature]Date: 23/6/2020

Head of Finance

Name: FREDERICK MUTUKUSignature: [Signature]Date: 23/6/2020

Chairman of the Board

Name: Ndithira MuthuriSignature: [Signature]Date: 29/7/20ICPAK NO : 15853

KENYA COPYRIGHT BOARD

Annual Reports and Financial Statements

For the year ended June 30, 2019

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 30 JUNE 2019

	Capital reserve	Accumulated surplus	Total
	Kshs	Kshs	Kshs
Balance as at 30th June 2017	3,437,014	51,557,645	54,994,659
Surplus for the period	-	(7,768,155)	(7,768,155)
Prior year adjustments –(Note 21)		1,407,849	1,407,849
Balance as at 30th June 2018	3,437,014	45,197,339	48,634,353
Surplus/Deficit for the period	-	(22,034,340)	(22,034,340)
Prior year adjustments- (Note 21)		(87,000)	(87,000)
Bal as at 30th June 2019	3,437,014	23,075,999	26,513,013

Reserves

Reserves held during the period are capital reserves and accumulated surplus

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2019

	Note	2018-2019	2017-2018
		Kshs	Kshs
Surplus for the year		(22,034,340)	(7,768,155)
Adjusted for:			
Prior year adjustment		(87,000)	1,407,849
Depreciation and amortization	7	<u>16,097,549</u>	<u>13,238,637</u>
		<u>(6,023,791)</u>	<u>6,878,331</u>
Changes in working capital			
Increase / Decrease in Debtors	12	1,718,065	(1,888,229)
Increase / Decrease in Creditors	16	1,298,777	(1,503,421)
Increase / Decrease in Inventory	13	<u>22,524</u>	<u>39,645</u>
Net Cash flow from working capital		<u>3,039,366</u>	<u>(345,164)</u>
Net Cash flow from Operating Activities		<u>(2,984,425)</u>	<u>6,533,168</u>
Cash flows from investing activities			
Purchase of property, plant, equipment	14	(1,279,064)	(14,971,278)
WIP (Dynasoft)		-	-
Intangible Asset	15	<u>0</u>	<u>3,837,881</u>
Net cash flows used in investing activities		<u>(1,279,064)</u>	<u>(18,809,159)</u>
Cash flows from financing activities			
		<u>(1,279,064)</u>	<u>(18,809,159)</u>
Cash and cash equivalents at 1st July	11	9,414,736	21,690,727
Increase in cash and cash equivalents		<u>(4,263,489)</u>	<u>(12,275,991)</u>
Cash and cash equivalents at 30th June 2019		<u>5,151,247</u>	<u>9,414,736</u>

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

FOR THE YEAR ENDED 30 JUNE 2019

	Original budget	Adjustments	Final budget	Actual	Performance difference
	2018-2019	2018-2019	2018-2019	2018-2019	2018-2019
Revenue	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
Revenue Reserve	9,426,944	-	9,426,944	9,426,944	-
Government grants	121,000,000	3,000,000	124,000,000	121,580,000	-
Rendering of services	6,000,000		6,000,000	3,917,228	-2,082,772
State-Law-Office (WIPO.CONF. Support		1,900,000	1,900,000	0	
Total income	136,426,944	4,900,000	141,326,944	134,924,172	
Capital Expenditure					
Furniture, Computers, & Equipment & Intangible assets	4,000,000	0	4,000,000	1,279,064	2,720,936
Total Capital Expenditure	4000,000	0	4000,000	1,279,064	2,720,936
Expenses					
Compensation of employees	82,606,944	3,000,000	85,606,944	83,191,350	2,415,594
Communication Supplies & Services	1,420,000	0	1,420,000	1,278,045	141,955
Domestic travel & subsistence	6,400,000	4,000,000	10,400,000	8,406,552	1,993,448
Foreign travel & subsistence	3,000,000	(400,000)	2,600,000	2,344,945	255,055
Publicity & Information Supplies	1,530,000	800,000	2,330,000	2,380,795	-50,795
Rent paid	15,000,000	(350,000)	14,650,000	14,608,710	41,290
Training Expenses	2,300,000	0	2,300,000	2,501,617	-201,617

Kenya copyright Board

Annual Reports and Financial Statements

For the year ended June 30, 2019

Office Catering Services	1,500,000	800,000	2,300,000	2,249,913	50,087
Board of Directors' Expense	7,600,000	2,960,000	4,640,000	3,612,338	1,027,662
Specialized Materials & Services	200,000	0	200,000	145,346	54,654
Office & General Supplies	400,000	0	400,000	456,391	-56,391
Motor Vehicle Expenses	1,500,000	160,000	1,660,000	2,161,090	-501,090
Operating Expenses	380,000	0	380,000	176,661	203,339
Professional Services	3,000,000	0	3,000,000	3,240,064	-240,064
Repair & Maintenance	800,000	0	800,000	1,839,503	1,039,503
Lease of Motor vehicles	140,000	0	140,000	23,502	116,498
Anti-piracy Device Expenses	50,000	0	50,000	22,524	27,476
ICT Equipment & Software	3,600,000	0	3,600,000	2,428,924	1,171,076
CSR	200,000	0	200,000	365,749	-165,749
Alterations to Buildings	300,000	(150,000)	150,000	0	150,000
Total Expenses				132,713,083	
SURPLUS/DEFICIT				2,211,089	

A detailed explanation of key variance between budget and actual performance is annexed as Appendix I

**RECONCILIATION OF EXPENDITURE PER BUDGET TO EXPENDITURE AS PER
STATEMENT OF FINANCIAL PERFORMANCE**

	2018-2019
	Kshs.
Total Expenditure per Budget (Actual)	132,713,083
Depreciation/Amortization	16,097,549
Total Capital Expenditure	(1,279,064)
Total Expenditure as per Statement of Financial Performance)	147,531,568

NOTES TO THE FINANCIAL STATEMENTS

1. General Information

Kenya Copyright Board is established under section 3 of the Copyright Act, CAP 130 of the laws of Kenya. Its mandate is the overall administration and enforcement of copyright and related rights in Kenya. The Board is wholly owned by the Government of Kenya and is domiciled in Kenya. Its principal activity is to direct, co-ordinate and oversee the implementation of laws and international treaties and conventions to which Kenya is a party and which relate to copyright and other rights recognized by the Act and to license and supervise the activities of Collective Management Organizations (CMOs) as provided for under the Act.

2. Statement of compliance and basis of preparation

The Board's financial statements have been prepared in accordance with and comply with International Public-Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the entity and all values are rounded to the nearest whole number. The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the indirect method. The financial statements are prepared on accrual basis.

3 (a) Adoption of new and Revised Standards

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2018

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2019

Standard	Impact
IPSAS 40: Public Sector Combinations	Applicable: 1st January 2019 The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisition only). Business combinations and combinations arising from non-exchange transactions are covered purely under Public Sector combinations as amalgamations. <i>(State the impact of the standard to the entity if relevant)</i>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 ADOPTION OF NEW AND REVISED STANDARDS (Continued)

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2019

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2022:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <p><i>(State the impact of the standard to the entity if relevant)</i></p>
IPSAS 42: Social Benefits	<p>Applicable: 1st January 2022</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> <p>(a) The nature of such social benefits provided by the entity;</p> <p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.</p> <p><i>(State the impact of the standard to the entity if relevant)</i></p>

iii. Early adoption of standards

The entity did not early adopt any new or amended standards in year 2018/2019.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 (b) Summary of significant accounting policies

a. Revenue recognition

i) Revenue from Non-exchange transactions

Transfer from Government Grant

The Board received an amount of Ksh. 121,580,000 from the government through the parent ministry. Government grants are measured at fair value and recognized on obtaining control of the grant if the transfer is free from condition and its probable that the economic benefit will flow to the Board and can be measured reliably.

ii) Revenue from exchange transactions

Rendering of services

In fulfilling its mandate, the Board renders services at a fee which forms part of revenue that is included in financial statements. Revenue is recognized by reference to the stage of completion and the outcome of the transaction can be estimated reliably.

Sale of goods

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

b) Inventories

Inventory is measured at the lower of cost and net realizable value. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Board.

c) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value. Repair and maintenance costs are recognized as expenses when incurred.

d) 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.

e) Amortization of Intangible assets

Intangible assets acquired separately are initially recognized at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization. Amortization is calculated on a straight-line basis at annual rates estimated to write off the carrying value of the asset at **33.3%** over their useful life.

f) Provisions

Provisions are recognized when the Board 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.

g) Taxation

The board is fully funded by government grant and does not engage in any commercial activities and thus does not fall in the category of paying tax to its financier (government).

h) Employee benefits

Retirement benefit plans

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

The Board contributes to a statutory defined contribution scheme, the National Social Security Fund (NSSF). Contributions are determined by local statute and are currently limited to Shs 200.00 per employee per month

i) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank.

j) Financial instruments

Financial assets and financial liabilities are recognized on the Board's statement of financial position when the Board has become party to the contractual provisions of the instrument. Accounting standards adopted by the Board for its financial instruments outstanding at year end are set out as follows:

Trade receivables

Trade receivables are carried at anticipated realizable value.

Trade payables

Trade payables are not interest bearing and are stated at their fair value.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

k) Leases

Leases are classified as finance lease whenever the terms of the lease transfer substantially all risks and rewards of ownership to the leases. All other leases are classified as operating lease. Rentals payable under operating leases are expensed on a straight-line basis over the term of the relevant lease.

l) Depreciation

Property, Plant, Equipment & Furniture are stated at historical cost less accumulated depreciation. Depreciation is calculated on a straight-line basis at annual rates estimated to write off the carrying values of the assets over their useful lives as follows:

Motor vehicles	25%
Office equipment	12.5%
Computer equipment	33.3%
Furniture	12.5%

m) Comparative figures

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

n) Significant judgment and sources of estimation uncertainty

The preparation of the Board's financial statements in conformity with IPSAS requires management to make judgment, 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.

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 Board based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Board. Such changes are reflected in the assumptions when they occur.

Useful lives and residual values

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

- The condition of the asset based on the assessment of experts employed by the Board

- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Changes in the market in relation to the asset

o) 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, 2019.

p) Nature and Purpose of Reserves

The Board's reserves are composed of capital reserve and accumulated surplus. The purpose of the reserve is to acquire new assets and to replace old ones.

q) Budget information

The original budget for FY 2018-2019 was approved by the National Assembly on 30th March 2018. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the Board of directors. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

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

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page 7 of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 (c) TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	2017-2018
			KShs	KShs	KShs
Office of the Attorney General & Department of Justice	121,580,000	N/A	N/A	121,580,000	132,012,000
Total	121,580,000	N/A	N/A	121,580,000	132,012,000

The Board receives one-line budget in which it caters for the recurrent expenditure and capital items

Kenya copyright Board

Annual Reports and Financial Statements

For the year ended June 30, 2019

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. Other Income		2018-2019	2017-2018
		Kshs	Kshs
CMO's Licence Renewal		1,644,465	1,055,074
Copyright Registration		1,771,531	1,473,220
Sale of Stickers		84,200	184,200
Partnerships		40,000	1,061,405
Out Court Settlement Fees		377,032	290,406
Training		0	62,500
Tender document		0	1,000
Total income		<u>3,917,228</u>	<u>4,091,805</u>

Revenue item Collective Management Organizations (CMO) license is levy to allow the entities to operate (Collect royalties on behalf of Copyright holders). Copyright Registration is fees paid for registration of copyright works. Sale of stickers is levy obtained on sell of Anti-Piracy Security Device for protection of Copyright works. Out of Court Settlement is amount paid once the accused and KECOBO agrees on out of court process.

5. Employee costs		2018-2019	2017-2018
		Kshs	Kshs
Basic Salaries		45,714,701	36,880,669
Pensions and Medical		14,877,911	11,181,464
Travel, accommodation and other allowances		10,751,497	13,213,461
Housing benefits and allowances		21,262,070	23,190,932
Gratuity		1,336,668	1,118,604
Total employee costs		<u>93,942,847</u>	<u>85,585,130</u>

6. Directors Remuneration		2018-2019	2017-2018
		Kshs	Kshs
Sitting allowance & Other costs		3,438,338	5,682,148
Chairman honorarium		160,000	0
Chairman telephone allowance		14,000	179,800
Total Directors Remuneration		<u>3,612,338</u>	<u>5,861,948</u>

		2018-2019	2017-2018
		Kshs	Kshs
7. Depreciation & Amortization			
Property, plant and equipment		10,530,959	10,335,343
Intangible assets		5,566,590	2,903,294
Total Depreciation and Amortization		<u>16,097,549</u>	<u>13,238,637</u>

		2018-2019	2017-2018
		Kshs	Kshs
8. Repair & Maintenance			
Equipment		17,572	9,800
Vehicles		737,694	1,377,714
Computers		1,084,237	521,552
Total repairs and maintenance		<u>1,839,503</u>	<u>1,909,066</u>

		2018-2019	2017-2018
		Kshs	Kshs
9. Contracted Services			
Contracted professional services		2,845,564	2,260,766
Total contracted services		<u>2,845,564</u>	<u>2,260,766</u>

10.General Expenses		2018-2019	2017-2018
		Kshs	Kshs
Advertising		1,584,555	3,253,532
Audit fees		377,000	377,000
Conferences and delegations		2,249,913	1,590,339
Consumables		641,761	1,966,753
Fuel and oil (m/v Expenses)		1,702,843	505,500
Insurance (m/v Expenses)		458,247	651,953
Postage		45,315	50,739
Printing and stationery		796,240	2,142,527
Rental		14,608,710	14,427,917
Telecommunication		1,232,730	1,041,636
Training		2,501,617	8,383,992
Corporate Social Responsibility		365,749	207,000
ICT equipment and software		2,428,924	-
Hire of motor vehicle		23,502	64,960
Other		0	439,565
Bank Charges		176,661	0
Total General expenses		<u>29,193,767</u>	<u>35,016,413</u>

11.Cash & Cash Equivalent		2018-2019	2017-2018
		Kshs	Kshs
Bank		5,150,995	9,129,323
Cash		252	285,413
Total Cash and Cash Equivalent		<u>5,151,247</u>	<u>9,414,736</u>

11. (a) Cash at the Bank

Name of the Bank	Bank Account Number	Currency	2018-2019	2017-2018
Kenya Commercial Bank	1104002450	Kshs	Kshs	Kshs
Total			5,150,995	9,129,323

11. (b) Cash at Hand

			2018-2019	2017-2018
Liquid Cash			Kshs	Kshs
Total			252	285,413

12. Receivables from Non-Exchange Transactions	2018-2019	2017-2018
	Kshs	Kshs
Staff Temporary Imprest	0	229,900
Rent Deposit	2,563,705	2,563,705
Prepayments	4,245,002	4,925,626
C.I.C Insurance	-	162,561
WIPO		150,000
National Oil (Fuel)	0	800,000
Simplify it LTD.(AZURE)	0	607,231
Prepaid Vehicle Expense	0	0
CMO Receivables	599,690	0
Total Receivables	7,408,397	9,126,462

13. Inventories	2018-2019	2017-2018
	Kshs	Kshs
Hologram Stickers	9,431,798	9,454,321
Total Inventories	9,431,798	9,454,321

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. PROPERTY, PLANT AND EQUIPMENT

	M/V	OFF/EQUIP	FURNITURE	PARTITIONS	COMPUTERS	WIP	TOTAL
COST							
AT 30TH JUNE 2017	14,082,500	3,699,380	8,105,368	-	3,881,061	-	29,768,309
Additions	5,997,600	940,500	445,000	218,000	7,370,178		14,971,278
Adjustments					(349,729)		(349,729)
AT 30TH JUNE 2018	20,080,100	4,639,880	8,550,368	218,000	10,901,510	-	44,389,858
Additions	-	-	-	-	1,279,064	-	1,279,064
Disposals	-	-	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-703,116	-	-703,116
As at 30 th June 2019	20,080,100	4,639,880	8,550,368	218,000	11,477,458	-	44,965,806
Depreciation and Impairment							
At 30th June 2017	9,385,625	3,099,508	5,010,664	-	2,010,514		19,506,311
Depreciation	5,020,025	579,985	1,068,796	36,334,00	3,630,202.83		10,335,343
Adjustments					(349,729)		(349,729)
At 30th June 2018	14,405,650	3,679,493	6,079,460	36,334,00	5,290,988		29,491,925

Depreciation	5,020,025	579,985	1,068,796	36,334	3,825,819	-	10,530,959
Impairment	-	-	-	-	-	-	-
Transfer/ Adjustment	-	-	-	-	-703,116	-	-703,116
As at 30 th June 2019	19,425,675	4,259,478	7,148,255	72,668	8,413,691	-	39,319,768
N/Book Value at 30th June 2019	654,425	380,402	1,402,113	145,332	3,063,767		5,646,039
N/Book Value at 30th June 2018	5,674,450	960,387	2,470,909	181,666	5,610,522		14,897,934

Computers worth Ksh. 703,116 were fully depreciated and therefore adjusted for the schedule. The depreciation expense therefore for year ended 30/06/2019 amounting to Ksh. 10,530,959

Kenya copyright Board**Annual Reports and Financial Statements****For the year ended June 30, 2019****15. Intangible Assets-Computer Software**

15 Intangible Assets	INTANGIBLE	WIP	TOTAL
AMORTIZATION RATE	33.3%	0%	N/A
At 30 th June 2017	4,872,000	7,989,890	12,861,890
Additions	3,837,881	0	3,837,881
Adjustments	0	0	0
As at 30 June 2018	8,709,881	7,989,890	16,699,771
Additions	0	-	0
Transfer from WIP	7,989,890	(7,989,890)	0
As at 30 th June 2019	16,699,771	0	16,699,771
AMORTIZATION			
At June 2017	1,622,377		1,622, 377
Amortization June 2018	2,903,294	0	2,903,294
Amortization as at 30/06/2018	4,525,671		4,525,671
Amortization June 2019	5,566,590	0	5,566,590
Amortization as at 30/06/2019	10,092,261	0	10,092,261
Net Book Value June 2019	6,607,510	0	6,607,510
Net Book Value June 2018	4,184,210	7,989,890	4,184,210

The amortization expense for the year ended 30/06/2019 amounted to Ksh. 5,566,590

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. Current payables	2018/2019	2017/2018
Provision for Audit fees	377,000	290,000
Designing and printing of service charter	0	93,278
Gratuity	3,073,035	1,947,017
Supply of staff Uniform	0	112,850
Supply of newspaper	0	8,950
Maintenance of Computers	0	20,479
Design of Roll up Banners	0	29,000
Minor Alteration to building	218,000	218,000
Installation of tracking systems	15,000	15,000
Supply of Tissues	0	31,520
Hire of Conference Facility	0	41,250
Design of Director portrait	34,800	34,800
ERP License	835,097	835,097
Design of newsletters	17,000	17,000
ICT Equipment and software	0	1,242,702
Supply of TV Stand	24,360	24,360
Leave allowances		64,048
Lafame Production	15,000	
Unpresented Cheques 2015/2016(Reversed) (Note 21)	1,407,849	1,407,849
Smothtel @ Data Solutions LTD)	55,286	
Bell Atlantic Communications LTD	4,000	
Microscan Technologies LTD	0	0

Kenya copyright Board**Annual Reports and Financial Statements****For the year ended June 30, 2019**

Ministry of Information Communication (Advert)	282,160	
CIC General Insurance LTD	81,734	
Computech LTD (Antivirus)	75,940	
Cloud Productivity LTD (O365)	0	0
Viva Crest	25,000	
Gilfilian Air	6,380	
Top Quality Motors	27,260	
Isolution Associates LTD (Cyberome Modules)	153,816	
The Boma Hotel	860,000	
Millennium Management Consultants	143,260	
TOTAL	7,731,977	6,433,200

17. Contingent liabilities

The Board has a number of civil suits against itself by staff members on the matter of stopped allowances. The outcome of which may occasion a liability. Also, due to the nature of the Board's operations, sometimes exhibits from people that have been found to infringe on Copyright are kept in our stores awaiting court determination. These exhibits do not belong to the Board and are not insured in case of any risk.

18 RELATED PARTY BALANCES**Nature of related party relationships**

Related party of the Board includes those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include the Government, Directors and key management personnel.

	2018/2019	2017/2018
		Kshs
Transactions with related parties		
a) Grants from the Government		
Grants from National Government	121,580,000	132,012,000
Grants from County Government	N/A	N/A
Donations in kind	N/A	N/A
Total	121,580,000	132,012,000
b) Key management compensation		
Directors' emoluments	3,612,338	5,861,948
Compensation to key management	25,191,175	23,777,865
Total	28,803,513	29,639,813
c) Outstanding balances with related parties		
Staff receivables (Note 12)	0	229,900
Total	0	229,900

19. Financial Risk Management Objectives and Policies

The Board activities expose it to a variety of financial risks, including credit risk, and liquidity risk. The Board's overall risk management programme focuses on the unpredictability of the economy and seeks to minimise potential adverse effects on its financial performance.

The Board regularly reviews its risk management policies and systems to reflect changes in markets and emerging best practices. Risk management is carried out by the management under the supervision of the Board of Directors.

The Board provides policies for overall risk management, as well as policies covering specific areas such as liquidity risk and credit risk.

a) Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Board.

Credit risk arises from bank balances, trade receivables and amounts due from related parties. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Classification of credit risk bearing assets

The table below represents the Board's maximum exposure to credit risk as at 30th June 2019

	Fully Performing	Past Due	Impaired	Total
Bank Balance	5,151,246.50	-	-	5,151,246.50

Bank balance includes cash in hand and deposits held with banks. Bank balances are not restricted to any use by the client. The Board do not have trade receivables

The table below provides receivables Aging Listing (Note12)

	1-6 Months	6-12 Months	1-5 Years	Total
	Kshs.	Kshs.	Kshs.	Kshs.
As at 30 th June 2019				
Receivables	<u>4,844,692</u>	2,563,705		<u>7,408,397</u>
As at 30 th June 2018				
Receivables	<u>6,562,757</u>	2,563,705		<u>9,126,462</u>

b) Liquidity risk management

Liquidity risk is the risk that the Board will not be able to meet its financial obligations when they fall due. The Board's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or at the risk of damaging the Board's reputation.

The Board ensures that it has sufficient cash on demand to meet expected operational expenses; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted. All liquidity policies and procedures are subject to review and approval by the board of directors. All capital expenditures are funded by general reserves or grants from treasury.

Kenya copyright Board

Annual Reports and Financial Statements

For the year ended June 30, 2019

NOTES TO THE FINANCIAL STATEMENTS (Continued)

The table below provides a contractual maturity analysis of the Board's financial liabilities (Note 16)

	1-6 Months	6-12 Months	1-5 Years	Total
	Kshs.	Kshs.	Kshs.	Kshs.
As at 30 th June 2019		-	-	
Trade payables	<u>3,289,214</u>	4,442,763		<u>7,731,977</u>
As at 30 th June 2018				
Trade payables	<u>6,433,200</u>	-	-	<u>6,433,200</u>

20. Nature and Purpose of Reserves

The Board's reserves are composed of capital and accumulated surplus. The purpose of the reserve is to acquire new assets and replace old ones.

21. Prior year adjustment

An amount totaling to Kshs. 1,407,849 is reflected as a prior year (2017/2018 FY) adjustment. This relates to cheques that had been paid out but were not presented to the bank, hence they remained as un-presented cheques on the reconciliation statement. There was need to adjust the amount back to the cash book and also provide as a payable until claims are made or the amount is written off. These cheques are subject to a dispute between Kenya Revenue Authority and our Bank- Kenya Commercial Bank. KRA ledgers reflect the payments yet the bank indicates the amounts were never debited in our Account. The matter is being resolved by KRA, the process begun a while back (2016/2017) and was still ongoing by end the Financial year. Also an amount of 87,000 being amount paid for 2017/2018 audit fees over above the provision for the year has also been adjusted to restate the Audit fee note amount to Ksh. 377,000 for FY 2017/2018.

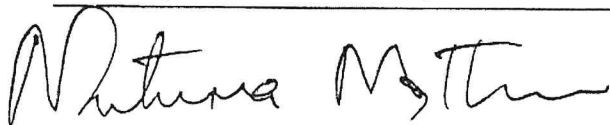
22. Progress on Follow Up of Auditor Recommendations

Closure of Enterprise Resource Planning was done. On reconciliation issues, some aspects were sorted but others are still work in progress owing to the third parties involved. The cash balance was adjusted in books in 2018/2019 FY.

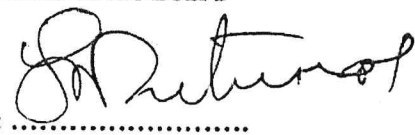
Kenya copyright Board

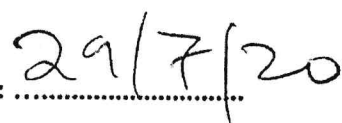
Annual Reports and Financial Statements

For the year ended June 30, 2019




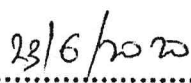
Chairman of the Board

Sign: 

Date: 

Executive Director

Sign : 

Date... 

APPENDIX 1: EXPLANATION OF KEY VARIANCE IN THE STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	Original budget	Adjustments	Final budget	Actual	% Utilization	
	2018-2019	2018-2019	2018-2019	2018-2019		
Revenue	Kshs.	Kshs.	Kshs.	Kshs.		
Revenue Reserve						
Government grants	121,000,000	3,000,000	124,000,000	121,580,000	98%	
Rendering of services	6,000,000		6,000,000	3,917,228	65%	
State Law Office (WIPO.CONF .Support		1,900,000	1,900,000	0		Received at start of 2019/2020
Total income	136,426,944	4,900,000	141,326,944	134,924,172		
Capital Expenditure						
Furniture, Computers, & Equipment & Intangible assets	4,000,000	0	4,000,000	1,279,064	90%	The procurement proceedings for the remaining items were yet to completed
Total Capital Expenditure	4,000,000	0	4,000,000	1,279,064		
Expenses						
Compensation of employees	82,606,944	3,000,000	85,606,944	83,191,350	97%	The expenditure was within the range of 100% + or -10%
Communication Supplies & Services	1,420,000	0	1,420,000	1,278,045	90%	The expenditure was within the range of 100% + or -10%

Kenya copyright Board

Annual Reports and Financial Statements

For the year ended June 30, 2019

Domestic travel & subsistence	6,400,000	4,000,000	10,400,000	8,406,552	81%	The expenditure was within the range of 100% + or -10%
Foreign travel & subsistence	3,000,000	(400,000)	2,600,000	2,344,945	90%	The expenditure was within the range of 100% + or -10%
Publicity & Information Supplies	1,530,000	800,000	2,330,000	2,380,795	102%	The expenditure was within the range of 100% + or -10%
Rent paid	15,000,000	(350,000)	14,650,000	14,608,710	99.7%	The expenditure was within the range of 100% + or -10%
Training Expenses	2,300,000	0	2,300,000	2,501,617	109%	The expenditure was within the range of 100% + or -10%
Office Catering Services	1,500,000	800,000	2,300,000	2,249,913	98%	The expenditure was within the range of 100% + or -10%
Board of Directors' Expense	7,600,000	2,960,000	4,640,000	3,612,338	76%	The directors were not in place for the better part of the year
Specialized Materials & Services	200,000	0	200,000	145,346	73%	Cost saving measures
Office & General Supplies	400,000	0	400,000	456,391	102%	The expenditure was within the range of 100% + or -10%
Motor Vehicle Expenses	1,500,000	160,000	1,660,000	2,161,090	144%	Owing to prepaid fuel expense (ksh 800,000 at start of the year)
Operating Expenses	380,000	0	380,000	176,661	46%	Cost saving measures
Professional Services	3,000,000	0	3,000,000	3,240,064	110%	The expenditure was within the range of 100% + or -10%

Kenya copyright Board

Annual Reports and Financial Statements

For the year ended June 30, 2019

Repair & Maintenance	800,000	0	800,000	1,839,503	112 %	The expenditure was within the range of 100% + or -10%
Lease of Motor vehicles	140,000	0	140,000	23,502	71%	The expenditure was within the range of 100% + or -10%
Anti-piracy Device Expenses	50,000	0	50,000	22,524	45%	Utilization level
ICT Equipment & Software	3,600,000	0	3,600,000	2,428,924	67%	Attributable to ongoing contractual commitments (ERP License)
CSR	200,000	0	200,000	365,749	182 %	
Alterations to Buildings	300,000	(150,000)	150,000	0		
Total Expenses				132,713,083		
SURPLUS/DEFICIT				2,211,089		

Kenya copyright Board

Annual Reports and Financial Statements

For the year ended June 30, 2019

APPENDIX 11: INTER-ENTITY TRANSFERS CONFIRMATION LETTER

STATE LAW OFFICE

ATTENTION: CHIEF FINANCE OFFICER

The Kenya Copyright Board (KECOBO) wishes to confirm the amounts disbursed to it as at 30th June 2019 from State Law Office, as indicated in the table below. Please compare the amounts disbursed with the amounts received by us and forward the completed form to National Treasury and Copy us (**This is based on the revised Annual Financial Reporting Templates for National and County Government Entities**)

Confirmation of amounts received by Kenya Copyright Board as at 30 th June 2019							
Reference number	Date Disbursed	Amounts Disbursed (State Law Office) Kshs) as at 30 th June 2019				Amount Received by (KECOBO) (KShs) as at 30 th June 2019 (E)	Differences (KShs) (F)= (D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D) = (A +B+ C)		
669769	14/08/2018	30,250,000	N/A	N/A	30,250,000	30,250,000	N/A
	1/11/2018	27,830,000	N/A	N/A	27,830,000	27,830,000	N/A
669856	20.02.2019	30,250,000	N/A	N/A	30,250,000	30,250,000	N/A
669987	29/04/2019	33,250,000	N/A	N/A	33,250,000	33,250,000	N/A
TOTAL		121,580,000			121,580,000	121,580,000	N/A

I confirm that the amounts shown above are correct as of the date indicated and are as included in the financial statements

Head of Accounts Department

Name: FREDERICK M. MUTUKU Signature: [Signature]

Date: 30/09/2019

Your Sincerely;



Mr. Edward Sigei
Executive Director

Kenya Copyright Board

CC: Director General Accounting Services and Quality Assurance, National Treasury

Kenya copyright Board

Annual Reports and Financial Statements

For the year ended June 30, 2019



100

100

100

100

100

