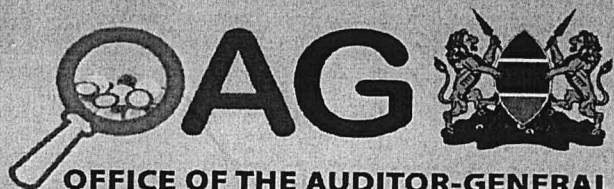


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 06 APR 2022

REPORT

MAJORITY
MHP
S KAZAMU

OF

THE AUDITOR-GENERAL

ON

NATIONAL COUNCIL FOR LAW REPORTING

FOR THE YEAR ENDED
30 JUNE, 2020



OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
REGISTRY

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KENYA LAW

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NATIONAL COUNCIL FOR LAW REPORTING

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED JUNE 30, 2020

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

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1. Key Entity Information and Management

(a) Background information

The National Council for Law Reporting (NCLR) is a State Corporation in the Office of the Attorney General and Department of Justice. Kenya Law is the brand name of the National Council for Law Reporting.

NCLR was created in 1994 by virtue of the National Council for Law Reporting Act (No. 11 of 1994). The Chief Justice of the Republic of Kenya is the Chairperson of the Council (a Board equivalent); a body that is responsible for the general policy and strategic direction of the organization.

(b) Principal Activities

The mandate of the organization is to:

- i) Publish the judicial opinions of the Superior Courts of Law in Kenya i.e. the Supreme Court, Court of Appeal and the High Court. NCLR is the designated publisher of the Kenya Law Reports, which are the official law reports of the Republic of Kenya.
- ii) Revise, consolidate and publish the Laws of Kenya; a mandate delegated to NCLR by the Office of the Attorney General through Legal Notice No. 29 of 2009, in line with sections 7 and 8 of the Revision of Laws Act.
- iii) Publish such other related publications as it deems necessary.

On the Council's website - www.kenyalaw.org - you will find Case Law, the Laws of Kenya, the Parliamentary Hansards, the Kenya Gazettes, the Daily Cause Lists from various courts, Legal Notices, Circulars, Committee Reports and other legal publications.

(c) Key Management

Kenya Law's day-to-day management is executed by the following key organs:

- i) Council Members
- ii) Editor / CEO/ Accounting officer
- iii) Management

Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2020 and who had direct fiduciary responsibility were:

Name of the Officer	Responsibility
Mr. Long'et Terer	Editor / Chief Executive Officer (CEO)
Ms. Janet Munywoki	Snr. Assistant Editor/ Deputy CEO
Ms. Janette Watila	Team Leader, Human Resources & Administration
Ms. Linda Awuor	Team Leader, Research and Development
Mr. Pascal O. Oluoch	Team Leader, Finance and Procurement
Ms. Wambui Kamau	Team Leader, Laws of Kenya
Ms. Emily Nakhungu	Team Leader, Sales Marketing and Customer Care
Mr. Martin L. O. Andago	Team Leader, Information Communications and Technology
Ms. Edna K. Muthaura	Team Leader, Strategy, Quality and Assurance and Performance Evaluation
Ms. Njeri Githanga	Team Leader, Law Reporting
Mr. Bornface Odera	Team Leader, Internal Audit

(d) Fiduciary Oversight Arrangements

The oversight responsibility of the Council is delivered through various Committee activities. The Council has four (4) committees through which various oversight roles are executed as shown below:

Audit & Risk Management Committee activities;

- i) To monitor and report on the effectiveness of Kenya Law's internal financial controls and risk managementsystems.
- ii) To monitor and review the effectiveness of Kenya Law's internal audit function and follow up on the implementation of audit recommendations.
- iii) To monitor compliance with the legal framework in Kenya Law's procurement and financial managementpractices.
- iv) To review and monitor the external auditor's independence and objectivity and the effectiveness of audits,taking into account relevant professional and regulatory requirements.
- v) To develop and implement a policy on Kenya Law's engagement with the office of the Auditor General.

Membership of the Audit & Risk Management Committee of the Council includes:

Name of the Committee	Members
Audit and Risk Management Committee	<ol style="list-style-type: none"> i) Mr. Michael Muchemi ii) Hon. Justice Anthony Ndung'u – Term ended 30th April 2020 iii) Prof. Kiarie Mwaura iv) Ms. Jennifer Gitiri

Finance & General Purposes (F&GP) Committee activities;

- i) To guide in the development and approval of Kenya Law's finance policies and procedures.
- ii) To guide in the development and periodic reviews of adequate internal controls in Kenya Law's finance andaccounting systems.
- iii) To monitor the integrity and reliability of Kenya Law's periodic Financial Reports and Annual Financial statements in reporting of Kenya Law's financial performance.
- iv) To review significant judgments made by management in the financial statements.
- v) To review and approve Kenya Law's Quarterly / Annual Reports and Financial Statements.
- vi) To guide in the preparation and approval of Kenya Law's budget, Annual work plan and procurement planto promote timely delivery of the Kenya Law strategic plan.

Membership of the Finance & General Purposes Committee of the Council includes:

Name of the Committee	Members
Finance and GeneralPurposes Committee	<ol style="list-style-type: none"> i) Ms. Janet Kimeu ii) Hon. Lady Justice Fatuma Sichale - Term ended 30th April 2020 iii) Ms. Linda Murila iv) Ms. Eva Kimeiywo v) Mr. Jona Wala

Technical Committee activities;

- i) To guide in the development, approval and evaluation of the level of implementation of Kenya Law'sStrategic plan.
- ii) To guide in the development and approval of policies and procedures of workflows for the technical / coredepartments.
- iii) To monitor the quality and timeliness of Kenya Law's publications and the provision of Public legalinformation to the public.
- iv) To monitor the level of accessibility to public legal information by the public and advice on continuous improvement.

Membership of the Technical Committee of the Council includes:

Name of the Committee	Members
Technical Committee	i) Hon. Justice Anthony Ndung'u - Term ended 30th April 2020 ii) Ms. Eva Kimeiywo iii) Ms. Linda Murila iv) Ms. Janet Kimeu v) Mr. Samuel Njoroge

Human Resources Committee activities;

- i) To guide in the development and approval of Kenya Law's Human resource instruments.
- ii) To guide in the development and approval of Kenya Law's remuneration, compensation and benefits structure;
- iii) To guide in the development and approval of policies and procedures for management of Kenya Law's Human resources.
- iv) To guide in the development and approval of policies and procedures for Kenya Law staff development and motivation programmes.
- v) To guide in the development and approval of policies and procedures for Kenya Law staff welfare programmes.
- vi) To guide in the development and approval of policies and procedures for Kenya Law staff relations, discipline and dispute resolution.

Membership of the Human Resources Committee of the Council includes:

Name of the Committee	Members
Human Resources Committee	i) Hon. Lady Justice Fatuma Sichale - Term ended 30th April 2020 i) Prof. Kiarie Mwaure i) Mr. Michael Muchemi i) Ms. Jennifer Gitiri

In addition to internal oversight structures executed by the Council, the National Assembly also exercises oversight of Ministries Departments and Agencies (MDAs) as follows;

- i) Parliamentary committees investigate specific matters of national policy, government administration, budget execution, government performance of all Ministries Departments and Agencies (MDAs).
- ii) The Parliamentary Committees execute assignments that parliament would not be able to undertake in the large, formal environment of house sittings, such as finding out the facts of a case or issue, gathering evidence from expert groups or individuals, sifting through evidence and drawing up reasoned conclusions.
- iii) The Budget and Appropriations Committee provides oversight in the Medium Term Expenditure Framework (MTEF) budget process especially in the appropriation of budgets to Ministries Departments and Agencies (MDAs). The Council being a government agency therefore is subject to this budget process and oversight.
- iv) The Public Accounts and the Public Investment Committees specifically provide oversight (watchdogs) into the use of public funds by scrutinizing audited financial statements and specifically audit queries flagged by the Office Auditor General. The Council, being a State Corporation, is therefore subject to these oversight arrangements.

Kenya Law receives conditional grants from various development partners to fund specific activities from time to time. The utilization of these funds is always subject to specific conditions from the partners. In such cases, development partners provide the following oversight activities;

- i) To Monitor and review progress of projects in relation to the pre-set performance agreements, contracts or expected outputs.
- ii) To provide recommendations regarding strategic directions, new opportunities for investment/collaborations and efficiency in performance.
- iii) To approve the budget proposals for development projects and interrogate the periodic performance reports for the same.
- iv) To provide projects monitoring and evaluation arrangements, both operational and financial.

(e) Kenya Law's Head Office

ACK Garden Annex,
Fifth Floor
1st Ngong Avenue,
P.O. Box 10443 – 00100,
Nairobi, Kenya.

(f) Kenya Law's Contacts

Telephone: 020 2712767
E-mail: info@kenyalaw.org
Website: www.kenyalaw.org

(g) Kenya Law's Bankers

i) Kenya Commercial Bank,
Capitol Hill Branch,
P.O. Box 69695 – 00400,
Nairobi, Kenya.

ii) Barclays Bank of Kenya,
Hurlingham Branch,
P.O. Box 34974 – 00100,
Nairobi, Kenya.

(h) Kenya Law's Independent Auditors

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

(i) Kenya Law's Principal Legal Adviser

The Attorney General,
Office of the Attorney General & Department of Justice,
Harambee Avenue,
P.O. Box 40112 - 00200
Nairobi, Kenya.

2. The Council Members



Hon. Chief Justice David Maraga
The Chief Justice & President of the Supreme Court of Kenya.
Chairman, Council for Law Reporting

Hon. Justice David Maraga is the Chief Justice, President of the Supreme Court of Kenya and the Chairman of the National Council for Law Reporting. Prior to his appointment as Chief Justice, Justice Maraga was the Presiding Judge of the Court of Appeal at Kisumu and the Chairperson of the Judiciary Committee on Elections. He was also Chairperson of the Tribunal appointed by His Excellency the President of the Republic of Kenya that investigated and ruled on the conduct of a Judge of the High Court of Kenya.

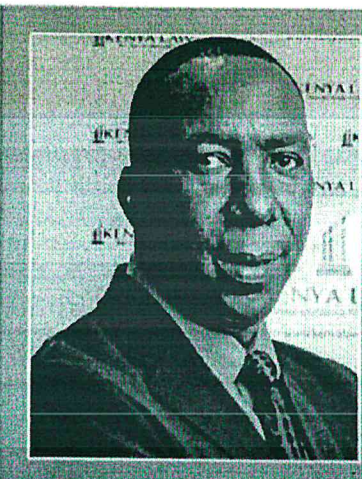
Prior to his appointment as Judge of the Court of Appeal, he had served as the Presiding Judge of the Family Division of the High Court of Kenya at Nairobi; and Resident Judge at the High Court of Kenya at Nakuru. Before joining the Judiciary, Justice Maraga was a legal practitioner for twenty-five (25) years in conveyancing, civil and criminal litigation. The Hon. Chief Justice Maraga holds a Master of Laws (LLM) Degree from the University of Nairobi; a Bachelor of Laws (LLB) Degree from the same University and a Diploma in Legal Practice from the Kenya School of Law. He is a member of the Law Society of Kenya and the Chartered Institute of Arbitrators, London.



Hon. Justice (Rtd) Kihara Kariuki, CBS
The Attorney General

Hon. Justice (Rtd) Kihara Kariuki is the Attorney General of the Republic of Kenya. Justice (Rtd) Kihara Kariuki was admitted to the Bar in 1978 after completing his post-graduate diploma in law at the Kenya School of Law, Nairobi. He practiced law with several legal establishments including Ndung'u Njoroge and Kwach Advocates and Hamilton Harrison and Mathews Advocates in Nairobi.

In 2003, he was appointed to serve as Principal and Chief Executive Officer at the Kenya School of Law. In the same year, he was appointed Judge of the High Court where he served in both the civil and commercial divisions of the Court for several years. Justice (Rtd) Kihara Kariuki served as the first Director at the Judiciary Training Institute. In 2013, He was appointed the President of the Court of Appeal and was instrumental in the decentralization of the Court of Appeal to Malindi, Kisumu and Nyeri Counties. Justice (Rtd) Kihara Kariuki was appointed Attorney General of the Republic of Kenya in



Prof. Kiarie Mwaura
Dean, School of Law, University of Nairobi

Prof. Kiarie Mwaura is the Dean of the School of Law, where he is also a full professor of corporate law. He is a certified governance auditor, who serves on the Transport Licensing Appeals Board. He has worked previously as the Vice Chancellor of Riara University and as Director of the International Erasmus (European Exchange) Programme at Queen's University Belfast.

At the University of Nairobi, he has held the positions of Associate Dean (Mombasa Campus), Chair of Commercial Law Department and Curriculum Review Coordinator. He is a Fellow of the UK Higher Education Academy, a Certified Public Secretary and an Advocate of the High Court of Kenya. Prof. Kiarie is well read with academic credentials from Queen's University Belfast (PGCHET), University of Wolverhampton (PhD), Staffordshire University (LLM), Kenya School of Law (Legal Practice Diploma), and the University of Nairobi (LLB).



Ms. Jennifer Gitiri
Senior State Counsel, OAG&DOJ

Ms. Jennifer Gitiri is an Advocate of the High Court of Kenya and a Senior State Counsel at the Office of the Attorney General and Department of Justice. Previously, she was the Global Networking Officer at Norwegian Church Aid. She holds two Master of Laws (LL.M) degrees; from the University of Nairobi and the Central European University, a Bachelor of Laws (LLB) degree from the University of Nairobi and a Post Graduate Diploma in Law from the Kenya School of Law. She's a member of the Law Society of Kenya.



Mr. Mwenda Njoka
Government Printer

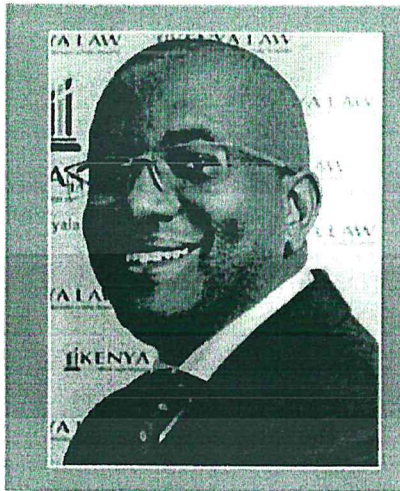
Mr. Mwenda Njoka is a distinguished media personality and the Government Printer. He joined the Council of the National Council for Law Reporting in June 2019. Mr. Njoka also serves on the Board of the Competition Authority of Kenya as an alternate Director to the Principal Secretary, State Department for Interior, Ministry of Interior and Coordination of National Government. Previously, he was the Communications Director and Advisor to the Cabinet Secretary in the Ministry of Interior and Co-ordination of National Government.

Mr. Njoka is a graduate of the Kenya Institute of Mass Communications, Marquette University and is currently pursuing a Master of Arts in Intelligence and Security Studies.



Ms. Janet Kimeu
Advocate of the High Court

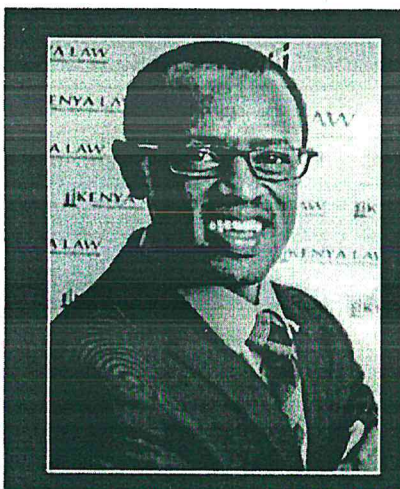
Ms. Janet Kimeu is an Advocate of the High Court of Kenya and Managing Partner, Janet Jackson & Susan LLP. Previously, she was a Partner, B.M. Musau & Co Advocates. She has previously held the position of Vice Chair of the Law Society of Kenya, South Eastern Branch. Ms. Kimeu holds a Master of Business Administration from the University of Liverpool, a Bachelor of Laws Degree from the University of Nairobi and a Post Graduate Diploma in Law from the Kenya School of Law. Ms. Kimeu is a Member of the Law Society of Kenya.



Mr. Michael Muchemi
Advocate of the High Court

Mr. Michael Muchemi is an Advocate of the High Court of Kenya and Managing Partner, Muchemi & Co Advocates. Previously, he was an advocate at Kairu and Co. Advocates. Mr. Muchemi holds a Master of Business Administration from the United States International University, a Bachelor of Laws Degree from the University of Nairobi and a Post Graduate Diploma in Law from the Kenya School of Law.

He is a member of the Law Society of Kenya and the Chartered Institute of Arbitrators, London.



Mr. Long'et Terer
Editor / CEO

Mr. Long'et Terer is the Editor/CEO of the National Council for Law Reporting (Kenya Law). Previously, he served as the Senior Assistant Editor, at the National Council for Law Reporting.

Before joining the National Council for Law Reporting, he was the Legal Advisor, Ministry of Justice & Constitutional Affairs. Mr. Terer also served as a Senior State Counsel at the Office of the Attorney General & Department of Justice.

Mr. Terer holds a Master of Laws (LLM) degree from Durham University, a Bachelor of Laws (LLB) degree from Bangalore University and a Post Graduate Diploma in Law from the Kenya School of Law. He's a Member of the Law Society of Kenya.

3. Key Management



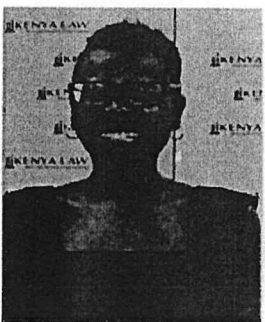
Mr. Long'et Terer,
Editor/ Chief Executive Officer.

Mr. Terer holds a Master of Laws (LLM) degree from Durham University, a Bachelor's Degree in Law (LLB) from Bangalore University and a Post Graduate Diploma in Law from the Kenya School of Law. He's a Member of the Law Society of Kenya.



Ms. Janet M. Munywoki,
Senior Assistant Editor/ D.CEO

Ms. Munywoki holds a Master's Degree in International Studies and a Bachelor's Degree in Law (LLB), BSL and a Postgraduate Diploma from the Kenya School of Law. Ms. Munywoki is also a Certified Mediator and Member of the Law Society of Kenya.



Ms. Janet Watila
HR and Administrative Manager

Ms. Watila holds a Master's degree in Human Resources Management and a Bachelor's degree in Business administration. She has a certificate in Senior Leadership Development Program from the Kenya School of Government. Ms. Watila is a practicing member of the Institute of Human Resources Management (IHRM)

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Pascal Othieno Oluoch
Team-leader, Finance and Procurement

Mr. Othieno holds a Master's Degree in Strategic Management and a Bachelor's Degree in Business Management (Accounting). He is a Certified Public accountant of Kenya (CPA-K and a Member of the Institute of Certified Public Accountants of Kenya (ICPAK).



Ms. Linda Awuor

Team-leader, Research and Development

Ms. Awuor holds a Master's Degree in Environmental law and a Bachelor's Degree in Law (LL.B). She has a Postgraduate diploma in Law from the Kenya School of Law. She holds a certificate in Strategic Leadership Development Programme from the Kenya School of Government and is an ISO Lead Auditor. She is a Member of the Law Society of Kenya



Ms. Edna K Muthaura

Team-leader, Strategy, Quality and Performance Evaluation.

Ms. Muthaura holds a Master's Degree in Organizational Development and a Bachelor's Degree in Law (LL.B). She has a Postgraduate diploma in Law from the Kenya School of Law. She holds a certificate in Quality Systems Management and is an ISO Lead Auditor. She is a Member of the Law Society of Kenya



Mr. Martin Andago

Team-leader, Information, Communication and Technology

Mr. Andago holds a Bachelor's Degree in Business Information Systems. He also holds a certificate in Strategic Leadership Development programme from the Kenya School of Government.



Ms. Wambui Kamau

Team-leader, Law of Kenya.

Ms. Kamau holds a Bachelor's Degree in Law (LL.B). She has a Postgraduate diploma in Law from the Kenya School of Law. She holds a certificate in Strategic Leadership Development from the Kenya School of Government. She is a Member of the Law Society of Kenya



Ms. Emily Nakhungu

Team-leader, Sales, Marketing and Customer Care.

Ms. Nakhungu holds a Bachelor's Degree in Communication and Media. She also holds a certificate in Marketing and Senior Management course from the Kenya School of Government. She is a Member of Public Relations Society of Kenya.



Ms. Njeri Githanga

Team-leader, Law Reporting

Ms. Githanga holds a Bachelor's Degree in Law (LLB) and a Postgraduate Diploma in Laws from the Kenya School of Law. She holds a certificate in Senior Management course from the Kenya School of Government. She's a Member of the Law Society of Kenya.



Mr. Bornface Otieno Odera

Team- Leader, Internal Audit

Mr. Odera holds a Master's Degree in Finance and a Bachelor's Degree in Commerce (Finance). He is a Certified Public Accountant, a member of the Institute of Certified Public Accountants of Kenya (ICPAK) and Institute of Internal Auditors. Mr. Odera is also a member of the Chartered Institute of Financial Analysts (CIFA).

4. Chairperson's Statement



I am pleased to present to you the National Council for Law Reporting (Kenya Law) Annual Report for the financial year 2019/2020. This Annual Report covers the period from July 1, 2019 to June 30, 2020 and has been prepared by the management of Kenya Law. This Annual Report has been submitted to the Council together with the accompanying audited financial statements prepared in accordance with the International Public Sector Accounting Standards (IPSAS-Accrual).

We have come to the mid-point of the implementation of the Kenya Law Strategic Plan 2018 – 2022 and have made good progress towards its implementation. The plan identified three strategic themes which Kenya Law did focus on in this financial year. These are: access to public legal information; organizational sustainability; and corporate identity and brand visibility as the

drivers to achieving its mandate. The plan also recognized and positioned the organization to leverage on technology to enhance organization efficiency and effectiveness.

The report captures the activities undertaken by Kenya Law in these thematic areas and highlights the achievements, progress and challenges during the period. With this, the management team had a firm basis for reviewing and adjusting operations to improve efficiency as the financial year progressed.

The Judiciary has consistently prioritized technology as a tool to enhance access to justice. I am therefore glad to state that among the notable achievements Kenya Law achieved this year was an innovative solution to the perennial problem of access to real-time, up-to-date laws of Kenya for judicial officers. In consultation with the Judiciary library team, Kenya Law introduced the use of a shared folder on the Google platform created in g-mail. As Google is a platform that is readily accessible by the Judiciary library team, the folder can therefore be shared with the relevant stations and updates can be real-time. This will tremendously increase the efficacy of the judicial officers in the performance of their duties to the citizens of Kenya.

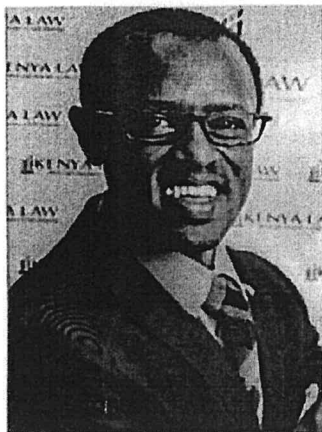
Even as the Judiciary continues to engage the other arms and institutions of government in order to address some of the challenges it is facing, I would like to commend the Council, the management and staff of Kenya Law for their constant commitment to the provision of timely and accurate legal information.

In light of the recent global pandemic which has radically altered the way in which we are working. It has become more and more evident that working with technology is the new normal. Kenya Law has shown great leadership in how it has embraced this. This is reflected in the flexible and innovative manner in which the organization has continued to execute its mandate in these trying times. Kenya Law remains committed to achieving our mandate, our promise to provide universal access to public legal information by monitoring and reporting on the development of jurisprudence for the promotion of the rule of law.

Hon. Chief Justice Martha Karambu Koome,
Chief Justice & President of the Supreme Court

Chairperson, National Council for Law Reporting

5. Report of the Chief Executive Officer



Kenya Law's Annual Report 2019/2020 communicates its financial and non-financial information and provides a comprehensive overview of the financial and organizational performance of the institution in the reporting period July 1st 2019 to June 30th 2020. The financial statements have been prepared in accordance with the International Public Sector Accounting Standards (IPSAS-Accrual). The report is arranged in chapters covering the organization and its mandate; corporate governance; our methodology and strategies; achievements and milestones; the audited financial statements; challenges and recommendations; and our forecasts for the next financial year.

In the year under review great strides were made to actualize the targets set out in the Annual Work plan 2019/2020. In this financial year ended June 2020, I am glad to note that we are at the mid-point in the implementation of the Kenya Law Strategic Plan 2018 – 2022 and as such we have undertaken a mid-term strategic plan review of the same.

In this financial year Kenya Law received from the exchequer a total of Kshs. 354,300,000 representing a 100% funding. The allocation was complimented by A-in-A raised through the sale of legal publications amounting to Kshs. 8,504,400 out of a budgeted Kshs. 10,000,000 for the period ending 30th June 2020. The average absorption for the financial year 2019/2020 was 82%.

Our major highlight of the year was that Kenya Law was able to significantly reduce the backlog in terms of access to legal publications. Kenya Law prepared, compiled and published eight (8) law reports and two specialized digests. These were KLR 2013 vol. 1; KLR 2013 vol. 2; KLR 2013 vol. 3; KLR 2015 vol. 1; KLR 1995 (a backlog edition); KLR 1996 (a backlog edition); Devolution Law Report vol. 1; Election Petition vol. 6; the Supreme Court Digest and the Alternative Dispute Resolution Digest. These have all been printed and are readily available to the public. Further, we were able to compile and prepare eight more publications: KLR 2016 vol. 2; KLR 2015 vol. 2; KLR 2017 vol. 1; KLR 2017 vol. 2; KLR 2018 vol. 1; KLR 2019 vol. 1; Family Law Report vol. 2; and Commercial Law Report. These will be printed in the next financial year.

Other major achievements included the collection and online publication of 21,236 decisions a majority of these from the superior courts, the preparation and printing of 4 Laws of Kenya publications, the compilation and dissemination of fifty (50) weekly online newsletters and publication of 4 quarterly issues of the Bench Bulletin. Kenya Law was also able to update the Laws of Kenya online database to 93% through consistent collection of legislation from the Government Printer and from County Governments and uploading of the same in the Laws of Kenya database. 100% of all the pieces of legislation collected were uploaded online.

The third and fourth quarters of the financial year saw Kenya Law along with the rest of the country and indeed the world, grapple with the ravages of the COVID-19 pandemic. The management team considered the various ways of mitigating our risks while ensuring the continued smooth operations of our organization. As Kenya Law, we were and remain determined to keep our staff members as safe and healthy as possible, and to minimize exposure to COVID-19. In this regard we will continue to explore and implement innovative approaches to provide services to the public at this critical time.

I would like to thank all staff members for maintaining a positive attitude during this period. Our resilience and commitment has ensured that the Kenya Law team has been minimally affected even as we fine-tune our operations to accommodate our new reality. These are challenging times for all of us but Kenya Law shall come out of this period even stronger and better. Kenya Law also acknowledges the various actors in the chain of production of legal information, most especially the office of the Attorney General and the Judiciary, and would like to thank all of you for your continued support in our pursuit to fulfil our mandate.

Long'et Terer
EDITOR/CEO

6. Review of National Council for Law Reporting's Performance for FY 2019/2020

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

Kenya Law has three (3) strategic pillars and objectives within its Strategic Plan for the FY 2018/2019-2022/2023. These strategic pillars are as follows:

Pillar 1: Provision of Access to Public Legal Information

Pillar 2: Organizational Sustainability

Pillar 3: Corporate Identity and Brand Visibility

Kenya Law develops its annual work plans based on the above three pillars. Assessment of the management's performance against its annual work plan is done on an annual basis. Kenya Law achieved its performance targets set for the FY 2019/2020 period for its three strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1: Access to Public Legal Information	Publishing Kenya Law Reports, the Laws of Kenya and other Related Publications to aid the efficient and timely delivery of Justice	Number of Kenya Law Reports published	To Publish (1,000 Copies each) of 4 Kenya Law Reports volumes	8 KLR for 2018/19 published and printed (2013 Vol.1, Vol.2 & Vol.3, 2015 Vol.1, KLR Devolution Vol. 1, KLR Elections Petition Vol.6, 1995 & 1996). Publication of 4KLR for the FY 2019/2020 90% Completed. (2016 Vol.1, KLR 1998, KLR Employment and Labour Relations, KLR Land and Environment Vol. 2).
		a) Number of Bench Bulletins published.	To Print 6 publications:	a) 4 (issues 45, 46, 47&48) of Bench Bulletins published.
		b) Number of special digests published.	a) 4 issues of Bench Bulletins (issues 45,46,47&48) of the Bench Bulletins published	b) 3,000 copies i.e. Supreme Court Digest 2015, Bail and Bond Case Digest Vol 2 Arbitration case digest were published and printed. The Big 4 Action plan case digest was at 90% level of completion
		c) Publish 2 Vols. (@500) Kenya Law Review Journal printed.	b) Publish 5,000 copies of special digests including Bail and Bond V2, Supreme Court case digest, Arbitration Case Digest and a Case digest on Big Four Agenda	
			c) 2 Kenya Law Review Journals Vol 6 of 2018 & Vol 7 of June 2019 were published and printed.	
		No. of Grey book Volumes published	To Print LOK 2018 Grey book	Grey Book 2018 Published and printing is on-going.
	Enhancing the provision of online legal content through the Kenya law website to aid the efficient and timely delivery of Justice	No. of service issues printed	Print LOK service issues	Service issues published and printing is on-going.
		No. of specialized Publications on Thematic areas published	To Publish 50 copies of specialized Publications on County Laws	50 copies of the Grey book on County Laws to Uasin Gishu County completed and printed
		Annual supplement @10 printed	c) To Print the annual supplement @10	357 out of 374 statutes done which is 95.4% completion.
		Percentage of Revision and updating of the Laws of Kenya	To Collect, upload, consolidate and update / revise 90% of all the Laws of Kenya collected on the laws of Kenya database	472 laws out of 503 were updated (93%) A total of (8) newly enacted statutes were passed, (7) amendment Acts, (2) omitted statutes and (123) Legal Notices were gazetted and uploaded into the Kenya law website. A total of forty-seven (47) Bills tabled in the National Assembly and sixteen (16) at the Senate, (1) repealed statute and (1) Corrigenda were received and uploaded onto the website. A total of 156 pieces of legislation i.e. 101 Acts; 48 Bills and 7 Legal Notices were collected from the counties and uploaded on the portal.
Established training, research, benchmarking, continuous learning, mentoring and peer review programmes	Number of Reports on emerging issues in jurisprudence		To prepare 4 Quarterly reports to the Attorney General and the Kenya Law Reform Commission on emerging issues in jurisprudence	Four (4) reports were done and submitted
		Number of Reports on divergence in judicial reasoning	To prepare 4 Quarterly reports to the Judiciary on divergence in judicial reasoning	Four (4) reports were done and submitted
	The number of Law Reports, legal supplements, legal texts, Bills, Circulars, Policies and Native Tribunal decisions, online journals and management textbooks		To maintain a one stop repository and digital archive of all public legal information	A total of 2,281 other public legal information were acquired, digitized and archived as online repository of public legal information.
		Number of Knowledge exchange programmes implemented	To attend a local and an international knowledge exchange programmes	2 trainings done for African Court of Human and Peoples Rights between 27 to 31 January 2020.

Pillar 2: Organizational Sustainability	Culture change and skills development to enhance staff capacity and skill sets at Kenya Law	Number of officers trained on leadership, management, and skill development programmes	To train at least 50% of staff on leadership, National Values, management and skills development and Implement recommendations of TNA	(i) 45 officers were trained in various areas as per the Training Needs Assessment (TNA) plan.
	Modernized Human Resource Management and Development	Level of facilitation for staff compensation, welfare and benefits	a) To recruit 13 staff b) To Compensate the staff members b) To Remit staff benefits c) To Develop and implement staff welfare activities, organizational Development /Retreats / Teambuilding activities	1 Internal Auditor, 2 Senior Law Reporters, 4 legal researchers & 6 pupils recruited 1 organizational retreat and one departmental retreat done
		Annual work plans and MTTEF Budget proposals for Kenya Law developed, approved and submitted to NT as per MTTEF requirements	To prepare MTTEF Budget proposals and work plans To Monitor and Review Budgets and Supplementary budgets	Budget workshops attended and Kenya Law allocated Kshs. 321.2 M in the Financial Year 2020/21 Kenya Law allocated Kshs. 40 Million in Supplementary II 2019/2020 Budget
	Reliable infrastructure applications established strengthened	ICT Legal information and Systems developed / acquired and implemented The Number of Software's licenses acquired or contracts renewed	To Develop legal information systems to efficiently and effectively generate and disseminate all received Public Legal To Acquire/Renew existing licenses and contracts	The implementation of the Beta version of Laws of Kenya Online Editor is currently on going and is 70% complete. Training of staff members from Laws of Kenya, Research & Development and ICT carried out on the system. i) Case Law Database – Contains rulings and judgments from the Superior Courts of record. 1,063,939 users viewed the case law database. ii) Laws of Kenya Database – Contains all the acts of Parliament and corresponding subsidiary legislation. 252,944 users viewed the Laws of Kenya Database. iii. Kenya Law Blog – Contains various reading materials such as case summaries from Kenya and other commonwealth countries, conference papers, speeches and Kenya Law news. 116,797 users viewed the blog. iv. Rest of Kenya Law Website – Contains assorted material such as Cause Lists, Kenya Gazettes, Judicial profiles, among others. 198,160 users viewed the site.
Establish transparency, accountability and integrity mechanisms		Quarterly maintenance of Computers, printers and other ICT hardware carried out	To carry out 4 Quarterly Preventive Maintenance (including Parts, upgrades, etc.)	4 Quarterly Preventative maintenance on all Kenya Law equipment was undertaken at the scheduled times.
		i) No. of Council members and staff trained on corporate governance and leadership.	To train 11 Council members on programmes in corporate governance and leadership	11 Council members trained
		ii) No. of institutional Policies developed iii) Implement QMS Certification requirements	Develop 3 departmental policies. Carry out QMS Audits	Stakeholders Engagement Policy and the Whistle Blowers policy done Departmental legal and corporate governance audits done Internal Quality Audits for ISO 9001:2015 certification done Kenya Law ISO certification 9001:2015 in September 2019.

		No. of Council and Council Committee meetings convened	To conduct 4 full Council meetings and 16 Council Committee meetings	17 Council and Committee meetings were held.
	Performance management and accountability institutionalized	Annual evaluation of the Council and departmental PCs carried out and Annual report Printed	To carry out annual evaluation of the Council and departmental PCs	Council Evaluation training done
				Kenya Law Performance Contract was signed. 4 Quarterly reports done and sent to the Office of the Attorney General
Pillar 3: Corporate Identity and Brand Visibility	To continuously enhance Corporate Identity and Brand visibility	Number of promotional programs implemented to enhance brand visibility	i) To undertake 28 promotional programmes including LSK CPDs & Annual Conference, Legal Awareness Programmes, ASK Shows, Moot Court Competitions, Research Fairs and conferences. ii) To maintain a robust social media presence	No. of promotional activities attended were 18
				Distributed 4 issues of the Bench Bulletin to Kenya Law stakeholders across the 47 counties.
				327 posts were uploaded on twitter and 282 Facebook, totaling 609. Kenya Law had a total of 6,049 new online followers acquired in the period under review, with 2,769 followers being on Facebook a 19.14 % increase, and 3,280 on twitter a 10% increase.
	Corporate Social Responsibility events done	Number of CSR activities undertaken	To undertake 3 CSR activities (Tree Planting, Social Marathon, Donation Drive)	4 CSR activities done

7. Corporate Governance Statement

Kenya Law recognizes the importance of corporate governance to the success of the organization. We view governance not simply as a set of rules but the framework supporting core values which define the acceptable practices in the management of public institutions. It is an expression of the way we want to conduct ourselves, which informs our actions and decisions, defines and supports our culture as an institution.

The operations of Kenya Law are conducted in accordance with the best practices anchored in principles of accountability and transparency as espoused in the Constitution and in compliance with relevant laws and regulations as espoused in the Mwongozo code. The Council has also embraced the international principles and best practices in corporate governance. The institution discharges its mandate based on strong corporate governance principles and consistently applies high ethical standards.

Council Charter

The Council has a Charter that guides its operations and facilitates efficient decision making in discharging its duties and responsibilities. The Charter offers guidance on matters including but not limited to the following; The separation of the roles, functions, responsibilities and powers of the Council and its individual members; Powers delegated to the Council committees; Matters reserved for final decision-making and approval by the full Council; Policies and practices of the Council on matters of corporate governance, directors' declarations and conflict of interest, conduct of full Council and Council committee meetings; and Nomination, appointment, induction, on-going training and performance evaluation of the full Council and its committees.

The governance framework, the corporate culture and human relationships that underpin all governance frameworks, are operating as expected. The roles and functions of the Chairman and the Editor/CEO are distinct and their respective responsibilities clearly defined within the institution.

Council size, Composition and appointments

The Council comprises of ten (10) Council members, nine (9) of whom are non-executive members of the Council including the Chairman. The Council also co-opts members with diverse expertise in areas of Financial Management, Human Resource management and audit to complement its capacity.

In the period ended June 2020, the terms of three board members came to an end and their appointing authorities were duly notified to take the necessary action.

Council Committees

The Council has set up the following Committees, which meet at least quarterly under well-defined terms of reference:

- i) Technical Committee
- ii) Human Resources Committee
- iii) Finance and General Purposes Committee
- iv) Audit and Risk Management Committee

A summary of Council meetings and attendance is shown below;

Overall number of Council meetings: Members attendance for 2019/2020

The council held three (3) Council meetings in the Financial Year 2019/2020 and fourteen (14) committee meetings with over 90% attendance.

Board Member	Position	Full Board	Technical Committee	Finance & General Purposes	Human Resources	Audit Committee
Hon Justice David Maraga	Chairman	3				
Hon. Justice Paul Kihara / Alternate, Ms. Linda Murila	Member, Representing the Office of Attorney General	3		4		
Hon. Anne Amadi	Co-opted Member, Chief Registrar	2				
Hon. Justice Fatuma Sichale	Member, Representing the Court of Appeal	3		4	4	
Hon Justice Anthony Ndungu	Member, Representing the High Court	3	2			
Prof. Kiarie Mwaura	Member, Representing The University of Nairobi Law School	2			3	1
Ms. Jennifer Gitiri	Member, Representing the Public	3	2		4	
Ms. Janet Kimeu	Member, Representing the Law Society of Kenya	3	2	4		
Mr. Michael Muchemi	Member, Representing the Law Society of Kenya	3			4	1
Mr. Mwenda Njoka / Alternate, Ms. Eva Kimeiywo	Member, Representing the Government Printer	1		4		
Mr. Henry Rotich / Alternate, Mr. Jona Wala	Member, Representing the National Treasury	0		4		
Mr. Long'et Terer	Secretary/ CEO	3		4	4	1

Induction and training, Council and member performance

The National Council for Law Reporting (Kenya Law), through the development and implementation of its Corporate Governance Plan, undertakes the following activities towards the skills enhancement and skills diversification of its Council members:

- Council member induction - Newly appointed Council members are inducted into the organization formally in preparation of the discharge of their functions as members of the Council. The induction process includes an overview of organizational documents (NCLR Act of 1994, Strategic Plan, Annual Reports, organizational policies and procedures and the Council Charter). The induction process is further undertaken through training on the Mwongozo Code of Conduct by the Institute of Certified Public Secretaries.
- Council Training on Corporate Governance - Council members are regularly trained on Corporate Governance as facilitated by qualified professionals.

- iii) Council Technical Training - Council members undertake training on technical skills required in their role including financial management, human resources and administration, internal audit among others. The trainings are targeted to Council Committees who receive reports from various departments.
- iv) Council Appraisal - The Council's as required by the Mwongozo Code of Conduct and as ascribed to within the Council Charter undertakes an annual evaluation of its performance.

Through the implementation of its approved Corporate Governance Plan, Kenya Law facilitated the training of Council members on Corporate Governance between 15th and 16th January, 2020.

Additional training which had been scheduled for the 2019/2020 financial year was postponed due to the Government's directives on Training during the COVID-19 pandemic. Kenya Law has developed a Corporate Governance plan for 2020/2021, incorporating online trainings to be undertaken by the Council.

The Council Evaluation for the FY 2019/2020 was undertaken with the facilitation of the State Corporations Advisory Committee (SCAC) on 26th August, 2020.

Conflict of Interest

A conflict of interest may arise where a Council member, employee or close family member such as a spouse, child, parent or sibling has private interests that could improperly influence the performance of the Council member or employee's official duties and responsibilities.

Conflict may also arise where a Council member or employee uses their office for personal gain.

A real conflict of interest exists at the present time. An apparent conflict of interest could be perceived by a reasonable observer to exist, whether or not it is the case, and a potential conflict of interest could reasonably be foreseen to exist in the future.

To prevent of Conflict of Interest, Council members and Kenya Law employees are expected to maintain public confidence in the objectivity of their service by preventing and avoiding situations that could give the appearance of a conflict of interest or result in a potential or actual conflict of interest.

Council members and employees of Kenya Law are required to observe the Mwongozo code of conduct and any specific code of conduct requirements contained in the statutes governing ethical behaviour in their profession where applicable in the performance of their duties.

It is not possible to foresee every situation that could give rise to real, apparent or potential conflict of interest, however, where conflict arises, the Council members or Kenya Law employees are required to excuse themselves, or anyone who works for them, from any decision-making that may create a conflict of interest with their private interests and record the same in the Kenya Law Conflict of interest register. They are also required to observe section 3.1 of the Mwongozo code in the disclosure and management of conflict of interest.

8. Management Discussion and Analysis

Section A

Operational and Financial Performance

Operational Performance

Kenya Law's operational performance in the period ending June 2020 was laudable. Kenya Law continued to collect, compile and disseminate Kenya's legal information through its web site (www.kenyalaw.org) in a timely manner.

Kenya Law achieved very good results in the area of online reporting, collection and uploading and dissemination of public legal information as well as printing of specialised publications.

Below is a brief narrative of Kenya Law's performance in the year ending 30th June 2020.

❖ *Publication of the Kenya Law Reports*

i. Eight (8) Kenya Law Reports printed and delivered to Kenya Law in the FY 2019-2020;

1. Kenya Law Reports, 2013 Vol. I
2. Kenya Law Reports, 2013 Vol. II
3. Kenya Law Reports, 2013 Vol. III
4. Kenya Law Reports, 2015 Vol. I
5. KLR, Devolution, Vol. I
6. Kenya Law Reports, 1995
7. Kenya Law Reports, 1996
8. KLR, Election Petitions, Vol. VI

ii. Eleven (11) Kenya Law Reports were at different levels of completion as shown below:

	LAW REPORTS	STATUS
1	KLR, Employment & Labour Relations	90% complete
2	KLR, 2016 Vol. I	90% complete
3	KLR, Environment and Land Vol. I	90% Complete
4	KLR, 1998	90% Complete
5	KLR, 2016 Vol. II	80% complete
6	KLR, 2015 Vol. II	At 1 st Read
7	KLR, Family Vol. II	At Layout
8	KLR, 2017 Vol. I	At 1 st Read
9	KLR, 2017 Vol. II	At 2 nd Read
10	KLR, 2018 Vol. I	At Technical Proof Reading
11	KLR Commercial Vol. I	At 1 st Read

❖ *Online Publication of Public Legal Information*

- i. Uploaded 100 % of judicial decisions collected i.e. 20,963 judicial decisions from the superior courts of record, processed and disseminated them on the Kenya Law website (case law database) in the FY 2019/20.
- ii. Uploaded 100% of decisions collected i.e. 273 decisions from select subordinate courts that include the Magistrate courts, Kadhis court and the Tribunals; processed and disseminated them on the Kenya Law website (case law database).

Total Judicial decisions collected and uploaded in FY 2019/20;

Court	No of Decisions
Supreme Court	78
Court of Appeal	987
High Court	12,471
Environment and Land Court	4,727
Employment and Labour Relations Court	2,700
Kadhis Court, Magistrates Court (EP), PPDT, Cooperative Tribunal & other tribunals,	273
TOTAL	21,236

- iii. Uploaded all cause lists received from the courts on the Kenya Law website (Case law database).
- iv. Case backed 4,794 appeal cases to judicial officers.
- v. 50 weekly newsletters were compiled and disseminated to Kenya Law subscribers.

❖ *Revision and Updating of the Laws of Kenya*

Kenya Law uploaded 100% of all received Acts, Bills, Legal notices, Amendment Acts and Regulations. Kenya Law collected, processed and uploaded on the Kenya Law website (Laws of the Kenya database) a sum total of 253 statutes as shown below;

SUPPLEMENT		NUMBER
National Legislation	Acts	22
	Amendment Acts	6
	Omitted Acts	5
	Repealed	2
	Legal Notices	117
Bills	National Assembly	53
	Senate	33
County Legislation	Acts	11
	Legal Notices	4
	Bills	0
Total Supplements		253

Revision Status of the Laws of Kenya

There are a total of 503 Statutes out of which 472 Statutes are up-to-date and 60 are in the process of revision and updating. This means that the Laws of Kenya have a 93% revision status.

❖ *Areas identified that require law reform*

Judicial opinions are an important tool for evaluating the constitutionality, propriety, effectiveness and utility of statutory legislation as well as government administrative actions. Therefore, judicial pronouncements relating to an aspect of constitutional or statutory law or administrative actions that may need reform are an important driver of the legal and administrative reform process.

In the period under review, Kenya Law identified and highlighted twenty-six (26) Law Reform issues to the Attorney General and the Kenya Law Reform Commission as indicated below;

- i) Standing Order 64(3) of the County Assembly of Nakuru, which required the issuance of two hours' notice to a deputy speaker of the County Assembly who faced removal from office, is unconstitutional. (*Samuel Tunoi v Speaker Nakuru County Assembly & 2 others*).
- ii) Court holds that there is a need to clearly set out the connecting threads to the provisions of the Children Act and the Victim Protection Act so as to ensure victims of crime, who are children, are protected (*Daniel Onyondi Moi v Republic*).
- iii) Section 62(6) of ACECA which exempted office holders of offices which the Constitution limited or provided for the grounds upon which such holders could be removed or the office could be vacated from being suspended from office if charged with corruption or an economic crime is contrary to the Constitution (*Moses Kasaine Lenolkulal v Director of Public Prosecutions*).
- iv) Section 30 of the Nakuru County Finance Act, 2016 is unconstitutional to the extent to which it purports to levy horticultural cess on the horticultural exports. (*Lake Naivasha Grower Group & another v County Government of Nakuru* [2019] eKLR).
- v) There is need for the formulation of regulations to limit the exercise of the right to freedom of assembly, demonstration and picketing provided under article 37 of the Constitution (*Ngunjiri Wambugu v Inspector General of Police, & 2 others* [2019] eKLR).
- vi) Section 84D of the Kenya Information and Communication Act which created the offence of publishing obscene information declared unconstitutional (*Cyprian Andama v Director of Public Prosecution & another; Article 19 East Africa (Interested Party)*).
- vii) There are no regulations under section 172(a) of the International Crimes Act, for purposes of prescribing the procedure or steps to be taken upon the issuance of a notice and request, in court proceedings related to the issuance of a warrant of arrest and surrender by the ICC (*Walter Osapiri Barasa v Cabinet Secretary Ministry of Interior and National Co-ordination & 6 others*).
- viii) A different way and manner of penalizing KDF soldiers who desert because they are sick should be recommended in the law. (*Stephen Ouma Odede v Republic*).
- ix) There was a mix-up in paragraph 15 of the Third Schedule to the Judicial Service Act as related to the correct numbering of the provisions on the power to interdict and the power to suspend an employee for disciplinary purposes. (*Bryan Mandila Khaemba v Chief Justice and President of the Supreme Court of Kenya & 2 others*).
- x) The sentence for gang rape or gang defilement for a term of not less than fifteen years which could be enhanced to life imprisonment vis-à-vis the sentence of life imprisonment for defilement is unreasonable for issuing a lighter sentence. (*Francis Matonda Ogeto v Republic* [2019] eKLR).
- xi) Prescribing additional minimum qualifications outside the constitutional and legislative scope for vacant positions in public service is illegal (*Wambua Maithya v Pharmacy and Poisons Board; Pharmaceutical Society of Kenya & 2 others (Interested Parties)* [2019] eKLR).

- xii) Parliament needs to enact a law to ensure uniformity in procedures of consideration and approval by county assemblies of draft Bills amending the Constitution by popular initiative. (*Republic v County Assembly of Kirinyaga & another Ex-Parte Kenda Muriuki & another* [2019] eKLR).
- xiii) There is need to harmonize the regulations under the Environmental Management and Coordination Act, Survey Act and Physical Planning Act to take into consideration high and low water marks when measuring and defining riparian reserves. (*Milimani Splendor Management Limited v National Environment Management Authority and 4 others* [2019] eKLR).
- xiv) The legal status of the Council of Governors as it is not a State organ and does not have the capacity to seek an advisory opinion from the Supreme Court on matters concerning county governments. (*Council of Governors v Attorney General & 7 others* [2019] eKLR).
- xv) Gazette Notice No. 9816 (vol. Cxxi- no. 137) dated 14th October, 2019, appointing the position of the Chairperson of the National Employment Authority Board without following the laid out substantive and procedural, constitutional and statutory requirements applicable in public service appointments, is unconstitutional, unlawful and irregular for being in contravention of Articles 10, 27, 73 (2) and 232 of the Constitution of Kenya, 2010. (*Kenya Young Parliamentarians Association & 2 others v Cabinet Secretary Labour & Social Protection & 3 others; Institute of Human Resource Management & another* (Interested parties)).
- xvi) Trade Unions Congress of Kenya (TUC-Ke) and COTU plus such other federation of trade unions as may exist as duly registered by the Registrar of Trade unions should enter a memorandum of understanding towards constituting the umbrella body representing trade unions for future nomination of a person for appointment as a member of SRC under Article 230 (2) (c) (i) of the Constitution as read with sections 4, 5, 6, and 7 of the Salaries Remuneration Commission Act 10 of 2011 or in alternative, legislative intervention be invoked towards designating the umbrella body representing trade unions in that regard. (*Trade Unions Congress of Kenya (TUC-Ke) v Joseph Kinyua, Head of Public Service & another; National Assembly & 2 others* (Interested Parties) [2020] eKLR).
- xvii) The Board needs to bring the Guidelines in need of exercising the rating all audio-visual advertisements, inform and consider television and radio programmes before public broadcast under the ambit of the law one (1) year from the date of the judgment. (*Wanuri Kahiu & another v CEO - Kenya Film Classification Board Ezekiel Mutua & 2 others; Article 19*).
- xviii) East Africa (Interested Party) & Kenya Christian Professionals Form (Proposed Interested Party) [2020] eKLR).
- xix) There is need for legislative guidance on the exercise of constitutional supervisory jurisdiction. (*Director of Public Prosecutions v Perry Mansukh Kansagara & 8 others*).
- xx) There is need to clarify on the exact timelines within which the Division of Revenue Bill and the County Allocation of Revenue Bill can be introduced to Parliament which would call for amendments to Articles 218 and 221 of the Constitution of Kenya, 2010 and sections 190 and 191(1) of the Public Finance Management Act. (*Council of Governors & 47 others v Attorney General & 3 others* (Interested Parties); *Katiba Institute & 2 others* (Amicus Curiae)).
- xxi) There is a legal lacuna as the Retirement Benefits Act and the Trust Deed and Rules do not clearly provide that the death of a pensioner automatically lapses the contract. (*Kenya Commercial Bank v Isaac Ingati Abong' & Another*).

Sections of law that were declared unconstitutional by various judicial decisions:

- i) Section 66(1) of the Marriage Act on petition for separation or dissolution of civil marriages only after three years declared unconstitutional for being discriminatory and violating the right to human dignity and access to justice (*Tukero ole Kina v Attorney General & another* [2019] eKLR)
- ii) Section 64(4)(b) of the Energy Act, 2006 (repealed) / section 168 of the Energy Act, 2019 is unconstitutional for providing mandatory minimum sentences for the offence of vandalism (*Michael Kasamani and another v Republic* [2019] eKLR)
- iii) Statute Law (Miscellaneous Amendments) Act No 12 of 2012 declared unconstitutional for effecting substantive amendments to the law and for violating the principle of public participation (*Law Society of Kenya v Attorney General & 2 others* [2019] eKLR)
- iv) Section 16(1A) of the Merchant Shipping Act, which allows a body not wholly owned by Government but in which it has a majority shareholding to operate a port in Kenya, declared unconstitutional for lack of public participation (*Dock Workers Union & 2 others v Attorney General & 2 others; Kenya Ports Authority & 4 others (Interested Parties)* [2019] eKLR)
- v) Paragraph 23 of the Third Schedule to the Judicial Service Act that takes away judicial officers' entitlement to reports or recorded reasons for decisions rendered against them declared unconstitutional (*Simon Rotich Ruto v Judicial Service Commission & another* [2019] eKLR)
- vi) Kiambu County Water and Sanitation Services Amendment Act 2018 declared unconstitutional for lack of public participation. (*George Ngotho & 26 others v Governor of Kiambu County & 6 others* [2019] eKLR)

❖ Areas of divergence in Judicial Reasoning

Judicial Reasoning refers both to the process of thought by which a judge reaches a conclusion as to the appropriate result in a case, and to the written explanation of that process in a published judgment. The reasons for a decision give an objective analysis and the underlying processes of thought involved in exploring and resolving a legal problem. Legal problems are usually so complex and variable that there is no one-way of reaching a set conclusion. Various judges may use different reasoning to come up with conflicting decision over similar facts of a case.

In the financial Year 2019/2020, Kenya Law identified five (5) issues of divergence in judicial reasoning by the Courts of record as highlighted below:

	Issue	Judicial Reasoning
1	Whether judicial review applications should be determined based on merits of the decision being challenged or based on procedure only.	<p>Court of Appeal: Municipal Council of Mombasa v Republic & another [2002] eKLR. judicial review was concerned with the decision-making process and not with the merits of the decision itself.</p> <p>Peninah Nandako Kiliswa v Independent Elections & Boundaries Commission & 2 others [2014] eKLR, ... the Court was not concerned with the merits of the impugned decision of an inferior tribunal rather it was ...concerned with the tribunal's decision making process, to ensure that it had not acted without or in excess of jurisdiction, and that it has observed the rules of natural justice.</p> <p><u>Divergence views:</u> Suchan Investment Limited v Ministry of National Heritage & Culture & 3 others [2016] eKLR ...judicial review was not concerned with the merits of the case. However, Section 7(2)(f) of the Fair Administrative Action Act provides proportionality as a ground for statutory judicial review...proportionality invited the court to evaluate the merits of the decision.</p> <p><u>High Court:</u> Kenya Human Rights Commission v Non-Governmental Organisations Co-Ordination Board [2016] eKLR, ...the court had a duty to look into not only the merits and legality of the decision made due to the requirement of reasonable action under Article 47 of the Constitution, but also the process and procedure adopted ... following all precepts of natural justice under both Articles 47 and 50(1) of the Constitution.</p>
2	Whether Magistrate Courts have the Jurisdiction to handle claims arising out of the Work Injury Benefits Act	<p><u>High Court:</u> Juma Nyamawi Ndungo & 5 others v Attorney General; Mombasa Law Society (Interested Party) [2019] eKLR Section 16 and 53(2)(d) and 53(2)(e) of the Work Injury Benefits Act entailed a usurpation of judicial power by the Executive and were therefore unconstitutional. Sections 10, 23, 26, 28, 30, 33, 37, 51, 53(2) (d), 53(2) (e), 58 (2) and the first schedule to the Work Injury Benefits Act were unconstitutional as they promoted the exercise of judicial powers by the Director who was neither an independent tribunal nor a court.</p> <p><u>Court of Appeal:</u> Law Society of Kenya Nairobi Branch v Malindi Law Society & 6 others [2017] eKLR ...the close proximity of Magistrates Courts to the people ensured efficiency and access to justice at a reasonable cost it would be illogical and unreasonable to prohibit Magistrates Courts from determining land and employment disputes.</p> <p>ii. Attorney General v Law Society of Kenya & another [2017] eKLR nothing in Sections 16, 23 and 52(2) of the Work Injury Benefits Act was contrary to the Constitution or discriminatory. Section 23 which gave the Director jurisdiction to hear claims for injuries and diseases which were work-related was not unconstitutional.</p>

3	Whether Section 166 of the Criminal procedure Code is Constitutional.	<p><u>High Court:</u> Republic v E N W [2019] eKLR Executive power had constitutional and statutory underpinning. Section 166 (5) was constitutional. Republic v G N M [2018] eKLR</p> <p><u>Divergence views:</u> Republic v S O M [2018] eKLR,by vesting discretionary power on the Executive ... Section 166 of the CPC went contrary to article 160 of the Constitution and was unconstitutional. B R O v Republic [2018] eKLR Provisions that impose an indeterminate sentence ... by an authority other than the courts violated the right to freedom from torture and cruel, inhuman or degrading treatment or punishment; the right to a fair trial; the equality and freedom from discrimination and the deprivation of freedom arbitrarily or without just cause.</p>
4	Whether State or public officers involved in corruption cases should be allowed access to their offices	<p><u>High Court:</u> Moses Kasaine Lenolkul v Director of Public Prosecutions [2019] eKLR, Section 62(6) of ACECA was contrary to the constitutional requirements of integrity in governance; National values and principles of governance; Principles of leadership and integrity in Chapter Six of the Constitution. ...in so doing, they entrenched corruption and impunity in the land. Similarly, in Ferdinand Ndungu Waititu Babayao & 12 others v Republic [2019] eKLR, ... it was reasonable for the trial court to attach conditions to inhibit access to the Kiambu County Government offices.</p> <p><u>Divergence view:</u> Muhammed Abdalla Swazuri & 16 others v Republic [2018] eKLR,constitutional office holders ...are exempted by virtue of Section 62(6) of ACECA.</p>
5	Whether there is a right of appeal from the High Court pursuant to Section 35 of the Arbitration Act	<p><u>Court of Appeal:</u> DHL Excel Supply Chain Kenya Limited v. Tilton Investments Limited [2017] eKLR, The court had jurisdiction to entertain an appeal under Section 35 of the Arbitration Act. The fact that Section 35 was silent on whether such a decision was appealable to the court by itself did not bar the right of appeal.</p> <p>Kurji and another v. Shalimar Limited and Others [2006] eKLR, the Court granted leave to appeal against the decision of the High Court.</p> <p><u>Divergence views:</u> Nyutu Agrovet Limited v. Airtel Networks Limited [2015] eKLR, The Court did not have jurisdiction to entertain any appeal arising from Section 35 of the Arbitration Act.</p> <p>Micro-House Technologies Limited v Co-operative College of Kenya [2017] eKLR, The Court did not have jurisdiction to entertain the appeal and the appellant had no right of appeal having not obtained leave under Section 39(3) (b) of the Arbitration Act.</p> <p><u>Supreme court:</u> Synergy Industrial Credit Limited v Cape Holdings Limited [2019] eKLR ...once an award was issued, an aggrieved party could only approach the High Court for setting aside the award, on specified grounds and hence, the purpose of Section 35 of the Arbitration Act was to ensure that courts were able to correct specific errors of law, which if left alone would lead to a miscarriage of justice.</p>

❖ *International Jurisprudence***Comparative analysis of judicial decisions from Kenya and other jurisdictions:**

Judicial decisions from regional and international adjudicating bodies form persuasive precedent which while not binding on courts, is useful or relevant and may guide the judge in making the decision in a current case. For this reason, Kenya Law monitors, tracks and reports international jurisprudence. The international jurisprudence cases provide a comparative analysis of judicial decisions from Kenya and other jurisdictions. Kenya Law reported fourteen (14) cases on emerging areas of jurisprudence namely:

- i. Threshold that defamatory statements have to meet so as to cause serious harm to a person's reputation or body trading for profit (*BL v Independent Print Ltd and another* [2019] UKSC 27) Supreme Court of the United Kingdom.
- ii. The proper forum for challenging a partner state's committee's decision is before national courts and not the East African Court of Justice (*M/S Quick Telecommunications Services v Attorney General of the United Republic of Tanzania* Reference No.10 of 2016).
- iii. Prorogation of Parliament is unlawful if it has the effect of frustrating or preventing the ability of Parliament to carry out its constitutional functions without reasonable justification (*R (on the application of Miller) v the Prime Minister; Cherry and others v Advocate General for Scotland* [2019] UKSC 41)
- iv. The parental status of 'mother' is the status afforded to a person who undergoes the physical and biological process of carrying a pregnancy and giving birth irrespective of their legal gender (*The Queen (on the application of TI) v Registrar General for England and Wales; Secretary of State for Health and Social Care & 3 others (Interested Parties)* Case No FD18F00035).
- v. Compensation for breaches of data protection legislation that's resultant in a loss of control of personal data, sought through a representative action can be awarded without proof of distress or any material damage (*Richard Lloyd v Google LLC* [2019] EWCA Civ 1599).
- vi. Parental administration of reasonable and moderate chastisement to children is unconstitutional for infringing the doctrine of best interests of the child (*Freedom of Religion South Africa v Minister of Justice and Constitutional Development and Others* [2019] ZACC 34).
- vii. Offhandedly dismissing the remedies available within a respondent state by applicants without attempting to activate them leads to inadmissibility of an application before an international court (*Shukrani Masegenya Mango & Others v United Republic of Tanzania* Application No. 008/2015)
- viii) Person acting in an official capacity' under UNCAT includes a person acting in an official capacity on behalf of an entity exercising governmental control over a civilian population in a territory over which it exercise de facto control whether in peace time or in armed conflict. (*R v TRA* [2019] UKSC 51)
- ix) A relationship between two parties which is not sufficiently analogous to employment does not make it fair, just and reasonable to impose vicarious liability. (*Barclays Bank plc v Various Claimants* [2020] UKSC 13.
- x) A non-member state national parent of a European Union (EU) citizen child resident within the EU is entitled to reside in the EU solely to avoid the EU citizen child being deprived of the substance of their Union citizenship rights on removal of the non-member state national parent from the EU. (*Patel v Secretary of State for the Home Department; Secretary of State for the Home Department v Shah* [2019] UKSC 59).

*East African Court of Justice**Supreme Court of the United Kingdom.**High Court of Justice**Constitutional Court of South Africa**African Court on Human and Peoples' Rights**Supreme Court of the United Kingdom*

- i. Annotations beneath statutory provisions authored by an arm of legislature in the course of its legislative duties are ineligible for copyright protection.
(Georgia v Public Resource.Org, Inc. 590 U. S (2020)

Supreme Court of the United States

- ii. Supreme Court of Appeal of Malawi affirms the High Court decision declaring undue election and ordering fresh election for the office of the President.
(Arthur Peter Mutharika & another v Electoral Commission & another MSCA Constitutional Appeal No 1 of 2020)

Supreme Court of Appeal of Malawi

- iii. A service member of the Regular Force ought to be treated as having never been convicted nor sentenced once the charges on which he was initially convicted and sentenced are set aside on appeal.
(Mozamane Teapson Maswangayi v Minister of Defence and Military Veterans and Others [2020] ZACC 4 CCT170/19)

Constitutional Court of South Africa

❖ Development of Specialized Digests

In recognition of the increasing specialization of legal practice in the country, Kenya Law publishes specialized law digests on various topical issues to ensure the dissemination of legal information in simplified easy to understand formats. Three (3) specialized digests were developed during the period under review:

i) Compendium of Rulings on Bail and Bond

The Compendium of rulings on Bail and Bond Volume 2 was a follow up publication to the first volume which tracked decisions on the implementation of the Bail and Bond Policy Guidelines intended to guide police and judicial officers in the application of laws on bail and bond. The two publications were launched by the Bail and Bond Implementation Committee in February 2020.

ii) Specialized Digest on Alternative Dispute Resolution (ADR)

The case digest on decisions in alternative dispute resolution law and practice in arbitration highlights the emerging jurisprudence in arbitration practice including the issue whether in the absence of an express provision of a right of appeal in an arbitration agreement a party to arbitral proceedings has a right of appeal to the Court of Appeal from a decision of the High Court given under section 35 of the Arbitration Act; and issues dealing with conflicting decisions of the high court on the interpretation of certain sections of the Arbitration Act. The publication was funded by the International Development Law Organization (IDLO).

iii) Specialized Digest on the Big 4 Action Plan

As a state corporation, Kenya Law plays a key role as an enabler of the Big 4 Action Plan. Kenya Law is publishing the first series of the Big 4 Action Plan Digest (the Digest) containing a compendium of case law containing precedents emerging from legal jurisprudence relating to the Big 4 Action Plan. 23. The Big 4 Action Plan Case Digest was 80% completed at the end of the year.

iv) Kenya Law Review Journal

Kenya Law Review Journal Volume 6 No. 2 and 7 No.1 were printed. Call for articles for Kenya Law Review Journal Vol 7 No.2 were on-going and at 10% completion by the end of the year.

v) Bench Bulletin

Issues 45, 46, 47 and 48 were printed and disseminated to stakeholders. Calls from the various departments for content for issue 49 were still on-going and at 30% by the end of the year.

❖ *Providing Access to Other Public Legal Information through Digitization*

Kenya Law seeks to enrich the information on its website by providing public legal information in a digital format. In the period under review, the following were acquired and digitized:

- i) Kenya Gazettes Volumes (hardcopies and softcopies) – June 2019 - June 2020 – 60 Volumes.
- ii) Law Reports, Digest and Text Books – 4 - East Africa Law Reports 2017 – 4 volumes.
- iii) Kenya gazette supplement - 102.
- iv) Bills from Parliament Archive (1956-2002) - 50.
- v) Copies of parliament proceedings – 214 - National Assembly – 121, Senate – 93.
- vi) Circulars – 135 - Public service- 24, National Treasury- 19, Central Bank – 12, Salaries and remuneration Commission- 29, Public Procurement Oversight Authority- 24, Capital Market Authority- 11, Ministry of education – 2 and Teachers Service Commission- 14.
- vii) Committee Reports – 122 - Justice and Legal Affairs Committee – 31, Public Accounts Committee Reports – 37, Public Investment Committee Reports – 27, Committee Reports on Agriculture – 3, Education, Research & Technology Committee Reports – 5,
- viii) Budget Committee Reports- 8, Committee Reports on Energy, Communication and Public Works – 2, Committee Reports on Health, Housing, Labour and Social Welfare- 6, Committee Reports on Defence and Foreign Relations – 1 and Committee Reports on Local Authorities- 2.

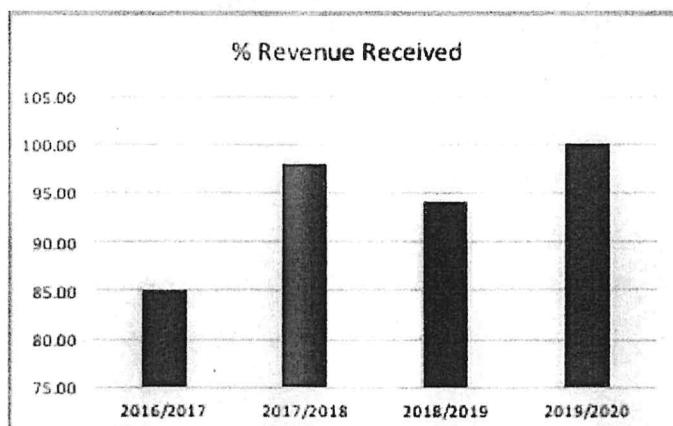
❖ *Enhanced access to the public legal information through ICT:*

Kenya Law digitized and disseminated 100% of all legal information received through the Kenya Law website. Public access to this online platform was as follows:

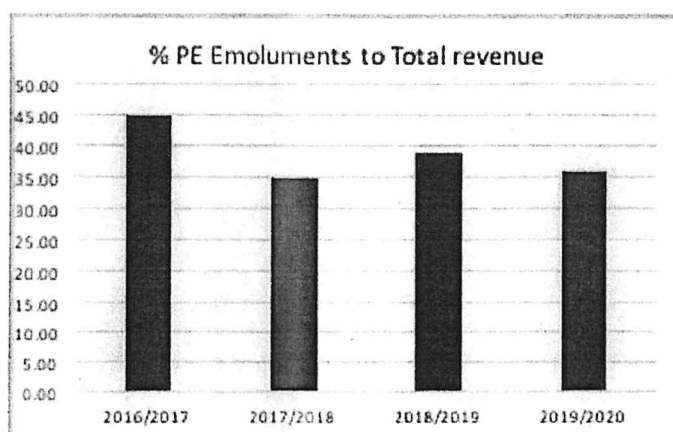
- i. The Case law database contains rulings and judgments from the Superior Courts of record. A total of 1,063,939 users viewed this database in the year ending June 2020 as compared to 687,385 users in the year ending June 2019.
- ii. The Laws of Kenya database contains all the acts of Parliament and corresponding subsidiary legislation. A total of 252,944 users viewed this database in the year ending June 2020 as compared to 428,054 users in the year ending June 2019.
- iii. The Kenya Law website contains assorted material such as Cause Lists, Kenya Gazettes, Judicial profiles, among others. A total of 198,160 users viewed the website in the year ending June 2020 as compared to 193,503 users in the year ending June 2019.
- iv. The Kenya Law blog contains various reading materials such as case summaries from Kenya and other commonwealth countries, conference papers, speeches and Kenya Law news. A total of 116,797 users viewed the blog in the year ending June 2020 as compared to 111,639 users year ending June 2019.
- v. Kenya Law's website had a 97% daily uptime and was secured by the most up to date security hardware and software.
- vi. Kenya Legislation Database - The implementation of the Beta version of Laws of Kenya Online Editor is currently on going and is 70% complete. Training of staff members from Laws of Kenya, Research & Development and ICT was carried out on the system.

❖ **Financial Performance****i. Revenues Received**

Kenya Law received 99.6% of all the revenues planned as at 30th June 2020. A total of Kshs. 362.81 Million was received out of the total planned of Kshs. 364.3 Million. This is as compared to 94%, 98% and 85% in the past three financial years of 2018/19, 2017/18 and 2016/17 respectively.

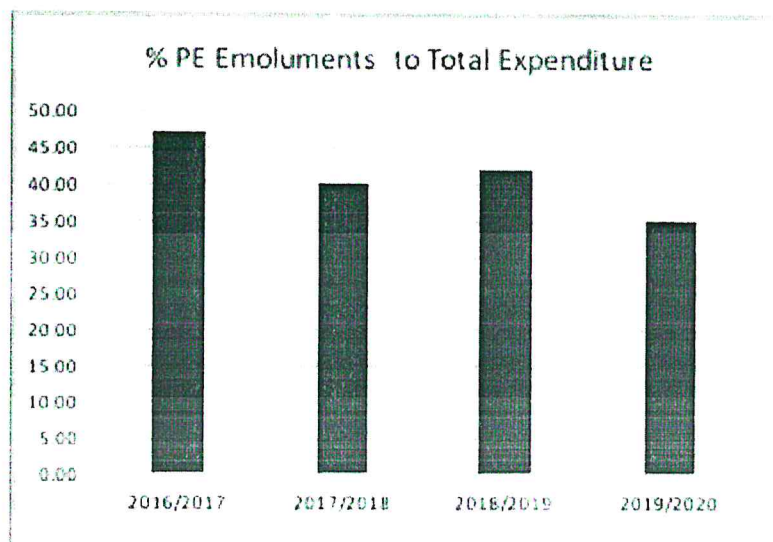
**ii. Personnel Emoluments to Total Revenue**

The percentage of Personnel Emoluments expenditure as compared to Total Revenue was 36% indicating that 36% of all Kenya Law revenues are utilized in paying salaries, wages and pension expenses as compared to the recommended 35%. This was a better percentage as compared to 39% in 2018/2019, 35% in the FY2017/18 and 45% in the FY 2016/17 respectively.



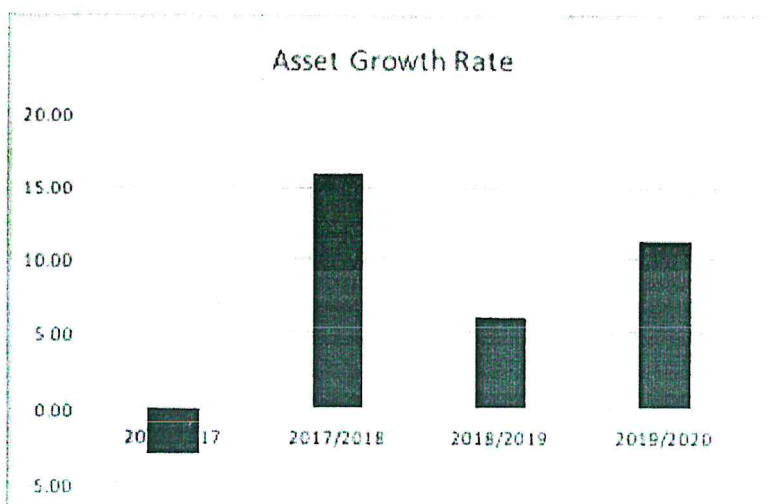
iii. Personnel Emoluments to Total Expenditure

The percentage of Personnel Emoluments expenditure as compared to Total Expenditure was 35% indicating that 35% of all Kenya Law recurrent expenditures are salaries, wages and pension expenses as compared to the recommended 35%. This was a better percentage as compared to 42% in the FY 2018/2019, 40% in the FY 2017/18 and 47% in the FY 2016/17 respectively.



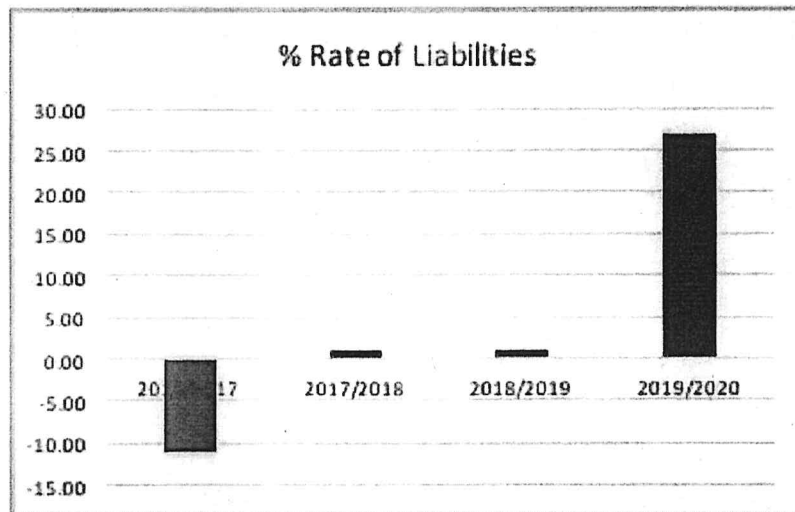
iv. Growth in Total Assets

Kenya Law had a healthy Balance sheet in the period ending 30th June 2020. Total Assets grew by 11.2% as compared to 6.3% and 19% in 2018/19 and 2017/18 respectively. There was however a decline in growth of 3% in FY 2016/17.



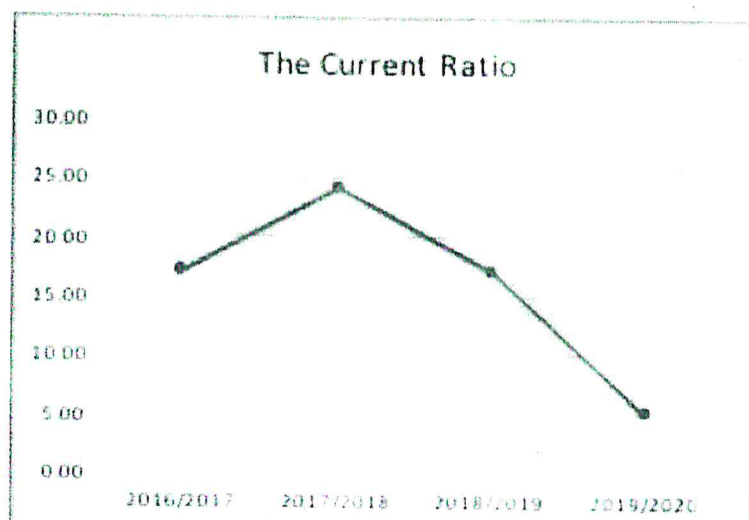
v. Reduction in Liabilities

However, Total Liabilities also grew by 27% as compared to 1% in the previous year indicating an increase in Kenya Law's obligations to third parties. This was mainly due to commitments in the year 2019/2020 that had not been paid off by the end of the year. These were accrued as liabilities to be paid in the subsequent financial year. Growth in the FY 2017/18 was 1% and a reduction of 11% in FY 2016/17.

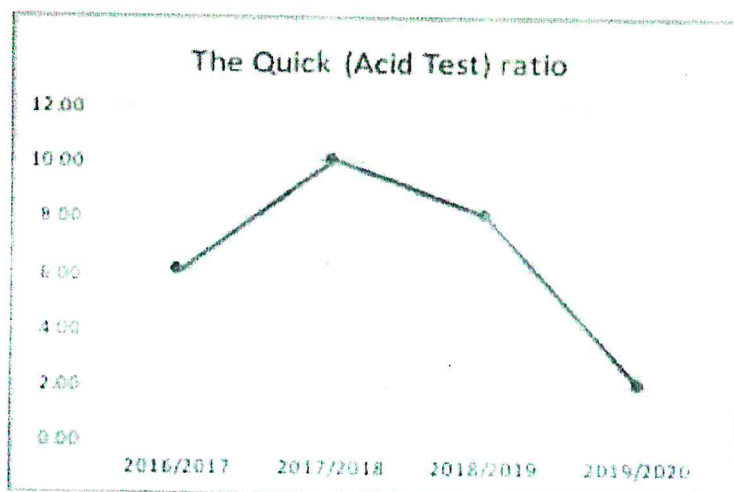


vi. Current Ratio

The liquidity of Kenya Law was also healthy. The Current ratio as at 30th June 2020 was 5 as compared to 17 as at 30th June 2019. This indicates that Kenya Law had Kshs. 5 worth of Assets available to pay Kshs. 1 worth of Liabilities as at 30th June 2020 as compared to Kshs. 17 worth of Assets available to pay Kshs. 1 worth of Liabilities as at 30th June 2019, Kshs. 24 worth of Assets available to pay Kshs. 1 worth of Liabilities as at 30th June 2018 and Kshs. 17 worth of Assets available to pay Kshs. 1 worth of Liabilities as at 30th June 2017.

**vii. Quick (Acid Test) Ratio**

The Quick (Acid Test) ratio was 2 as compared to 8 as at 30th June 2019. This indicates that Kenya Law had Kshs. 2 worth of Quick convertible Assets available to pay Kshs. 1 worth of Liabilities as at 30th June 2020 as compared to Kshs. 8 worth of Assets available to pay Kshs. 1 worth of Liabilities as at 30th June 2019, Kshs. 10 worth of Assets available to pay Kshs. 1 worth of Liabilities as at 30th June 2018 and Kshs. 6 worth of Assets available to pay Kshs. 1 worth of Liabilities as at 30th June 2017.

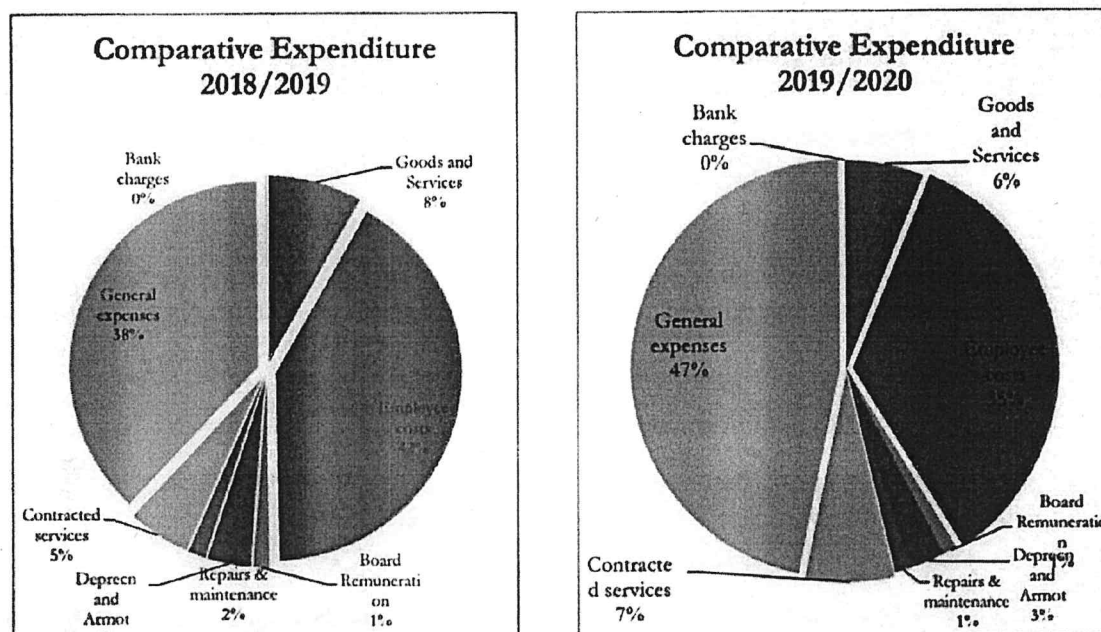


vii) Gearing Ratio

Kenya Law had zero gearing (debt) ratio, indicating that it was not funded by any debt in the year ending 30th June 2020.

viii) Comparative Expenditures

The comparative expenditures for the two years 2018/2019 and 2019/2020 are also depicted in the figure below showing the trend of the various expenditure heads to total recurrent expenditure on a comparative basis.



❖ Growth and Strategies:

i) Acquisition of ICT systems for legal publishing

Revision and consolidation of the Laws of Kenya is a manual and cumbersome process. Kenya Law embarked on the acquisition of the Kenya Legislative Database (KLD); a highly automated and user-friendly ICT system that will allow higher efficiency in real time publication of the laws through an online portal.

In addition, this system will give Kenya Law the option to segregate data so that premium content of public legal information may be presented in a pay platform and accessed at a fee. This will improve Kenya Law's revenues and ensure sustainability of its programs.

Additionally, Kenya Law commenced a consultancy towards improving the Case law database so as to increase efficiencies in workflows and provide a much better user experience on the front end. This system is anchored on the most up to date technology to ensure that judicial decisions are properly captured and tracked thus ensuring ease of navigation of the numerous judicial decisions archived in the case law database.

Kenya Law has streamlined its procedures for review of judicial decisions by ensuring that case edits are reviewed before presentation to the weekly case selection meetings. This has improved the quality of case edits being generated while enabling the weekly selection meetings to be undertaken much faster and their outcome reported promptly. This has therefore ensured that the organisation is able to generate quality case edits that are disseminated promptly on a weekly basis.

- ii) The organization has changed and refined its approach to print publications by prioritizing publications and working on one publication at a time so as to regularize timeliness in output. This means that the organisation is now more consistent in its projections on the print publications that will be finalized as the work flow processes for this have been mapped out and strictly adhered to.
- iii) Kenya Law continues to engage the 47 County Assemblies to ensure that County Acts and Bills are collected and disseminated through its online platforms.
- iv) Enhanced Legal Framework
Kenya Law is in the process of reviewing its founding law (National Council for Law Reporting Act, Act No. 11 of 1994) with the objective of providing an enhanced legal framework for the operations of the organisation.

❖ Opportunities:

i. Updated ICT systems for Legal Publishing

Kenya Law relies on ICT systems for the processing and dissemination of public legal information. Updating of these systems provides an opportunity for improved internal efficiencies that will directly translate to better service delivery to citizens. The main objective of these systems is to have a customized platform that will provide a well-coordinated approach to collection, compiling, amendment and review all legal information received and processed by Kenya Law. Implementation of the Laws of Kenya and Case Law database systems are on-going.

ii. Improvement of Revenue Collections

Kenya Law is in the process of reviewing the modalities for dissemination of legal information with the objective of segregating premium from the free content that it generates. In doing so, Kenya Law will be able to continue providing free access to public legal information to the general citizenry whilst providing a paid for service to more specialized groups that require public legal information that has some value addition e.g. Kenya Law Reports would be disseminated online at a fee as opposed to actual print copies. The use of ICT systems to provide these services is expected to enhance revenue collection.

iii. Publishing and printing of Kenya Law Reports

The use of lightweight coated paper on print publications that will increase the number of pages in a Kenya Law Report from 800 to 1300 allowing for more cases to be featured for any given year.

iv. Increased digitization

There is an ongoing effort to increase digitization in the judiciary that will make it possible for Kenya Law to receive rulings and judgments in real time as and when they are delivered.

v. Collection and Publication of County Legislation

The devolved system of government has increased the number of institutions that generate public legal information and this has created an opportunity for Kenya Law to enhance its volume and portfolio of data.

❖ **Challenges:**

- i. Insufficient budgetary allocations have limited Kenya Law's ability to deliver on its mandate as per the strategic plan. The current funding totals to only 65% of its most realistic annual budgetary requirements. This has necessitated the organization to cut back on its programmes and activities to fit into the available funding.
- ii. Insufficient Human Resources: Kenya Law is operating at 44% of its staff establishment which has primarily been caused by the limited budgetary allocations. Out of a staff establishment of 163, Kenya Law only has 72 officers in post, leading to work overload that affects the timely production of quality outputs. This may be put in context by considering the growth that has occurred in the Judiciary in the last 10 years. There has been a 164% increment in the number of judges from 58 in 2010 to 149 in the year 2020; there has been a 135% increase in the number of court stations from the year 2010 to date; there has been a 342% increase in the number of judicial decisions collected from the year 2010 to date; while the number of Law Reporters has increased by only 36% from 7 to 11 officers in the same period. Kenya Law requires additional funding to recruit 20 additional law reporters and 20 legal researchers to cope with the increased number of judicial decisions delivered daily.
- iii. Kenya Law has not been able to continuously upgrade and improve its ICT infrastructure to the required standards. Kenya Law relies heavily on current ICT systems to ensure the proper processing, storage and dissemination of legal information. It currently holds 55 TB worth of public legal information. The inability to upgrade and improve hardware and software systems has a negative impact on its core mandate in terms of enhancing data integrity and safety to the most optimum levels. The challenges included;
 - Highly specialized systems that require advanced costly training which could not be carried out due to the limited funds.
 - Obsolescence of computer hardware and technology. Hardware related issues that have led to break down of machines. Software challenges e.g. few Adobe Pro applications on publishing hardware and limited space on google -email causing work delays.
 - Dynamic nature of ICT systems which require constant upgrades at a cost.
 - Intermittent Internet leading to the need to increase Internet bandwidth requirements, with limited financing.
- iv. Kenya Law works with various players in the justice and legal sector to collect process and disseminate public legal information. As such, some of these processes are outside the control of the organization e.g. sending of the rulings and judgements, cause lists, approval of the Annual Supplement etc. Any delay by any one of the actors involved in the production of public legal information has a negative impact on its ability to deliver on its mandate.
- v. Balancing the number of cases in print publications given the numerous numbers of cases, the diverse areas of litigation, length of judgments and areas of law given the number of cases that can be accommodated in a Kenya Law Report.

Section B**Compliance with statutory requirements**

Kenya Law published judicial decisions received from the superior courts of record online and also published the Kenya Law Reports in compliance with the National Council for Law Reporting Act (No.11 of 1994). Kenya Law updated all the Laws of Kenya ensuring compliance with the Revision of Laws Act (CAP 1). Kenya Law also adhered to the Legal and regulatory frameworks issued by the Government of Kenya to ensure compliance with the statutory requirements under the Constitution, the Public Finance Management Act 2012, Public Procurement and Disposal of Assets Act 2015 and the Employment Act No.11 of 2007. In addition, Kenya Law endeavored to fulfill its corporate governance obligations in adherence to the Mwongozo code.

Section C**Key projects and investment decisions that Kenya Law is planning/implementing**

Kenya Law has procured ICT systems for processing, storage and dissemination of Public legal information (both Case Law and Laws of Kenya). The acquisition and implementation of these systems has been phased out commencing in the financial year 2019/2020. The two systems are both under implementation.

Section D**Major risks facing Kenya Law****Financial risk**

Kenya Law requires additional funds to fully discharge its mandate. The organizational approved budget is about 65% of the ideal budget. Further, Kenya Law's Human Resource costs constituted 36% (compared to the recommended level of 35%) of the total budgeted revenues. This has deprived Kenya Law of additional funds to deliver on its core mandate and other critical activities. The limited financial resources have meant that Kenya Law has not fully discharged all its activities as envisaged in the Strategic Plan 2018-2023 due to constant reorganization of activities to fit within the available resource ceilings.

Operational risk

Kenya Law is operating at 44% of its staff complement (72 officer's vis a vis a staff establishment of 163) and this has negatively impacted on its ability to discharge its mandate in a timely manner as staff have to multitask and work long hours. The turnaround time for production of time bound publications has therefore increased and there is a rolling backlog of publications for print. The timely preparation and dissemination of public legal information through the website has also been negatively affected. Kenya Law collects revenue through the sale of its publications. The collection of debts from debtors of the organization has posed a challenge especially in relation to public sector agencies that may not prioritize payment of their obligations to Kenya Law for products already sold to them. There is a risk that the debts from public institutions, which are more than 3 years old, may not be paid thus negatively affecting the operations of the organization.

Section E**Material arrears in statutory/financial obligations**

Kenya Law had no material arrears in statutory/ financial obligations. There was a total of Kshs. 4,766,871.34 due as payroll deductions for HELB, NSSF, NHIF, Insurances deductions, mortgage, staff pension and welfare obligations, Audit fees and withholding VAT payments for the month of June 2020.

Section F**Financial probity and serious governance issues**

The Council is responsible for the policy framework in relation to the institution's risk management and internal controls. The Finance and General Purposes Committee of the Council is responsible for the policy framework to ensure proper financial planning and execution of the financial management function. The Audit & Risk Management Committee of the Council regularly reviews the effectiveness of the internal controls and provides assurance on the implementation of financial plans by regular reporting to the full Council.

The Internal Audit and Risk Department implements Kenya Law's risk management framework in all business processes and reports regularly to the Editor and the Audit & Risk Management Committee.

In addition, the Office of the Auditor General performs systems audits to independently review the effectiveness of the institutional risk management framework. It also does financial audits at the end of the financial period to provide assurance on the credibility of the annual financial statements.

There were no serious governance issues in the Council, any Council member, the top management in relation to conflict of interest, financial impropriety or Council composition in the execution of its functions in the year.

9. Corporate Social Responsibility Statement/Sustainability Reporting

i. Sustainability strategy and profile

Kenya Law has had many positive developments in this financial year. We operate in a dynamic environment with scarce resources influenced by a host of socio-economic, legal and political factors that impinge on our operations and impact the realization of our objectives. The achievement of our objectives largely depends on how well we have leveraged internal strengths to exploit external opportunities as well as how well we have managed internal weaknesses to avoid the crystallization of external threats.

We have aligned our programmes and activities to the overall national development agenda espoused in the socio-economic development blueprints. We have enhanced the synergy amongst members of staff and between departments for the overall success of the institution. We have enhanced teamwork, learning, innovation and creativity to facilitate effective inter and intradepartmental co-ordination, exposure to industry trends, as well as acceptance and effective management of positive change.

All activities within the organization incorporate international best practices in an effort to protect the ecosystem in which Kenya Law exists, providing us with opportunities to achieve a competitive advantage in our products and services. Further Kenya Law has a new Quality Management System based on ISO 9001:2015 and is ISO certified. Kenya Law continually strives to achieve the highest standards of quality and to continually improve its effectiveness in order to ensure sustainability. Our established quality objectives and policies are also reviewed on an annual basis.

ii. Environmental performance

Kenya Law does not have an environmental policy but rather borrows largely from the Government of Kenya policy on protecting the environment and increasing the forest cover by 10% in the medium term. To supplement Government efforts in this area, Kenya Law encourages its employees to print back to back. Kenya Law has also changed its strategy from printing of hard copy publications to soft copy online publications in order to reduce on paper printing. Kenya Law also participates in tree planting exercises. Kenya Law has signed an MOU with the Kenya Forest Service (KFS) to support in the efforts to reclaim forest cover to the tune of Kshs 266,552. In the current year, Kenya Law participated in the Ingo Forest challenge marathon and donated 500 seedlings to help reclaim and increase the forest cover of the Kakamega Forest through tree planting. The theme of the 2019 marathon was "running to restore and conserve". Kenya Law also participated in a tree planting exercise organized by the office of the Attorney General in Ngong Forest as its contribution to the larger Government of Kenya strategy towards increasing Kenya's forest cover to 10% by 2022.

iii. Employee welfare

Kenya Law has put in place policies and procedures guiding the appointment of employees within the organisation. There is an elaborate guideline on the recruitment process of employees from the initial stages of placing advertisement to filling in the vacant positions. Kenya Law is an equal opportunity employer; it takes a consistent and standard approach in the recruitment and selection of employees. Therefore, the recruitment process is void of discrimination on the basis of gender, HIV status, race, ethnicity marital status and/or physical disability. This is provided in the Kenya Law Human Resources Policies and Procedures Manual, 2016.

Employee skills and competences are enhanced in the workplace through Training and development initiatives which are competency based, geared towards capacity building and meeting the needs of the organisation. Training and Development programs are aimed at helping each employee prepare for changes as they align themselves with the changing needs. Training needs assessments are carried out to identify the competency gaps existing with the organisation with an aim of addressing the skills gap through training and development programs.

The Organisation has put in performance management measurement mechanisms through the use of a comprehensive Performance Management Appraisal System that guides the evaluation and monitoring of employee performance. The process helps in identifying performance problems and solving them. The process involves setting performance targets and reviewing them over a period of time. The outcomes of performance management inform staff training and development, career progression, succession management, promotions, performance incentives and performance improvement strategies.

Kenya Law recognizes that the safety of employees, stakeholders and property at work is critical. All Employees must take responsibility for ensuring that safe working procedures are adhered to. It is a legal requirement for organizations to have in place a health and Safety committee as per the OSHA requirements. The organizational safety and health committee members are champions for a healthy and safe workplace. Information on health and Safety to prevent possible health and safety risks is provided to employees through sensitization initiatives to ensure a safe work environment. Appropriate insurances are also put in place to cushion against health and safety risks.

iv. Market place practices

In pursuit of its mandate, Kenya Law always considers various policy documents including the Constitution of Kenya, the Montreal Declaration on Free Access to Law, the Big Four Agenda, the Kenya Vision 2030, the Sustaining Judiciary Transformation Framework of 2017-2021 and the Office of the Attorney General and Department of Justice Strategic Plan. These documents act as a beacon for the organization in the day to day execution of its mandate and to the officers discharging the relevant duties in various areas. Outside of the fact that Kenya Law is the institution mandated by law to publish law reports and update the laws of Kenya, the organization strives to ensure responsible competition practices whenever it issues tenders and in its bid to bring promote fair procurement practices. The institution has implemented corruption prevention strategies and a risk mitigation plan to address risks and loopholes in its legal and policy environment. Regulations, processes, and procedures guiding the core mandate of the organization are in place and all identified risks have a mitigation plan.

Kenya Law has also ensured in its supply chain to follow the laid down procurement laws when issuing tenders and dealing with suppliers. All suppliers are paid on time and all contracts honored in full upon satisfactory delivery of goods /services. A schedule of all running contracts is kept and updated monthly and where one is about to lapse, the same is communicated in advance to the relevant personnel to effect a seamless transition where necessary. All transactions are documented in the necessary manner and availed for inspection by the relevant authorities as and when requested. Kenya Law has endeavored to maintain ethical marketing practices in all its engagements with the media. The organization not only markets its goods and services by focusing on how our products benefit customers, but also how they benefit the Republic of Kenya as a whole. Our aim is to build strong relationships with our consumers through a set of shared values espoused in our Strategic Plan 2018-2022 as integrity, professionalism, transparency and accountability, innovation, reliability and citizen focus.

Towards this end, Kenya Law has also endeavored to safeguard consumer rights and interests in all products and services issued. All online publications are universally accessible to all consumers and can be consumed in any way needed, both online and in hard copy. Print products are sold at a discounted price aimed at offsetting the cost of production only. In addition, Kenya law subscribes to the "Free Access to Law" movement and therefore does not aim to make profit from the sale of its publications.

v. Community Engagements

Corporate Social Responsibility (CSR) is an integral part of Kenya Law's corporate culture. As part of the greater Government of Kenya strategy of giving back to society, Kenya Law is committed to identifying and living with the values that are important to our customers and the larger community.

Kenya Law conducted five (5) CSR activities in the financial year 2019/2020:

Corporate Social Responsibility activities in 2019/2020**a) Standard Chartered Marathon- 2019**

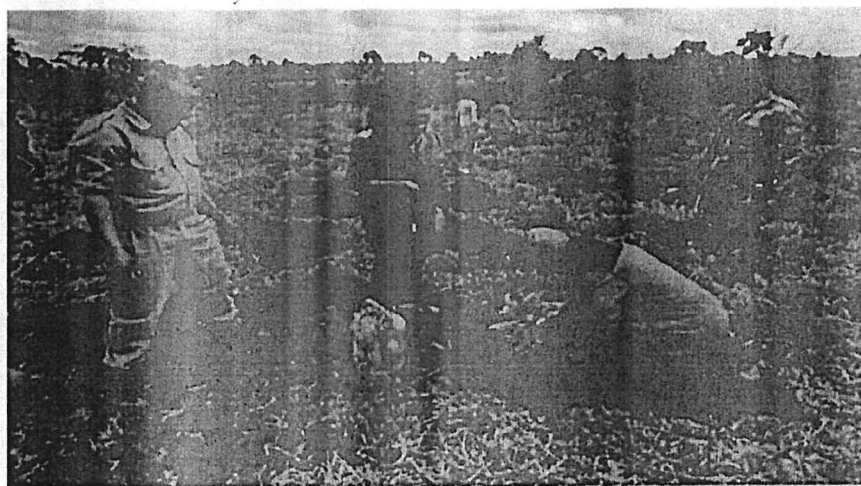
As part of Corporate Social Responsibility, Kenya Law staff and management participated in the 2019 edition that was held on the 27th October 2019. One of the objectives of the marathon was to Raise funds towards the 'Future makers' initiative to open opportunities for the next generation to learn, earn and grow. In the other initiative, "Goal Programme" 5,000 youth will benefit through financial education and 9,000 will be getting financial assistance in high school. Some 75 Kenyans also had their small and medium-sized enterprises bolstered financially.



Kenya Law staff represented the organization during the standard Chartered Marathon

b) GOK Strategy for restoration of forest cover

Kenya Law participated in a tree planting exercise organized by the office of the Attorney General in Ngong Forest as its contribution to the larger Government of Kenya strategy towards increasing Kenya's forest cover to 10% by 2022.



The Attorney General, Hon. Rt. Justice Paul Kihara Kariuki planting a tree at the Ngong Forest

c) Kakamega Forest Tree Planting/ Marathon

Kenya Law participated in the Kakamega Forest Marathon dubbed "Ingo Forest challenge marathon", an initiative of the Kakamega Forest Heritage Trust in November 2019. The objective of the Marathon was to reclaim and increase the forest cover of the Kakamega Forest through tree planting. The theme of the 2019 marathon was "Running to Restore and Conserve". Kenya Law donated 500 indigenous tree seedlings for planting.



Kenya Law staff with the Chief Guest; H.E. Dr. Stephen Kalong'o Musyaka at the 15km "Ingo-Forest Challenge" race during the Kakamega Forest Marathon on 30th November, 2019

d) Jomo Kenyatta Public Beach Clean-up exercise

Kenya Law collaborated with Kenya Wildlife Service and the Mombasa County government in cleaning up of the Jomo Kenyatta Public Beach. This was an effort towards environmental sanitation specifically to rid the Ocean of plastics and other hazardous waste. The beach clean-up was aimed at improving the coastal and ocean ecosystem by reducing the discharge of toxic waste into the ocean that wind up killing marine life and disrupting the marine life cycles. The clean-up was also an opportunity to engage staff, educate and create awareness on the state of our coastal region.

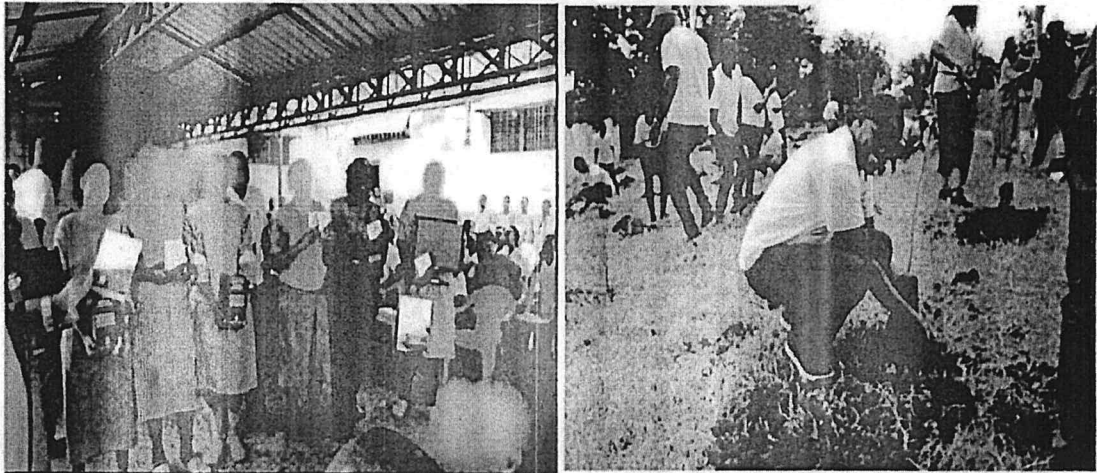


Kenya Law staff with Kenya Wildlife service members during the Public beach cleanup exercise

e) Kenya Law Impacts lives at the Langata Women's G.K Prison

Kenya Law visited the Langata Women's G.K Prison, a correctional facility based in Nairobi (Langata Constituency) on March 13, 2020. The visit was aimed at updating the inmates on the emerging trends in Case Law, a donation of two desktop computers updated with relevant criminal and civil court decisions as well as relevant Laws of Kenya was made.

Kenya Law also distributed 100 copies of the pocket-size Constitution of Kenya, 2010 and 3 copies of Laws of Kenya Grey books for the prison library to aid research for their paralegals. To sum up the occasion, Kenya Law planted 55 indigenous tree seedlings within the prison compound.



Prison Inmates at the Langata prisons receiving copies of the constitution and Kenya Law Members and the prison warders planting trees within the prison compound.

10. Report of Council Members

The Council Members submit their report together with the unaudited financial statements for the year ended June 30, 2020 which show the state of affairs of the National Council for Law Reporting.

Principal activities

The principal activities of the National Council for Law Reporting are:

- i) To publish the official reports of the judicial opinions of the superior courts of Kenya. Kenya Law is the designated publisher of the Kenya Law Reports, which are the official law reports of the Republic of Kenya.
- ii) To revise, consolidate and publish the Laws of Kenya, through Legal Notice No. 29 of 2009, through which the Attorney General has delegated to the Council the powers of law revision conferred by Sections 7 and 8 of the Revision of Laws Act.
- iii) To publish such other related publications as it deems necessary.

On Kenya Law's website - www.kenyalaw.org- you will find Case Law, the Laws of Kenya, the Parliamentary Hansards, the Kenya Gazette, and the Daily Cause List from various courts, Legal Notices and other publications.

Results

The results of the National Council for Law reporting for the year ended June 30, 2020 are set out on pages 1 - 32 below.

Council Members

The members of the Council who served during the reporting period are shown on pages v - vii above in accordance with the NCLR Act No. 11 of 1994.

Auditors

The Auditor General is responsible for the statutory audit of the National Council for Law Reporting in accordance with the Public Audit Act 2015.

By Order of the Council


Council Secretary

10. Report of Council Members

The Council Members submit their report together with the unaudited financial statements for the year ended June 30, 2020 which show the state of affairs of the National Council for Law Reporting.

Principal activities

The principal activities of the National Council for Law Reporting are:

- i) To publish the official reports of the judicial opinions of the superior courts of Kenya. Kenya Law is the designated publisher of the Kenya Law Reports, which are the official law reports of the Republic of Kenya.
- ii) To revise, consolidate and publish the Laws of Kenya, through Legal Notice No. 29 of 2009, through which the Attorney General has delegated to the Council the powers of law revision conferred by Sections 7 and 8 of the Revision of Laws Act.
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Results

The results of the National Council for Law reporting for the year ended June 30, 2020 are set out on pages 1 - 32 below.

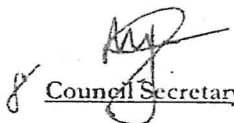
Council Members

The members of the Council who served during the reporting period are shown on pages v - vii above in accordance with the NCLR Act No. 11 of 1994.

Auditors

The Auditor General is responsible for the statutory audit of the National Council for Law Reporting in accordance with the Public Audit Act 2015.

By Order of the Council


Council Secretary

11. Statement of Directors' Responsibilities

Section 81 of the Public Finance Management Act, 2012 and The State Corporations Act Cap 446 of laws of Kenya; require the Council to prepare financial statements in respect of National Council for Law Reporting, which give a true and fair view of the state of affairs and the operating results of Kenya Law for that year. The Council Members are also required to ensure that Kenya Law keeps proper accounting records which disclose with reasonable accuracy the financial position of Kenya Law. The Council is responsible for safeguarding the assets of Kenya Law and the preparation and presentation of Kenya Law's financial statements, which give a true and fair view of the state of affairs of Kenya Law as at the end of the financial year ended on June 30, 2020.

This responsibility includes:

i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of Kenya Law; 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 Kenya Law's assets; v) Selecting and applying appropriate accounting policies; and vi) making accounting estimates that are reasonable in the circumstances.

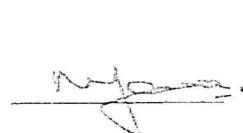
The Council members accept responsibility for Kenya Law's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act and the State Corporations Act.

The Council members are of the opinion that the Kenya Law's financial statements gave a true and fair view of the state of Kenya Law's transactions during the financial year ended June 30, 2020, and of the its financial position as at that date. The members further confirm the completeness of the accounting records maintained for Kenya Law, which have been relied upon in the preparation of its financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Council members to indicate that Kenya Law 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 financial statements for National Council for Law Reporting were approved by the Council on 16th June 2021 and signed on its behalf by:



Chairperson



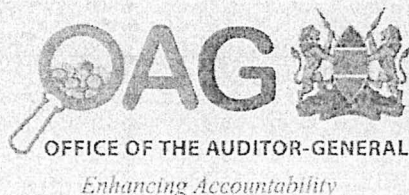
Member



Secretary

REPUBLIC OF KENYA

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



HEADQUARTERS
Anniversary Towers
Monrovia Street
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON NATIONAL COUNCIL FOR LAW REPORTING FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of the National Council for Law Reporting set out on pages 1 to 36, which comprise the statement of financial position as at 30 June, 2020, and the statement of financial performance, statement of cash flows, statement of changes in net assets and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the National Council for Law Reporting as at 30 June, 2020, 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 National Council for Law Reporting Act No.11 of 1994 and the Public Finance Management Act, 2012.

Basis for Opinion

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

Key Audit Matters

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



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

REPORT ON 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 matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance, I confirm that internal controls, risk management and overall governance were effective.

Basis for Conclusion

1. Shortage of Staff

The Council's Human Resource Policy Manual, 2016 provides for a staff establishment of one hundred and sixty-three (163) in various categories and job groups. However, the total staff in post during the financial year were seventy-two (72) resulting into a deficit of ninety-one (91). The significant under staffing might have adversely affected segregation of duties and effective delivery on the Council's mandate.

2. Non- Implementation of e-Procurement

The Council had not implemented e-procurement as required by Executive Order No.2 of 2018 and continues to undertake its procurements manually.

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

Responsibilities of Management and the Council Members

Management is responsible for the preparation and fair presentation of these financial statements in accordance 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.

In preparing the financial statements, Management is responsible for assessing the Council's ability to continue to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of intention to terminate the Council 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 money is applied in an effective manner.

The Council Members are responsible for overseeing the Council's financial reporting process, reviewing the effectiveness of how the Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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 review is planned and performed to express a conclusion with limited assurance as to 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 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. The nature, timing and extent of the compliance work is limited compared to that designed to express an opinion with reasonable assurance on the financial statements.

Further, in planning and performing the audit of the financial statements and review 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 Council 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 Council'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 Council 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 Council 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.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

09 February, 2022



13. Statement of Financial Performance for the Year Ended 30th June 2020

	Notes	2019-2020 Kshs	2018-2019 Kshs
Revenue from non-exchange transactions			
Transfers from Government Of Kenya	6	354,300,000	313,600,000
Grants in kind from development partners (JPIP)	7	-	9,445,188
Deferred Income realized	8	5,007,996	6,064,308
Total		359,307,996	329,109,496
Revenue from exchange transactions			
Rendering of Services (Other Income)	9	2,500,000	2,022,095
Sale of goods	10	6,004,400	8,138,625
Total		8,504,400	10,160,720
Total Revenue		367,812,396	339,270,216
Expenses			
Employee costs	11	133,016,175	132,824,653
Remuneration of Council Members	12	4,095,868	4,707,616
General Expenses	13	22,855,870	26,021,125
Depreciation and Amortization Expenses	14	10,341,426	12,221,266
Repairs and Maintenance	15	4,889,119	4,974,557
Contracted Services	16	25,811,632	17,266,547
Purchase of Goods and Services	17	176,740,434	121,039,037
Bank Charges	18	235,487	209,495
Total Expenses		377,986,011	319,264,297
Surplus / (Deficit) before tax		(10,173,615)	20,005,919
Taxation	19	-	-
Surplus/ (Deficit) for the period/year		(10,173,615)	20,005,919

The notes set out on pages 6 to 32 form an integral part of these Financial Statements.

Editor/C.E.O
Mr. Long et Terer

Date: 15th July 2021

Head of Finance
Mr. Pascal Othieno

ICPAK M.No: 7326

Date: 15th June 2021

Chairperson of the Council
Hon. Chief Justice Martha K. Koome

Date: 15th July 2021



14. Statement of Financial Position as at 30th June 2020

	Notes	2019/2020 Kshs	2018/2019 Kshs
Assets			
Current Assets			
Cash and cash equivalents	20	88,653,475	72,240,984
Current portion of receivables from exchange transactions	21	24,542,605	24,903,633
Receivables from non-exchange transactions	22	9,699,704	761,825
Inventories	23	222,113,455	197,104,622
Total Current Assets		345,009,239	295,011,064
Non-Current Assets			
Property, plant and equipment	24	52,373,542	62,140,659
Intangible assets	25	2,367,346	2,906,655
Long term receivables from exchange transactions	21	3,780,255	3,780,255
Total Non-Current Assets		58,521,143	68,827,569
Total assets		403,530,382	363,838,633
Liabilities			
Current Liabilities			
Trade and other payables from exchange transactions	26	76,836,787	20,679,692
Deferred income	27	160,602,698	165,610,694
Employee benefit obligation	28	-	1,283,735
Total Liabilities		237,439,485	187,574,121
Net Assets			
Capital Fund		23,565,276	23,565,276
Retained Earnings		142,525,621	152,699,236
Total Net Assets		166,090,897	176,264,512
Total Net Assets and Liabilities		403,530,382	363,838,633

The Financial Statements set out on pages 1 to 5 were signed on behalf of the Council Members by:

Editor/C.E.O
Mr. Longet Terer

Date: 15th June 2021

Head of Finance
Mr. Pascal Othieno
ICPAK M.No: 7326

Date: 15th June 2021

Chairperson of the Council
Hon. Chief Justice Martha K. Koome

Date: 8/7/2021

15. Statement of Changes in Net Assets for the Year Ended 30th June 2020

	Deferred Income Ksh.	Revenue Earnings Ksh.	Capital Development Grants Fund Ksh.	Totals Kshs.
As at July 1, 2018	171,675,002	132,693,317	23,565,276	327,933,595
Additions	-	-	-	-
Surplus for the period	-	20,005,919	-	20,005,919
Transfer to deferred Income realized	(6,064,308)	-	-	(6,064,308)
At 30 th June, 2019	165,610,694	152,699,236	23,565,276	341,875,206
As at 1 st July, 2019	165,610,694	152,699,236	23,565,276	341,875,206
Additions	-	-	-	-
Surplus / (Deficit) for the period	-	(10,173,615)	-	(10,173,615)
Transfer to deferred Income realized	(5,007,996)	-	-	(5,007,996)
At 30 th June, 2020	160,602,698	142,525,621	23,656,276	326,693,595

16. Statement of Cash Flows for the Year Ended 30th June 2020

	Notes	2019-2020 Kshs	2018-2019 Kshs
Cash flows from operating activities			
Surplus / (Deficit) for the period / year		(10,173,615)	20,005,919
Non - cash Adjustments			
Depreciation and Amortization	14	10,341,426	12,221,266
Cash flows from Non-cash adjustments		167,811	32,227,185
Cash flows from working Capital changes			
(Decrease)/increase in Receivables from exchange transactions	21	361,028	9,762,767
(Decrease)/increase in Receivables from non-exchange transactions	22	(8,937,879)	6,314,546
(Decrease)/increase in Inventories	23	(25,008,833)	(1,832,207)
(Decrease)/increase in trade and other payables from exchange transactions	26	56,157,095	7,798,716
(Decrease)/increase in Employee benefit obligation	28	(1,283,735)	(78,644)
(Decrease)/increase in Deferred income	27	(5,007,996)	(6,064,308)
Net Cash flows from operating activities		16,447,491	15,900,870
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets	24	(35,000)	(4,529,800)
Net cash flows used in investing activities		(35,000)	(4,529,800)
Cash flows from financing activities		0	0
Net increase/(decrease) in cash and cash equivalents		16,412,491	43,598,255
Cash and cash equivalents at the beginning of the Year		72,240,984	28,642,729
Cash and cash equivalents at the end of the Year		88,653,475	72,240,984

Editor/C.E.O
Mr. Longet Terer

Date 15th July 2021

Head of Finance
Mr. Pascal Othieno

ICPAK M.No: 7326

Date 15th June 2021

Chairperson of the Council
Hon. Chief Justice Martha K. Koome

Date 5/7/2021

17. Statement of Comparison of Budget and Actual Amounts for the Year Ended 30th June 2020

	Budgeted Amounts 2019-2020	Budgeted Amounts 2019-2020	Budgeted Amounts 2019-2020	Actual Amounts 2019-2020	Actual Amounts 2019-2020	Variance
	Kshs	Kshs	Kshs	Kshs	Kshs	%
Revenue						
Transfers from the Government Of Kenya	314,300,000	40,000,000	354,300,000	354,300,000	0	
Revenue from exchange transactions	10,000,000	-	10,000,000	8,504,400	(1,495,600)	(15.0%) (a)
Deferred Income realized	0	-	0	5,007,996	5,007,996	
Total Revenue	324,300,000	40,000,000	364,300,000	367,812,396	3,512,396	0.96 %
Expenses						
Employee Costs	139,507,872	-	139,507,872	133,016,175	(6,491,697)	(4.65%) (a)
General Expenses including depreciation (13,14)	20,640,000	-	20,640,000	33,197,296	12,557,296	60.84% (b)
Bank Charges	201,000	-	201,000	235,487	34,487	17.1% (c)
Other payments (12,15,16)	34,228,563	-	34,228,563	34,796,619	568,056	1.66% (d)
Purchase of Goods and services	129,722,565	40,000,000	169,722,565	175,740,434	6,017,869	3.53% (d)
Total Expenses	324,300,000	40,000,000	364,300,000	377,986,011	13,686,011	3.75 %
Surplus / (Deficit) for the period	-	-	-	(10,173,615)	(10,173,615)	
Revenue	324,300,000	40,000,000	364,300,000	367,812,396		

Notes to the statement of comparison of budgeted and actual amounts for the financial year 2019/2020:

- The 15% under collection of revenue from the sale of legal publication was due to a reduction in deliveries of printed publications due to the COVID 19 pandemic.
- The 60.84% over expenditure in General Expenses including depreciation was attributed to depreciation and amortization expenses.
- The 17.1% over expenditure in bank charges was due to under budgeting for the same.
- The 4.15% over expenditure in Goods and services was attributed to additional expenditures associated with management of the COVID 19 pandemic at Kenya Law.

18. Notes to the Financial Statements

1. GENERAL INFORMATION

National Council for Law Reporting is established by an act of parliament Act No.11 of 1994 from where it derives its authority and mandate. The entity is wholly owned by the Government of Kenya, is domiciled in Kenya and has a brand name; Kenya Law. The entity's principal activity is Publishing and Printing judicial opinions of the superior courts in Kenya which are the official Law Reports of the Republic of Kenya, the Laws of Kenya and such other related publications.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

a) Statement of compliance

The Public Finance Management (PFM) Act 2012 Section 192 provided the setting up of the Public Sector Accounting Standards Board (PSASB). The Cabinet Secretary National Treasury, gazetted members of the Board through Gazette Notice No. 1199 of 28 February, 2014. The board approved the adoption of the International Financial Reporting Standards (IFRS) for state organs operating as commercial business entities and the International Public Sector Accounting Standards (IPSAS) for non-commercial entities. The National Council for Law Reporting has since prepared its financial statements in accordance with the International Public Sector Accounting Standards (IPSAS).

The financial statements are presented in Kenya shillings, which is the functional and reporting currency of Kenya Law and all values are rounded to the nearest Kenya shilling. The accounting policies have been consistently applied to all the years presented.

b) Application of new and revised International Public Sector Accounting Standards (IPSAS)

i) Relevant new standards and amendments to published standards effective the year ended 30th June 2020.

Several new and revised standards and interpretations were effective during the year. The management of Kenya Law has evaluated the impact of the new standards and their interpretations and noted that none of them had an impact on the Kenya Law's financial statements.

ii) Expected impact of issued relevant new and amended standards and interpretations in issue, but not yet effective in the year ended 30th June 2020.

The management of Kenya Law has evaluated the impact of the new standards not yet effective for the year ended 30th June 2020 and noted that none of them had an impact on Kenya Law's financial statements.

iii) Early adoption of standards

Kenya Law did not adopt any new or amended standards early during the financial year 2019-2020.

Basis of preparation

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. ADOPTION OF NEW AND REVISED STANDARDS

- i. Relevant new standards and amendments to published standards effective for the year ended 30th June 2020;

Standard	Impact
IPSAS 40: Public Sector Combina- tions	Applicable: 1 st January 2019 The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only) Business combinations and combinations arising from non-exchange transactions which are covered purely under Public Sector combinations as amalgamations (This standard was not applicable to National Council for Law Reporting in the year 2019/2020)

- ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2020

Standard	Impact
IPSAS 41: Financial Instruments	Applicable: 1 st January 2022: 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. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: <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

Standard	Effective date and impact
	<p>accounting treatment for instruments held as part of the risk management strategy.</p> <p><i>(This standard will be applicable to the National Council for Law Reporting and will have considerable impact upon adoption)</i></p>
<p>IPSAS 42: Social Benefits</p>	<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> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows. <p><i>(This standard will be applicable to the National Council for Law Reporting and will have considerable impact upon adoption)</i></p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2022:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.
<p>Other Improvements to IPSAS</p>	<p>Applicable: 1st January 2021:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks. b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved. c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets. d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in

IPSAS 33 to make it consistent with the core principles in the Standard

iii. Early adoption of standards

Kenya Law did not adopt any new or amended standards during the financial year 2019/2020.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

- Grants from the National Government

Kenya Law recognizes grants from the National Government when the event occurs and the asset recognition criterion is met. An inflow of resources from a non-exchange transaction recognized as an asset is recognized as revenue, except to the extent that a liability is also recognized in respect of the same inflow.

- Donor Grants (Donations in Kind)

Revenues from non-exchange transactions with donor entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property).

For Donations in Kind: Revenues are recognized when the economic benefits or service potential related to the asset will flow to Kenya Law and can be measured with certainty and reliably.

- Donor Grants (Conditional Grants)

These funds are recognized at fair value when there is reasonable assurance that the Council will comply with the conditions attaching to them and the funds will be received. Donor funds related to purchase of assets are treated as deferred income and allocated to the statement of financial performance as income over the useful lives of the related assets while grants related to direct payment of expenses are treated as donor fund income and fully expensed in the income statement.

- Recognition of Other Income

Other income include monies received from other transactions other than the sale of books e.g. good will transfers, funds for projects and grants in kind from other institutions e.g. for training, special jobs for specific institutions etc. These are recognized when received.

ii) Revenue from exchange transactions

- Rendering of services

Kenya Law recognizes revenue from rendering of services for these special contracted assignments / jobs by reference to the stage of completion; when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

- **Sale of goods**

Revenue from the sale of legal publications such as Kenya Law Reports, Laws of Kenya and other related publications 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 Kenya Law.

Budget information

Kenya Law's original budget for FY 2019/2020 was approved by the National Assembly in June 2019. Kenya Law also received an additional Kshs. 40,000,000 in additional appropriations to its approved budget during the 2nd supplementary budget. The addition in appropriations was added to the original budget upon receiving the respective communication. Accordingly, Kenya Law recorded additional appropriations of Kshs. 40,000,000 to the 2019/2020 budget.

The annual budget is prepared on accrual basis, that is, all planned costs and incomes are presented in a single statement to determine the financial needs of Kenya Law. As a result of the adoption of the accrual basis for budgeting purposes, there is no basis, timing or Kenya Law operational differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

Kenya Law's budget is prepared on a cash basis, different to the actual income and expenditure results 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. 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.

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 5 of these financial statements.

b) Taxes

Current income tax

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

Kenya Law being a service oriented Semi- Autonomous Government Agency is exempted from paying Income Tax.

Deferred tax

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

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

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

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

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

Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Kenya Law being a service oriented Semi- Autonomous Government Agency does not employ the deferred tax methodology in tax computation.

Sales tax

Kenya Law recognizes expenses and assets net of the amount of sales tax, except:

- i. When the sales tax incurred on a purchase of assets or services is not recoverable from the tax authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

ii. When receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the tax authority is included as part of receivables or payables in the statement of financial position.

c) Investment property

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

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

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

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

Kenya Law did not have any investment property during the financial year ended 30th June 2020.

d) Property, plant and equipment

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

The annual depreciation is charged on a reducing balance basis at the rates listed below:

- Motor Vehicles - 20%
- Computer, Networks and other IT equipment - 33 1/3%
- Office Furniture and fixtures - 10%
- Office equipment - 15%

e) Intangible assets

Kenya Law recognizes Intangible assets acquired separately initially 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.

The amortization rate for Intangible assets is 20% on a reducing balance basis.

f) Financial instruments**i) Financial Assets****Initial recognition and measurement**

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

Loans and receivables

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

Held-to-maturity

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

Impairment of financial assets

The entity assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or an entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event')

and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

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

ii) Financial Liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

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

h) Research and development costs

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

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

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of

expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

Inventories

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

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

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

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

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

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of Kenya Law operations or in the case of sellable inventory, as cost of sales upon sale.

i) Provisions

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

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

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

Contingencies

Contingent liabilities

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

Contingent assets

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

j) Nature and purpose of reserves

Kenya Law creates and maintains reserves deliberately and only for specific requirements as and when necessary and possible. However, Kenya Law does not have any reserves currently.

k) Changes in accounting policies and estimates

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

l) Employee benefits

Kenya Law provides a defined contributions retirement benefits scheme 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.

m) Foreign currency transactions

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

n) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or

constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

o) Related parties

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

p) Service concession arrangements

Kenya Law analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, it recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, Kenya Law also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

q) Cash and cash equivalents

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

r) Comparative figures

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

s) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on Kenya Law's financial statements for the year ended June 30, 2020.

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

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. Kenya Law 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 its control. Such changes are reflected in the assumptions when they occur, IPSAS 1.140.

Useful lives and residual values

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

- i) The condition of the asset based on the assessment of experts engaged by Kenya Law.
- ii) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- iii) The nature of the processes in which the asset is deployed.
- iv) Availability of funding to replace the asset.
- v) Changes in the market in relation to the asset.

Provisions

Provisions were made and management determined an estimate based on the relevant information available. Provisions for annually recurrent expenditure items are estimated at the previous years actual costs incurred to settle the obligation unless there is reasonable foreseeable indication that the cost might change materially.

A provision of Kshs. 900,000 was made for audit fees based on the actual fees paid in the financial year 2019/2020.

NOTES TO THE FINANCIAL STATEMENTS

6. TRANSFERS FROM GOVERNMENT OF KENYA

	2019-2020	2018-2019
Unconditional grants		
Transfers from The Government of Kenya	354,300,000	313,600,000
Deferred Income realized	5,007,996	6,064,308
Total government grants and subsidies	359,307,996	319,664,308

Transfers from Ministries, Departments and Agencies

	2019-2020	2018-2019
The Office of the Attorney General & Department of Justice	354,300,000	313,600,000
Total Transfers	354,300,000	313,600,000

7. GRANTS IN KIND FROM DEVELOPMENT PARTNERS

	2019-2020	2018-2019
Conditional grants		
Grants in kind from Donor (Judiciary Performance Improvement Programme)	-	9,445,188
Total Grants in Kind	-	9,445,188

Analysis of the Grants to the National Council for Law Reporting is as follows:

- Government of Kenya- These are Un-conditional grants by the government allocated to Kenya Law for recurrent expenditure. These grants are received through the Office of the Attorney General & Department of Justice (the parent ministry) on a quarterly basis.
- Judiciary performance improvement Project grants are non-cash grants attributable to the monetary value of Assets and expenses for items procured by and paid for by the JPIP secretariat to the benefit of Kenya Law in accordance with the JPIP work plan. Specifically, it includes rent expenses and service charge paid for under the JPIP. The expense items and Assets in this regard have been captured in the statement of financial performance and matched to this item of income.

8. DEFERRED INCOME REALIZED

Description	2019-2020 Kshs	2018-2019 Kshs
Quarter 1	1,381,006	1,592,080
Quarter 2	1,291,051	1,547,156
Quarter 3	1,206,875	1,454,842
Quarter 4	1,129,063	1,470,230
Total transferred to the Statement of Comprehensive Income	5,007,996	6,064,308

Deferred Income for the year is recognized to be equivalent to the depreciation /used value or economic benefits derived from Assets donated / acquired through the JPIP or other development partner in the financial year 2019/2020.

9. RENDERING OF SERVICES (OTHER INCOMES)

Description	2019-2020 Kshs	2018-2019 Kshs
Other Incomes (Specialized Publications – Uasin Gishu County)	2,500,000	2,022,095
Total revenue from the rendering of services	2,500,000	2,022,095

Other Incomes are revenues earned as conditional grants for various specialised publication and services offered by Kenya Law in the year ending 30th June 2020. In the year, Kenya Law published and printed Specialized Laws of Kenya for the Uasin Gishu County Government.

10. SALE OF GOODS

Description	2019-2020 Kshs	2018-2019 Kshs
Sale of goods		
Sale of Kenya Law reports and other related legal publications	6,004,400	8,138,625
Total revenue from the sale of goods	6,004,400	8,138,625

This is revenue earned from sale of Kenya Law reports and other legal publications by Kenya Law in the financial year 2019/2020.

11. EMPLOYEE COSTS (72 members of staff)

Description	2019/2020	2018/2019
	KShs	KShs
Salaries and wages	57,238,081	55,860,914
Housing benefits and allowances	65,075,268	65,354,145
Employee related costs - contributions to pensions and medical aids	10,382,826	11,609,594
Performance and other bonuses	320,000	0
Total Employee costs	133,016,175	132,824,653

12. REMUNERATION OF COUNCIL MEMBERS

Description	2019/2020	2018/2019
	KShs	KShs
Chairman's Honoraria	1,044,000	1,044,000
Directors emoluments	2,766,250	2,507,000
Other allowances	285,618	1,156,616
Total remuneration for council members	4,095,868	4,707,616

13. GENERAL EXPENSES

Description	2019/2020	2018/2019
	KShs	KShs
Internet Connections	1,968,631	2,304,934
Other Fuels (Cooking gas)	-	16,874
Education and Library Expenses including subscriptions to Newspapers	2,128,120	3,014,125
Catering services, refreshments and gifts	4,223,702	5,712,143
Cleaning Services	998,968	1,326,838
Parking Charges	1,350	904,800
Computer Software	13,535,099	12,741,412
Total general expenses	22,855,870	26,021,125

14. DEPRECIATION AND AMORTIZATION EXPENSES

Description	2019/2020	2018/2019
	KShs	KShs
Property, plant and equipment	9,802,117	11,559,310
Intangible assets	539,309	661,956
Total depreciation and amortization	10,341,426	12,221,266

15. REPAIRS AND MAINTENANCE

Description	2019/2020 Kshs	2018-2019 Kshs
Plant, MC and Equipment	1,978,008	2,122,948
Furniture and Equipment	184,200	47,350
Repair of Vehicles including cleaning	223,561	335,619
Repair of Computers	2,465,350	2,450,142
Communications Equipment	38,000	18,498
Total repairs and maintenance	4,889,119	4,974,557

16. CONTRACTED SERVICES

Description	2019/2020 Kshs	2018-2019 Kshs
Contracted Professional Services	3,183,000	4,720,000
Contracted Technical services	22,468,861	12,201,273
Courier and Postage	159,771	345,274
Total contracted services	25,811,632	17,266,547

17. PURCHASE OF GOOD AND SERVICES

Description	2019/2020 Kshs	2018-2019 Kshs
Accessories to Computers	1,667,918	1,213,255
Advertising and publicity	884,640	6,240,734
Provision for Audit fees	900,000	800,000
Casual Labour	808,882	909,136
Conferences and Seminars	1,681,800	1,632,595
Donations	106,000	181,000
Fuel and oil	320,050	622,630
General office stationery	1,539,591	1,096,584
Insurance (Medical, Group life and WIBA, Motor)	18,406,322	16,705,102
Laundry Expenses	74,950	106,300
Legal expenses	-	845,160
Membership fees, dues, subscriptions to professional orgs. and tradebodies	301,680	347,260
Printing and publishing	88,711,421	23,664,129
Rental (Office and Warehouse)	26,681,871	25,236,982
Sanitary and Cleaning materials	346,154	683,120
Security costs	1,234,506	1,025,440
Telephone expenses	585,996	939,147

Temporary Committee allowances	1,946,000	3,355,000
Tradeshows and Exhibitions	1,549,834	3,115,012
Training Expenses and Remuneration of instructors and contract based training	7,055,253	10,124,099
Travel, motor car, accommodation, subsistence and other allowances	17,562,697	17,558,830
Cost of Sales	2,640,935	4,637,552
COVID-19 related Expenses	1,733,934	-
Total Purchase of goods and services	176,740,434	121,039,037

18. BANK CHARGES

	2019/2020	2018/2019
	Kshs	Kshs
Bank Charges	235,487	209,495
Total Bank Charges	235,487	209,495

These costs are related to charges incurred when undertaking transactions through the organisations bank accounts.

19. TAXATION

	2019/2020	2018/2019
	Kshs	Kshs
Taxation	-	-
Total tax	-	-

20. CASH AND CASH EQUIVALENTS

	2019/2020	2018/2019
	Kshs	Kshs
Current accounts	87,159,064	70,967,278
Others(Mpesa, Cash In hand)	1,494,411	1,273,706
Total cash and cash equivalents	88,653,475	72,240,984

Analysis of the Cash and Cash Equivalents

	2019/2020	2018/2019
	Kshs	Kshs

a) Current account

Kenya Commercial bank	1103135449	Kshs	83,589,909	68,137,473
Kenya Commercial bank(Grants)	1131298241	USD	4,783	4,783
Barclays Bank of Kenya	451230484	Kshs	3,564,372	2,825,022

			87,159,064	70,967,278
b) Others				
Cash in hand		Kshs	25,110	35,445
M-Pesa	516800	Kshs	1,469,301	1,238,261
Sub total			1,494,411	1,273,706
Total Cash and Cash Equivalents			88,653,475	72,240,984

21. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Description	2019/2020 Kshs	2018/2019 Kshs
Current receivables		
Debtors - Legal Publications	24,542,605	22,945,553
Other Debtors – The National Assembly	-	1,958,080
Total current receivables	24,542,605	24,903,633
Non-current receivables		
Lease agreement Deposits (transferred to current receivables)	3,780,255	3,780,255
Total non-current receivables	3,780,255	3,780,255
Total receivables	28,322,860	28,683,888

22. RECEIVABLES FROM NON-EXCHANGE CONTRACTS

Description	2019/2020 Kshs	2018-2019 Kshs
Current receivables		
Debtors - Salary Advances	673,253	551,825
Other debtors (Non-exchange transactions)	2,458,166	210,000
Other Prepayments	6,568,285	-
Total current receivables	9,699,704	761,825

23. INVENTORIES

Description	2019/2020 Kshs	2018-2019 Kshs
Stocks of Kenya Law Reports, Laws of Kenya and other legal publications	213,884,755	187,795,410
Library Books	7,307,724	7,307,724
Consumables	920,976	2,001,488
Total inventories at the lower of cost and net realizable value	222,113,455	197,104,622

24. PROPERTY, PLANT AND EQUIPMENT

	At 30 th June 2020	At 30 th June 2019	At 30 th June 2018	At 30 th June 2017	At 30 th June 2016
	At 30 th June 2020	At 30 th June 2019	At 30 th June 2018	At 30 th June 2017	At 30 th June 2016
Historical Cost	17,900,000	55,540,024	55,433,218	13,785,117	142,658,359
At 1 st July 2019	7,164,404	33,947,952	14,605,613	6,422,690	62,140,659
Additions	-	35,000	-	-	35,000
Disposals	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-
Total (A)	7,164,404	33,982,952	14,605,613	6,422,690	62,175,659
Depreciation and impairment					
At 1 st July 2018	9,103,992	18,014,823	35,506,893	6,297,682	68,923,390
Depreciation for the year 2018/19	1,631,604	3,542,249	5,320,712	1,064,745	11,559,310
Impairment	-	-	-	-	-
At 1 st July 2019	10,735,596	21,557,072	40,827,605	7,362,427	80,482,700
Depreciation for the year 2019/20 (B)	1,328,952	3,270,473	4,292,138	910,554	9,802,117
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-
Total	12,064,548	24,827,545	45,119,743	8,272,981	90,284,817
Net book values					
At 30 th June 2020 (A-B)	5,835,452	30,712,479	10,313,475	5,512,136	52,373,542
At 30 th June 2019	7,164,404	33,947,952	14,605,613	6,422,690	62,140,659

25. INTANGIBLE ASSETS-SOFTWARE

Description	2019-2020 Kshs	2018-2019 Kshs
Cost		
At beginning of the year	2,906,655	3,568,611
Additions	-	-
At end of the year	2,906,655	3,568,611
Additions-internal development	-	-
At end of the year	2,906,655	3,568,611
Amortization and impairment		
At beginning of the year	5,334,768	4,672,812
Amortization for the year	539,309	661,956
At end of the year	5,874,077	5,334,768
Impairment loss	-	-
At end of the year	5,874,077	5,334,768
Net Book Value	2,367,346	2,906,655

26. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	2019-2020 Kshs	2018-2019 Kshs
Audit fees payable	1,844,000	900,000.00
VAT payable	1,580,456	2,232,028
Salaries Clearances		
HELB payable	21,429	11,958
Insurance Payable	101,032	85,515
Loan payable	778,893	848,178
NHIF Payable	115,200	120,100
NSSF payable	31,400	32,800
PAYE Liability for allowances	234,060	-
Waumini Sacco Payable	10,000	10,000
Welfare payable	50,400	50,400
ICEA Lion Pension payable	-	1,283,735
Sheria Sacco payable	-	1,355,931
Accrued Rent	-	2,499,011
Other payables	72,069,916	11,250,036
Total	76,836,787	20,679,692

27. DEFERRED INCOME (UNREALIZED)

	2019/2020	2018/2019
	Kshs	Kshs
National Government	-	-
Grants from Donors	160,602,698	165,610,694
Public Contributions	-	-
Total value of Deferred Income	160,602,698	165,610,694

Statement of Deferred Income

	Kshs
Balance B/F 1 st July 2019	165,610,694
Quarter 1	(1,381,006)
Quarter 2	(1,291,051)
Quarter 3	(1,206,875)
Quarter 4	(1,129,063)
Total transferred to the Statement of Comprehensive Income	(5,007,996)
Balance c/f 30 th June 2020	160,602,698

28. EMPLOYEE BENEFIT OBLIGATIONS

	2019/2020	2018/2019
	Kshs	Kshs
Current benefit obligation	-	1,283,735
Total employee benefits obligation	-	1,283,735

Kenya Law has had a defined benefit scheme for all full-time employees from July 1, 2012. Contribution to the scheme is at the ratio of 10:20 per cent of salary for employee and employer

respectively. No actuarial valuation was done in the financial year to value the scheme. The scheme value at the end of the year was as follows:

	2019/2020	2018/2019
	Kshs	Kshs
Valuation at the beginning of the year	78,591,033	61,192,787
Changes in valuation during the year	19,590,637	17,398,245
Valuation at end of the year	98,181,670	78,591,033

Kenya Law also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. Kenya Law's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs.400 per employee per month.

29. FINANCIAL RISK MANAGEMENT

The entity's financial risk management objectives and policies are detailed below:

(i) Credit risk

Credit risk is the risk that a borrower is unable to meet their financial obligations to the lender. Kenya Law's credit risk is primarily attributable to its trade receivables. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the council's management based on prior experience and assessment of the current economic environment.

The amount that best represents the company's maximum exposure to credit risk is made up as follows:

	Total Amount	Fully Performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 th June 2020				
Bank balances	-	-	-	-
Receivables from exchange transactions	24,542,605	10,750,343		
Receivables from non-exchange transactions	9,699,704	9,699,704	-	-
At 30 th June 2019				
Bank balances	-	-	-	-
Receivables from exchange transactions	24,903,633	9,903,633	-	
Receivables from non-exchange transactions	761,825	761,825	-	-

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

	Total amount Kshs.	Fully performing Kshs.	Not performing Kshs.	Total Kshs.
Receivables from exchange transactions	24,542,605	10,750,343	-	-
Receivables from non- exchange transactions	9,699,704	9,699,704	-	-
Bank balances	-	-	-	-
Total	34,242,309	20,450,047	-	-

The customers under the fully performing category are paying their debts as they continue in operation. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that Kenya Law has recognized in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

Kenya Law had credit risk on amounts due from customers for the sale of legal publications of Kshs.

13,792,262 associated with receivables from exchange transactions.

(ii) Liquidity risk management

Liquidity risk is a financial risk that for a certain period of time at a given financial asset, security or commodity cannot be traded quickly enough in the market without impacting the market price.

Prudent liquidity risk management includes maintaining sufficient cash to meet company obligations. Ultimate responsibility for liquidity risk management rests with the council board members, which has built an appropriate liquidity risk management framework for the management of the council's short, medium and long-term funding and liquidity management requirements. Kenya Law manages liquidity risk by continuous monitoring of forecasted and actual cash flows.

The table below analyses the Kenya Law's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts here below disclosed are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 month Kshs	Between 1-3 months Kshs	Over 5 months Kshs	Total Kshs
At 30th June 2019				
Trade and other payables	-	11,250,036	-	11,250,036
Other Current Liabilities (Salaries clearances & VAT)	9,429,656	-	-	9,429,656
Bank Overdraft	-	-	-	-
Total	9,429,656	11,250,036	-	20,679,692
At 30th June 2020				
Trade payables	-	72,069,916	-	72,069,916
Other Current Liabilities (Salaries clearances & VAT)	4,766,871	-	-	4,766,871
Bank Overdraft	-	-	-	-
Total	4,766,871	72,069,916	-	76,836,787

(iii) Market risk

Market risk refers to the risk an institution faces resulting from movements in market prices. In particular, changes in interest rates, foreign exchange rates, and equity and commodity prices. It comprises of Price risk, Fair value interest rate risk and Foreign exchange risk.

▪ Price risk

This is risk of a decline in the value of a security or a portfolio that can be minimized through diversification, unlike market risk. Kenya Law does not hold investments that would be subject to price risk; hence this risk does not directly affect its net worth.

▪ Fair value interest rate risk

This is a risk that future cash flows will fluctuate because of changes in market interest rates. Investments and borrowings subject to fixed rates expose Kenya Law to fair value interest rate risk, as the fair value of the financial instrument fluctuates because of changes in market interest rates. Kenya Law does not hold interest bearing assets or liabilities subject to fair value interest rate risk; hence this risk does not directly affect its net worth.

▪ Foreign exchange risk

This is risk that an asset or investment denominated in a foreign currency will lose value as a result of unfavourable exchange rate fluctuations between the investment's foreign currency and the investment holder's domestic currency.

Kenya Law occasionally receives grants denominated in foreign currency especially in US Dollars. This exposes Kenya Law to risks that may arise from fluctuations in the foreign currency exchange rates. Kenya Law has a USD bank account for transacting receipts and payments in USD to minimize the exposure to exchange risks.

■ Foreign currency sensitivity analysis

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

	Change in currency rate KShs	Effect on Profit before tax KShs	Effect on equity KShs
2020			
Euro	10%	-	-
USD	10%	-	-
2019			
Euro	10%	-	-
USD	10%	-	-

iv) Capital Risk Management

Kenya Law's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the council consists of equity attributable to equity holders, comprising capital fund, reserves and retained earnings. Kenya Law would ordinarily monitor its capital risk using the gearing ratio. Gearing ratio is calculated as net borrowings over the total capital. Kenya Law had no borrowings as at 30th June 2020.

	2020 KShs	2019 KShs
Retained Earnings	142,525,621	152,699,236
Capital Reserve	23,565,276	23,565,276
Total Funds	166,181,897	176,264,512

30. RELATED PARTY BALANCES

Nature of related party relationships

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to as the 'reporting entity')

The parties that were related to Kenya Law in the financial year 2019/2020 were:

- Government of Kenya - The Government of Kenya is the primary financier of Kenya Law as a Semi-autonomous Government Agency. The GOK Transfers non-conditional Grants to the National Council for Law Reporting every financial year.
- Office of the Attorney General and Department of Justice - This is our parent ministry; that then influences the Kenya Law's strategy. It also approves Kenya Law's budget as part of the total budget of the Office of the Attorney General and Department of Justice as a ministry.
- Council members – This is the body that gives the strategic direction of the National Council for Law Reporting and provides oversight over Kenya Law's secretariat and its activities.
- Key Management – These are the persons who manage the secretariat and implement the policy direction and strategies of the National Council for Law Reporting as directed by the Council members. Kenya Law has a total of eleven (11) management staff.

The transactions are at arm's length and are recognized in accordance to Kenya Law's existing operational policies.

	2019/2020	2018/2019
Transactions with related parties		
a) Sales to related parties		
Sales of legal publications to Judiciary	889,000	1,821,000
Sales of legal publications the Office of the AG & DOJ	100,000	-
Total	989,000	1,821,000
b) Grants from the Government		
Grants from National Govt.	354,300,000	313,600,000
Donations in kind	-	9,445,188
Total	354,300,000	323,045,188
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for 72 employees	133,016,175	132,824,653
Total	133,016,175	132,824,653
Council Members emoluments	4,095,868	4,707,616
Compensation to the CEO	6,381,780	7,713,230
Compensation to key management	30,648,309	31,389,371
Total	41,125,957	43,810,217

31. CAPITAL COMMITMENTS REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED JUNE 30, 2

Capital commitments	2019-2020 Kshs	2018-2019 Kshs
Authorized for	-	-
Authorized and contracted for	-	-
Total	-	-

32. EVENTS AFTER THE REPORTING PERIOD

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

33. ULTIMATE AND HOLDING ENTITY

National Council for Law Reporting is a State Corporation or a Semi- Autonomous Government Agency in the Office of the Attorney General & Department of Justice, herein the holding entity. The ultimate holding entity for National Council for Law Reporting is the Government of Kenya.

34. CURRENCY

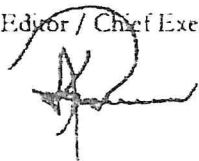
The financial statements are presented in Kenya Shillings (Kshs).

19. Appendices

Appendix I: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

There were no issues raised by the external auditor from the previous financial year(s) that were still outstanding as at 30th June 2020.

Editor / Chief Executive Officer



Date: 15th July 2021

Chairperson of the Council



Date: 5/7/2021

Appendix II: INTER-ENTITY TRANSFERS

	Date	Details	
		Drawer	Amount (Kshs.)
1	Quarter 1 - (28 th August 2019)	Office of the Attorney General & Department of Justice	78,575,000
2	Quarter 2 - (12 th November 2019)	Office of the Attorney General & Department of Justice	78,575,000
3	Quarter 3 - (4 th February 2020)	Office of the Attorney General & Department of Justice	78,575,000
4	Quarter 4 - (22 nd May 2020)	Office of the Attorney General & Department of Justice	118,575,000
	Totals		354,300,000

The above amounts have been communicated to and reconciled with the Office of the Attorney General & Department of Justice.

