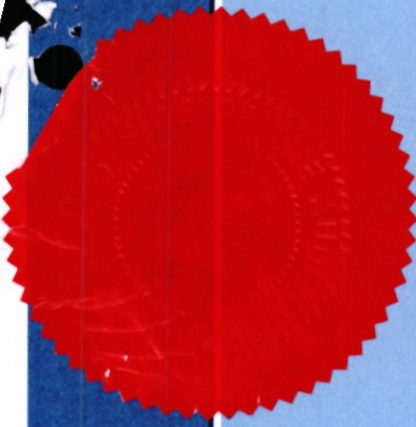
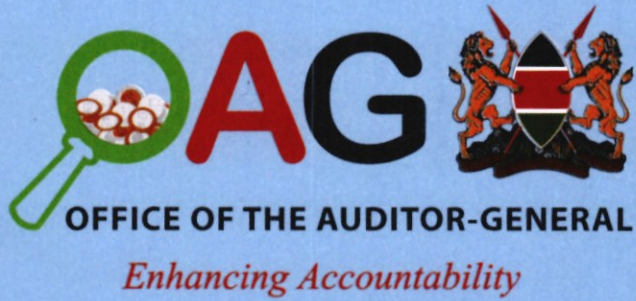


REPUBLIC OF KENYA



REPORT

THE NATIONAL ASSEMBLY
PAPERS LAID
DATE: 20 MAR 2024 DAY: WEDNESDAY
LED: Hon Kimani Ichungwa, MP
Leader, Majority Party
Miriam Njoro

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ANTI-COUNTERFEIT AUTHORITY

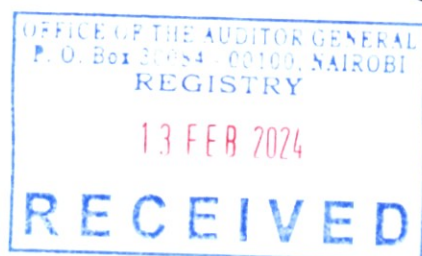
**FOR THE YEAR ENDED
30 JUNE, 2023**

ANTI-COUNTERFEIT AUTHORITY (ACA)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023



**anti
counterfeit
authority**

Upholding Authenticity



ANTI-COUNTERFEIT AUTHORITY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2023

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

ANTI-COUNTERFEIT AUTHORITY (ACA)
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I. ACRONYMS, ABBREVIATIONS AND GLOSSARY OF TERMS

A. Acronyms and Abbreviations

ACA	Anti-Counterfeit Authority
ADR	Alternative Dispute Resolution
A-I-A	Appropriation in Aid
AIMS	ACA Integrated Management Systems
CSR	Corporate Social Responsibility
DFID	Department for International Development
ED	Executive Director
FY	Financial Year
HELB	Higher Education Loans Board
HR	Human Resource
IP	Intellectual Property
IPR	Intellectual Property Rights
IPSAS	International Public Sector Accounting Standards
IT	Information Technology
KPLC	Kenya Power & Lighting Company
MTP	Medium Term Plan
NEMA	National Environment Management Authority
NHIF	National Health Insurance Fund
NSSF	National Social Security Fund
OSHA	Occupational Safety and Health Administration
PAYE	Pay As You Earn
PFM	Public Finance Management
PS	Principal Secretary
SCAC	State Corporations Advisory Committee
SDG	Sustainable Development Goals
WHT	Withholding Tax
MITI	Ministry of Trade, Investment and Industry

B. Glossary of Terms

Comparative Year – Means the prior period.

Complainant – Means a person, institution, government agency or state corporation entitled to lay a complaint under section 33(1), or who has laid such a complaint.

Consumer – Includes any member of the public or person who purchases or likely to purchase goods as an end user other than the owner of intellectual property right.

Counterfeiting – Means manufacture, production, packaging, re-packaging, labelling or making, without the authority of the owner of intellectual property right subsisting in Kenya or outside Kenya in respect of protected goods.

Counterfeit goods – Means goods that are the result of counterfeiting any item that bears an intellectual property right, and includes any means used for purposes and counterfeiting.

Counterfeit goods depot – Means a place designated as such under Section 29 of the Anti-Counterfeit Act, 2008.

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

Recordation of intellectual property rights - Refers to the process of collecting and entering into an electronic database, information from Intellectual Property Rights owners regarding their registered IPRs.

II. KEY AUTHORITY INFORMATION AND MANAGEMENT

(a) Background information

The Anti-Counterfeit Authority was established under Section 3 of the Anti-Counterfeit Act No. 13 of 2008 as a corporate body under the State Corporations Act, Chapter 446 of the Laws of Kenya.

The Authority falls within the Ministry of Trade, Investment and Industry (MITI) that is mandated to provide a policy framework and an enabling environment for trade, investment and industry development in Kenya. The Ministry is expected to play a key role in the realization of Kenya Vision 2030 whose goal is to make Kenya a newly industrializing, middle-income economy by the year 2030. To achieve this goal, the economy is expected to grow at 10% per annum. Six economic sectors have been identified to generate this growth. These are tourism, agriculture, manufacturing, wholesale and retail trade, business process outsourcing and financial services.

(b) Principal Activities

The principal mandate of the Authority is outlined in section 5 of the Anti-Counterfeit Act, 2008 as follows:

- i) Enlighten and inform the public on matters relating to counterfeiting;
- ii) Combat counterfeiting, trade and other dealings in counterfeit goods in Kenya;
- iii) Devise and promote training programs on combating counterfeiting;
- iv) Co-ordinate with national, regional or international organizations involved in combating counterfeiting;
- v) Advise the government through the Cabinet Secretary on policies and measures concerning the necessary support, promotion and protection of intellectual property rights as the extent of counterfeiting;
- vi) To carry out inquiries, studies and research into matters relating to counterfeiting and the protection of intellectual property rights;
- vii) Carry out any other functions prescribed for it under any of the provisions of this Act or under any other written law; and
- viii) Perform any other duty that may directly or indirectly contribute to the attainment of the foregoing.

Vision

A counterfeit-free Kenya

Mission

Promote legitimate trade through the enforcement of Intellectual Property Rights.

Strategic Objectives

1. To engage with key stakeholders to increase the level of awareness about counterfeiting;
2. To build strategic alliances with domestic and international partners;
3. To enhance IPR compliance for business efficiency;
4. To plan and enhance data-driven decision making to inform policy, awareness and enforcement;

5. To enhance institutional capacity and sustainability; and
6. To develop a service-level culture.

(c) Key Management

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

No.	Designation	Name
1.	Chairperson, Board of Directors	Mr. Josphat Kabeabea
2.	Board of Director	Lt. Col (Rtd.) Bernard Njiraini
3.	Board of Director	Ms. Magdalene Munyao
4.	Board of Director	Mr. Julius Chege Macharia
5.	Board of Director	Mr. Joel Bett
6.	Board of Director	Ms. Scholastica Mbilo
7.	Board of Director	Mr. Anthony Mwangi
8.	Board of Director	Mr. Oliver Konje
9.	Executive Director	Dr. Robi Mbugua Njoroge
10.	Director Legal Services	Mr. Johnson Adera
11.	Director Research, Planning & Public Awareness	Dr. John Akoten
12.	Director Corporate Services	Ms. Rephah Kitavi
13.	Director – Enforcement	Mr. Yussuf Osman Ahmed
14.	Director- Internal Audit & Risk Assurance	Mr. Douglas Nyangaresi
15.	Deputy Director, Education and Public Awareness	Ms. Agnes Karingu
16.	Deputy Director, Human Resource & Administration	Ms. Mary Mwinga
17.	Deputy Director, Legal Services	Mr. Naylor Mukofu
18.	Deputy Director, Enforcement	Mr. Lindsay Kipkemoi
19.	Deputy Director, Planning and Quality Assurance	Ms. Nelly Chepngetich
20.	Deputy Director, Research & Policy	Mr. Henry Omusundi Maina

(d) Fiduciary Management

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

No.	Designation	Name
1	Executive Director	Dr. Robi Mbugua Njoroge
2	Director Legal Services	Mr. Johnson Adera
3	Director Research, Planning & Public Awareness	Dr. John Akoten
4	Director Corporate Services	Ms. Rephah Kitavi
5	Director – Enforcement	Mr. Yussuf Osman Ahmed
6	Director- Internal Audit & Risk Assurance	Mr. Douglas Nyangaresi
7	Deputy Director, Education and Public Awareness	Ms. Agnes Karingu
8	Deputy Director, Human Resource & Administration	Ms. Mary Mwinga
9	Deputy Director, Legal Services	Mr. Naylor Mukofu
10	Deputy Director, Enforcement	Mr. Lindsay Kipkemoi
11	Deputy Director, Planning and Quality Assurance	Ms. Nelly Chepngetich
12	Deputy Director, Research & Policy	Mr. Henry Omusundi Maina

13	Depot Manager	Fredrick Chepkwony
14	Head of ICT	Henry Mirugi
15	Head of Procurement	Effie Aluoch
16	Head of Recordation	Caspar Oluoch

(e) Fiduciary Oversight Arrangements

The Authority has put in place measures and structures to enforce fiduciary and oversight arrangements to ensure compliance. The Authority which is the overall governance organ, comprises four key committees namely; Technical Committee, Finance, Human Resource and General-Purpose Committee, Legal and Enforcement Committee and Audit & Risk Committee.

These committees provide policy direction and oversight to the Authority’s management while advising the Board on various policy matters relating to its mandate. The main objective of the Audit and Risk Committee is to assist the Board in discharging its duties in relation to safeguarding of assets, the operation of adequate systems, control processes and the preparation of accurate financial reporting and statements in compliance with all applicable legal requirements and accounting standards.

Further the Authority submits its quarterly financial statements to the National Treasury through its parent ministry and annual financial statements to the Office of the Auditor General for audit. In addition, the Authority has in place an approved Finance policies and procedures manual.

(f) Entity Headquarters

P.O. Box 47771 - 00100
National Water Plaza, 3rd floor
Industrial Area, Dunga- Machakos Road Junction
Nairobi, Kenya

(g) Entity Contacts

Telephone: (+254)-(0)20-2280000
E-mail: info@aca.go.ke
Website: www.aca.go.ke

(h) Entity Bankers

Kenya Commercial Bank
Kipande House Branch
P.O. Box 30012 – 00100
Nairobi – Kenya

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(i) Independent Auditors

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

(j) Principal Legal Adviser

The Attorney General
State Law Office and Department of Justice
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

III. THE BOARD OF DIRECTORS

The Board of Directors of the Authority are:



Hon. Josphat Gichunge Mwirabua Kabeabea
Chairperson, Board of Directors

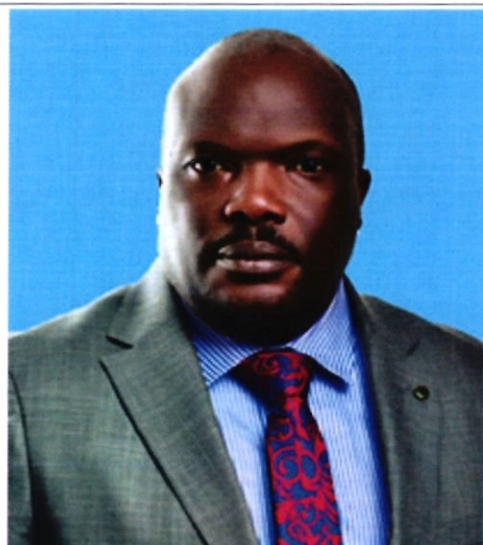
Hon. Josphat Kabeabea has a long outstanding career in industrial leadership and transformation of organisations with over 20 years' experience. He was born in 1975.

He holds a Master of Science from the Makerere University. He has a background in Micro-enterprise Development, leadership, governance and policy development.

He worked in micro industrial technology transfer programme project by World bank and Ministry of Labour.

Hon. Kabeabea served as a Member of Parliament for Tigania East Constituency building capacity in budget making, oversight and leadership of the constituency.

He has wealth of knowledge ranging from the real estate, distribution and manufacturing.



Dr. Robi Mbugua Njoroge
Executive Director

Dr. Robi Mbugua Njoroge has over 20 years' experience gained in both public and private sectors. He was born in 1974. Previously, Dr. Njoroge served as the Chief Executive Officer of Kenya Association of Music Producers (KAMP). He has also served as board member of the Media Council of Kenya (MCK), Tom Mboya University College, and Public Relations Society of Kenya (PRSK).

Dr. Njoroge holds a PhD degree from Kenyatta University; a Master's degree in Intellectual Property (MIP) from Africa University, Zimbabwe; a Bachelor of law (LLB) from Mount Kenya University and Bachelor of Education (Arts) from Egerton University and a post Graduate Diploma in Mass Communication,

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Lt. Col. (Rtd) Bernard N. Njiraini
 Managing Director, Kenya Bureau of Standards (KEBS)

Lt. Col. (Rtd) Bernard Njiraini is a holder of Masters of Science in Mechanical Engineering and Post Graduate Diploma in Strategic Studies. He is a member of the Institution of Engineers of Kenya (IEK). He was born on 16th August, 1971. As a military officer he has attended various leadership and command courses including Grade 2 Staff command. He served as a board member until 18th May 2023.



Mrs. Esther Ngari
 Ag. Managing Director, Kenya Bureau of Standards (KEBS)

Mrs. Esther Ngari, has Masters in Business Administration from Jomo Kenyatta University of Agriculture and Technology. She was born in 1973. Also holds a Certificate from Chartered Institute of Purchasing and Supplies-United Kingdom. She has been the Director for Standard Development and Trade at KEBS in addition to a Quality Assurance, Research and Development Manager at Kenya Meat Commission. She is the acting Managing Director, Kenya Bureau of Standards (KEBS) and became a Board Member of ACA effective 19th May 2023.



Mr. Joel Bett
 Representative of PS, National Treasury and Planning

Mr. Joel is a holder of Masters in Economics and Bachelor of Economics both from the University of Nairobi. He was born in 1978. He is currently the Principal Economist at the National Treasury and Planning and was previously the senior Economist at the Ministry of Industrialization and Enterprise Development.



Magdalene Nzisa Munyao
Independent Board Member

Magdalene is an Expert in Intellectual Property Law and Anti-counterfeiting with 21 years working experience in both Private and Public Sector. She was born in 1976. She holds an MBA and Bachelor of Laws both from the University of Nairobi, Post Graduate Diploma from Kenya School of Law and is Commissioner for Oaths and Certified Public Secretary.

Magdalene has had a Trans-National career in Legal, Brand Protection and Anti-counterfeiting covering 9 countries within Africa with 15 years at Senior Management level. She was the first Director- Enforcement and Legal Services at the inception of the Anti-counterfeit Agency.

Magdalene has previously served as a Board Director at the Kenya National Trade Corporation Board as well as Corporation Secretary at the National Aids Control Council. She also served as the Chairperson of the Anti-Counterfeiting Committee of the Kenya Association of Manufacturers for 7 years.



Scholastica Mbilo
Representative of the Attorney General

Scholastica Mbilo is a highly skilled attorney with over 17 years in-depth knowledge and experience in public law litigation, democracy, governance and employment matters. She was born in 1980. She is a certified mediator and a Certified Secretary.

Her core values include professionalism, integrity and accountability. She is currently a Deputy Chief State Counsel working with the Office of the Attorney General and Department of Justice.



Mr. Julius Chege Macharia
 Representative of Commissioner General
 Kenya Revenue Authority

Mr. Chege Macharia is currently the Deputy Commissioner for Border Control and Enforcement at Kenya Revenue Authority (KRA). He was born in 1967.

He holds a Master's Degree in Sociology (Criminology) from the University of Nairobi and a Bachelor's degree in Human Resource Management from Kenyatta University.

Prior to this deployment, Mr. Macharia was a Chief Manager in the Intelligence and Strategic Operations Department in KRA. He has also worked for the Directorate of Criminal Investigations (DCI) as a Chief Inspector. During his tenure at the DCI, he gained extensive experience in fraud investigations, intelligence collection, enforcement skills and presentation of evidence before Court.

As the Deputy Commissioner in charge of Border Control and Enforcement, he is spearheading initiatives geared towards enhancing security and border protection within the country such as the acquisition and deployment of drones for surveillance along the borders and also for supporting marine operations, initiating a K9 Centre that will include K9 breeding and training.



Mr. Oliver Konje
 Representative Ministry of Trade,
 Investment and Industry (MITI)

Mr. Konje has been an alternate Director at EPC and later at KEPROBA. He was born in 1963. Appointed Co-Chair with SCAC to Merge Export Promotion Council and Brand Kenya Board to form Kenya Export Promotion and Branding Agency (KEPROBA), which was very successful and thereafter, appointed by the Office of President to be part of the team to Merge 5 State Corporation Agencies; KEPROBA, Kenya Yearbook, Kenya Investment Authority and Kenya Tourism Board in 2021. In 2022 appointed to Merger Implementation Committee by Office of the President to Merge KEPROBA, KTB and Tourism Research Institute to form Promotion Kenya.

Mr. Konje handles trade negotiations Bilaterally, Regionally and Multilaterally, promotes Trade activities and Development of Trade Policies.



Mr. Karanja Njora
Representative, PS State Department of
Industry

Mr. Karanja Njora, holds a Master of Arts in Public Administration and Management from Mount Kenya University. He was born in 1965. He has worked at Senior Public Administration level for over 17 (years) as a Senior District Officer, District Commissioner and County Commissioner. He currently works at the State Department of Industry. He was appointed as a representative of the PS, State Department of Industry effective 26th January 2023.



Mr. James Wang'ombe
Representative of Inspector General of
State Corporations

Mr Wang'ombe is an Economist by profession, he holds a Masters in Business Administration and he is member of Information System Audit and Control Association (ISACA). He was born in 1963. He has over 30 years of experience in Public Service having served in the planning and oversight sectors. He is currently a Deputy Inspector with the Inspectorate of State Corporations.



Mr. Antony Mwangi
CEO, Kenya Association of
Manufacturers (KAM)

Mr. Mwangi has a Masters' Degree in public management from Strathmore Business School, a Bachelor's degree from University of Nairobi and a certificate of Public Policy from New York University (NYU). He was born in 1974. He is an accomplished professional in governance & regulatory Affairs, public policy, communication, stakeholder management and business development across various industries in transportation, ICT, aviation and Oil & Gas. He is the CEO at Kenya Association of Manufacturers (KAM) and became a board member effective 21st September 2022.

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Mr. Johnson Adera
Director- Legal Services & Corporation
Secretary

Johnson Adera is an Advocate of the High Court with over 20 years in-depth knowledge and experience in Intellectual property law litigation, civil and criminal litigation, governance and employment matters. He was born in 1976. He holds a Masters in Law, A Bachelor's Degree in Law and a Post Graduate Diploma in Law. He is a Certified Secretary and a member of Law Society of Kenya and Institute of Certified Secretaries.

He is currently the Director Legal Services and Corporation Secretary.

IV. MANAGEMENT TEAM

The management team is comprised of the following:

Name of the Staff	Responsibility
 <p>Dr. Robi Mbugua Njoroge Executive Director Ph.D. M.A. in Communication Studies Master's in Intellectual Property (MIP) LLB, B.Ed</p>	<p>The Executive Director is responsible to the Board in implementing the Authority's Policy on fighting Counterfeiting; managing day to day activities of the Authority; and identifying, formulating and recommending strategic issues to the Board.</p>
 <p>Dr. John Akoten Director- Research, Awareness, Policy and Quality Assurance PhD, MSc, BSc</p>	<p>Dr. Akoten is responsible for: Coordinating development of short-, medium- and long-term institutional strategies. Coordinating of internal and external research, awareness programs in the Authority, and participating in the training of high-level delegations. Also liaising with the relevant ministries and institutions to develop and review curricula on Intellectual property rights at all levels of education; Developing of proposals for donor funding; Coordinating development of a robust performance management system and overseeing implementation of performance contracts as well as their monitoring and evaluation at all levels & Coordinating development of systems, policies and QMS procedures.</p>
 <p>Mr. Johnson Adera</p>	<p>Mr. Adera is responsible for coordinating the preparation of respective board papers. Initiating policy research on legal issues, Reviewing legal documents/instruments, opinions and briefs. Taking legal actions where necessary to protect the interests of the Authority in pursuance of its mandate; Liaising with external law firms on litigation involving the Authority either in pursuance of its mandate or other claims; Providing legal counsel on legal and legislative issues impacting on the Authority; Providing legal support and services to the programmes in which the Authority will be involved and advising the Authority on legal issues; Coordinating</p>

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<p>Director- Legal Services & Corporation Secretary LLM, LLB, CS(K)</p>	<p>prosecution of cases arising out of Enforcement of the Act; and carrying out the roles and responsibilities of Corporation Secretary as detailed in Mwongozo.</p>
 <p>Ms. Rephah Kitavi Director- Corporate Services Msc. Finance, BA (Econ), CPA (K), CISA</p>	<p>Ms. Kitavi is responsible for Coordinating and overseeing recruitment, selections and promotions; Designing and implementing of an Accounting and Financial management system; Ensuring prudent management of financial, human and physical resources of the Authority; Coordinating the development and overseeing implementation of the Authority’s Corporate Communication Strategy and oversee its implementation and Coordinating the branding of the Authority and it’s promotion both locally and internationally.</p>
 <p>Mr. Yussuf Osman Ahmed Director – Enforcement Master, Intellectual Property Rights, B Ed. (Science), Diploma Intellectual Property Rights</p>	<p>Mr. Osman coordinates the development and implementation of short-, medium- and long-term institutional strategies in enforcement.</p> <p>Coordinating the preparation of respective board papers; Supervising, training and developing the staff in the department; Coordinating and supervising field enforcement services; Overseeing preparation of work plans and budgetary proposals and proper management of the resources allocated to the department;</p>
 <p>Mr. Douglas Nyangaresi Director- Internal Audit & Risk Assurance Msc. Finance, BSc, CPA (K)</p>	<p>Mr. Douglas coordinates the preparation of respective board papers; Oversees the development and continuous review and assessment of the internal audit and corporate risk management strategies, policies, guidelines, procedures and frameworks; Provides leadership in the establishment and implementation of an integrated internal audit system in accordance with Sec 73 of the Public Finance Management Act 2012 and International Auditing Standards;</p>

 <p>Mrs. Agnes Karingu Deputy Director- Education and Public Awareness MBA, BSc</p>	<p>Mrs. Karingu is responsible for development of training manuals, brochures, pamphlets and other publications on counterfeit matters; organizing and conducting regular awareness workshops and information sessions for the public in order to sensitize them on the dangers of counterfeit products.</p>
 <p>Mr. Naylor Mukofu Deputy Director- Legal services Advocate of the High Court, LL.M, LLB</p>	<p>Mr. Mukofu is responsible for advising on amendment and drafting of legislation in relation to the Authority, negotiation and drafting of commercial contracts, international agreements, treaties and protocols on behalf of the Authority. Further, he is responsible for the provision of legal support and counsel and/or legal advice on all matters involving the Authority as well as ensuring creation of an enabling legal and regulatory framework and protection of the Authority's property and interests.</p>
 <p>Mrs. Mary Mwinga Deputy Director- Human Resource and Administration MA, BA, Higher Diploma HR</p>	<p>Mrs. Mwinga is responsible for Developing and reviewing on a continuous basis the training policies for staff to ensure relevance and adherence to the laid down policies and guidelines.</p> <p>Coordinating recruitments, appointments and promotions exercises; upholding staff discipline and secretary to the disciplinary committee; Establishing and maintaining a registry for proper storage of the Authority's documentation and files; Formulating and reviewing on continuous basis terms and conditions of service and Coordinating transport activities for the Authority both internal and overseas;</p>

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Mr. Lindsay Kipkemoi
Deputy Director – Enforcement
Masters in Governance, Peace and
Security Management, B.Sc.

Mr. Kipkemoi enforces measures aimed at combating counterfeiting and any other dealings in counterfeit goods by ensuring effective and efficient investigations, reviewing investigation files, acting on complaints from the owners of IPRs and ensuring support for prosecution of cases by availing witnesses and exhibits.



Ms. Nelly Chepngetich
Deputy Director – Planning and Quality
Assurance
MBA, B. Com (Accounting), CPA K

Ms. Nelly is in charge of Coordinating development of a robust performance management system and oversee implementation of performance contracts as well as their monitoring and evaluation at all levels.

She assists in preparation of board papers; Coordinating preparation of quarterly and annual performance contract reports; Coordinating development of systems, policies and quality management systems (QMS) procedures; Coordinating the planning process and monitor implementation of corporate plans and strategies;



Mr. Henry Omusundi Maina
Deputy Director- Research, Strategy and
Policy
Master of Laws in International
Development Law and Human Rights,
Post Graduate Diploma Mass
Communication, B. Ed. (Arts),

Mr. Henry is in charge of collecting, collating and processing research data, disseminating research findings through publications and presentations at local and international forums.

In addition, spearhead the development and implementation of the Authority’s research and development policy;

Carry out collaborative research with industries and other stakeholders on the aspects of counterfeiting; Ensure preparation of quarterly, biannual and annual implementation reports;

V. CHAIRMAN'S STATEMENT

On behalf of the esteemed Board of Directors of the Anti-Counterfeit Authority, it is my privilege to present the Annual Report and Financial Statements for the period ending June 30, 2023.

When I assumed the role of Chairman in the third quarter of the 2022-2023 financial year, I was greeted by a dedicated team of Board members, management, and staff wholly committed to our mission of combating counterfeit trade in our country. A significant milestone during my tenure has been the launch of the 3rd ACA strategic plan (2022/2023 - 2026/2027), which will serve as our guiding beacon for the next five years.

The accomplishments of this fiscal year can be attributed to a realigned strategic focus, emphasizing improved stakeholder relationships within the intellectual property (IP) industry, including law enforcement agencies. These partnerships have been instrumental in addressing the escalating challenges posed by counterfeiting and illicit trade.

Additionally, we have undertaken a comprehensive review of our enforcement strategy, transitioning from mere regulators to facilitators of business, in alignment with the Kenya Kwanza government's Bottom-up approach. This approach resonates with Kenya's Vision 2030, MTP III (2018-2022), Sector Performance Standards, and global Sustainable Development Goals.

Overview:

Acknowledging the government's priority to support the growth of micro, small, and medium enterprises, the Authority has embraced innovative approaches to compliance, incorporating stakeholder engagement and leveraging technology for sustainable enforcement.

We have implemented an Intellectual Property Rights Recordation System for imports into the country to deter the entry of goods that infringe on intellectual property rights.

Furthermore, we are addressing the demand side of counterfeiting through behavioural change strategies. By raising consumer awareness and altering attitudes towards counterfeit products through public awareness campaigns and messaging, we strive to curtail their appeal.

Operating Environment:

During this financial year, the Authority's operations were partially affected by the elections, especially during the first and second quarters due to pre and post-election public reactions. However, as the year progressed, normalcy returned, enabling us to carry out more enforcement and public awareness activities, including the successful launch of the 3rd Anti-Counterfeit Strategic Plan and engaging with stakeholders at national and international events.

A key milestone during this time was the hosting of the first International Symposium on IP Protection and Enforcement (ISIPPE-1), which fostered productive discussions on IP matters in the region, bringing together policymakers, judicial officers, law enforcers, industry experts, research scholars, students, media practitioners, and others.

Strategy:

Considering the complexity of counterfeiting and illegal trade, our authority adopts a multifaceted approach to fulfil its mandate. We have re-focused our strategies by embracing innovative practices, leveraging technology to combat this menace effectively.

Through the collaboration of multi-agency teams, including the Kenya Police, Directorate of Criminal Investigations, Kenya Revenue Authority, Kenya Bureau of Standards, Poisons and Pharmacy Board, and KenTrade, we strive to establish a coordinated effort in tackling these challenges.

By adopting contemporary approaches, such as the "whole-of-government approach," we aim to solve public problems more efficiently. Moreover, our collaboration with private and non-profit partners, including development partners and consumer organizations, seeks to protect public health and safety while bolstering the Kenyan economy against unfair trade practices. Launching the third strategic plan aligns our efforts with the Kenya Kwanza Bottoms-Up Economic Transformation Agenda (BETA), Africa Development Agenda 2063, the National Action Plan to Combat Illicit Trade, the Forth Medium-Term Plan, and Vision 2030, among others.

Risk Management:

The Authority adheres to a robust Risk Management Policy and Framework to mitigate and manage risks that could affect our planned activities. . Various risk registers, including Strategy Implementation Risk, Financial Risk, Business Continuity Risk, and Reputational Risk, have been established and are closely monitored and evaluated quarterly. This approach enables us to identify contributing factors, implement mitigating actions, and anticipate outcomes effectively.

Moreover, we are in the final stages of automating core operational areas, such as case management in enforcement, Depot Management, and general corporate operations encompassing human resources, finance, and procurement. The ACA Integrated Management Systems will further enhance our efficiency and accountability.

Corporate Governance:

At the heart of our governance principles lies the ‘*Mwongozo*’ code of governance for state corporations. Our Board of Directors are committed to strengthening Boardroom capabilities and providing policy direction, recognizing that sound corporate governance is fundamental to achieving long-term success in executing ACA's strategy.

Future Outlook:

Our transformative agenda places full automation and digitalization of core operations, including enforcement and case management, depot management, and intellectual property rights recording for imports into Kenya, at the forefront. The imminent implementation of the Anti-Counterfeit Integrated Management System (AIMS) marks the final stage of this endeavour.

Our sights are set on achieving full implementation of the Recordation of IPR for imports across all HS Codes, an indispensable tool in preventing the importation of counterfeit goods. Automation will also bolster transparency and accountability, enhancing overall corporate perception, trust, and stakeholder support.

With the launch of the 3rd ACA strategic plan for 2022-2027, we eagerly anticipate improved operational efficiency and effectiveness in combating counterfeit goods. These efforts align with Kenya Vision 2030, Africa Agenda 2063, and the United Nations' Sustainable Development Goals.

As the government shows unwavering support for micro, small, and medium enterprises, fostering innovation mindsets and encouraging value-addition economic activities, we are optimistic that the Authority will receive increased resource support from the government and private sector, enabling us to achieve our ambitious goals.

Acknowledgments:

I sincerely appreciate all stakeholders, including the Government of the Republic of Kenya through the Ministry of Investment, Trade, and Industrialization, the National Treasury, and the National Assembly Parliamentary Committee(s) on Trade and Industry, for their continued funding and support.

Lastly, I commend my fellow Board members for their unwavering commitment in carrying out their various committee and full Board roles. A special acknowledgement goes out to the management and staff of the Authority for their professionalism and teamwork, which have been essential to our achievements. We eagerly anticipate an even better 2023-2024.



Hon. Josphat Gichunge Mwirabua Kabeabea
Chairman of the Board of Directors

VI. REPORT OF THE EXECUTIVE DIRECTOR

Overview

During the fiscal year 2022/2023, the Anti-Counterfeit Authority (ACA) underwent significant changes occasioned by election of a new Kenya-Kwanza government whose philosophy is premised on Bottom-up Transformation Agenda (BETA). The Authority also received a new Chairman who has played a pivotal role in leading the Board of Directors. The Authority revamped the 3rd ACA strategic plan (2022/2023 - 2026/2027) to match the goals of the Kenya Kwanza Government manifesto.

To improve our service delivery, we shifted our focus towards building our human capital, leveraging on technology, mapping and having robust engagements with our diverse stakeholders and re-engineering our IPR enforcement operations. In this regard, we introduced innovative measures such as the Intellectual Property Recordation system for imports a programme aimed at dealing with counterfeit at the source. These actions significantly strengthened our role in enforcing intellectual property rights.

This achievement resulted from effective collaboration with internal and external stakeholders in the intellectual property industry. This collaboration fostered better teamwork and a stronger commitment to our core values: Authenticity, Credibility, and Alertness. We anticipate achieving even better results as we move forward into the next phase of implementing the strategic plan for 2022/23 - 2026/27.

Performance and Utilization of Funds

I am pleased to report on our financial achievements in the 2022/2023 fiscal year. Our commitment to prudent and transparent financial management has yielded positive outcomes, ensuring the effective execution of our mandate.

During this period, we received a total of Kshs. 349,999,999 in recurrent funds from the National Treasury and Planning. This financial support bolstered our operational stability, empowering us to smoothly carry out day-to-day activities, sustain our operations, and maintain a skilled workforce.

Our financial strategy extended beyond reliance on government funding. In pursuit of financial sustainability, we actively pursued alternative revenue sources. Our efforts in raising Appropriation in Aid (A-I-A) funds proved successful, generating Kshs. 56,717,386 during the financial year. These funds originated from diverse channels, including IPR Recordation fees, compounding fees, complaint-related charges, and destruction fees.

The attainment of substantial revenue through A-I-A mechanisms marks a significant milestone to the Authority. By reducing dependence on government budgetary allocations, we will enhance our resource allocation flexibility for vital operational areas. This supplementary income will empower the Authority to launch initiatives that effectively combat counterfeiting, safeguarded intellectual property rights, and heighten public awareness.

Our adept handling of financial commitments was a standout facet of our financial performance during the 2022/2023 fiscal year. We take pride in noting that we managed our financial obligations without any pending bills. This financial prudence underscores our dedication to fiscal responsibility and transparent accountability. Through responsible settlement of financial commitments and efficient resource management, we maintained a robust financial standing and strategically directed resources to meet organizational objectives.

As we progress, we focus on financial sustainability and judicious resource management. The successes achieved in securing government funds and diversifying revenue sources will serve bedrock for future endeavours. Bolstered by ongoing financial stability and effective fund utilization, we remain committed to eradicating counterfeiting in Kenya, thereby enhance business environment, promote legitimate trade and transform the country into foreign direct investment hub.

Annual Work Programme

Addressing counterfeiting and illicit trade remains a complex challenge that requires a collaborative, multi-agency approach. In light of this, the Authority is steadfast in its commitment to working closely with national, regional, and international law enforcement agencies to effectively combat these issues. By joining forces and sharing resources, intelligence, and expertise, we can better tackle the intricate networks involved in counterfeit activities.

As part of our collaborative efforts, we strongly support the national action plan to combat illicit trade. This comprehensive plan serves as a crucial guide for multi-agency teams engaged in enforcement and public awareness initiatives. By aligning our strategies with this plan, we can synchronize our actions to achieve a more significant impact and promote a united front against counterfeiting and illicit trade.

Throughout the fiscal year 2022/2023, we have been proactive in engaging various stakeholders to raise awareness about the detrimental effects of counterfeiting on consumers, businesses, and the economy. Our public outreach activities have been instrumental in reaching out to key stakeholders, including County Security Committees, County Business Communities, and the private sector.

These engagements have been supplemented by media training, enabling us to effectively communicate our anti-counterfeiting message to a broader audience. As a result of our collective efforts, we have witnessed a positive shift in public awareness on the dangers of counterfeit goods, with awareness levels increasing from 61% to 66%.

In our pursuit of enforcing intellectual property rights, we have taken on numerous infringement cases throughout the fiscal year. Investigating these cases requires meticulous attention to detail and the collaboration of various experts. Our dedication to resolving these matters diligently

has resulted in successfully addressing cases 38, including some that were carried forward from the previous year.

We continue to rely on the Balanced Scorecard-based work plan to ensure we stay on track in achieving our strategic objectives. This framework guides us in implementing and monitoring our initiatives and performance measures. By measuring our progress against key indicators, we can identify areas for improvement and make data-driven decisions to enhance our operational efficiency.

Technological Advancements

To foster a customer-oriented culture and enhance our operational efficiency, we have taken significant strides in adopting the ACA Integrated Management System (AIMS) driven by ICT interventions. AIMS is a comprehensive and innovative system that allows us to streamline our processes, optimize resource allocation, and deliver better services to our stakeholders.

Through AIMS, we have centralised and integrated various aspects of our operations, including data management, case tracking, and stakeholder engagement. This unified approach has not only improved communication and collaboration among different departments but also facilitated seamless information sharing, leading to faster decision-making and more effective enforcement efforts.

One of the most significant milestones in our technology-driven transformation has been the ongoing implementation of the Intellectual Property Recordation System, which commenced on January 31st, 2023. This system has proven instrumental in our fight against counterfeiting, as it has greatly enhanced our ability to identify and deter the importation of counterfeit goods into the country.

The Intellectual Property Recordation System provides a secure and centralized platform for recording and verifying intellectual property rights for imports. This means that businesses and rights holders can register their trademarks, copyrights, and patents with our Authority, creating a comprehensive database of legitimate intellectual property rights. Consequently, this information allows us to more efficiently identify and intercept counterfeit goods attempting to enter the market, preventing them from reaching consumers.

The system's real-time monitoring capabilities provide timely alerts about potential infringing activities, enabling swift and targeted enforcement actions. By staying one step ahead of counterfeiters, we can protect consumers from purchasing fake and potentially harmful products, safeguard the interests of legitimate businesses, and preserve the integrity of intellectual property rights.

Furthermore, the Intellectual Property Recordation System supports our efforts in gathering and analyzing data, allowing us to identify trends, patterns, and emerging threats in counterfeiting.

This data-driven approach empowers us to allocate our resources strategically, prioritize high-risk areas, and continuously improve our enforcement strategies.

As we continue the implementation of this cutting-edge system, we are committed to expanding its reach and capabilities further. We aim to position ourselves as a model agency through ongoing technological advancements and continuous improvements in our ICT infrastructure, setting the benchmark for efficient and effective intellectual property enforcement in the region.

By embracing technology and leveraging the power of ICT, we enhance our enforcement capabilities and reinforce our commitment to a customer-oriented culture. We remain dedicated to providing prompt and effective solutions to our stakeholders while championing the cause of safeguarding intellectual property rights and promoting a counterfeit-free environment in Kenya.

Risk Management and ISO Compliance

We have always recognized the importance of maintaining robust internal processes and ensuring compliance with industry standards to uphold the highest level of service delivery. To achieve this, we have implemented comprehensive risk management and ISO (International Organization for Standardization) compliance activities.

Risk Management: Our risk management framework is designed to identify, assess, and address potential risks that could affect the achievement of our strategic objectives. We conduct thorough risk assessments regularly, involving key stakeholders from various departments to comprehensively evaluate potential risks. By adopting a proactive approach, we aim to mitigate risks before they escalate into significant issues.

We have established risk management protocols that outline risk identification, analysis, evaluation, and response planning processes. This structured approach enables us to prioritize risks based on their potential impact and likelihood, allowing us to allocate resources efficiently to address them effectively.

Furthermore, we have developed risk mitigation strategies that are aligned with our organizational goals, ensuring that our actions align with our broader mission and vision. This not only helps us safeguard against potential disruptions but also enhances our ability to seize opportunities and achieve positive outcomes.

ISO Compliance: To further strengthen our internal processes and ensure excellence in our operations, we have embraced ISO standards, internationally recognised benchmarks for quality management. Our commitment to ISO compliance demonstrates our dedication to providing consistent, high-quality services to our stakeholders.

We have implemented ISO standards relevant to our operations, such as ISO 9001:2015 for Quality Management Systems. Adhering to these standards enables us to streamline our

processes, improve efficiency, and enhance customer satisfaction. By following standardized procedures and workflows, we minimise the risk of errors and inconsistencies in our services. Maintaining ISO compliance also requires regular internal audits to assess our adherence to the established standards. These audits help us identify areas for improvement and make necessary adjustments to optimize our performance continually.

Moreover, we actively involve our employees in the ISO compliance process by providing them with appropriate training and resources. This ensures that everyone in the organization is familiar with the ISO standards and is equipped to contribute to our collective efforts in maintaining compliance.

By integrating risk management and ISO compliance into our organizational culture, we create a foundation of stability and excellence. These practices serve as a cornerstone for achieving our strategic objectives and maintaining our commitment to delivering exceptional services to our stakeholders. Through continuous improvement and adherence to best practices, we aim to remain a reliable and trusted authority in combating counterfeiting and protecting intellectual property rights.

Human Capital

During this period, we recruited 14 new staff members, including One (1) Director, Two (2) Deputy Directors, Seven (7) Anti-Counterfeit personnel and Four (4) operations staff. While our current approved establishment allows for 250 staff, our recruitment efforts will continue to attract skilled individuals from both public and private sectors to bolster government efforts in safeguarding innovators from counterfeiting, IP rights infringement, and illicit trade.

To motivate and support our staff, we have consistently compensated them and provided necessary administrative and operational facilities. We also focused on staff training and upskilling to enhance overall organizational performance.

Mentorship and Industrial Placements

We engage and hire interns/attaches to provide mentorship and industrial placements for learners in critical areas. Furthermore, the implementation of our culture and change management program remains ongoing to foster teamwork, group cohesion, and staff performance.

Future Outlook

In our upcoming strategies, collaboration remains a central pillar. Establishing fruitful partnerships with stakeholders from both public and private sectors is pivotal to accomplishing our shared objective: advancing and safeguarding intellectual property by swiftly implementing essential technologies.

The enthusiastic reception of the IPR Recordal System holds paramount importance in our battle against counterfeit imports and in generating additional A-I-A funds to bolster the

Authority's resources, especially when confronted with limited financial support from the exchequer.

In our pursuit of becoming a pioneering force and an innovative government entity, we are committed to reinforcing our market research function. This enhancement will facilitate data-centric decision-making as we execute our mandate, acknowledging the ever-evolving landscape of global criminal activities linked to intellectual property theft.

Furthermore, we intend to harness technology to counteract the emerging misuse of digital markets, where the prevalence of online sales involving infringing intellectual property products has surged.

Appreciation

I wish to take a moment to deeply appreciate the Chairman, the esteemed Board of Directors, the dedicated Management team, and our incredible staff at the Anti-Counterfeit Authority for their steadfast commitment and support have been nothing short of remarkable during this phase.

I also want to extend our sincere gratitude to all our stakeholders, both in the public and private sectors. Your collaboration has been instrumental in our progress. Special thanks go to our valued development partners, with a spotlight on the Ministry of Industrialization, Trade, and Enterprise Development, as well as the National Treasury, for their consistent funding and policy leadership.

Furthermore, our appreciation goes out to our development collaborators, spearheaded by the World Intellectual Property Organization, the US Embassy in Nairobi in partnership with the US Customs and Border Protection Nairobi, TradeMark Africa, and the United Kingdom's Department for International Development (DFID). Your support has been invaluable throughout the financial year 2022-2023.

As we gaze into the future, we are brimming with enthusiasm about our reinvigorated approach to stakeholder engagement. Our vision remains resolute: to transform Kenya into a "Counterfeit-Free" nation and a top-tier investment destination. Together, we are poised to achieve greatness.



Dr. Robi Mbugua Njoroge
Executive Director/Chief Executive Officer

VII. STATEMENT OF ANTI-COUNTERFEIT AUTHORITY’S PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2022/2023

Anti-Counterfeit Authority has four (4) key result areas and six (6) strategic objectives within its Strategic Plan for FY 22/2023- 2026/2027. These key result areas are as follows:

Key Result Area 1: Enhance strategic repositioning;

Key Result Area 2: Re-engineer and deliver effective enforcement of intellectual property rights;

Key Result Area 3: Foster data-driven planning, research and policy; and

Key Result Area 4: Enhance institutional capacity and sustainability.

The Authority develops its annual work plans based on the above key result areas. Assessment of the Board’s performance against its annual work plan is done on an annual basis. The Authority achieved its performance targets set for the FY 2022/2023 period for its four (4) key result areas, as indicated in the diagram below:

	Strategic Objectives	Initiatives/Activities	Key Performance Indicators	Achievements, FY 2022/2023
KRA 1. Enhance strategic repositioning	SO 1.1. To engage with key stakeholders to increase the level of awareness about counterfeiting	Conduct outreach activities	No. of outreach activities conducted	27
		Leverage media coverage of enforcement and awareness activities	Media coverage	Media coverage done on ISIPPE 1- and other international days observed
	SO 1.2. To build strategic alliances with domestic and international partners	Stakeholder sensitizations/training	No. activities for stakeholder training/sensitization	27
		Develop a training curriculum academy and implement training programs	No. of activities for product knowledge	13
Implement ACA CSR activities		Approved Training curriculum & manual (40%)	36%	
SO 1.3. Improve and uphold the corporate image of the Authority		No. of CSR reports	1	
KRA 2. Re-engineer and	SO 2.1. To enhance IPR	Conduct market compliance checks	No. of inspections conducted	5,838

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	Strategic Objectives	Initiatives/Activities	Key Performance Indicators	Achievements, FY 2022/2023
deliver effective enforcement of intellectual property rights	compliance for business efficiency		No. of IPR complaints	147
			No. of consumer complaints	207
		Establish and implement recordation function	Number of IPR recordation approved	260
		Establish IPR agent admission/ registration/ regulation program	Number of IPR agent applications approved	34
		Investigate and prosecute IPR cases	Total no. of cases registered in court cases	9
		Resolution of cases through ADR	No. of cases resolved through ADR	38
		Value of counterfeit goods destroyed	Value of seized goods at the depot (Kshs. Million)	106.5
KRA 3. Foster data-driven planning, research and policy	SO 3.1. To plan and enhance data driven decision making to inform policy, awareness and enforcement	To conduct market intelligence surveys	No. of research surveys conducted	2
		Determine the level of customer satisfaction	Customer satisfaction index (%)	84%
KRA 4. Enhance institutional capacity and sustainability	SO 4.1. To enhance institutional capacity and sustainability	Implement and maintain a Quality Management System based on ISO 9001:2015	QMS system in place	Effective QMS system
		To recruit staff	Number of staff recruited	14
		Engage interns and attachés	Number of attachés and interns engaged	62
		Staff Training and competence development	Number of staff trained	102

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	Strategic Objectives	Initiatives/Activities	Key Performance Indicators	Achievements, FY 2022/2023
		Implement a risk-based audit programme	Approved risk-based audit programme	1
		Website update and launched	Updated website	More functional website
	SO 4.2. To develop a service-level culture	Carry out culture change surveys	Culture change survey report	Done as scheduled

The Authority manages performance through the balanced score card system which incorporates targets from the performance contract as well as the aligned strategic plan targets for the year under review.

VIII. CORPORATE GOVERNANCE STATEMENT

Introduction

The Board regards corporate governance as pivotal to the attainment of the Authority's core mandates and ensuring that ACA remains effective. The Board recognizes that for governance to be effective, it must be realized through leadership and collaboration, with the Board at the helm leading by example and supporting the senior management. This enables effective and efficient decision making and gives a structural aid for the management to discharge their duty to promote the success of ACA while taking into account the interest of stakeholders.

The Board Charter

The Charter is a critical corporate governance tool of the Board that documents the Board's composition, roles, and responsibilities. This ensures the effectiveness of each Director's contribution to the Authority's governance by facilitating independent judgment, decision making, and professional competencies. The Charter guides the Board in carrying out its mandate of:

- Appointment, induction, skills requirement;
- Articulation of, and commitment to, respect of the rights of stakeholders;
- Separation of roles and responsibilities of the board's individual director;
- Terms of reference for all board members.

The Charter does not replace or supersede any statutory laws and regulations that govern the Authority.

The Board Size, Composition & Appointment

The Authority's highest governing body is the Board. The Board directs the Authority with leadership, integrity, and judgment in order to achieve long-term prosperity for the Authority and its stakeholders. The Anti-Counterfeit Act, No. 13 of 2008, specifies the composition of the Authority's Board. It is made up of the following nine people:

1. The Chairperson from amongst the members appointed by the Cabinet Secretary under number 8 below;
2. The Principal Secretary in the Ministry for the time being responsible for matters relating to trade or his or her representative;
3. The Principal Secretary in the ministry for the time being responsible for matters relating to finance or his or her representative;
4. The Attorney-General or his representative;
5. The Commissioner-General of the Kenya Revenue Authority, who may be represented by the Commissioner of Customs;
6. The Managing Director of the Kenya Bureau of Standards;
7. The Chief Executive of the Kenya Association of Manufacturers or his representative;
8. Two members appointed by the Cabinet Secretary, not being public officers with knowledge on intellectual property rights, consumer protection or trade.
9. The Executive Director of the Authority is an ex officio Member of the Board.

Oversight role of the Board

The board provides strategic direction with a focus on consistent performance in a transparent and accountable environment, as well as reviewing and monitoring proper corporate governance throughout the Authority. The board's responsibilities are clearly stated in both the ACA Act and the Board Charter. The board defines the Authority's purpose, strategic intent, objectives, and values. It ensures that policies and procedures are in place to safeguard ACA's assets and reputation.

The board retains complete and effective control over ACA and monitors management's implementation of the board's plans and strategies; it ensures ethical behavior and compliance with applicable laws and regulations, audit and accounting principles, corporate policies and procedures, and the Code of Ethics. It strives to go above and beyond the minimum requirements and compares performance to best practices from around the world.

The Board is specifically tasked with the following duties: -

- (a) Defining the purpose of the ACA, that is, its strategic intent and objectives, and its values which should be clear, concise and achievable;
- (b) Strategy formulation and ensuring there are appropriate policies, systems and structures to effectively and successfully implement the strategies;
- (c) Provide leadership within a framework of prudent and effective structures which enable risks to be assessed;
- (d) Identify the opportunities as well as the major risks in its operating environment, including the development of risk policy plans/risk management policies and the implementation of appropriate measures to manage such risks or their anticipated impact on operations;
- (e) Review on a regular basis the adequacy and integrity of the internal controls, acquisition and divestures, management information systems including compliance with applicable laws and regulations;

Board Committees and Responsibilities

In order to fulfil its Fiduciary Oversight Arrangements, the Board has established four (4) principal Committees, the terms of which set forth the committees' purposes, goals, and responsibilities, as well as qualifications for committee membership, procedure for appointment and removal, and committee reporting to the Board. This is intended to facilitate the Board's efficient decision-making in carrying out its duties and responsibilities.

1. Technical Committee; provides oversight on the Authority's research, quality assurance, education and awareness functions.
2. Finance, Human Resource & General Purposes committee; Reviews the Authority's annual budgets and procurement plans, quarterly and annual financial reports; Provides oversight on implementation of human resource instruments, Implementation of the procurement and automation of processes within the organization.
3. Audit & Risk Committee; Reviews financial information and ensures that the system of internal controls is effectively administered throughout the organization.

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4. Legal & Enforcement Committee; Reviews legislative issues impacting on the Authority and all enforcement of intellectual property rights activities.

The Following is the list of all Board Committee members

Technical Committee	Finance, Human Resource & General-Purpose Committee	Audit & Risk Committee	Legal & Enforcement Committee
Anthony Mwangi (Chair)	Joel Bett (Chair)	Magdalene Munyao (Chair)	Esther Ngare (Chair)
Oliver Konje	Julius Macharia	Joel Bett	Scholastica Mbilo
Scholastica Mbilo	Oliver Konje	Anthony Mwangi	Julius Macharia
Esther Ngare		James Wang'ombe	Magdalene Munyao
		Karanja Njora	Karanja Njora

Board Meetings

During the year under review the Authority's Board held 5 full board meetings. The Human Resource Committee held 6, meetings, Finance, Human Resource & General Purposes committee held 6 meetings; Technical Committee held 4 meetings, Audit & Risk Committee held 4 meetings and Legal & enforcement Committee held 4 meetings which were attended as follows:

No	Board Member	Full Board	Technical Committee	Finance, Human Resource & General Purpose Committee	Legal & Enforcement Committee	Audit & Risk Committee Meeting	Any Other Meeting e.g. Induction, Adhoc, Field Meetings
1	Hon. Josphat Kabebea	2					16
2	Flora Mutahi	3					26
3	Joel Bett	5		6		4	17
4	Bruno Mugambi Linyiru	1					3
5	James K. Wang'ombe	3	1			3	7

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6	Joseph Wairiuko	2	1			1	6
7	Col. Lt. (Rtd) Benard Njiraini	3	2		2		6
8	Julius Chege	5		6	3	1	23
9	Scolastica Mbilu	5	4		4		16
10	Oliver Konje	5	4	6			17
11	Magdalene Munyao	4			4	3	20
12	Esther Ngari				1		
13	Karanja Njora	1			1		3
14	Antony Mwangi	3	3			2	13

Notes:

1. Hon. Josphat Kabebea (The Chairman) replaced Ms. Flora Mutahi on 10th Feb, 2023.
2. Mr. James Wang'ombe represents the Inspector General of State Corporations.
3. Mr. Antony Mwangi of Kenya Association of Manufacturers (KAM) replaced Mr. Joseph Wairiuko

Board Remuneration

In respect of every Board meeting, a member present is entitled to a sitting allowance of Kshs. 20,000 per sitting, lunch allowance of Kshs. 2,000 (in lieu of lunch being provided), accommodation allowance and mileage reimbursement where applicable within government set limits for state corporations. The Chairman receives a monthly honorarium of Kshs. 80,000 and Kshs. 7,000 airtime allowance.

Conflict of Interest

Board members are obliged to fully disclose to the Board during meetings any real or potential conflict, which comes to any member's attention, whether direct or indirect. Where a member discloses the conflict of interest, he or she is obligated to exclude himself/herself from any discussion or decision over the matter in question.

Board Induction and Training

New board members are inducted by the Chair of the Board and the Executive Director on the operations of the Authority and the role of the member in the board. The Authority also builds the capacity of the board to enable them to have an effective oversight role on the management.

Board Evaluation

Board evaluation is key in assessing the performance, efficiency and effectiveness of an organization. Regular performance evaluations also enable the Authority to review its strategies with a view to ensuring continuous growth and sustainability. During the year, a Board evaluation exercise was carried out and it was conducted by the State Corporations Advisory Committee (SCAC) and the Inspectorate of State Corporations.

Code of Conduct and Ethics

Good corporate governance is ingrained at ACA as a valuable contributor to the Authority's long-term success through the creation of the right culture throughout the organization. Our decision-making processes are guided by the core values of Authenticity, Credibility and Alertness. The Authority operates in accordance with applicable legal principles and high ethical standards. The code and high standards of integrity are expected of the Board, Management, and employees. Furthermore, these standards apply to all interactions with customers, suppliers, and other stakeholders.

Employees are expected to adhere to the highest levels of professionalism in order to achieve corporate objectives. Employees are responsible for contributing to the Authority's good governance and upholding its reputation for integrity both inside and outside the workplace. The code of conduct establishes fundamental principles and guidelines that govern all employees' ethical and legal responsibilities at all levels. The provisions of the Public Officers Ethics Act, as well as any other statutes or regulations issued from time to time, apply to all employees.

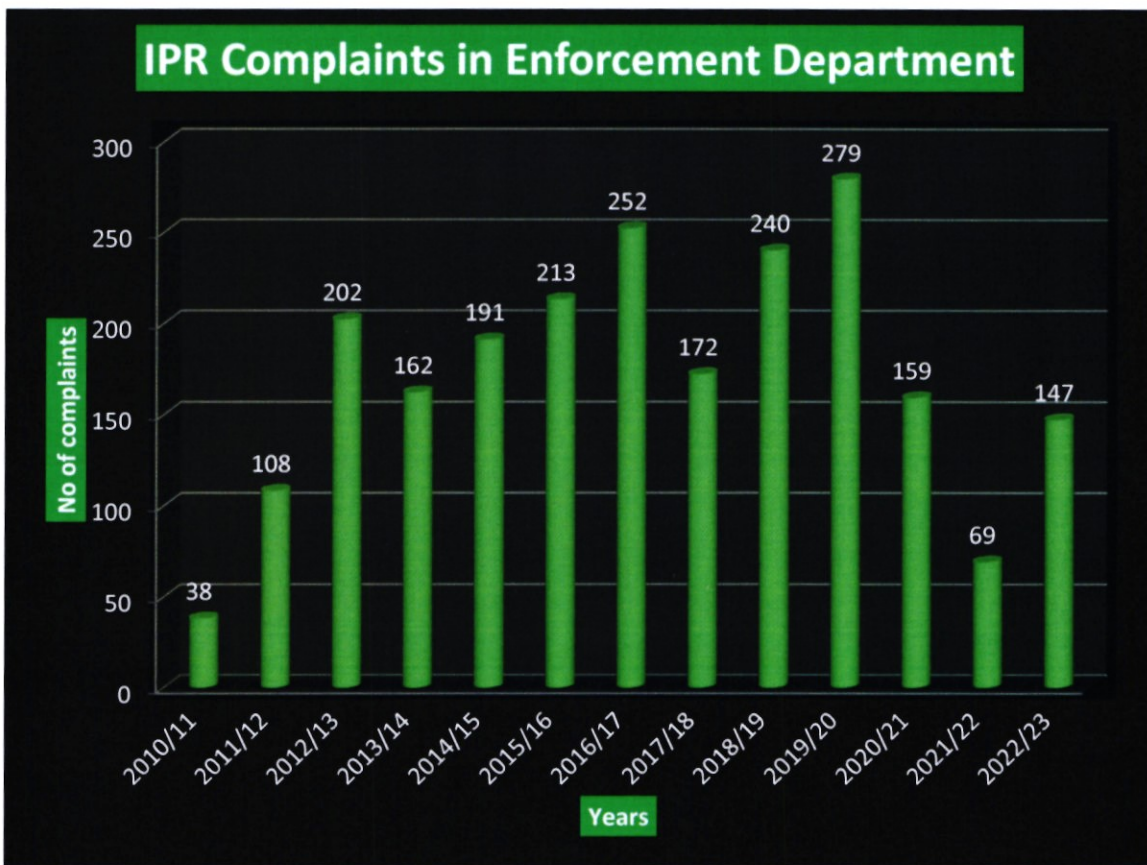
IX. MANAGEMENT DISCUSSION AND ANALYSIS

Operational and Financial Performance

1.0 ENFORCEMENT

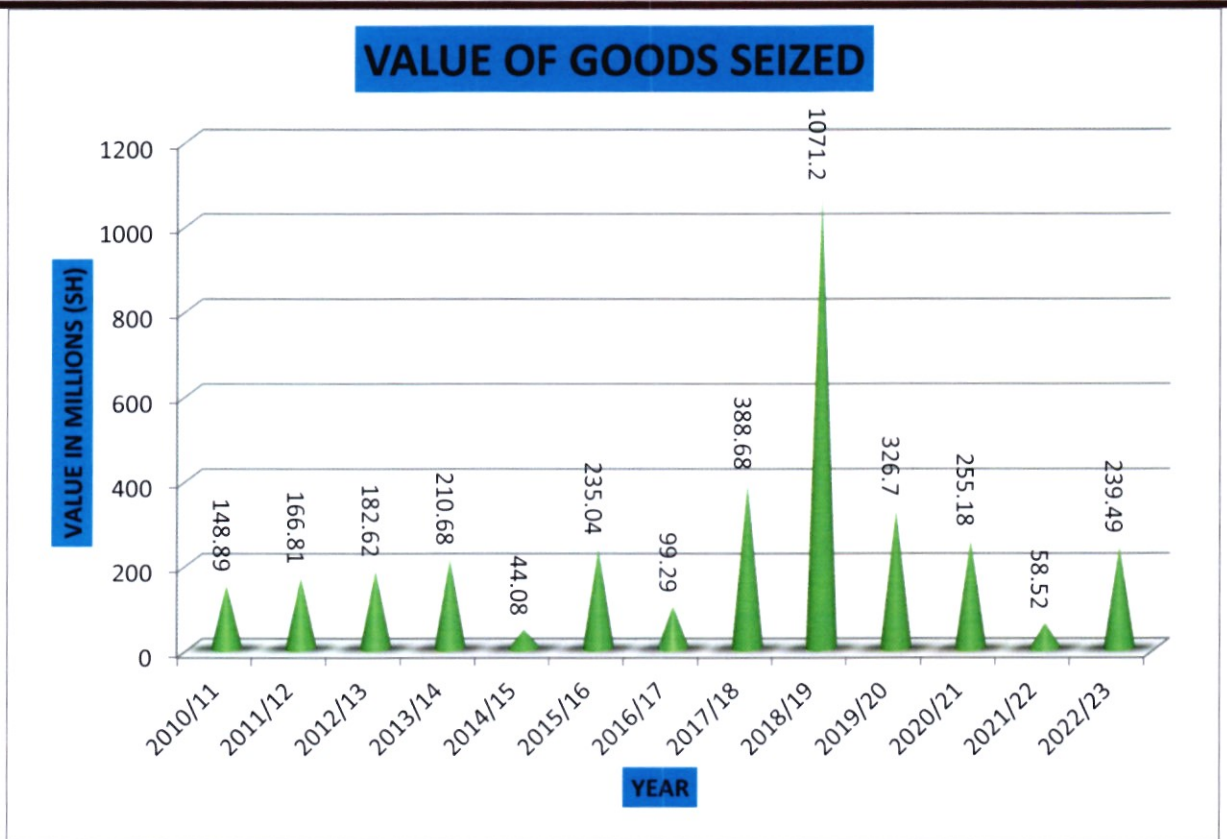
1. Intellectual Property Rights (IPR) complaints

In the reporting period 2022/2023, the Authority received and registered 147 IPR complaints. This was an over 200% increment compared to the previous year. However, the number of complaints received still falls short of the highest ever recorded in 2019/2020.



2. Value of Seized Goods

The Authority continues to work toward fulfilling its mandate to seize, dispose and destroy counterfeit goods. In the ended financial year, the authority seized goods estimated to be worth Ksh 239,494,262. This was nearly four times the value of seizures done the previous year.



3. Value of Destroyed Goods

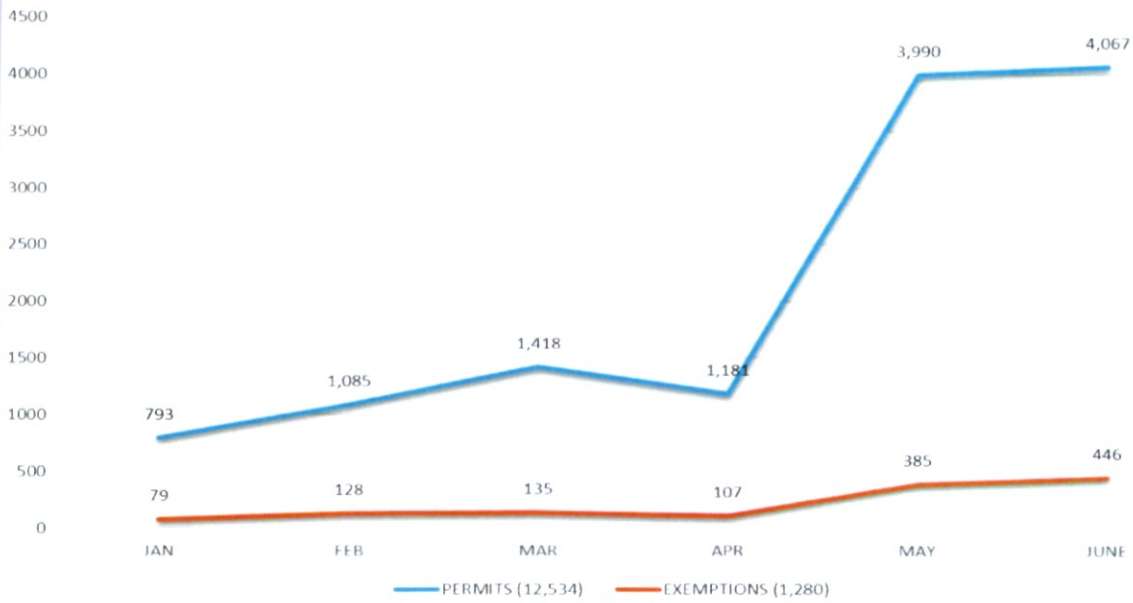
In the reporting period, the Authority destroyed counterfeit goods worth Kshs. 106,517,769 million. This was more than twice the value of goods destroyed in the previous year.



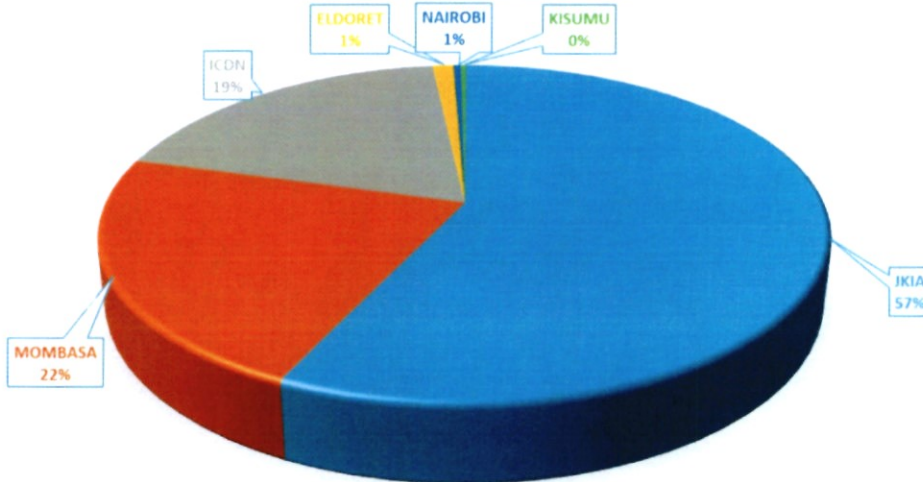
2.0 RECORDATION AND COMPLIANCE

The Authority started implementing the recordation process in January 2023. Below is a quick representation of the trends in the last six months of the reporting period 2022/2023. So far 12,534 permits have been issued and 1280 exemptions granted. Jomo Kenyatta International Airport and Mombasa have the highest traffic for permits at 57 per cent and 22 per cent respectively.

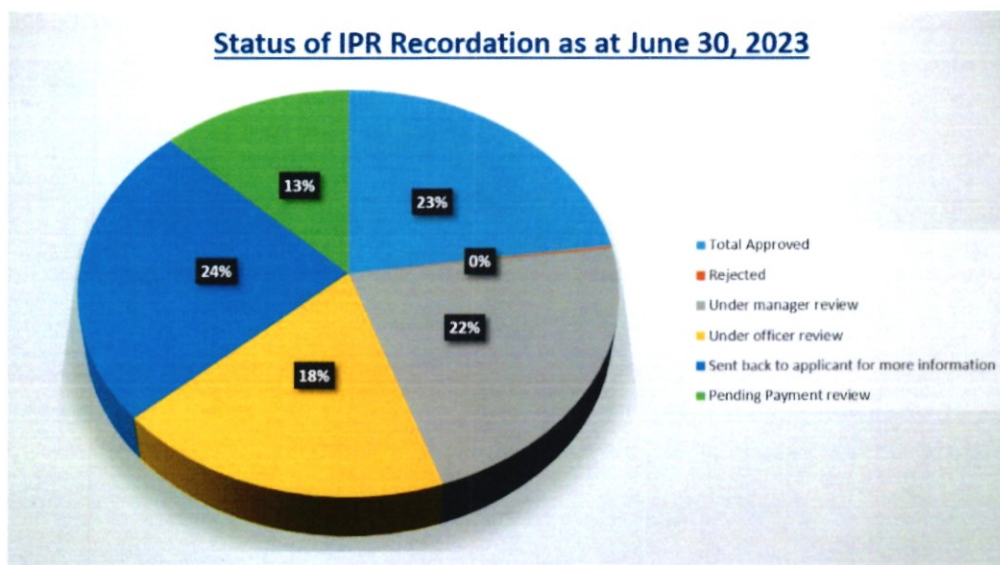
Number of applications processed



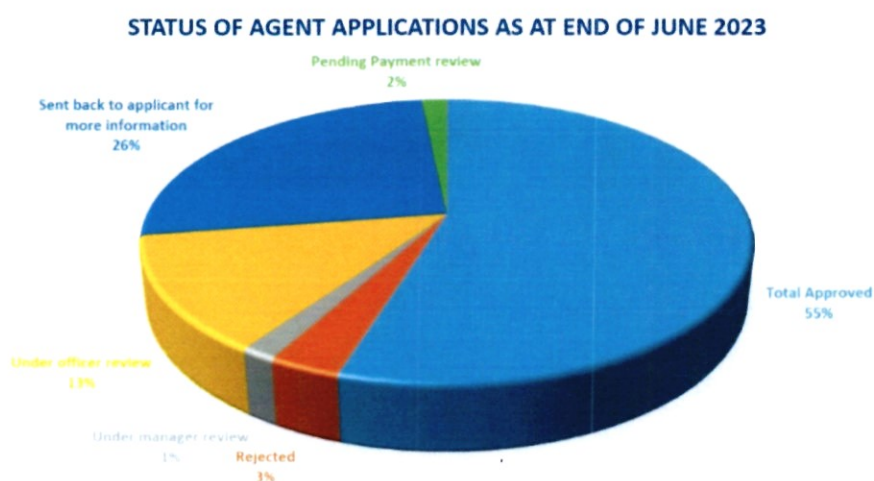
CLUSTER TRAFFIC (PERMITS)



The Authority has in the last six months received 1142 recordation applications. While 23 per cent of the applications have been approved, 24 per cent have been sent back to the applicants for more information and an estimated 40 per cent were still under review at different levels within the organisation.



During the reporting period, the Authority received 62 IP agent admission applications. An estimated 55 per cent were approved, 26% were sent back to applicants for more information and 14 per cent are still under review at various levels within the organisation.

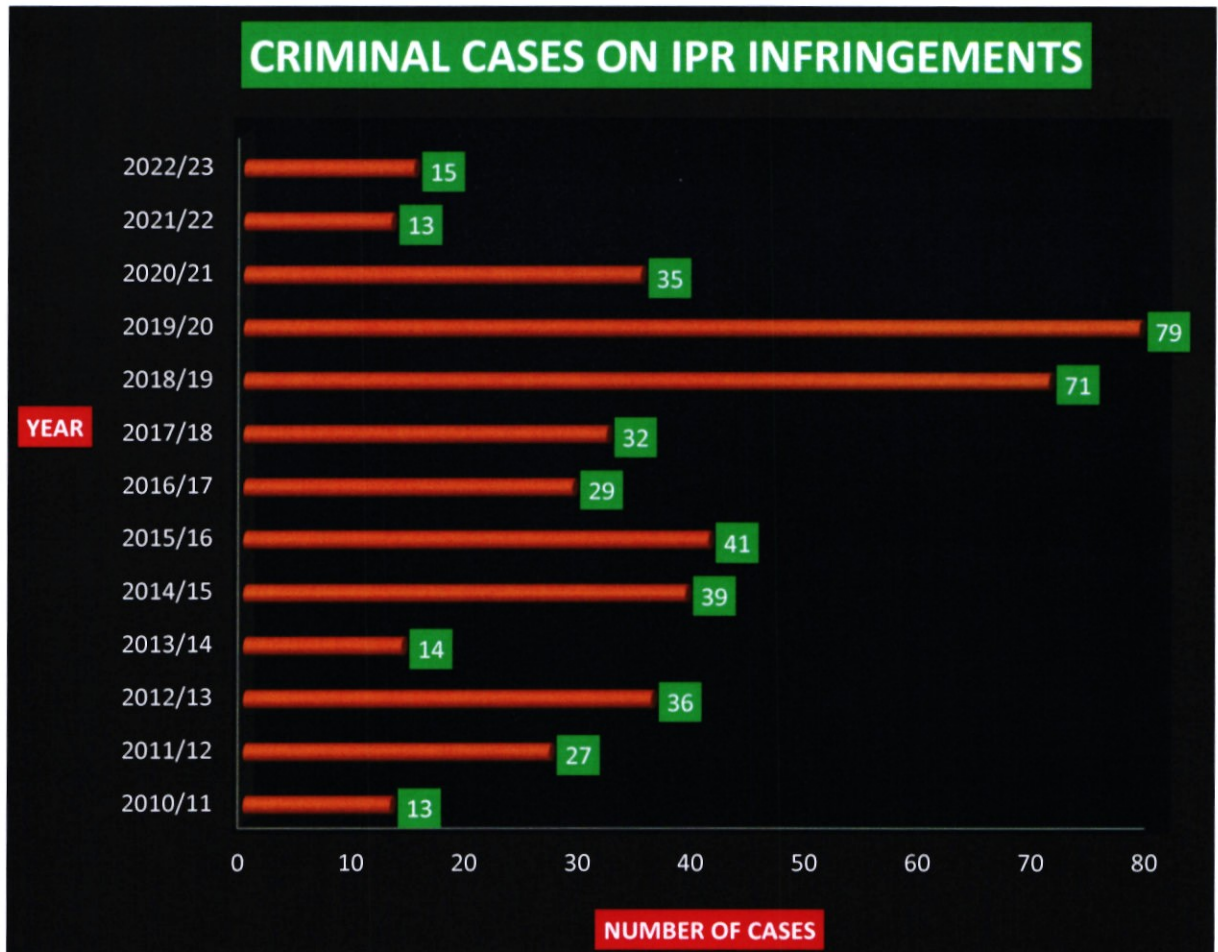


3.0 LEGAL SERVICES

Cases on Intellectual Property Right Infringements

In the reporting period, 38 cases were resolved through Alternative Dispute Resolution (ADR) while 40 criminal cases are still pending in the various courts. Further, as two acquittals were made by the courts, five fresh files were registered, and two cases successfully prosecuted

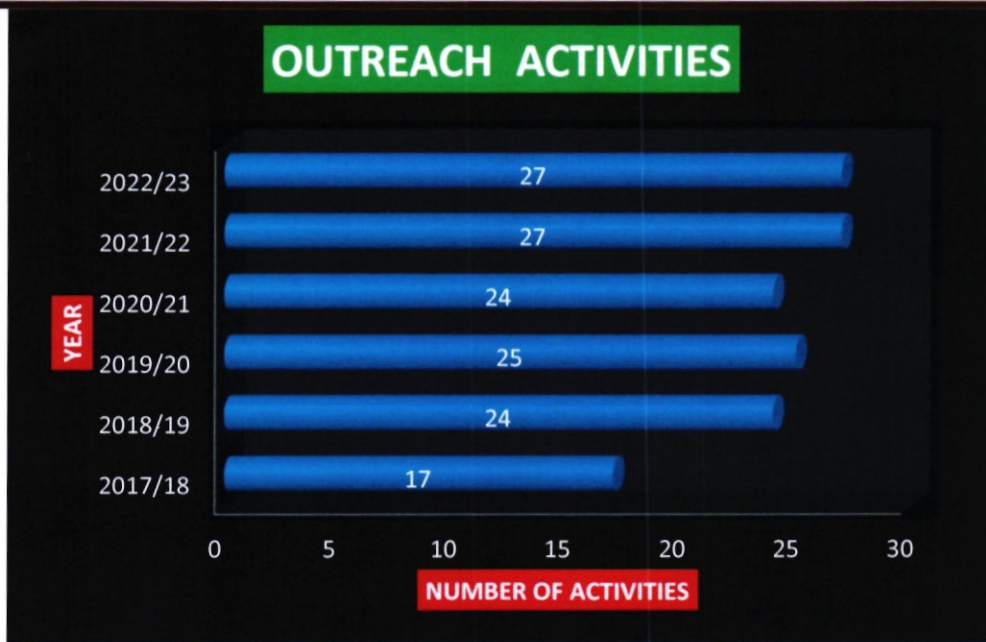
resulting in convictions with fines totalling Kshs 292,232,560. There are 21 civil cases and 9 civil appeals, and 90 cases on ADR pending at the end of the 2022/2023 financial year.



4.0 RESEARCH, POLICY AND PUBLIC AWARENESS

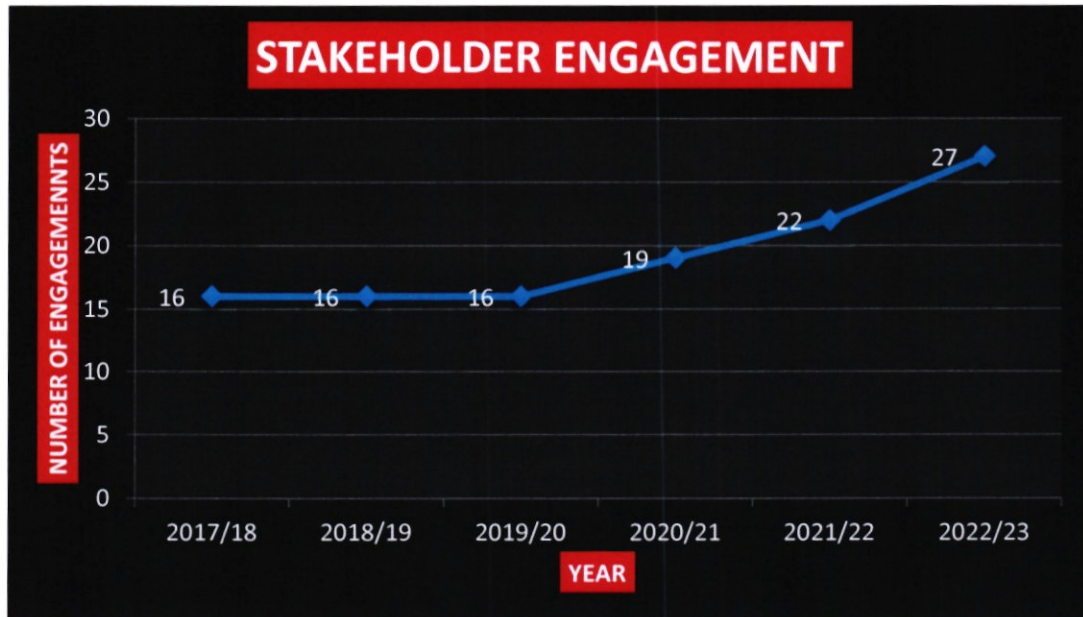
1. Public Awareness

To fulfil its obligation of enlightening and informing the public on matters relating to counterfeiting, the Authority continues to conduct different public awareness and outreach activities with varied outcomes. In the FY 2022/23 the Authority conducted the same number of public awareness as the previous FY 2021/22.



2. Productive Stakeholder Engagement

To increase the capacity of various stakeholders, the Authority built their capacity with requisite skills and knowledge to deal with counterfeiting issues. The Authority has held fruitful stakeholder engagements. The Authority carried out 27 activities in fiscal year 2022/23 which was five more engagements than the previous reporting period.



3. Research activities

Research activities at the Authority are designed to inform policy, enforcement and awareness activities. Research activities also cover internal surveys to establish the extent to which internal and external stakeholders are satisfied with the Authority’s services.

In the reporting period, the Authority hosted its inaugural International Symposium on Enforcement and Protection in Kenya. It was attended by over 500 participants including

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delegations from universities, public and private bodies from Uganda, India, USA and the host country Kenya.

Other research activities carried out in the period under review included:

- National baseline survey on the extent of counterfeiting and illicit trade in Nairobi
- National consumer survey on awareness of counterfeiting and other forms of illicit trade in Nairobi
- Market intelligence survey to inform policy, awareness, enforcement and strategy
- Customer satisfaction surveys
- Employee satisfaction surveys
- Corruption perception surveys

Customer satisfaction index

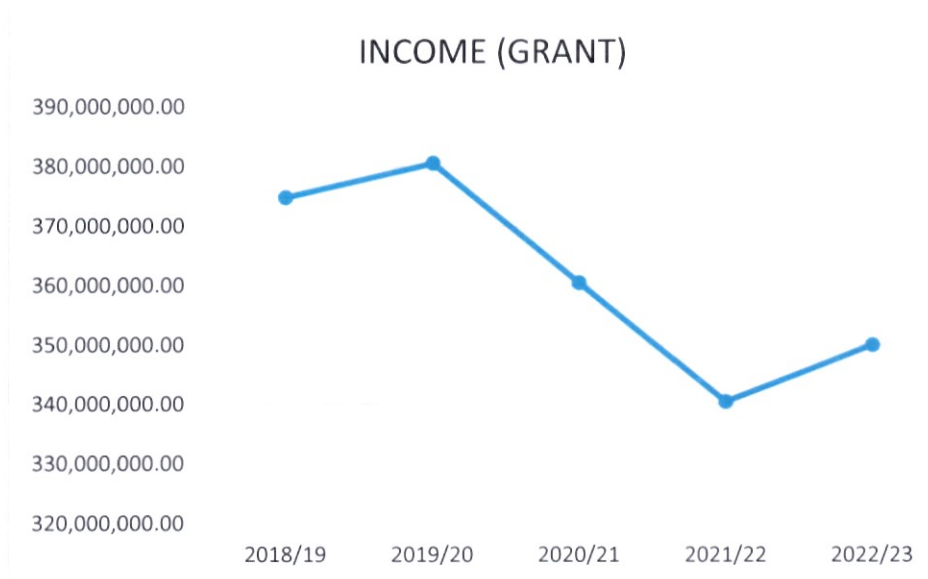
The Authority is committed to serving the public and making sure the services are well delivered. This reporting period witnessed a slight decline in customer satisfaction.



CORPORATE SERVICES

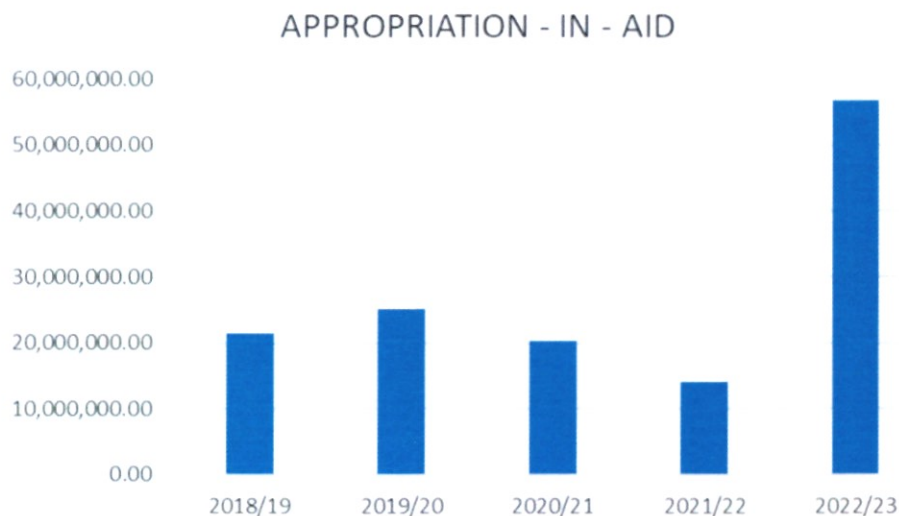
1. Government Grants

In the last five financial years, the Authority has received grants of Ksh 1,806,434,435. This means on average the Authority received Ksh 361,286,887 per year. However, the last financial year recorded the receipts of Ksh 349,499,999.



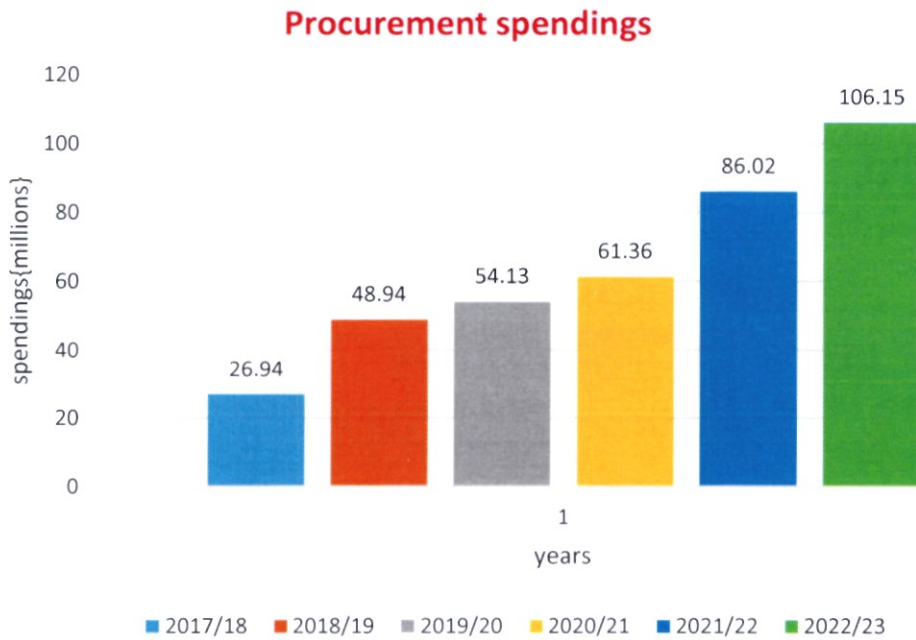
2. Appropriation-in-Aid

The Authority raises appropriation-in-aid (A-I-A) from the lodging of complaints by the IPR holders or agents, recordation fees, import fees and disposal of counterfeit goods. During the period under review, the Authority raised Kshs. 56.72 million. The table below shows the income received by the Authority for the last 5 years.



3. Promotion of Local Content in Procurement

The Authority has been implementing the Buy Kenya, Build Kenya policy by procuring goods and services with local content. In fiscal year 2022/23, the value increased from 86.02 million to 106.15 million.



4. Youth Internships/Industrial Attachments

The Authority has been offering internship and industrial attachment opportunities to the youth. Within the last three financial years the Authority has offered 154 young men (48 per cent) and women (52 per cent) an opportunity to learn. The reporting financial year has 43 attaches and 19 interns.



Authority’s Compliance with statutory requirements

The Authority complied with all its statutory obligations in the reporting period. These are WHT, PAYE, NHIF, NSSF and HELB.

Risk Management

The Board confirms its responsibility for the Authority’s system of internal controls, including taking reasonable steps to ensure that adequate systems are being maintained. Effective internal control systems have been operationalized to assess and mitigate any risks the Authority may be exposed to.

A comprehensive policy on the risk management framework to identify, measure and manage all key risks has been put in place by the Board and integrated into the overall management reporting structure. These risks are further demarcated onto the Strategic Corporate Risk Matrix which is closely monitored by the Board. The Audit and Risk Committee of the Board, through its delegated mandate from the Board, regularly reviews the effectiveness of the internal control system. The Head of the Internal Audit Department reports directly to the Board’s Audit and Risk Committee.

During the year under review, ACA continued to embed a risk-awareness culture aimed at supporting strategic and operational objectives. Key corporate and emerging risks related to specific strategic objectives were assessed, evaluated and are closely monitored by the Board and Management. Therefore, ACA remains committed to robust risk management practices as an integral part of good management. The Board, through its Audit and Risk Committee, exercises an oversight role on the Enterprise Risk Management (ERM) processes implemented by management.

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The risk management framework, allows the Authority to identify, measure, manage and monitor strategic and operational risks across the organisation. The framework provides management with a clear line of sight over risk to enable informed decision making.

Key Risks

ACA's key risks and mitigation measures are shown in the table below:

Key Risks and Mitigations

No	Risk	Risk Driver	Risk Rating	Mitigation strategies
1	Inadequacy in enforcement of IPR	Inadequate capacity to independently verify IP violations	Extreme	Engage IPR owners to offer certified brand training to enforcement officers
		Rapid technological advancements		Enhance market surveillance and research
		Inadequate inter agency collaboration and coordination		Establish information sharing channels
		Develop and implement an inter-agency framework		
		Porous borders		Establish presence at the border points
		Changes in government policy		Engage the National Government policy makers
2	Insecurity of staff	Insufficient armed police officers during enforcement operations	High	MOUs with NPS for facilitation during operations
3	Financial risks	Inadequate funding	Moderate	Implement the resource mobilisation strategies
		Delay in exchequer disbursements		Ensure timely requests for exchequer disbursements
4	Discontinuity of operations in the event of a disaster	Inadequate business continuity and Disaster recovery plans	Moderate	Establish an offsite data site

Material errors in statutory or financial obligations

There are no material errors in statutory or financial obligations.

The Authority's financial probity and serious governance issues

There is no major financial probity as reported by internal audit/Board audit committee, external auditors, or other National Government Agencies providing oversight; and there are no serious governance issues among the Board or member of the Board and top management including conflict of interest.

X. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

The Anti-Counterfeit Authority (ACA) is dedicated to supporting the government's agenda of transforming lives and fostering better livelihoods as a responsible corporate entity. The current government places significant emphasis on industrial development, particularly supporting Small and Medium Enterprises (SMEs) and growing value chains in sectors like agro-processing, oil & gas, textile, apparel, and leather, in line with Kenya Vision 2030, Africa Agenda 2063, and the United Nations' Sustainable Development Goals (SDGs). ACA's mandate of promoting Intellectual Property aligns with these economic development priorities and contributes to poverty alleviation and addressing wealth disparity.

1. Sustainability Strategy and Profile

ACA recognizes the crucial role it plays in contributing to broader societal and environmental well-being beyond its core mission of combating counterfeiting. To this end, ACA has adopted a robust Sustainability Strategy and Profile that aligns with the Sustainable Development Goals (SDGs) set forth by the United Nations, particularly those to be achieved by 2030.



Standing at the middle, ACA Board of Directors, Chairman, Hon. Josephat Gichunge Mwirabua Kabeabea accompanied the Executive Director of ACA Dr. Robi Njoroge Mbugua in the recent tree planting exercise in Makeni county and other local leaders.

At the heart of ACA's commitment to sustainability is its Corporate Social Responsibility (CSR) Policy. This policy serves as a guiding framework that addresses the fundamental challenges faced by society, aiming to create a positive impact on the communities it serves. By embracing the principles of the SDGs, ACA seeks to be a responsible corporate entity that contributes to the achievement of global development targets.

The CSR Policy outlines the strategic approach to fulfilling ACA's social and environmental responsibilities. It recognizes that sustainability efforts must be integrated into the core operations of the organization. Therefore, the policy ensures that CSR activities are not merely isolated initiatives but are seamlessly woven into the overall ACA corporate strategy, budget, and work plans. This integration ensures that sustainability remains a top priority and is approached with long-term vision and commitment.

In addition to outlining the specific areas of focus for ACA's CSR initiatives, the policy plays a pivotal role in establishing the CSR Committee. This committee is composed of dedicated individuals from various departments within ACA and is tasked with overseeing the planning, execution, and evaluation of CSR activities. The committee acts as a driving force behind the successful implementation of sustainability initiatives, providing expertise and support to top management.

ACA's CSR activities span a wide range of areas, addressing various social, economic, and environmental challenges. By incorporating the SDGs into its sustainability approach, ACA aims to contribute directly to global efforts to eradicate poverty, improve health and education, promote gender equality, and combat climate change, among other objectives.

Through this comprehensive Sustainability Strategy and Profile, ACA is committed to being a stakeholder-responsive corporate entity that places the well-being of citizens and communities at the forefront of its operations. By leveraging its expertise, resources, and partnerships, ACA strives to make a positive and lasting impact on society while promoting sustainable development.

As part of its commitment to transparency and accountability, ACA regularly reports on the progress and outcomes of its CSR activities. By sharing the results of its sustainability efforts, ACA seeks to inspire other organizations, government entities, and individuals to take proactive steps in addressing societal challenges and contributing to a more sustainable future for all.

2. Environmental Performance

As the ACA fulfils its mandate, it actively contributes to Kenya's commitment to global development goals, particularly the Sustainable Development Goals (SDGs). ACA's dedication to sustainability is evident through several programs and initiatives aimed at supporting responsible practices and promoting environmental well-being.

- i. **Promoting Industry, Innovation, and Infrastructure (SDG no. 9):** ACA's efforts in curbing counterfeiting have a direct positive impact on industries, investments, and

- innovation. By combating counterfeit products, ACA fosters an environment that encourages genuine investments, supports creativity, and promotes the growth of legitimate industries. This aligns closely with SDG no. 9, which focuses on fostering sustainable industrialization, innovation, and infrastructure development.
- ii. **Strengthening Means of Implementation and Global Partnership (SDG Agenda 17):** ACA's coordination mandate with other Intellectual Property Rights enforcement organizations demonstrates the authority's commitment to supporting SDG Agenda 17. By collaborating with national, regional, and international organizations involved in combating counterfeiting, ACA contributes to strengthening the means of implementing sustainable development initiatives and revitalizing global partnerships for sustainable progress.
 - iii. **Embracing Environmental Sustainability:** ACA's commitment to environmental sustainability is evident through its implementation of a paperless board solution and the ACA Integrated Management System (AIMS). By transitioning to digital solutions for core functions, ACA reduces paper usage and minimizes its ecological footprint, showing a conscious effort to align with sustainability principles.
 - iv. **Compliance with Climate Action (SDG No. 13):** ACA's procurement of NEMA certified destruction facilities showcases the authority's dedication to environmental protection and climate action. These facilities ensure that the disposal of counterfeit goods adheres to stringent environmental standards, aligning with SDG No. 13, which emphasizes taking urgent action to combat climate change and its impacts.
 - v. **Supporting Zero Hunger and Good Health (SDGs no. 2 and 3):** ACA's efforts to combat trade in counterfeits also have positive implications for SDGs no. 2 and 3. By addressing soil quality and promoting resilient agricultural practices, ACA contributes to SDG no. 2's goal of achieving zero hunger and enhancing food security. Moreover, by fighting counterfeit medicines, ACA aligns with SDG no. 3's objective of promoting good health and well-being for all.

3. Employee Welfare

ACA places a strong emphasis on employee welfare and compliance with relevant Kenyan laws on affirmative action. The authority is committed to ensuring a diverse and inclusive workforce that values equal opportunities for all employees. The ACA Human Resource Policy plays a vital role in upholding these principles.

The HR policy encompasses various guidelines to create a supportive and enriching work environment for its employees:

- i. **Equal Pay and Diversity:** ACA ensures that equal pay is provided for work of equal value, promoting fairness and gender equality in the workplace. The policy embraces diversity by welcoming individuals from different gender identities, abilities, ages, and backgrounds, fostering an inclusive culture that promotes mutual respect and understanding. By valuing diversity, ACA recognizes the richness that a diverse workforce brings to the organization.
- ii. **Recruitment and Employee Welfare:** The HR policy includes comprehensive guidelines for the recruitment process, ensuring fair and transparent hiring practices. ACA strives to attract the best talent while nurturing a workplace culture that prioritizes employee well-being. The authority provides various welfare measures to support its employees, including

- a generous medical cover to ensure access to quality healthcare for themselves and their families.
- iii. **Training, Upskilling, and Development:** ACA recognizes the importance of continuous learning and growth for its employees. The HR policy emphasizes the importance of training and upskilling programs to enhance employees' professional capabilities. By investing in the development of its workforce, ACA ensures that its employees remain equipped to tackle new challenges and contribute effectively to the authority's mission.
 - iv. **Sanction and Reward Systems:** ACA maintains a balanced approach to discipline and recognition. The HR policy outlines clear sanction mechanisms for instances of misconduct, ensuring accountability and adherence to professional standards. Simultaneously, ACA implements a robust reward system to acknowledge and celebrate employees' achievements, fostering a culture of appreciation and motivation.
 - v. **Disability Management Committee:** ACA demonstrates its commitment to promoting a supportive work environment by establishing a dedicated Disability Management Committee. This committee focuses on addressing disability-related matters affecting employees, implementing reasonable accommodations, and fostering an inclusive workspace where every employee can thrive.
 - vi. **Safety and Health at the Workplace:** Employee safety and health are paramount to ACA's operations. The authority places great importance on compliance with the Occupational Safety and Health Act of 2007 (OSHA). To ensure a safe and secure work environment, ACA has a management committee dedicated to overseeing safety practices, identifying potential hazards, and implementing necessary preventive measures.
 - vii. **Succession Planning:** ACA proactively identifies potential talent gaps within the organization and addresses them through a well-defined succession planning policy. This approach ensures that the authority is well-prepared to handle transitions smoothly and maintain seamless operations during leadership changes. By investing in the development and progression of its employees, ACA safeguards its ability to continue fulfilling its mandate effectively.

4. Market Place Practices

ACA is committed to upholding responsible competition practices and maintaining the highest standards of integrity and ethics in its operations. The authority understands the importance of combating corruption and works diligently to address any potential issues in its internal processes. Dedicated committees are in place to proactively address integrity, ethics, and anti-corruption matters, ensuring a culture of transparency and accountability within ACA.

As a public entity, ACA prioritizes political neutrality and adheres to the Public Service code of conduct. This commitment ensures that the authority remains impartial in its operations, free from any political influence, and solely focused on fulfilling its mandate in combating counterfeiting and protecting consumers.

ACA's efforts to combat trade in counterfeit products go hand in hand with promoting fair trade practices and enhancing the ease of doing business in the country. By tackling counterfeiting, ACA fosters a level playing field for genuine businesses, which boosts investor confidence,

encourages innovation, and strengthens economic growth. Additionally, by ensuring that counterfeit products are kept out of the market, ACA helps safeguard consumers' interests and fosters trust in legitimate brands.



Caption ACA Executive Director Dr. Robi Mbugua Njoroge signs a MOU with Anti-Counterfeit Network Africa a Ugandan based Anti-Counterfeiting advocacy group in Nairobi.

5. Responsible Supply Chain and Supplier Relations

ACA places great emphasis on maintaining a responsible and transparent supply chain. The authority complies with the Public Procurement and Asset Disposal Act, ensuring that all procurement processes are conducted with professionalism, fairness, and in accordance with legal requirements. ACA's commitment to transparency and accountability ensures that value for money is achieved in all procurement activities, optimizing the use of resources to support its mission effectively.

To foster strong and productive relationships, ACA's Supply Chain Management Department actively engages with its suppliers. Open and transparent communication is encouraged, ensuring that suppliers understand ACA's expectations and that the authority comprehends their capabilities and limitations. These strong supplier relations foster collaboration, efficiency, and mutual benefits, leading to successful partnerships in achieving ACA's goals.

Moreover, ACA actively supports government directives on Access to Government Procurement Opportunities (AGPO), aiming to empower special groups within society. The authority allocates specific opportunities for special groups, providing them with a chance to participate in government procurement activities. ACA's support for AGPO aligns with the

broader national objective of promoting inclusivity and empowering marginalized communities, contributing to a more equitable and socially responsible procurement landscape.

6. Responsible Marketing and Advertisement

ACA recognizes the significance of responsible marketing and communication in fostering transparency, trust, and effective engagement with the public and stakeholders. To achieve this, ACA's Public Communication division takes charge of communication strategies, media relations, and brand positioning to ensure that the authority's message aligns with its values and objectives.

Central to ACA's commitment to responsible marketing is the Media and Public Communication Policy, which serves as a guiding framework for all communication efforts. This policy emphasizes the importance of maintaining ethical and credible communication practices while conveying accurate information to the public. By adhering to this policy, ACA ensures that its interactions with the public and stakeholders are characterized by integrity, professionalism, and clarity.

To effectively reach its audience, ACA leverages various online and social media platforms, recognizing their widespread influence and accessibility. The revamped ACA website serves as a reliable and informative portal for stakeholders to access relevant updates, reports, and resources related to counterfeit prevention and the authority's initiatives. Additionally, the website acts as a hub for timely announcements, press releases, and media coverage to keep the public informed about ongoing activities.

Social media platforms, such as Facebook, YouTube, LinkedIn, Instagram, and Twitter, are strategically employed to disseminate targeted messages and engage with diverse audiences. These platforms allow ACA to establish a direct line of communication with the public, enabling prompt responses to queries and concerns while facilitating meaningful dialogue on counterfeit-related issues.

The responsible use of social media also presents an opportunity for ACA to raise consumer awareness on counterfeit products, their potential risks, and ways to identify and report suspicious items. Educational campaigns, infographics, and interactive content help promote consumer empowerment, encouraging individuals to make informed choices and prioritize genuine products over counterfeit alternatives.

Furthermore, ACA's responsible marketing initiatives extend beyond the digital realm. The authority actively engages with mainstream media and relevant industry publications to ensure accurate and comprehensive coverage of its activities and the broader fight against counterfeiting. Media relations play a vital role in disseminating timely and factual information to the public, reinforcing the authority's commitment to transparency.

As part of responsible marketing and communication, ACA is committed to addressing any misconceptions or misinformation surrounding counterfeit products and their impact on society. By offering credible information and insights, ACA strives to foster an informed public

discourse that bolsters public confidence in genuine brands and fosters a collective understanding of the dangers posed by counterfeits.

7. Product Stewardship

Product stewardship is a critical aspect of ACA's commitment to environmental and social responsibility. Beyond its core mandate of combating trade in counterfeit products, ACA places significant emphasis on leveraging the power of social media and other communication channels to promote consumer awareness and safeguard consumer rights and interests.

In today's interconnected world, the prevalence of counterfeit products poses significant risks to consumers, businesses, and the overall economy. Counterfeit goods often lack the quality and safety standards required for genuine products, leading to potential harm to consumers and damage to reputable brands. These illicit products can range from counterfeit electronics and pharmaceuticals to fake apparel, cosmetics, and consumer goods.



Caption ACA Executive Director Dr. Robi Mbugua Njoroge addressing the participants at ISIPPE Conference

To address this pressing issue, ACA utilizes various platforms to disseminate vital information to the public. Through engaging content, targeted campaigns, and educational materials, the authority emphasizes the importance of identifying and avoiding counterfeit products. Consumers are educated about the potential dangers associated with purchasing such goods and are empowered to make informed choices while exercising their rights as responsible consumers.

The ACA's social media efforts go beyond merely raising awareness about counterfeit products. The authority actively encourages consumers to report suspected counterfeit items, helping the ACA identify and address illicit trade more effectively. This two-way communication fosters a collaborative approach, as consumers become active partners in the fight against counterfeiting.

Moreover, ACA collaborates with relevant stakeholders, including industry associations, consumer protection groups, and law enforcement agencies, to amplify the impact of their product stewardship initiatives. By forging strategic partnerships, the authority extends its reach and ensures a more comprehensive response to the challenges posed by counterfeiting.

The broader goal of ACA's product stewardship efforts is to create a culture of responsibility, where consumers are empowered to make choices that contribute to a safer marketplace. By instilling a sense of vigilance and critical thinking, ACA aims to reduce the demand for counterfeit products and, in turn, diminish the economic incentives for counterfeiters.

Additionally, by promoting consumer awareness and responsible consumption, ACA's product stewardship approach contributes to sustainable development. A marketplace that prioritizes genuine, safe, and ethically produced products fosters a conducive environment for legitimate businesses to thrive.

This, in turn, supports the growth of small and medium enterprises (SMEs), strengthens value chains, and contributes to overall economic development in line with the national and global sustainable development agendas.

8. Corporate Social Responsibility / Community Engagements

ACA's commitment to corporate social responsibility (CSR) goes beyond its core mandate of combating counterfeiting. The authority recognizes its responsibility to deliver public service and actively engages with the communities where it operates, striving to create a positive impact on society and contribute to the well-being of its stakeholders.



Caption inaugural tree planting exercise in Muuni Hills, Makuli Forest, Makeni county.

As part of its CSR initiatives, ACA participated in the National Tree Growing Campaign, collaborating with the Eco Green Initiative (EGI). In a significant endeavor, ACA and EGI

joined forces to plant over two thousand trees at Muuni hill in Makueni County. This tree-planting initiative aimed to address critical environmental concerns and foster sustainable forestry practices. By planting trees, ACA and EGI sought to preserve water tables, control erosion, and enhance the environment's overall ecological balance.

The link between the environment and the well-being of communities was a central theme of this tree-planting effort. ACA recognized the pivotal role that a healthy environment plays in improving the quality of life, supporting public health, boosting the local economy, and enhancing crop yields for agricultural sustainability. Through this initiative, ACA demonstrated its commitment to environmental stewardship and its recognition of the interdependence between environmental health and societal prosperity.

In addition to its environmental initiatives, ACA actively supports the youth in Kenya through its commitment to youth internships, industrial attachments, and apprenticeships. By offering opportunities for deserving Kenyan youths to gain practical experience and prepare for the job market, ACA contributes to youth empowerment and the development of a skilled workforce. These initiatives not only nurture young talent but also foster a sense of hope and optimism among the youth, inspiring them to play a meaningful role in shaping the country's future.

Furthermore, ACA collaborates with key partners like the Kenya Administration Police Unit to further its CSR objectives. Recognizing the critical role that the police unit plays in providing security to ACA premises and offices across the country, ACA demonstrated its appreciation by collaborating in the construction of a Waiting Bay/Gazebo at their Uhuru Camp Commandant's Office in Nairobi. This collaboration exemplifies ACA's commitment to building strong and mutually beneficial relationships with stakeholders who support its mission and operations.

Through these community engagements and CSR initiatives, ACA seeks to be a responsible and proactive corporate entity that contributes to the well-being of society. By addressing environmental challenges, empowering the youth, and collaborating with strategic partners, ACA actively participates in efforts to create a sustainable and prosperous future for all.

Conclusion

The Anti-Counterfeit Authority is committed to environmental and sustainability efforts, aligning with national and global development priorities. Through its policies, initiatives, and collaborations, ACA aims to foster economic growth, promote fair trade practices, and engage with stakeholders and communities to create a positive impact on society.

XI. REPORT OF THE DIRECTORS

The Directors submit their report together with the financial statements for the year ended June 30, 2023, which show the state of the Authority's affairs.

i) Principal activities

The principal activities of the Authority continue to be to enlighten and inform the public on matters relating to counterfeiting; Combat counterfeiting, trade and other dealings in counterfeit goods in Kenya; Devise and promote training programs on combating counterfeiting; Coordinate with national, regional or international organizations involved in combating counterfeiting; Advise the government through the Cabinet Secretary on policies and measures concerning the necessary support, promotion and protection of intellectual property rights as well as the extent of counterfeiting; and carry out inquiries, studies and research into matters relating to counterfeiting and the protection of intellectual property rights.

ii) Results

The results of the Authority for the year ended June 30, 2023 are set out on page 1.

iii) Directors

The members of the Board of Directors who served during the year are shown from pages vii to xii.


iv) Surplus remission

In accordance with Regulation 219(2) of the Public Financial Management (National Government) Regulations, regulatory entities shall remit in to Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. The Authority is not classified as a regulatory authority and therefore did not remit surplus funds to the Consolidated Fund.

v) Auditors

The Auditor General is responsible for the statutory audit of the Authority in accordance with Article 229 of the Constitution of Kenya, 2010 and the Public Audit Act, 2015.

By Order of the Board



Dr. Robi Mbugua Njoroge
Executive Director

Date: 31.08.23

XII. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012, section 14 of the State Corporations Act and Section 20(2) of the Anti-Counterfeit Act, 2008 require the Directors to prepare financial statements in respect of the Authority, which give a true and fair view of the state of affairs of the Authority at the end of the financial year and the operating results of the Authority for that year. The Directors are also required to ensure that the Authority keeps proper accounting records which disclose with reasonable accuracy the financial position of the Authority. The Directors are also responsible for safeguarding the assets of the Authority.

The Directors are responsible for the preparation and presentation of the Authority's financial statements, which give a true and fair view of the state of affairs of the Authority for and as at the end of the financial year ended on June 30, 2023. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Authority; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Authority; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Authority's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the Anti-Counterfeit Act 2008. The Directors are of the opinion that the Authority's financial statements give a true and fair view of the state of Authority's transactions during the financial year ended June 30, 2023 and of the Authority's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Authority, which have been relied upon in the preparation of the Authority's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the Authority 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 Authority's financial statements were approved by the Board on 25th August, 2023 and signed on its behalf by:



Signature:.....
Name: Hon. Josphat Gichunge Mwirabua Kabeabea
Chairperson of the Board



Signature:.....
Name: Dr. Robi Mbugua Njoroge
Executive Director

REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON ANTI-COUNTERFEIT AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Anti-Counterfeit Authority set out on pages 1 to 36, which comprise of the statement of financial position as at 30 June, 2023, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual

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

In my opinion, the financial statements present fairly, in all material respects, the financial position of Anti-Counterfeit Authority as at 30 June, 2023, and 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 Anti-Counterfeit Act, 2008 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 Anti-Counterfeit Authority Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter

Contingent Liability

As disclosed in Note 23 to the financial statements, there were pending legal proceedings against the Authority that may, if successful, have significant impact on its operations. These includes nine (9) civil cases with a contingent liability of Kshs.98,624,784 which had adverse rulings but the Authority appealed against the ruling. Further and as previously reported, there was also a case where an accused was charged with possession of counterfeit electric bulbs and accessories but was acquitted of the charges in a Court of Law in 2015. However, the accused person and others instituted a civil case at Milimani Law Courts in 2016 seeking for special damages of Kshs.603,500,000 against the Authority for unlawful arrest, malicious prosecution and destruction of property. Although, the Authority released part of the goods seized to the accused persons in July, 2015, they complained that the remaining goods had been destroyed and they could not take destroyed or damaged goods.

In the circumstances, the financial effect of the outcomes of the pending legal proceedings against the Authority could not be determined.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised. However, the Management did not resolve the issues or give any explanation for failure to resolve the issues.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

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

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

Conclusion

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

Basis for Conclusion

Understaffing

The approved establishment of the Authority provides for two hundred and fifty (250) staff members. However, only one hundred and seventeen (117) representing 47% of the approved establishment were in-post resulting in a shortfall of one hundred and thirty-three (133) staff members across the various staffing cadres as at 30 June, 2023.

In the circumstances, the understaffing may hinder effective delivery of services by the Authority.

The audit was conducted in accordance with ISSAI 2315 and 2330. The Standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk Management and overall governance

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

Responsibilities of Management and the Board of Directors

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities,

financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority'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 Authority 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 Authority to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

06 March, 2024

**XIV. STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2023**

	Note	2022-2023 Kshs	2021-2022 Kshs
Revenue from non-exchange transactions			
Transfer from SDT&ED	6(a)	349,999,999	340,500,000
		349,999,999	340,500,000
Revenue from exchange transactions			
Rendering of services	7	56,642,812	14,075,396
Other income	8	74,574	19,499
Total Revenue from exchange transactions		56,717,386	14,094,895
Total revenue		406,717,385	354,594,895
Expenses			
Use of goods and services	9(a)	154,188,236	110,951,334
Employee costs	10(a)	247,842,468	228,504,210
Remuneration of Directors	11	14,742,086	9,806,480
Depreciation and amortization expense	12	25,634,562	11,642,570
Repairs and maintenance	13	4,953,273	3,573,862
Total expenses		447,360,625	364,478,456
Other gains			
Gain on foreign exchange transactions		-	27,630
Surplus/Deficit for the period		(40,643,240)	(9,855,931)

The notes set out on pages 6 to 40 form an integral part of these Financial Statements.

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



.....
Executive Director
Dr. Robi Mbugua Njoroge

Date: 31.08.23



.....
Head of Finance
Ms. Purity Munyiri
ICPAK No: 18490

Date: 31.08.23



.....
Chairperson of the Board
Hon. Josephat Gichunge
Mwirabua Kabeabea

Date: 31.08.23

ANTI-COUNTERFEIT AUTHORITY (ACA)
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**XV. STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023**

	Note	2022-2023 Kshs	2021-2022 Kshs
Assets			
Current assets			
Cash and cash equivalents	14	325,787,696	443,405,859
Current portion of receivables from exchange transactions	15	8,291,351	6,959,857
Receivables from non-exchange transactions	16	12,500,000	-
Inventories	17	4,345,774	3,123,560
		350,924,821	453,489,276
Non-current assets			
Property, plant and equipment	18	119,175,886	5,167,407
		119,175,886	5,167,407
Total assets		470,100,707	458,656,684
Liabilities			
Current liabilities			
Trade and other payables	19	1,079,898	6,594,836
Current Provisions	20	4,446,561	368,863
Total liabilities		5,526,459	6,963,699
Net assets			
Reserves – General reserve		191,872,996	115,874,996
- Development Fund		36,502,000	112,500,000
- Revaluation		69,429,131	15,904,628
Accumulated surplus		166,770,120	207,413,360
Total Net assets		464,574,248	451,692,984
Total net assets and liabilities		470,100,707	458,656,684

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



.....
Executive Director
Dr. Robi Mbugua Njoroge

Date: 31.08.23



.....
Head of Finance
Ms. Purity Munyiri
ICPAK No: 18490

Date: 31.08.23



.....
Chairperson of the Board
Hon. Josphat Gichunge
Mwirabua Kabeabea

Date: 31.08.23

ANTI-COUNTERFEIT AUTHORITY (ACA)
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**XVI. STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2023**

	General reserve Kshs	Development Fund Kshs	Revaluation Reserve Kshs	Accumulated surplus Kshs	Total Kshs
July 1, 2021	115,874,996	112,500,000	15,904,628	217,269,291	461,548,915
Surplus for the period		-	-	(9,855,931)	(9,855,931)
Depreciation	-	-	-	-	-
Development Grants received during the year	-	-	-	-	-
At June 30, 2022	115,874,996	112,500,000	15,904,628	207,413,360	451,692,984
At July 1, 2022	115,874,996	112,500,000	15,904,628	207,413,360	451,692,984
Profit/loss for the period	75,998,000	(75,998,000)	-	(40,643,240)	(40,643,240)
Revaluation	-	-	53,524,503	-	
At June 30, 2023	191,872,996	36,502,000	69,429,131	166,770,120	464,574,248

Note:

1. The development fund is for acquisition of depots to be used for storage of seized suspected counterfeit-goods. This was utilised to procure two go-downs in Nairobi at a cost of 75.9M during the year ended 30th June 2023.
2. The Authority's assets were revalued during the year ended 30th June 2023 leading to change in revaluation reserve by 53.5M.

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**XVII. STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 30 JUNE 2023**

	Note	2022-2023 Kshs	2021-2022 Kshs
Cash flows from operating activities			
Receipts			
Government grants and subsidies	6(b)	349,999,999	360,500,000
Rendering of services	7	56,717,386	14,075,396
Foreign exchange gain			27,630
Total Receipts		406,717,385	374,603,026
Payments			
Use of goods and services	9(b)	(126,867,899)	(112,348,467)
Employee costs	10	(291,653,752)	(234,862,184)
Remuneration of Directors	11	(14,742,086)	(9,806,480)
Repairs and maintenance	13	(4,953,273)	(3,573,862)
Total Payments		(438,217,010)	(360,590,993)
Net cash flows from operating activities		(31,499,625)	14,012,034
Cash flows from investing activities			
Development grant			-
Purchase of property, plant and equipment		(86,118,538)	-
Purchase of intangible assets			-
Decrease/ increase in non-current receivables			-
Net cash flows used in investing activities			-
Net increase/(decrease) in cash and cash equivalents		(117,618,163)	14,012,034
Cash and cash equivalents at 1 JULY	14	325,787,696	443,405,859
Cash and cash equivalents at 30 JUNE	14	443,405,859	429,393,825

**VIII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE PERIOD ENDED 30 JUNE 2023**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Percent age% of utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue						
Government grants – Recurrent	340,000,000	10,000,000	350,000,000	349,999,999	1	100%
Rendering of services	20,000,000	-	20,000,000	56,642,812	(36,642,812)	283%
Rolled over funds	87,500,000	154,500,000	242,000,000	242,000,000	0	
Other Income				74,574	(74,574)	
Foreign exchange gain	-	-	-			
Total income	447,500,000	164,500,000	612,000,000	648,717,385	(36,717,385)	
Expenses						
Compensation of employees	255,432,140	(2,600,000)	252,832,140	247,842,468	4,989,672	98%
Remuneration of Directors	16,500,000		16,500,000	14,742,086	1,757,914	89%
Repairs and maintenance	6,500,000	-	6,500,000	4,953,273	1,546,727	76%
Use of Goods and services	153,067,860	12,600,000	165,667,860	154,188,236	11,479,624	93%
Depreciation	16,000,000	-	16,000,000	25,634,562	-	
Total expenditure	447,500,000	10,000,000	457,500,000	447,360,625	19,773,937	
Surplus for the period	-	-	154,500,000	(201,356,760)	-	
Capital Expenditure	204,500,000	50,000,000	154,500,000	86,118,538	68,381,462	56%

Notes to explain the variance:

1. Repairs and Maintenance – The underachievement in repairs and maintenance was due to reduced breakdown of vehicles.
2. Two Go-downs were acquired in Nairobi Region at 75.9M creating savings against the allocated budget.

* Revenue from other income and foreign exchange gain are not budgeted for.

XIX. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

Anti-Counterfeit Authority was established under Section 3 of the Anti-Counterfeit Act No. 13 of 2008 as a corporate body under the State Corporations Act, Chapter 446 of the Laws of Kenya, and derives its authority and accountability from this Act. The Authority is wholly owned by the Government of Kenya and is domiciled in Kenya.

The Authority's principal activity is to enlighten and inform the public on matters relating to counterfeiting; combat counterfeiting, trade and other dealings in counterfeit goods in Kenya; devise and promote training programs on combating counterfeiting; co-ordinate with national, regional or international organizations involved in combating counterfeiting; Advise the government through the Cabinet Secretary on policies and measures concerning the necessary support, promotion and protection of intellectual property rights as well as the extent of counterfeiting; and carry out inquiries, studies and research into matters relating to counterfeiting and the protection of intellectual property rights.

2. Statement of Compliance and Basis of Preparation

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

The financial statements have been prepared and are presented in Kenya shillings, which is the functional and reporting currency of the Authority.

The financial statements have been prepared in accordance with the PFM Act, 2012, the State Corporations Act, 2012, the Anti-Counterfeit Act, 2008 and Accrual Basis of Accounting Method under International Public Sector Accounting Standards (IPSAS). The Accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

i. New and amended standards and interpretations in issue effective in the year ended 30 June 2023.

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity’s future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset’s cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the Entity.</p>

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Standard	Effective date and impact:
	<p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>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.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guaranteed contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>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>
<p>Other improvements to IPSAS</p>	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008). • <i>IPSAS 39: Employee Benefits.</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS. • IPSAS 29: Financial instruments: Recognition and Measurement. Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.

ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.*

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

iii. **Early adoption of standards**

The Authority did not early - adopt any new or amended standards in the financial year 2022/2023.

4. Summary Of Significant Accounting Policies

a) **Revenue recognition**

i) **Revenue from non-exchange transactions**

Fees, taxes and fines

The Authority recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or

service potential associated with the asset will flow to the Authority and the fair value of the asset can be measured reliably. The Authority did not receive any income from fees, taxes and fines.

Transfers from other government entities

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

ii) **Revenue from exchange transactions – IPSAS 9**

Rendering of services

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

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable. The Authority did not receive any income from rendering of services.

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. The Authority did not receive any income from sale of goods.

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period. The Authority did not receive any interest income.

Dividends

Dividends or similar distributions are recognized when the Authority's right to receive payments is established. The Authority did not receive any dividends.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue. The Authority did not receive any rental income.

b) Budget information – IPSAS 24

The original budget for FY 2022-2023 was approved by the National Assembly on 7th April 2022. Subsequent revisions/reallocations were made to the approved budget in accordance with arising needs of the Authority. The additional appropriations were added to the original budget by the Authority upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Authority recorded additional appropriations of Kshs. 10,000,000 on the 2022-2023 budget following the board's approval.

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

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

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

c) Taxes

Current income tax

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

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

Deferred tax

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

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and

interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

Sales tax

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

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

d) Investment Property

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

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

e) Property, plant and equipment – IPSAS 16

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Authority recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value. It is the policy of the Authority to charge full depreciation on all its non-current assets in the year of purchase and no depreciation in the year of disposal.

The Authority applies the following depreciation rates for the different classes of assets:

- Motor vehicle : 25%
- Land and Buildings : 10%
- General Equipment : 12.5%
- Furniture and Fittings : 12.5%
- Computers : 33 1/3%

f) Leases – IPSAS 13

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

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

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

the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

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

The Authority depreciates leasehold improvements at a rate of 16.7%.

g) Intangible assets–IPSAS 31

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

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

The Authority depreciates intangible assets at a rate of 33 1/3%.

h) Research and development costs

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

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

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit. During the period the Authority did not incur any development costs.

i) Financial instruments – IPSAS 41

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The Authority does not have any hedge relationships and therefore the new hedge

accounting rules have no impact on the Authority's financial statements. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

a) Financial assets

Classification of financial assets

The entity classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

Based on the business model and the cash flow characteristics, the entity classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is

subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/ equity

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the Authority manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

b) Financial liabilities

Classification

The entity classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

j) Inventories – IPSAS 12

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

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

- 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 operations of the Authority.

k) Provisions – IPSAS 19

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

l) Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

m) Contingent liabilities

The Authority does not recognize a contingent liability, but discloses details of a possible obligation whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Authority in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

n) Contingent assets

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

o) Nature and purpose of reserves

The Authority creates and maintains reserves in terms of specific requirements. The Authority maintains general reserves to be used both for purchase of fixed assets and day to day operations of the Authority the details of which are shown in the statement of changes in net assets.

p) Changes in accounting policies and estimates – IPSAS 3

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

**q) Employee benefits – IPSAS 25
Retirement benefit plans**

The Authority provides retirement benefits for its permanent and pensionable employees. Further an amount equivalent to 31% of basic salary is set aside as gratuity for all employees on contract. The Authority's contribution towards employee pension scheme and gratuity for those on contract is charged to the statement of financial performance in the year to which the employees rendered their services to the Authority. The Authority 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.

r) 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.

s) 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.

t) Related Parties

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

u) Service Concession Arrangements

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

v) 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 various commercial banks at the end of the financial year and Mpesa bulk payment account.

w) Comparative figures

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

x) Subsequent Events – IPSAS 14

There have been no events subsequent to the financial year end with the significant impact on the financial statements for the year ended June 30, 2023.

5. Significant Judgements and Sources of Estimation Uncertainty

The preparation of the Authority'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. The Authority based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Authority. 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:

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

Provisions and contingent liabilities

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 21.

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

The Authority reviews its obligations at each balance sheet date to determine whether provisions need to be made and if there are any contingent liabilities.

6. (a) Transfers from Ministries, Departments and Agencies

State Department for Trade	Amount recognized to Statement of Comprehensive Income KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total transfers 2022-2023	Prior year 2021-2022
			KShs	KShs	KShs
State Department for Trade	349,999,999	-	-	349,999,999	340,500,000
Total		-	-	349,999,999	340,500,000

(b) Transfers from Ministries, Departments and Agencies Cash Reconciliation

State Department for Trade	Amount recognized to Statement of Comprehensive Income KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total transfers 2022-2023	Prior year 2021-2022
			KShs	KShs	KShs
State Department for Trade	337,499,999	-	-	337,499,999	360,490,000
Receivable grants	12,500,000	-	-	12,500,000	(20,000,000)
Total	349,999,999	-	-	349,999,999	340,490,000

7. Rendering of services

Description	2022-2023	2021-2022
	Kshs	Kshs
Registration of complaints fees	2,505,365	2,002,816
Destruction and storage fees	7,103,868	11,933,225
Recordation fees	13,335,069	139,355
Import Permit fees	33,482,490	-
ISIPPE Participation fees	216,020	-
Total revenue from the rendering of services	56,642,812	14,075,396

8. Other Income

Description	2022-2023	2021-2022
	Kshs	Kshs
Other Income	74,574	19,499
Total other income	74,574	19,499

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9. (a) Use of goods and services

Description	2022-2023	2021-2022
	Kshs	Kshs
Communication supplies and services	10,644,297	5,457,556
Printing, advertising and services	2,355,684	1,813,254
Domestic travel and daily subsistence allowance	26,355,259	21,684,445
Foreign travel and daily subsistence allowance	9,119,414	1,542,852
Audit fees	800,000	800,000
Hospitalities and services	6,098,565	4,017,691
Professional and consultancy services	9,721,348	2,992,434
Awareness & Promotional activities	13,404,607	15,636,832
Office and General supplies/services	6,833,246	5,001,000
Electricity	2,306,362	2,341,462
Fuel, oil and lubricants	4,722,668	3,215,051
General Insurance	1,875,986	1,695,214
Bank & Mpesa charges	643,868	221,402
Destruction charges	1,553,450	-
Transport cost- for seized goods	383,880	84,592
Research	7,819,583	3,629,946
Rental	35,010,104	32,831,642
Security costs	2,359,680	2,250,560
Corporate social responsibility	495,500	199,580
Parking charges	1,969,330	1,656,640
Membership and subscription fees	1,488,985	1,185,520
Training	8,226,420	2,693,661
Total use of goods and services	154,188,236	110,951,334

(b) Use of goods and services Cash Reconciliation

Description	2022-2023	2021-2022
	Kshs	Kshs
Communication, supplies and services	10,644,297	5,457,556
Printing, advertising and services	2,355,684	1,813,254
Domestic travel and daily subsistence allowance	26,355,259	21,684,445
Foreign travel and daily subsistence allowance	9,119,414	1,542,852
Audit fees	800,000	800,000
Hospitalities and services	6,098,565	4,017,691
Professional and consultancy services	9,721,348	2,992,434
Awareness & Promotional activities	13,404,607	15,636,832
Office and General supplies/services	6,833,246	5,001,000
Electricity	2,306,362	2,341,462

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Fuel, oil and lubricants	4,722,668	3,215,051
General Insurance	1,875,986	1,695,214
Bank & Mpesa charges	643,869	221,402
Destruction charges	1,553,450	-
Transport cost- for seized goods	383,880	84,592
Research	7,819,583	3,629,946
Rental	35,010,104	32,831,642
Security costs	2,359,680	2,250,560
Corporate social responsibility	495,500	199,580
Parking charges	1,969,330	1,656,640
Membership and subscription fees	1,488,985	1,185,520
Training	8,226,420	2,693,661
Less: Current year payables	(983,220)	(6,583,849)
Add: Previous year payables	6,583,849	13,980,772
Less: Previous year prepayments	(1,640,619)	(5,840,519)
Add: Current year prepayments	2,065,044	1,640,619
Less: Previous year inventory	(3,123,560)	(3,906,039)
Add: Current year inventory	4,345,774	3,123,560
Less: Previous year staff receivables	-	(1,017,410)
Add: Current year staff receivables	-	-
Total use of goods and services	161,435,506	112,348,468

10. (a) Employee Costs

Description	2022-2023	2021-2022
	Kshs	Kshs
Salaries and wages	199,062,720	186,350,098
Employee related costs - contributions to pensions, NSSF and medical aids	41,647,516	39,977,364
Casuals and interns	1,992,013	1,625,438
Employee related costs - contributions to staff gratuity	5,140,219	551,310
Employee costs	247,842,468	228,504,210

(b) Employee Costs Cash Reconciliation

Description	2022-2023	2021-2022
	Kshs	Kshs
Salaries and wages	199,062,720	186,350,098
Employee related costs - contributions to pensions, NSSF and medical aids	41,647,516	39,977,364
Casuals and interns	1,992,013	1,625,438
Employee related costs - contributions to staff gratuity	5,140,219	551,310

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Less: Previous year Medical and WIBA prepayments	(5,319,239)	(5,750,939)
Add: Current year Medical and WIBA prepayments	6,226,306	5,319,239
Less: Current year gratuity payable	(4,446,561)	(368,863)
Add: Previous year gratuity payable	368,863	340,921
Less: Current year employee liability payable	(96,677)	(10,987)
Add: Previous year employee liability payable	10,987	6,848,102
Less: Staff recovery		(19,499)
Employee costs	244,586,147	234,862,184

11. Remuneration of Directors

Description	2022-2023	2021-2022
	Kshs	Kshs
Board committees' conferences and seminars	671,400.00	460,540
Directors emoluments	6,340,000.00	4,120,000
Other allowances	6,686,685.73	4,422,165
Chair's Honoraria	1,044,000.00	803,775
Total director emoluments	14,742,085.73	9,806,480

12. Depreciation and amortization expense

Description	2022-2023	2021-2022
	Kshs	Kshs
Property, plant and equipment	25,634,562	11,642,570
Intangible assets	-	-
Depreciation govt. grant restatement	-	-
Total depreciation and amortization	25,634,562	11,642,570

13. Repairs and Maintenance

Description	2022-2023	2021-2022
	Kshs	Kshs
Buildings and stations	413,946	515,330
Vehicles and Cycles	2,605,640	2,036,863
Furniture and Equipment	719,095	47,880
Computers and accessories	885,880	905,969
Communication Equipment	328,712	67,820
Total repairs and maintenance	4,953,273	3,573,862

14. Cash and cash equivalents

Description	2022-2023	2021-2022
	Kshs	Kshs
a) Current account –Kenya Commercial Bank 1119056322	64,133,666	260,420,196
Kenya Commercial Bank 1128466090	190,592,951	27,652,911
Kenya Commercial Bank 1137615168	70,735,981	155,007,653
MPESA 991653	325,099	325,099
Total cash and cash equivalents	325,787,697	443,405,859

15. Receivables from exchange contracts

Description	2022-2023	2021-2022
	Kshs	Kshs
Current Receivables		
Medical insurance	6,145,913	5,018,359
Rent	917,756	1,024,012
Service Charge		-
Group Personal Insurance	80,394	300,880
Parking		-
General Insurance	1,147,288	616,606
Fuel		-
Total current receivables	8,291,351	6,959,857

16. Receivables from non-exchange contracts

Description	2022-2023	2021-2022
	Kshs	Kshs
Government recurrent grants	12,500,000	-
Total	12,500,000	-

17. Inventories

Description	2022-2023	2021-2022
	Kshs	Kshs
Consumable stores	4,345,774	3,123,560
Total inventories at the lower of cost and net realizable value	4,345,774	3,123,560

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18. Property, Plant and Equipment

	Land & Building	Motor vehicles	Furniture and fittings	Computers	Office Equipment	Leasehold Improvement	Total
Cost		Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
As at 30 June 2021		111,003,476	33,347,582	24,356,300	16,798,702	37,890,596	223,396,656
Additions							0
As at 30 June 2022		111,003,476	33,347,582	24,356,300	16,798,702	37,890,596	223,396,656
Additions	75,998,000		2,720,100	6,211,238	49,200	1,140,000	86,118,538
Revaluation	0	37,100,000	7,820,350	4,995,350	7,382,900	0	57,298,600
As at 30 June 2023	75,998,000	148,103,476	43,888,032	35,562,888	24,230,802	39,030,596	366,813,794
Depreciation							
At 30 June 2021		104,936,833.23	28,500,425.27	24,116,562.30	14,776,252.66	34,256,605.69	206,586,679.15
Depreciation		6,066,641.64	1,635,123.32	162,913.60	662,778.36	3,115,112.73	11,642,569.65
At 30 June 2022		111,003,474.87	30,135,548.59	24,279,475.90	15,439,031.02	37,371,718.42	218,229,248.80
Depreciation	7,599,800.00	9,275,000.00	2,875,421.00	3,731,794.00	1,591,791.00	560,757.00	25,634,563.00
Revaluation Loss	0	37,100,000	7,820,350	4,995,350	7,382,900	0	57,298,600
At 30 June 2023	7,599,800.00	157,378,474.87	40,831,319.59	33,006,619.90	24,413,722.02	37,932,475.42	301,162,411.80
Net book values							
At 30th June 2022		-	3,212,034	76,824	1,359,671	518,874	5,167,407
As at 30 June 2023	68,398,200.00	(9,274,999.27)	3,056,712.81	2,556,268.00	(182,920.02)	1,098,120.18	65,651,381.70

19. Trade and other Payables

Description	2022-2023	2021-2022
	Kshs	Kshs
Trade payables	183,221	4,983,849
Audit Fees (Provision)	800,000	1,600,000
Employee Payable (Final dues)	96,677	10,987
Total trade and other payables	1,079,898	6,594,836

20. Current provisions

Description	Gratuity	Total
	Kshs	Kshs
Balance b/d 01.07.2022	368,863	368,863
Additional provisions	5,140,218	5,140,218
Provisions utilized	(1,062,520)	(1,062,520)
Total Provisions as at 30.06.2023	4,446,561	4,446,561

21. Financial Risk Management

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

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

(i) Credit risk

The Authority has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as other receivables (staff imprests).

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Authority's management based on prior experience and their assessment of the current economic environment.

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Financial Risk Management

The carrying amount of financial assets recorded in the financial statements representing the Authority'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	Past due Kshs
At 30 June 2023			
Receivables from exchange transactions	8,291,351	8,291,351	-
Receivables from non-exchange transactions	12,500,000	12,500,000	-
Bank balances	325,787,696	325,787,696	-
Total	346,579,047	346,579,047	-
At 30 June 2022			
Receivables from exchange transactions	6,959,857	6,959,857	-
Receivables from non-exchange transactions	-	-	-
Bank balances	443,405,859	443,405,859	-
Total	450,365,716	450,365,716	-

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

The board of directors sets the Authority's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

(ii) Liquidity risk management

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

The table below represents cash flows payable by the Authority under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 month Kshs	Between 1-3 months Kshs	Over 4 months Kshs	Total Kshs
At 30 June 2023				
Trade payables	78,971	-	904,250	983,221
Employee payable (Final dues)	85690		10,987	96,677

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Gratuity	475,285	172,476	3,798,801	4,446,561
Total				5,526,459
At 30 June 2022				
Trade payables	4,879,599	-	104,250	4,983,849
Provisions (audit fees)	800,000	-	800,000	1,600,000
Gratuity	368,863	-	-	368,863
Employee payable (Final dues)	-		10,987	10,987
Total	6,048,462		915,237	6,963,699

(iii)

Market risk

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

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

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

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

a. Foreign currency risk

The Authority has transactional currency exposures. Such exposure arises through complaint and fees received from clients that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

The Authority did not have a carrying amount of foreign currency denominated monetary assets and monetary liabilities during the financial year 2022/2023.

b. Interest rate risk

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

Management of interest rate risk

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

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Sensitivity analysis

The Authority analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year and the Authority faced no major interest rate risk during the financial period under review.

(iv) Capital Risk Management

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

	2022-2023	2021-2022
	Kshs	Kshs
Accumulated Fund	191,872,996	115,874,996
Revaluation reserve	69,429,131	15,904,628
Retained earnings	166,770,120	207,413,360
Capital reserve	36,502,000	112,500,000
Total funds	464,574,247	451,692,984
Total borrowings	-	-
Less: cash and bank balances	(325,787,696)	(443,405,859)
Net debt/(excess cash and cash equivalents)	138,786,551	8,287,125
Gearing	30%	2%

22. Related Party Balances

Nature of related party relationships

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

Government of Kenya

The Government of Kenya is the principal shareholder of the Authority, holding 100% of the Authority's equity interest.

Other related parties include:

- i) The Ministry of Trade, Investment and Industry (MITI)
- ii) County governments.
- iii) Other State Corporations.
- iv) Board of directors.
- v) Key management.

Transactions with related parties

a) Purchases from related parties	2022-2023	2021-2022
Purchases of electricity from KPLC	2,306,362	2,341,462
Rent expenses paid to government agencies	23,858,804	17,373,187
Training and conference fees paid to government agencies	4,470,080	824,640
Parking fees paid to County government and government agencies	1,834,000	980,000
Total	32,469,246	21,519,289
b) Grants from the government		
Grants from national government	349,999,999	340,500,000
Grants from county government		-
Total	349,999,999	340,500,000
c) Key management compensation		
Directors' emoluments	17,742,086	4,923,775
Compensation to key management	53,348,980	42,242,065
Total	71,091,066	47,165,840

23. Contingent Liability

The Authority does not recognize a contingent liability, but discloses details of a possible obligation whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Authority in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

Contingent Liabilities	2022-2023
	Kshs
Court cases against the Authority	702,124,784/=
Total	702,124,784/=

The Authority had nine (9) civil cases and appeals concluded that had adverse judgements. The Authority has filed an appeal in most of the cases and they are ongoing. The Authority also discloses contingent liability over twelve (12) ongoing court cases within the period.

The tables below give the details of the cases:

No.	Case Citation	Date of Award	Amount
1.	Kakamega Chief Magistrate's Court Civil Case No. 264 of 2016 Peter Mbaria Kariuki Versus Anti-Counterfeit Authority & 3 Others <i>(Appealed vide High Court of Kenya at Kakamega Civil Appeal No. 64 Of 2019 Anti-Counterfeit Authority Versus Peter Mbaria Kariuki & 3 Others)</i>	19th March 2021	Kshs. 3,100,000/= together with costs of the suit and interest.
2.	Nairobi Chief Magistrate in Civil Case No. 6431 of 2013 Esther Mawia Mwanja T/A Toner Mart Enterprises Versus Anti-Counterfeit	4th April 2018	Kshs. 4,761,600/= together with costs of the suit and interest.

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	Agency & Another (<i>Appealed vide Milimani High Court Civil Appeal No. 215 of 2018 Anti-Counterfeit Authority Versus Esther Mawia Mwanja & Another</i>)		
3.	Nairobi High Court Petition 320 of 2015 Francis John Wanyange & Another Versus Anti-Counterfeit Agency & 4 Others (<i>Appealed vide Court of Appeal at Nairobi Civil Appeal No. 473 of 2019 Anti-Counterfeit Authority Versus Francis John Wanyange & 4 Others</i>)	23rd November 2018	Kshs. 350,000/= plus costs of the suit.
4.	Mombasa Judicial Review Application No. 60 of 2018; Republic Versus The Executive Director, Anti-Counterfeit Agency & the Registrar of Trademarks, <i>Ex Parte</i> Uwin Investments Africa Company Limited (<i>Appealed vide Court of Appeal at Mombasa Civil Appeal No. 114 of 2019 Anti-Counterfeit Authority Versus Uwin Investments Co. Limited & Another</i>)	2nd December 2022	Kshs. 6,830,508/=, 183,896 USD plus costs of the suit.
5.	Employment And Labor Relations Court at Nairobi Cause No. 653 of 2012 Joyce N. Simitu Versus Stephen O. Mallowah, Lawrence M. Bokoro & Anti-Counterfeit Authority	14th June 2019	Kshs. 600,000/= plus costs of the suit.
6.	Nairobi High Court Petition No. 121 of 2018 Stanley Magare Versus. Anti-Counterfeit Agency & 2 Others (<i>Appealed vide Court of Appeal at Nairobi Civil Appeal No. E335 of 2020 Anti-Counterfeit Authority Versus. Stanley Magare & 2 Others</i>)	4th June 2020	Kshs. 100,000/= plus costs of the suit.
7.	High Court at Embu Petition No. 5 of 2019 John Kariuki T/A Khifam Ltd Versus Uzuri Foods (<i>Appealed vide Nyeri Court of Appeal Civil Appeal No.7 of 2021 Anti-Counterfeit Authority Versus John Kariuki T/A Khifam Limited & 2 Others</i>)	17th November 2020	Kshs. 550,000/= plus costs of the suit.
8.	Mombasa E.L.C. Miscellaneous Application No. E046 of 2022 Sherman Nyongesa & Mutubia Advocates Versus Anti- Counterfeit Agency	12th April 2023	Kshs 175,256/= plus costs of the suit.
9.	Milimani Employment and Labour Relations Court Cause No. E127/2022 Charles Muchiri Kimani Versus Anti Counterfeit Authority & Law Society of Kenya	15th June 2023	Kshs. 500,000/= together with costs of the suit and interest.

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ONGOING CASES

No.	Case Citation	Contingent Liability
1.	High Court of Kenya at Nairobi Civil Case No. 160 of 2016 James Kimani Mwangi & 2 Others Versus Anti-Counterfeit Authority & 3 Others	Kshs. 603,500,000/= together with costs of the suit and interest.
2.	Chief Magistrate's Court at Nyeri Civil Case No. 390 of 2017 Adan Abass Nusra Versus Anti- Counterfeit Authority	Ksh. 100,000/= plus costs of the suit.
3.	Chief Magistrate's Court at Nairobi Civil Case No. 45 of 2019 Peter Mugucia Versus Anti Counterfeit Authority	Kshs. 18, 571, 400/= plus costs of the suit.
4.	High Court of Kenya at Nakuru Petition No. 2 of 2019 Mavazi Textile and Branding Limited Versus Anti-Counterfeit Authority & Another	a) Loss of daily sales at Ksh. 20,000/= per day from 14th January 2019. b) Loss of production 20 pairs of shoes per day at Ksh. 1,500/= from 14th January 2019. c) Loss of work for workshop workers 3 at Ksh. 500/= per day from 14th January 2019. d) Loss of uniform sales at Ksh. 10,000/= from 14th January 2020. e) Director's remuneration at Ksh. 5,000/= from 14th January 2020. f) Costs of the suit.
5.	High Court of Kenya at Nairobi No. E250 of 2020 Match Masters Limited Versus Kenafric Matches Limited & Anti-Counterfeit Authority	Pay costs of the suit at High Court to be taxed and ascertained by the Taxing Master.
6.	Eldoret High Court Civil Case No. 20 of 2021 Jeremiah Kigoro Versus Anti-Counterfeit Authority & 2 Others	Kshs. 350,000/= plus costs of the suit.
7.	Nakuru High Court Civil Suit No E003 of 2023; Benson Maingi Karaka Vs. Duncan Mugutu Muchemi & 7 Others	Costs of the suit.
8.	Mombasa High Court Civil Case No. E028 of 2023; Narodhco (Kenya) Ltd & Others Versus J.S. Staedtler, Gmbh & Co. Kg, Anti-Counterfeit Authority and Another	Kshs. 55,002,240/= plus costs of the suit.

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9.	Milimani High Court Commercial Case No. E474/2022; Puma Se Vs. Wilka Timers and General Merchants Limited & Anti-Counterfeit Authority (Interested Party)	Costs of the suit.
10.	Nairobi High Court Constitutional and Human Rights Petition No. E536/2022; Kenya Pharmaceutical Distributors Association & Another Vs. Anti Counterfeit Authority & 6 Others	Costs of the suit.
11.	Milimani High Court Commercial Case No. E175 of 2023; Beyond Opinion Business Solutions Limited Vs. Manji Food Industries, Christopher Nzioka & Anti-Counterfeit Authority	Costs of the suit.
12.	Milimani High Court Commercial Case No. E212 of 2023; Mariya Group Limited Vs. Anti-Counterfeit Authority & Rapid Cosmetics Enterprise Limited	Costs of the suit.

24. Capital Commitments

Capital commitments	2022-2023	2021-2022
	Kshs	Kshs
Authorised for	140,000,000	140,000,000
Authorised and contracted for		-
Total	140,000,000	140,000,000

The Authority committed Kshs. 140M for the acquisition of two go downs in Nairobi.

25. Events after the reporting period

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

26. Ultimate and Holding Authority

The Authority is a State Corporation under the Ministry of Trade, Investment and Industry. Its ultimate parent is the Government of Kenya.

27. Currency

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

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APPENDIX


Appendix I: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the External audit report	Issue/Observations from Auditor	Management Comments	Focal point person to resolve the issue	Status (Resolved/ Not Resolved)	Timeframe
	<p>Emphasis of Matter</p> <p>As previously reported and as disclosed at Note 25, review of records revealed pending legal proceedings against the Authority that may, if successful, have significant impact on its operations. This includes five (5) civil cases with a contingent liability of Kshs. 6,361,600 which had adverse rulings but the Authority appealed against the ruling. There is also a case where an accused was charged with possession of counterfeit electric bulbs and accessories but was acquitted of the charges in a court of law in 2015. However, the accused persons and others instituted a civil case at Milimani Law Courts in 2016 seeking for special damages of Kshs. 603,500,000 against the Authority for unlawful arrest, malicious prosecution and destruction of property. Although, the Authority released part of the goods seized to accused persons in July 2015, they complained that the remaining goods had been destroyed and they could not take destroyed or damaged goods.</p>	<ul style="list-style-type: none"> - Authority appealed vide appeal No. E335 of 2020 Anti-Counterfeit Authority Versus. Stanley Magare & 2 Others. This is Pending hearing and determination before the Court of Appeal. - Civil Appeal No. 215 of 2018 ACA vs. Esf Mawia Mwanja & Ano. Appeal pending hearing and determination before Court - directions to be given on 31st October 2023. - Industrial Cause No. 653 of 2012 Joyce N. Simitu vs. ACA Pending payment. - Authority appealed vide Civil Appeal No. 473 of 2019 Anti-Counterfeit Authority v. Francis John Wanyange & 4 Others. Matter is pending determination before the Court of Appeal. - Authority appealed vide Civil Appeal No.7 of 2021 Anti-Counterfeit Authority Versus John Kariuki T/A Khifam Limited & 2 Others. Matter is pending determination before the Court of Appeal. 	Director Legal Services/Corporation Secretary	Not Resolved	June 2024

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<p>Report on effectiveness of internal controls, risk management and governance</p> <p>Information and Communication Technology</p> <p>The Anti-Counterfeit Authority, in the strategic plan formulated various strategic objectives which include integration of Information and Communication Technology (ICT) in operations and to promote good governance. To achieve the objectives, the ICT function is required to develop and implement an efficient framework for data integrity and ICT security. However, as at the time of audit, management had not put in place the following controls:</p> <ul style="list-style-type: none"> • Information Technology (IT) strategic plan that supports business requirements and ensures that IT spending remains within the approved IT strategic plan. • A formal, documented and tested emergency procedure. • IT continuity plan and disaster recovery plan, IT continuity plan and disaster recovery plan kept off-site, Backups stored in a secure offsite storage facility. <p>In the circumstances, failure to develop and implement Business Continuity Plan and disaster recovery plan, establish off-site back up facilities may expose the authority to possible loss of business in the event of disasters.</p>	<ol style="list-style-type: none"> 1) The Authority with donor support from TradeMark Africa has set up an offsite back up facility. 2) The IT division developed the IT strategic plan in the financial year 2020/2021 which was approved by the Board. 3) The corporate Business Continuity plan has been drafted that include the IT BCP and Disaster Recovery Plan in the current financial year 2022/2023 	Director Corporate Services	Resolved	June 2024
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 Executive Director
 Dr. Robi Mbugua Njoroge
 Date: 31.08.23

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Appendix II: PROJECTS IMPLEMENTED BY THE ENTITY

The Authority is implementing several projects funded by DFID through TradeMark Africa and Government of Kenya (GoK).

Project Title	Project Number	Donor	Period/duration	Donor Commitment	Separate donor reporting required as per the donor agreement	Consolidated in these financial statements
Digitalization of ACA enforcement operations	N/A	DFID/TMEA	FY 2018/19 to FY 2022/23	Kshs.137,608,700	No	No
Acquisition of Regional Anti Counterfeit Authority Exhibit Warehouse	N/A	GoK	FY 2016/17 to FY 2022/23	Ksh140,000,000	No	No

Note: The financial reporting and procurement of Digitalization of ACA enforcement operations is undertaken by TradeMark Africa.

Status of Projects Completion

No	Project	Total project cost (Kshs)	Total expended to date (Kshs)	Comple tion % to date	Budget (Kshs)	Actual (Kshs)	Sources of funds
1.	Digitization of ACA operations	137,608,700	112,185,720	87	137,608,700	112,185,720	TMA
2.	Acquisition of Regional Anti Counterfeit Authority Exhibit Warehouse	140,000,000	75,998,000	50	140,000,000	75,998,000	GoK
TOTAL		277,608,700	188,183,720		277,608,700	188,183,720	

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Appendix III: TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/ Development/Others	Total Amount – KES	Where Recognized	Total Transfers during the Year
				Statement of Financial Performance	
Ministry of Trade, Investment and Industry	18.08.22	Recurrent	28,333,333	28,333,333	28,333,333
	07.10.22		56,666,666	56,666,666	56,666,666
	02.12.22		85,000,000	85,000,000	85,000,000
	02.05.23		82,500,000	82,500,000	82,500,000
	12.06.23		85,000,000	85,000,000	85,000,000
	06.07.23		12,500,000	12,500,000	12,500,000
Total			349,999,999	349,999,999	349,999,999

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Appendix IV: INTER-ENTITY CONFIRMATION LETTER

D-03
F.YA
10/08/2023



REPUBLIC OF KENYA
MINISTRY OF INVESTMENT, TRADE AND INDUSTRY
STATE DEPARTMENT FOR TRADE

ANTI-COUNTERFEIT AUTHORITY
RECEIVED
09 AUG 2023
REGISTRY
P.O. Box 47771 - 00100, NAIROBI

Telephone: +254 (0) 20-8818001/2-4
Web: www.trade.go.ke
E-mail: paca@trade.go.ke
When replying, please quote:

Ref No: MII/SDT/ACCTS/8/1(79)

Chief Executive Officer
Anti-Counterfeit Agency
National Water Plaza 3rd Floor, Dunga Road
P.O BOX 47771-00100
NAIROBI

TELECOMS TOWERS
KENYATTA AVENUE
P.O. Box 30450 - 00100
GRAND HARBOUR
KENYA
21st July, 2023

RE: CONFIRMATION OF AMOUNTS PAID IN F/Y 2022/2023

The State Department for Trade is in the process of preparing the financial report for the F/Y 2022/2023. We therefore wish to request that you confirm the amount of grants disbursed from the State Department and any Appropriation in Aid collected at the institution as tabulated below.

Reference Number	Date Disbursed	Amounts disbursed to Anti-Counterfeit Agency during FY 2022/2023			Total (D) = (A) + (B) + (C)	Amount Received by Anti-Counterfeit Agency FY 2022/2023	
		Recurrent (Kshs) (A)	Development (Kshs) (B)	Inter-Ministerial (Kshs) (C)		(Kshs) (D)	Difference (Kshs) (E) = (D) - (D)
FT222809DV2	18 th Aug 2022	28,333,333.30	-	-	28,333,333.30	28,333,333.30	0
FT22280YGYWF	07 th Oct 2022	56,666,666.00	-	-	56,666,666.00	56,666,666.00	0
FT223360RDLR	02 nd Dec 2022	83,000,000.00	-	-	83,000,000.00	83,000,000.00	0
FT2312232YGF	02 nd May 2023	82,500,000.00	-	-	82,500,000.00	82,500,000.00	0
FT2316375P48	12 th June 2023	85,000,000.00	-	-	85,000,000.00	85,000,000.00	0
FT231871Q45	06 th July 2023	12,500,000.00	-	-	12,500,000.00	12,500,000.00	0
Total		349,999,999.30	-	-	349,999,999.30	349,999,999.30	0
A.I.A collection projected					20,000,000.00	56,717,225.00	367,173.30

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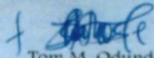
I confirm that the amounts shown above are correct as of the date indicated.
Head of Accounts Department

Name Purity Mungiri

Signature 

Date 14/8/2023





Tom M. Odundo
FOR PRINCIPAL SECRETARY